



Mélange™

SAMBANDAM
SPINNING
MILLS LIMITED

45th
Annual Report
2018 - 2019

SPINNING TOWARDS
EXCELLENCE



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Board of Directors	S. Devarajan - Chairman and Managing Director S. Jegarajan - Joint Managing Director S. Dinakaran - Joint Managing Director D. Sudharsan - Non Executive Director S. Gnanasekharan - Independent Director Kameshwar M.Bhat - Independent Director Dr.V Sekar - Independent Director D.Balasundaram - Independent Director Dr.R.Ramarathnam - Independent Director V.Annapoorani - Non Executive Director
Chief Technical Officer	J. Sakthivel
Chief Financial Officer	D. Niranjan Kumar (upto 31.05.2019)
Chief Financial Officer	P. Boopalan (With effect from 03.06.2019)
Chief Marketing Officer	D. Niranjan Kumar (With effect from 01.06.2019)
Company Secretary	S. Natarajan
Statutory Auditors	R. Sundararajan & Associates
Secretarial Auditors	B.K. Sundaram & Associates
Cost Auditors	K.M. Krishnamurthy & Co.
Bankers	State Bank of India Canara Bank Karnataka Bank Limited Axis Bank Limited
Registered Office	Mill Premises, Post Bag No.1, Kamaraj Nagar Colony, Salem 636 014, Tamil Nadu.
Corporate Identity No. (CIN)	: L17111TZ1973PLC000675
Spinning Plants	Unit I : Kamaraj Nagar Colony, Salem 636 014, Tamil Nadu. Email : corporate@sambandam.com Tel : 0427 2240790, Fax : 0427 2240169 Unit II : Ayeepalayam, Athanur 636 301, Namakkal District, Tamil Nadu. Unit III : Kavarakalpatty, Seshanchavadi Post Salem 636 111, Tamil Nadu.
Wind Energy Converters	Uthumalai Village, V.K. Pudur Taluk Tirunelveli District, Tamil Nadu. Panangudi, Pazhavor and Parameshwarapuram Villages Radhapuram Taluk, Tirunelveli District, Tamil Nadu. Gudimangalam Village, Udumalpet Taluk, Coimbatore District, Tamil Nadu.



SAMBANDAM SPINNING MILLS LIMITED



Registered Office : KAMARAJ NAGAR COLONY, SALEM – 636 014
 Corporate Identity Number (CIN) : L17111TZ1973PLC000675
 Website : www.sambandam.com, Email : corporate@sambandam.com
 Tel : 0427 2240790 Fax : 0427 2240169

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty Fifth Annual General Meeting (AGM) of the members of the Company will be held **at 10.45 A.M on Sunday the 11th August 2019** at the Registered Office of the Company in Kamaraj Nagar Colony, Salem to transact the following business:

ORDINARY BUSINESS :

Item ADOPTION OF FINANCIAL STATEMENTS

No.1 To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

“RESOLVED THAT the Standalone and Consolidated Audited Balance Sheet as at 31st March 2019 together with the Statement of Profit and Loss, cash flow statement and notes to accounts for the year ended as on that date and the Reports of the Directors and the Auditors thereon be and are hereby received, considered and adopted.”

Item DECLARATION OF DIVIDEND

No.2 To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

“RESOLVED THAT dividend of rupees 2(Two) per equity share of rupees Ten (10) each be declared for the financial year ended 31st March 2019 and that the same be paid, only if approved by the Company's bankers, out of the profits of the Company for the financial year ended 31st March 2019 to those shareholders whose names appear in the Register of Members as on 4th August in the case of members holding shares in physical form and to the beneficial holders of the dematerialised shares as on 4th August as per the details provided by Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) in the case of the shares held in electronic form.”

Item : REMUNERATION TO STATUTORY AUDITOR

No.3 To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

RESOLVED that the remuneration of the statutory auditors M/s. R. Sundararajan and Associates, Chartered accountants (firm registration no.008282s) be and is hereby fixed at Rs.6,00,000/- (rupees six lakhs only) to conduct statutory audit for the financial year 2019-2020 and to give their report thereon, excluding out of pocket expenses that may be incurred by them in connection with the audit and applicable GST.”

Item : APPOINTMENT OF RETIRING DIRECTOR

No.4 To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION

RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act 2013 (the Act) and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. D.Sudharsan,(DIN 00018546), Director retiring by rotation at this AGM, be and is hereby re-appointed as a non-executive director of the Company liable to retire by rotation



SPECIAL BUSINESS

ITEM APPOINTMENT OF MRS. ANNAPOORANI VENUGOPALAN AS NON EXECUTIVE INDEPENDENT WOMAN DIRECTOR

No.5 To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

“RESOLVED that, pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or any re-enactment(s) thereof for the time being in force), Mrs. Annapoorani Venugopalan (DIN:08276668) in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013, signifying the Member's intention to propose Mrs. Annapoorani Venugopalan (DIN:08276668) for appointment as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a fixed term of five years from 11/08/2019 to 10/08/2024 (both dates inclusive)”.

Item : REAPPOINTMENT OF SRI S. GNANASEKHARAN AS A NON-EXECUTIVE INDEPENDENT DIRECTOR

No.6 To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL Resolution:

RESOLVED that, pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), S. Gnanasekaran (DIN: 06796817), who was appointed as an Independent Director of the Company, to hold office till the conclusion of the Annual General Meeting to be held in 2019, and being eligible for one more term, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years from 11/08/2019 to 10/08/2024 (both dates inclusive) despite his age had crossed 75 years at the time of re-appointment”.

Item : REAPPOINTMENT OF SRI KAMESHWAR M. BHAT AS A NON-EXECUTIVE INDEPENDENT DIRECTOR.

No.7 To consider and if deemed fit to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION

To consider, and if thought fit, to pass the following Resolution as a SPECIAL Resolution:

“RESOLVED that, pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Sri Kameshwar M. Bhat (DIN:06951906), who was appointed as an Independent Director of the Company, to hold office till the conclusion of the Annual General Meeting to be held in 2019, and being eligible for one more term, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years from 11/08/2019 to 10/08/2024 (both dates inclusive)”

Item RATIFICATION OF FEES PAYABLE TO COST AUDITOR

No.8 To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

“RESOLVED THAT the remuneration of Rs.75,000 payable for audit of cost accounts relating to the Spinning Division and Rs.25,000 payable for audit of cost accounts relating to the Wind Mill Division of the Company for the financial year ending 31st March 2020 to M/s.K.M.Krishnamurthy & Co., Cost Accountants (firm registration number:102198) as recommended by the Audit Committee and approved by the Board of Directors of the Company pursuant to section 148 of the Companies Act 2013 read with rule 14 and other applicable rules of the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) excluding the out of pocket expenses that may be incurred by them in connection with the audit and applicable service tax be and is hereby ratified.”



Item ACCEPTANCE OF FIXED DEPOSITS FROM MEMBERS OF THE COMPANY

No.9 To consider, and if thought fit, to pass with or without modification, the following Resolution, as an ORDINARY RESOLUTION :

RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to accept fixed deposits from the members of the Company in accordance with the provisions of Section 73(2) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) duly observing the procedure for accepting fixed deposits from the members of the Company and within the limits prescribed therefor.

"RESOLVED FURTHER THAT the Board of directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

For and on behalf of the Board of
Sambandam Spinning Mills Limited
S. Natarajan
Company Secretary

Place : **Salem**
 Date : **May 26, 2019**

NOTES :

- 1 A Member entitled to attend and vote is entitled to appoint proxy/proxies to attend and vote instead of himself / herself and the proxy need not be a Member. The right of e voting shall not be exercised by proxy. Proxy Form for the AGM is attached. The proxy form in order to be effective should be deposited at the registered office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited Companies, Societies, etc., must be supported by appropriate Resolutions / Authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member is entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 days advance notice in writing is given to the Company.
- 2 Explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Items No.5 to 9 of the Notice to be transacted at the AGM is annexed hereto.
- 3 The Register of Members and the Share Transfer Books of the Company will remain closed from 05.08.2019 to 11.08.2019, (both days inclusive) for determining the entitlement of the shareholders to the dividend for year ended 31st March 2019.
- 4 Payment of dividend is subject to the approval of the Company's Bankers. Even if the resolution under item No.2 is passed by members at the AGM (by electronic voting or by postal ballot or by ballot paper) Dividend Warrants will be sent to the members only if approved by the Company's Bankers. In the case of shareholders opting for NECS/ECS, the dividend would in the normal course be credited to their respective accounts. Shareholders must inform the RTA in writing, if they hold shares in physical form (Share Certificate) and to their Depository Participants if they hold shares in DEMAT Form (Electronic Form) furnishing the Bank A/c details attaching a cancelled cheque leaf of that Bank Account for ensuring direct credit of the Dividend to their Bank Account.
- 5 Members holding shares in physical form are requested to notify the RTA any change in their address or bank A/c. particulars immediately and not later than 04.08.2019 and members holding shares in electronic (DEMAT) form are requested to notify any change in their address or Bank details to their respective Depository Participant, latest by 04.08.2019, so that the dividend warrants could be sent to their Bank A/c / present address. Members are also advised to intimate the details of their bank account to enable electronic remittance of dividend warrants. This would help to avoid fraudulent encashment of dividend warrants. In case of shareholders holding shares in physical form, all intimations for recording change of address, bank mandate, or nominations and for redress of any grievance are to be sent to Cameo Corporate Services Limited, at 'Subramanian Building', No.1, Club House Road, Chennai – 600 002 who are the Registrars and Share Transfer Agents (RTA) of the Company. In case of persons holding shares in Demat form, all such intimations should be sent to their respective Depository Participants (Dps).



Members can also submit their grievances

by e-mail direct to the Company at the following e-mail ID : **cs@sambandam.com,**
corporate@sambandam.com

- 6** The Company offers two electronic platforms for credit of dividend i.e., (a) Electronic Clearing Service (ECS) and (b) National Electronic Clearing System (NECS). The advantages of NECS over ECS include faster credit of remittances to beneficiary's account and coverage of more bank branches. NECS operates on the unique bank account number (having not less than 10 digits) allotted by banks after implementation of the Core Banking Solutions (CBS).

The NECS compliant account number is required to be intimated to your Depository Participant (in case your shares are in Demat mode) or to the Company's RTA, M/s Cameo Corporate Services Limited, (in case your shares are in physical mode) for effecting the dividend payment direct to your bank account through the NECS mode. All such intimations, with a cheque leaf of that Bank A/c have to be done before 04.08.2019. Members are encouraged to use the electronic platforms for receiving dividends.

- 7** As per the SEBI Regulations, a person holding the Company's shares / acquiring the Company's shares (voting rights) exceeding 5% of the paid up share capital (Two lakh thirteen thousand two hundred and thirty equity shares of the Company together with their existing holdings) shall inform the Company within 2 working days of acquisition of the Company's shares before sending the share transfer documents to Cameo Corporate Services Ltd., for registering the shares in their name. Similarly persons already holding 5% or more (Two lakh thirteen thousand two hundred and thirty equity shares) of the Company shall inform the Company if they sell or transfer any of their shares within 2 working days of sale of their shares.

- 8** As per the provisions of the Companies Act, facility for making nomination is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the RTA / Depository Participants.

- 9** As per the provisions of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India.

Pursuant to the provisions of the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 11th August 2018 (date of last AGM) on the website of the Company (www.sambandam.com). Shareholders can ascertain the status of their unclaimed amounts from these websites, and write to the Company immediately to claim that amount.

- 10** The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market for registering transfers, transpositions, transmissions, etc. Members holding shares in electronic form (DEMAT) are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit copy of their PAN card to the RTA, Cameo Corporate Services Limited, at 'Subramanian Building', No.1, Club House Road, Chennai-600 002

- 11** Additional information in respect of the Director seeking reappointment at the AGM is furnished here under which forms part of the Notice.

- 12** Members are requested to inform the Company their e-mail ID to facilitate quick response from the Company. Ministry of Corporate Affairs has recognised e-mail communication to share holders as effective and efficient means of communication from the Company and also member's communication to the Company. Members may register their e-mail id with the Company and also keep the Company informed of any changes in their e-mail ID.

- 13.** Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amended Rules 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 the Company is pleased to offer Electronic Voting (e-voting) facility to the members to cast their votes electronically on all Resolutions set forth in the Notice convening the 45th AGM. The Company has engaged the services of Central Depository Securities Limited (CDSL) for this purpose.


Instructions for members for e-voting :-

- (i) THE CUT OFF DATE FOR THE PURPOSE OF E-VOTING HAS BEEN FIXED AS SUNDAY, 4th AUGUST 2019. MEMBERS HOLDING SHARES AS ON THIS CUT OFF DATE SHOULD ENDEAVOUR TO CAST THEIR VOTES IN ANY ONE OF THE TWO MODES.
- (ii) IN CASE A SHAREHOLDER BY INADVERTANCE OR OTHERWISE HAS VOTED UNDER MORE THAN ONE OPTION, HIS VOTING ONLY BY ONE MODE THROUGH REMOTE E-VOTING, OR VOTING AT THE MEETING WILL BE CONSIDERED IN THAT SERIATIM.
- (iii) VOTING RIGHTS OF SHAREHOLDERS SHALL BE IN PROPORTION TO THEIR SHAREHOLDINGS IN THE COMPANY AS ON THE CUT OFF DATE i.e. 4th AUGUST 2019
- (iv) CS B.KALYANASUNDARAM (MEMBERSHIP NO.672) OF M/S. B.K.SUNDARAM & ASSOCIATES PRACTISING COMPANY SECRETARIES has been appointed as SCRUTINIZER to scrutinize the e-voting process in a fair and transparent manner. Result of the voting on all resolutions will be declared within two days after the AGM. The results declared along with the Scrutinizer's Report will be available on the Company's Website within three (3) days of passing of the Resolutions at the AGM of the Company and the results will also be communicated to the Bombay Stock Exchange.
- (v) The Scrutinizer will ascertain the result after the conclusion of voting at the AGM by the following Process:
 - a) First count/record the votes cast at the meeting by polling paper;
 - b) Then count/record the votes cast through postal ballot;
 - c) Thereafter unblock the votes cast through e-Voting;
 - d) All the above will be done in the presence of two witnesses not in the employment of the Company.
 - e) Prepare a consolidated Scrutinizer's Report (integrating the votes cast at the meeting, by postal ballot and e-Voting) of the total votes cast in favour or against, if any, and submit it to the Chairman.
 - f) The Scrutinizer's Report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the Meeting.
- (vi) Voting Results
 - a) The Chairman or a person authorized by him will declare the result of the voting based on the Scrutinizer's Report.
 - b) The results declared along with the Scrutinizer's Report will be placed on the Company's website www.sambandam.com immediately after the result is declared and also communicated to BSE.
 - c) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of the AGM.

The e-voting period begins at 9.15 a.m. on 07.08.2019 and ends at 5.00 p.m. on 10.08.2019. This period is called 'remote e-voting period'. During this period, shareholders of the Company holding shares either in physical form or in dematerialized form as on the cut-off date ie, 04.08.2019 may cast their vote electronically. At the end of this period, the remote e-voting facility will be disabled by CDSL

- 14** Notice of the AGM along with the Annual Report is being sent to the shareholders whose names appear in the Register of Members as on 06.07.2019. Those who acquire the Company's shares subsequently and continue to hold the shares till the cut off date i.e. 04.08.2019 may contact the RTA, Cameo Corporate Services to obtain their pass word for casting their vote by e-voting. AGM Notice with the Ballot paper, Proxy Form, Attendance Slip and the Annual Report will be uploaded in the Company's Website www.sambandam.com. Print out of the ballot paper, Proxy Form and Attendance Slip can be taken and used by the shareholders entitled to vote at the AGM stating their Folio No., Client ID and shareholding details.
- 15** For e-voting, (a) Log on to the e-voting website www.evotingindia.com, Click on 'Shareholders' tab; Select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"; (b) Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID); Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login. If you are holding shares in Demat form and have already done e-voting of any Company, then your existing password can be used.



If you are a first time user follow the steps given below.
Fill up the following details in the appropriate boxes:

Members holding shares in Demat Form or in Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <p>* Members who have not updated their PAN with the Company/RTA/ Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. The eight digit S.L.No. printed on your address slip posted on the Annual Report envelope is the sequence number for this purpose.</p> <p>Example : If your name is Ramesh with S.L.No.00003615 then enter RA.00003615 in the 'PAN field'. If the name is V.K.Mohan, with S.L.No.00000015 enter VK00000015 in the PAN field.</p>
Date of Birth (DOB)	<p>Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your Demat account or in the company records for the said Demat account or folio.</p> <p>* Enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the Company enter the user ID (folio number) in the Dividend Bank details field as mentioned in instruction 15 above.</p>

After entering these details appropriately, click on "SUBMIT" tab.

Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to enter their login password in the new password field. Kindly note that this password is also to be 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.

Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- a) On the voting page, you will see Resolution Description and against each Resolution, 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.
- b) Click on the "Resolutions File Link" if you wish to view the entire Resolutions
- c) 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.
- d) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- e) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- f) If Demat account holder has forgotten the changed password then enter the User ID and Captcha code, click on Forgot Password & enter the details as prompted by the system.
- g) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- h) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.



In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. 1 to sl. no. 15 above to cast vote.
- (B) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members acquiring shares after the dispatch of the notice:

Any person who acquires shares of the Company and becomes a member of the Company as on the cut-off date shall follow the above instructions to cast their vote through e-voting process.

16 VOTING AT THE VENUE OF THE AGM

In terms of Companies (Management and Administration) Amendment Rules, 2015 with respect to the voting through electronic means, the Company is pleased to offer the facility for voting by way of polling at the venue of the AGM. Members attending the meeting should note that those **who are entitled to vote but have not exercised their right to vote by 'Remote e- voting' may vote at the AGM through polling for all businesses specified in the Notice. Members who have exercised their right to vote by Remote e- voting may attend AGM but shall not vote at the AGM.**

- 17 The voting rights of the members shall be in proportion to their shares of the paid up Equity Share Capital of the Company as on the 'cut-off' date being **Sunday, 4th August, 2019.**
- 18 **SHRI B. KALYANASUNDARAM (MEMBERSHIP NO. 672) OF M/S B. K. SUNDARAM & ASSOCIATES, PRACTISING COMPANY SECRETARIES** has been appointed as the Scrutinizer to scrutinize the remote e-voting and AGM venue voting processes in a fair and transparent manner.
- 19 The Scrutinizer shall, immediately after the conclusion of the voting at the general meeting, will count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company.
- 20 The Scrutinizer not later than 48 hours of the conclusion of the AGM shall submit a consolidated report of the total votes cast through remote e-voting process and votes cast at the AGM to the Chairman or any person authorised by him who shall countersign the same and declare the results of the voting forthwith.
- 21 The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.sambandam.com and the website of the CDSL immediately after the declaration of result and shall also be immediately forwarded to the Stock Exchange where the Company's shares are listed.
- 22 All documents referred to in this notices will be available for inspection on all working days during business hours of the Company until the date of the Annual General Meeting of the Company.
- 23 Proxy and Attendance Slips are enclosed in Page No. 151

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FOR ITEMS No.5 to 9

Item APPOINTMENT OF NON EXECUTIVE INDEPENDENT DIRECTOR MRS. ANNAPOORANI VENUGOPALAN

No.5 Mrs. Annapoorani Venugopalan was appointed as additional director in the Board meeting held on 11.11.2018 to hold office upto this 45th Annual General Meeting of the Company.

Nomination and Remuneration Committee at its meeting held on 26th May, 2019 had recommended her appointment as A Non-Executive Independent Director, not liable to retire by rotation to hold office for a period of five years w.e.f. 11.08.2019 to 10.08.2024 as the Director needs to be appointed by the shareholders pursuant to sec. 152 of the companies act, 2013 the agenda item is placed before the shareholders for passing an ordinary resolution as set out in the meeting notice.

Details of the director as required under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the annexure.

Except the director to whom the respective resolution relates, no other director or Key Managerial Personnel or their relatives are concerned or interested in the resolutions



Item RE-APPOINTMENT OF SRI S. GNANASEKHARAN AS A NON-EXECUTIVE INDEPENDENT DIRECTOR

No.6 Sri S. Gnanasekharan was appointed as a Non- Executive Independent Director of the Company by the members at the 40th AGM of the Company held on 28th September, 2014 for a period of five consecutive years commencing from the date of 40th AGM of the Company till the conclusion of the 45th AGM of the Company.

Further, in accordance with the amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, dated 9th May, 2018 and effective from 01.04.2019, approval of members by way of special resolution was obtained for continuation of Non- Executive Independent Director, Sri S. Gnanasekharan for his remaining tenure (i.e., upto conclusion of the 45th AGM of the Company), vide postal ballot on 27.03.2019, since he had crossed the age limit of 75 years.

As per the provisions of Section 149(10) and 149(11) of the Companies Act, 2013, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years though he had crossed 75 years in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Taking into consideration, his Professional qualification and expert knowledge in Company Law and other connected matters and his contribution to the Company and based on the performance evaluation of the Independent Director and as per the recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri S. Gnanasekharan, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, the Board of Directors at their Meeting held on 26th May, 2019 has recommended for re-appointment of Sri S. Gnanasekharan as a Non-Executive Independent Director for a second term of five consecutive years as set out in the meeting notice.

The Company has received declaration from Sri S. Gnanasekharan stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

Accordingly, the Board recommends passing of this Special Resolution by the shareholders as set out under Item No: 6 of the Notice.

Details of the director as required under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the annexure.

Except the director to whom the respective resolution relates, no other director or Key Managerial Personnel or their relatives are concerned or interested in the resolutions

Item RE-APPOINTMENT OF SRI KAMESHWAR M. BHAT AS A NON-EXECUTIVE INDEPENDENT DIRECTOR

No.7 Sri Kameshwar M. Bhat was appointed as a Non- Executive Independent Director of the Company by the members at the 40th AGM of the Company held on 28th September, 2014 for a period of five consecutive years commencing from the date of 40th AGM of the Company till the conclusion of the 45th AGM of the Company.

As per Section 149(10) and 149(11) of the Companies Act, 2013, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.



Taking into consideration, his Professional qualification and expert knowledge in Banking, Finance related matters and his contribution to the Company and based on the performance evaluation of the Independent Director and as per the recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri Kameshwar M. Bhat, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, the Board of Directors at their Meeting held on 26th May, 2019 has recommended for re-appointment of Sri Kameshwar M. Bhat as a Non-Executive Independent Director for a second term of five consecutive years effective as set out in the meeting notice.

The Company has received declaration from Sri Kameshwar M. Bhat stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

Accordingly, the Board recommends passing of this Special Resolution by the shareholders as set out under Item No: 7 of the Notice.

Details of the director as required under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in the annexure.

Except the director to whom the respective resolution relates, no other director or Key Managerial Personnel or their relatives are concerned or interested in the resolutions.

Item RATIFICATION OF THE REMUNERATION PAYABLE TO COST AUDITORS

No.8 The Board of directors at their meeting held on 26.05.2019 had reappointed M/s.K.M.Krishnamurthy & Co., (Firm Reg No 102198 Cost Accountants for audit of cost accounts relating to the Spinning Division on payment of remuneration of Rs.75,000 and for audit of cost accounts relating to the Wind Mill Division of the Company on payment of Rs.25,000/- aggregating to Rs 1,00,000/- (Rupees one lakh only) excluding out of pocket expenses and service tax for the financial year 2019-20 . Board of directors has accepted the recommendation of the Audit committee and approved their appointment. As per the provisions of Section 148 of the Companies Act 2013 and Rule 14 of the Companies (Audit and Auditors) Rules 2014, remuneration payable to the cost auditor as approved by the Board of directors of the Company is to be ratified by the shareholders. Hence the subject is placed before the shareholders for passing an ordinary resolution. None of the directors or the key managerial personnel or their relatives is interested in the resolution

Item ACCEPTANCE OF FIXED DEPOSITS FROM MEMBERS OF THE COMPANY

No.9 Section 73(2) of the Companies Act 2013 prescribes that approval of the members by passing a resolution at the General Meeting is required for the Board of Directors to accept fixed deposits from the shareholders of the Company. However, the relevant rules require certain procedure to be followed by the Company before accepting fixed deposits from the members. After securing the approval of members at the AGM, board will decide about the timing for accepting fixed deposits from the members after complying with the prescribed procedure in this regard. Board of directors commends the resolution for members' approval by passing an ordinary resolution. None of the directors, Key Managerial Personnel or their relatives is interested or concerned in the resolution



Details of Director seeking appointment / re-appointment

Name of the Director	Sri D. Sudharsan	Sri S. Gnanasekharan	Sri Kameshwar M. Bhat	Smt V. Annapoorani
DIN	00018546	06796817	06951906	08276668
Date of birth	15-02-1975	29-05-1938	21-07-1964	02-06-1955
Date of Appointment	23-06-1995	14-02-2014	28-09-2014	11-11-2018
Qualification	D.T.T. (Diploma in Textile Technology)	FCS - Fellow Member of ICSI	M.sc (Agri). CAIIB, PGDM	B.Sc and Junior associate of Indian Institute of bankers
Expertise in Specific Functional areas	He has twenty six years of experience in Spinning Mills as Director of the Company	He is a fellow Member of ICSI and has served in various senior positions in the Corporate Sector. He has over five decades of vast experience in the Corporate Profession including experience of more than three decades in Finance and Accounts, General Administration, Public Relations etc. Presently he is a Practising Company Secretary.	He is a Financial Consultant and partner in KMB Associates, LLP. He has over of 25 years of experience in Banking, Financial Services and Retail Operations Management. He retired in the position of Assistant General manager of Karnataka Bank Limited.	She has served as a director on the boards of ten companies across textile, food processing, cement, electrical machinery and sugar processing industries during her tenure in IFCI
Directorship in other Companies	1. Sambandam Siva Textiles Private Limited, Salem 2. SPMM Health Care Services Private Limited, Salem	1. Non-Executive Independent Director in Kandagiri Spinning Mills Limited (SSML) 2. Director in Annai Infra Developers Limited	1. Non-Executive Independent Director in Kandagiri Spinning Mills Limited (SSML) 2. Partner, KMB Associates, LLP	NIL
Committee Membership in other Companies	NIL	<u>Holds following Committee Membership in KSML</u> 1. Audit Committee–Chairman 2. Nomination and Remuneration Committee Member 3. Stakeholders Relationship Committee - Chairman	<u>Holds following Committee Membership in KSML</u> 1. Audit Committee – Member 2. Nomination and Remuneration Committee – Chairman	NIL
No. of shares in the Company	88760	NIL	NIL	NIL
Inter-se relationship with any other directors	He is related to the CMD (Chairman and Managing Director) of the Company	NIL	NIL	NIL
Number of Board meetings attended during the FY 2018-19	Attended three out of four Board Meetings held during the year	Attended four out of four Board Meetings held during the year	Attended four out of four Board Meetings held during the year	Attended two out of two Board Meeting held during the year



Name of the Director	Sri D. Sudharsan	Sri S. Gnanasekharan	Sri Kameshwar M. Bhat	Smt V. Annapoorani
Terms and conditions of reappointment	Reappointment of Sri D. Sudharsan as a Non-Executive Director, liable to retire by rotation	Reappointment of Sri. S. Gnanasekharan as a Non-Executive Independent Director, not liable to retire by rotation and to hold office for a second term of five consecutive years effective from 11.08.2019 to 10.08.2024	Reappointment of Sri. Kameshwar M. Bhat as a Non-Executive Independent Director, not liable to retire by rotation and to hold office for a second term of five consecutive years effective from 11.08.2019 to 10.08.2024	Appointed as Non Executive Independent Director, not liable to retire by rotation and to hold office for one term of five consecutive years effective from 11.08.2019 to 10.08.2024
Remuneration last drawn	For Board Meeting : Rs. 25000/- per meeting	Non-Executive Independent Director Sri. S. Gnanasekharan only receives sitting fees for attending Committee/Board meetings as shown below: (i) For Audit Committee Meeting : Rs. 40000/- per meeting (ii) For Nomination and Remuneration Committee Meeting : Rs. 25000/- per meeting (iii) For Board Meeting : Rs. 25000/- per meeting (iv) For CSR Committee & Stakeholders' Relationship Committee meeting : Nil	Non-Executive Independent Director Sri. Kameshwar M. Bhat only receives sitting fees for attending Committee/ Board meetings as shown below: (i) For Audit Committee Meeting : Rs. 40000/- per meeting (ii) For Nomination and Remuneration Committee Meeting : Rs. 25000/- per meeting (iii) For Board Meeting : Rs. 25000/- per meeting	For Board Meeting : Rs. 25000/- per meeting
Remuneration sought to be paid	Sitting fees for attending Board/Committee meetings, as may be decided by the Board from time to time, within the prescribed statutory limit.	Sitting fees for attending Board/Committee meetings, as may be decided by the Board from time to time, within the prescribed statutory limit.	Sitting fees for attending Board/Committee meetings, as may be decided by the Board from time to time within the prescribed statutory limit.	Sitting fees for attending Board/Committee meetings, as may be decided by the Board from time to time, within the prescribed statutory limit.

DECLARATION :

It is declared pursuant to Section 102 of the Companies Act, 2013 that none of the directors / relatives of directors / Key Managerial Personnel / Manager is interested, except to the extent stated in the explanatory statement for each of the special business in any respect, except in their capacity as Directors and/or shareholders of the Company. It is further declared with reference to the proviso to sub-section 2 of Section 102 of the Companies Act, 2013 that the proposed resolutions do not have any bearing with the business of any other Company. The documents relating to the subject matters under special business are open for inspection by the shareholders during office hours on all working days during business hours at the Registered Office of the Company till the date of the ensuing Annual General Meeting.

Place : Salem
Date : May 26, 2019

For and on behalf of the Board of
Sambandam Spinning Mills Limited
S. Natarajan
Company Secretary



SAMBANDAM SPINNING MILLS LIMITED

BOARD'S REPORT

Your directors have pleasure in presenting the 45 th Annual Report together with the Audited Accounts for the year ended March 31, 2019 (the year).

1 Performance highlights	2018 - 19	2017 - 18
	(Rupees in Lakhs)	
Revenue from Operations		
Direct exports	362	708
Merchandise exports	136	0
Domestic Sales	20332	18442
Wind Turbine Generator Power sold to third party	120	158
Sub Total	20950	19308
Other income	144	166
Total Revenue from Operations	21094	19474
Profit		
Gross profit [Profit before interest, depreciation & Tax]	2388	2279
Cash profit [Profit before depreciation & Tax]	1562	1360
Profit before tax [PBT]	547	344
Less : Provision for Current Tax	362	724
Provision for Deferred Tax	(263)	(725)
Profit after tax [PAT]	448	345

2 DIVIDEND

Your directors decided to recommend payment of Dividend at 20% (twenty percent) for the year, subject to the approval of the bankers of the Company.

3 MANAGEMENT DISCUSSION AND ANALYSIS

Core business of the company is manufacture and sale of cotton yarn. The management discussion and analysis given below discusses the key issues of the Industry with specific reference to the cotton yarn spinning sector.

1. Details of significant changes on following ratios (i.e changes if 25 % or more as compared to immediately previous financial year)

	18-19	17-18	change	change%
a. Debtors turnover ratio*	6.10	4.26	1.83	43.00%
b. Inventory turnover ratio	4.59	5.17	(0.58)	(11.28%)
c. Interest coverage ratio	2.89	2.79	0.10	3.75%
d. Current ratio	1.01	0.94	0.07	6.98%
e. Debt equity ratio	0.15	0.18	(0.03)	(16.42%)
f. Operating profit margin %	11.40%	11.80%	(0.40%)	
g. Net profit margin %	2.14%	1.79%	0.35%	

* Debtors turnover ratio change is more than 25%, due to better collection management.

2. Details of any change in Return on net worth as compared to the immediately previous financial year along with a detailed explanation thereof

	18-19	17-18	change%
a. Return on net worth	4.82%	3.83%	0.99%



a) INDUSTRY PERFORMANCE

Cotton Prices – Trends & Outlook

International Prices : Over the past few years, Indian cotton prices played a predominant role in influencing international cotton prices, given India's status as the largest cotton producer and the second largest consumer of cotton. However, because of a significant correction in China's cotton reserves, the sensitivity of International cotton prices to China's cotton policies in terms of import quotas, quality of balance cotton in state reserves and pace of incremental liquidation of stocks, has increased considerably. Accordingly, a sharp surge in international prices to four-year high levels has been witnessed during the six-month period ended May 2018 (prices stand 12-14% higher YoY), amid an evolving cotton scenario in China as well as speculative buying in the backdrop of anticipated tightening of global cotton demand-supply situation. While the prices surged further by ~5-6% in the first few weeks of June 2018, these have stabilised in the last week of June 2018.

Indian Prices : Indian cotton prices increased at a relatively slower pace vis-a-vis the international prices during the six-month period ended May 2018, reporting a 9% increase in US dollar terms (13% in INR terms) vis-a-vis a 17% increase in the international cotton prices during the same period. As the Indian mills undertook adequate pre-emptive stocking during the peak harvest season, speculative buying was limited, which prevented an immediate increase when the international prices were surging. As a result, the spread between domestic and international prices, which typically remained range-bound at ~2-5% in the past, increased to ~12% in the quarter-ended March 2018 before peaking at 18% in May 2018. This, together with rupee depreciation in recent months, made the Indian cotton considerably competitive in global markets during the months of March, April and May 2018, shoring up demand for the Indian cotton. As a result, a sharp spike in Indian cotton prices has been witnessed starting mid-May 2018, following the upward trajectory in international prices, resulting in narrowing of the spread between the domestic and international cotton prices to ~6-8% in last week of June 2018 vis-a-vis 18% in May 2018. With price differential correcting, ICRA expects the recent spurt in exports of Indian cotton and yarn to be arrested from Q2 FY2019 onwards.

Indian Yarn Production and Exports

Exports : Indian cotton yarn exports fell for the second consecutive year in FY2018, amid continuing unfavourable demand trends in China - one of India's key markets for cotton yarn. The export volumes declined by ~5% in FY2018, after having declined by ~13% in FY2017, primarily owing to a ~23% decline in exports to China in FY2018 following a 30% decline earlier in FY2017. While the pressure is partly explained by the falling import demand from China, as is evident in a ~10% and ~5% decline in China's overall cotton yarn import volumes during FY2017 and FY2018 respectively, increased competitive pressures from nations such as Vietnam have had a pronounced impact on exports from India. Nevertheless, Indian cotton yarn exports have reported a strong YoY growth of more than 50% during the past three months (Mar-May 2018), supported by higher exports to China. This has been primarily driven by competitive Indian cotton and yarn prices, further supported by a sharp rupee depreciation in the recent months, which has improved the relative competitiveness of domestic spinners in the global markets and is thus providing an arbitrage opportunity to the Chinese buyers. This spurt is, however, likely to be short-lived as the arbitrage opportunity neutralises.

Production : Domestic yarn production was adversely impacted in FY2019 by multiple headwinds, including weakness in exports of cotton yarn and GST-led temporary demand disruptions. As a result, cotton yarn production ended up flat during the full year, making FY2019 the fourth consecutive year of weak production. Following the tepid production in FY2019, domestic yarn production remained under pressure in April 2019 as well with a YoY decline of 1.8%. This is despite the spurt in cotton yarn exports in recent months, thereby indicating continued weakness in demand from the domestic downstream segments. This in turn could be explained by declining apparel exports and subdued exports of made-ups as well as unencouraging trends in domestic demand. In this context, ICRA believes that a sustained revival in domestic demand will remain crucial for the trend in India's cotton yarn production, especially considering concerns pertaining to the sustainability of export demand, given the stiff competitive pressures from Vietnam and steps being taken by China to improve cotton availability situation



Domestic Yarn Prices and Contribution

Yarn Prices : The cotton yarn realisations in India have firmed up in the recent months, after remaining fairly range-bound over the past few quarters. Cotton yarn realisations (for 30s carded yarn) stood ~7% higher at ~Rs. 211/ kg in Q1 FY2019 vis-a-vis Rs.197/ kg in Q1 FY2018 and Rs. 199/ kg in Q4 FY2018. While the increase has been driven partly by the higher cotton prices, a more-than-proportionate increase vis-a-vis cotton prices (7% increase in cotton yarn realisations during Q1 FY2019 vis-a-vis 2% increase in cotton prices during the quarter) is explained by the strong transitory export demand during the quarter.

Contribution : A more-than-proportionate increase in yarn realisations vis-a-vis cotton prices has resulted in a 15% YoY increase in spot contribution margins of domestic spinners to Rs. 89/ kg in Q1 FY2019 vis-a-vis Rs. 77/ kg in Q1 FY2018 and Rs. 79/ kg in FY2018. The real contribution level (adjusted for cotton stock holding) stood even higher at Rs. 96/Kg, increasing by 25% YoY. The increase in real contribution margins has been driven by cotton stocking by spinners at lower prices during the recent harvest season (Oct'17-Mar'18) vis-a-vis the previous season, wherein cotton prices had remained firm, amid delayed cotton arrivals during demonetisation.

Even though export demand is expected to normalise, expectations of firm cotton prices and revival of domestic demand is likely to lend support to the cotton yarn prices, thereby supporting the contribution levels of spinners during FY2019. Earlier, as the benefit of low-cost cotton stocking was not available with the spinners last year, it resulted in the real contribution margin level (in percentage terms) in FY2018 being at a multi-year low and translating into the weakest performance of the spinners during the six-year period ending FY 2018.

Financial Performance of Cotton Spun-Yarn Manufacturers

The year 2018-19 has been a year of major challenges faced by the spinning industry, which faced almost year long downtrend in Selling prices, coupled with wide fluctuations in cotton prices. The power situation was also bad in the first few months but got stabilized in the subsequent period. Market demand for yarn was also continuously subdued which forced many units to reduce the working days and lower their production for export orders from global retail giants. On the other hand, from the raw material front during the year 18-19 even though domestic cotton was aplenty, still mills were importing fibre. Quality constraint is observed to be the primary reason for such industry behavior. High trash content, rampant adulteration and abnormal moisture content was observed in domestic supplies and this has resulted in rampant import by many spinners .A cross-section of spinners said that mills in Tamil Nadu have stopped procuring cotton from Gujarat, in particular, and reduced the quantity purchased from Maharashtra due to quality issues. There is said to be authenticated report on the fact that there is a mix up of quality cotton such as Sankar 6 with Comber Noil and carded waste. To make quick money, when demand surges, ginners sell cotton without removing trash. While 2 per cent trash is permissible, in recent months it has soared to 7 per cent. Many traders also liberally douse kapas with water, adding to the moisture content. "The industry experts fears that this could adversely affect the India Cotton branding initiative. "It could be a threat to the entire textile value chain. This has posed additional challenge to procure cotton at competitive costs . Experts in the industry have urged urgent government intervention for stopping such unethical trade practices and also urged for reintroduction of Cotton Control Order and ISI standards be enforced. According to experts in this industry , contracted import volumes could easily touch a record 30 lakh bales. "Mills in Tamil Nadu invariably take the lead in importing the fibre, but this year, spinners in the North have also taken to imports as the realization is 3 to 4 per cent better than the domestic fibre."Such measures will not only conserve forex reserves, but also help every stakeholder in the textile value chain. Despite being the largest producer of cotton and the biggest exporter of yarn, India continues to depend on the US, West Africa and Australia for supply of quality fibre. Cotton farming is sustainable with minimum support from the government. The present state of affairs though would push farmers away from cotton cultivation," is the general industrial observation.



There are about 600 spinning mills registered in Tamil nadu out which majority of them have faced shutdown like situation due to acute competition accentuated by continuous cost pressures from all fronts. The cotton arrivals have been affected to a larger extent due to demonetisation in the second part of the year as farmers preferred cash payment instead of other modes of payment .Spinning mills are under continuous stress .Spinning is feeder industry to weaving and knitting sectors, its fortunes mainly depend upon the dynamics of those sectors This will naturally have a cascading effect on the spinning sector, which feed the weaving and knitting sectors. The spun yarn production has been on the declining path from the month of June 2017 onwards. While in October 2017 all production was lower by about 10%, cotton yarn production was lower by 12% when compared to the first half of the year. When compared to previous year performance ,country's export during April – November 2017 was marginally higher, whereas import was lower by 8% in dollar terms

The textile Industry is facing lots of challenges and it is under transformation on following grounds

1. Excess spindle capacity due to unplanned expansion throughout the supply chain such as Ginning, spinning, weaving and till the end user stage
2. Soaring cotton prices coupled with increasing wage costs and power costs
3. Fast and quick fashion changes among consumers and other market dynamics
4. Stiff price competition
5. Entire textile industry is facing labour shortage due to labour migration and urbanisation of labour

b) COMPANY'S PERFORMANCE

- (i) In Spite of rough market condition as narrated in industry scenario, your company is able to overcome the challenges posed by competitive forces during the year. Thus during the year under review, your Company's turnover was to Rs.209.50 crores as against Rs.193.08 crores recorded in the previous year. Your Company's performance was satisfactory. This is mainly due to cost reduction measures that were adopted by the Company such as tie-up with Private Power Producers to get the required power at a price lesser than the TANGEDCO Power, securing dedicated power supply from EB Substation to all the three units of the Company and minimum use of diesel Gensets, supported by your Company's Wind Turbine generated power. In addition to that the good performance of windmill and price saving in group captive power purchased has helped the company to earn reasonable profit during the year. These measures helped to achieve improved level of plant utilization to maintain production and quality of the product and achieve reasonable profit after tax of Rs.393.90 lakhs as against Rs.346.69 lakhs recorded in the previous year.
- (ii) Your Company's Wind Turbine Generators (WTGs) recorded generation of electric power of the value of Rs.1148.40 lakhs during the year (Rs.1408.82 lakhs in gross revenue 2017-18).
- (iii) Bank interest rates remained high during the year, However management has exercised strict control on inventory and thus could reduce the interest costs from previous year level.
- (iv) In spite of many challenges company is focussed on value creation such as improving the sale per spindle , better product mix, focus on internal costs, and use of non conventional power such as wind energy power and widening market foot print by improving product mix

c) FUTURE OUTLOOK

Industry expects improvement during the current financial year as cotton prices are stabilizing and yarn prices have started improving from the first quarter of the financial year 2019-20. Considering the present market demand for products like Viscose, Modal, Linen Fibre and value added products like Gassed and Mercerized Yarn, your Company has planned to produce these new products in addition to the existing products Viz., Combed, Carded and Compact Yarn. The Company also started converting its yarn into fabric as a measure of value addition. On the wind energy side, with all set for the next windy season in the state, wind energy generation has started picking up. The State has a total installed wind energy capacity of 7,685 MW. The capacity addition was higher in states such as Andhra Pradesh. However, evacuation has not improved in Tamil Nadu and during the last financial year, contribution of wind energy to total energy consumed in the State went up to 40 % during the peak wind season. The winds started in March last year and went on till November. However , generation was less in 2018-19. This year, winds started picking up in the first week of April and wind energy generation is steadily increasing. Majority of the wind energy investors in the State are industries who have wind mills for captive use.



Going forward, in textile industry there will be increase in demand due to increase in population coupled with vast potential domestic market. In addition to existing products, lot of value added product is expected to go up manifold in the market. Also there is going to be exponential demand on technical textile products in the area of medical textiles, automobile textiles, agricultural textiles, flame retardant textiles, and other wide range of applications.

d) RISKS AND CONCERNS

Your Company has devised risk management policy which involves identification of the risks associated with the business risks as well as the financial risks, its evaluation, monitoring, reporting and mitigation measures. Audit Committee and the Board of Directors of the Company refined the risk management policy of the Company so that the management controls the risk through properly defined frame work. Heads of departments are responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Audit Committee. Details of the risk management mechanism and key risks faced by the Company are enumerated in the risk management policy.

Risk Management Policy adopted pursuant to the provisions of Section 134 (3) (n) of the Companies Act 2013 is hosted on the website of the Company under the web link <http://www.sambandam.com>

e) ENVIRONMENT PROTECTION, HEALTH AND SAFETY (EHS)

EHS continues to receive the highest priority in all operational and functional areas at all locations of your Company. Systematic process safety analysis, audits, periodic safety inspections are carried out by expert agencies and suitable control measures adopted for ensuring safe operations at the site. Various processes as required for Pollution Control and Environmental Protection are strictly adhered to.

f) INTERNAL CONTROL AND SYSTEMS

Your Company has in place well established internal control procedures covering various areas such as procurement of raw materials, production planning, quality control, maintenance planning, marketing, cost control and debt servicing. Steps are taken without loss of time, to correct if any weakness is observed.

Your Company is certified ISO 9001, ISO 14001 and OHSAS18001 for the systems. Further, your Company's laboratory is also certified by NABL on Global Organic Textile Standard, Better Cotton Initiative and others as displayed on the cover page of this Annual Report.

g) HUMAN RESOURCES MANAGEMENT

Employees are your Company's most valuable resource. Your Company continues to create a favourable environment at work place. Your Company has formulated and implemented various welfare measures for the employees. The Company also recognizes the importance of training and consequently deposes its work force in various work related courses/seminars including important issues like Total Quality Management (TQM), behavioural skills, soft skills, etc. Because of these labour welfare and improvement measures, your Company is able to attract and retain well trained and dedicated workforce.

The fact that relationship with the employees continues to be cordial is testimony to the Company's ability to retain high quality workforce. In view of the aforesaid relationship no man days were lost during the year under report.

h) DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has set up a Committee for addressing issues related to women and during the financial year 2018-19, there were no complaints received on sexual harassment



i) COST AUDIT

Audit Committee at the Audit Committee Meeting held on 25th May 2019, board of directors have approved the appointment of M/s.K.M.Krishnamurthy & Co., (Firm Reg No 102198 Cost Accountants for audit of cost accounts of the Company. In accordance with the provisions of the Companies Act 2013 and the Rules framed there under, Cost Audit for the Company is applicable for the financial year commencing from 1st April 2018. On the recommendation of the Audit Committee, Board of Directors of the Company at their meeting held on 26.05.2019, approved the appointment of M/s.K.M.Krishnamurthy & Co., Firm Reg. No 102198, Salem, for audit of Cost Accounts of the Company for the year 2019-20 and the resolution for ratification of the remuneration payable to the Cost Auditor for the year 2019-20 is placed before the members for ratification at the 45th Annual General Meeting of the Company scheduled to be held on 11.08.2019.

In view of the Company maintaining the cost records and the statutory requirement for the cost audit of such records, your directors decided to continue the Cost Audit for the year 2019-20. The Cost Auditor will submit to the Board of Directors his report for the year 2018-19 after duly certifying the cost records. Cost Audit Report for the year 2018-19 will be submitted in XBRL format in time.

j) BOARD MEETINGS :

During the year under review four board meetings were held and the intervening gap between any two board meetings did not exceed 120 days. Dates of the board meetings and details of directors' attendance at the meetings are furnished in the Corporate Governance report at Annexure – VIII.

k) DIRECTORS

Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of the Act are covered under Nomination and Remuneration Policy and it is available in the web-link of the Company <http://www.sambandam.com>. Further, information about elements of remuneration package of individual directors is provided in the extract of Annual Return as provided under Section 92(3) of the Act, in prescribed form MGT-9 annexed with this report and forms part of this Report.

During the year, special resolution was passed through postal ballot on 27.03.2019, in accordance with provisions of SEBI (LODR) Regulations, 2015, for continuation of Non-Executive Independent Director Sri. S. Gnanasekharan to hold his directorship up to his original tenure i.e., until the conclusion of 45th AGM of the Company, as he crossed the age limit of 75 years.

Independent Directors Sri S. Gnanasekharan and Sri Kameshwar M. Bhat were appointed at the 40th AGM of the Company held on 28.09.2014 for a term of five consecutive years and shall hold office upto the conclusion of the ensuing 45th AGM of the Company. The Board has recommended for the reappointment of these directors for a second term of five consecutive years and has placed the resolutions in the notice convening the 45th AGM of the Company for member's approval.

Company's Code of Conduct applicable to the board has been adopted by the board and all directors of the company have confirmed compliance with the Code of Conduct

During the year Woman Director Mrs. Abirami (DIN No :06953377) has resigned from her directorship with effect from 11.08.2018

During the year one Woman Director Mrs. Annapoorani Venugopalan (DIN no : 08276668) was appointed by the board of director as Non Executive Non Independent Director on 11.11.2018. Her appointment as Independent director (Not liable to retire by rotation) is being approved by the members at the 45th Annual general meeting held on 11.08.2019.

Declaration by Independent Directors

Independent directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Act. Further, there has been no change in the circumstances which may affect their status as Independent director during the year.



l) DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 134(5) OF THE COMPANIES ACT, 2013

Pursuant to the requirement of Section 134(5) of the Act, and based on the representations received from the management, the directors hereby confirm that:

- a) in the preparation of the annual accounts for the financial year 2018-19, the applicable accounting standards IndAS have been followed and there are no material departures;
- b) they have 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 at the end of the financial year and of the profit of the Company for the financial year;
- c) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

m) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the year under review no significant material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and the operations of the Company.

n) PARTICULARS OF EMPLOYEES - information pursuant to Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

None of the employees or directors of the Company has drawn remuneration exceeding Rs.8.5 lakhs per month or Rs.102 lakhs per annum during the year.

Managerial Remuneration

Statistical Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with subsequent amendments thereto is annexed with this report and forms part of this report

o) Related Party Transactions :

Transactions entered with related parties have been explained in Form AOC -2 annexed with this report and forms part of this report. Further, Policy on dealing with Related Party Transactions has been uploaded on the Company's website, under the web link: <http://www.sambandam.com>

p) BOARD EVALUATION

In accordance with the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 read with "Guidelines on Board Evaluation issued by SEBI vide its Circular dt. January 5, 2017, In the separate meeting of the Independent directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated taking into account the views of executive directors and non-executive directors.

The same was discussed and noted by the Board at the next Board Meeting followed the meeting of the Independent directors. Further, Board carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of Companies Act, 2013 and SEBI (LODR) Regulations, 2015 read with "Guidelines on Board Evaluation issued by SEBI vide its Circular dt. January 5, 2017



The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the Board Composition and structure, effectiveness of the Board processes, information and functioning etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings etc. The Independent Directors were evaluated without the presence of the director getting evaluated.

Independent Directors Sri Kameshwar M. Bhat and Sri S. Gnanasekharan is proposed for reappointment this year and based on the evaluation carried out, the Nomination and Remuneration Committee and the Board had recommended for their reappointments and the Board has placed the proposal before the members for approval.

Outcome of evaluation process

Based on inputs received from the members, it emerged that the Board had a good mix of competency, experience, qualifications and diversity. Each Board member contributed in his/her own manner to the collective wisdom of the Board, keeping in mind his/her own background and experience. The necessary disclosures under SEBI Regulations given hereunder:

- (i) Previous year's observations and action taken
The following actions were taken based on previous year's observations
 - (a) More active participation of all the directors.
 - (b) Layout of strong succession plan
 - (c) Board discussions are made comprehensive and of subject importance
- (ii) Current year Observations and proposed actions based on current year observation
The following actions required to be taken based on current year's observations
 - (a) To make availability of funds for the effective functioning of the Company.
 - (b) Recruitment of employees in all the levels in key areas like HR, Marketing, Finance, Production and other operational areas of the Company and to provide adequate training.

q) FAMILIARIZATION PROGRAMME OF THE INDEPENDENT DIRECTORS

Periodic presentations are made by Senior Management and Internal Auditors at the Board meetings and Committee meetings on the business and performance updates of the Company, global business environment, business risks and its mitigation strategy, impact of regulatory changes on strategy etc. Updates on relevant statutory changes encompassing important laws are regularly intimated to all the Directors including the Independent Directors.

r) DEPOSITS

Following are the details of deposits covered under Chapter V of the Companies Act 2013:

- i. Deposits Accepted from shareholders during the year (2018-19) : Rs. 53.56 lakhs
- ii. Deposits remaining unpaid or unclaimed as at the end of the year : NIL
- iii. Any default in repayment of deposits or payment of interest thereon during the year : NIL
- iv. Total Deposits from shareholders outstanding at the end of the year : Rs. 628.71 lakhs Company has duly complied with the provisions of Section 73 of the Companies Act, 2013 read with relevant rules with respect to fixed deposits.

s) INDUSTRY ASSOCIATIONS

Sri S. Dinakaran, Joint Managing Director of the Company is a member of the Committee of Administration and Chairman of the Yarn Committee of the Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai and the Confederation of Indian Textile Industry (CITI), Delhi. By virtue of the offices he holds, Sri S. Dinakaran has been representing to the Industries and Finance Ministries at the appropriate time to get relief to the ailing Textile Industry.



t) REPORT ON PERFORMANCE AND FINANCIAL POSITION OF THE ASSOCIATE COMPANIES :

There are two associate Companies –

SPMM Health Care Services Pvt. Ltd. - 49.75% investment in the share capital

This Company has recorded total revenue of Rs 457.27 Lakhs and profit after tax (PAT) of Rs 24.65 Lakhs during the year ended 31.3.2019 as against Rs. 437.73 Lakhs Revenue and Rs. 20.88 Lakhs PAT recorded in the previous year 2017-18.

Salem IVF Centre Pvt. Ltd. – 27.73% investment in the share capital of that Company.

This Company incorporated on 17th November 2014 has recorded total revenue of Rs. 231.63 lakhs and Loss of Rs 35.64. lakhs during the fifth year of its operations as against the revenue of Rs. 195.75 lakhs and loss recorded Rs.71.92 lakhs the Previous Year 2017 - 2018.

Highlights of performance of subsidiaries or Associate Companies

SPMM Health Care Services Pvt Ltd., revenue increased by 4.46 % from operations during 18-19 when compared to 17-18. Also Profit after tax has increased by 18.06 %., and this is due to maintaining operational expenditure at the same level in 18-19 when compared to 17-18.

Salem IVF Centre Pvt Ltd., revenue from operations has increased by 18.33 % from operations during 18-19 when compared to 17-18. This company was incorporated in November 2014 and is in its 5th year of operation and it is in gestation period and is still in progress and will take a few more years to earn profit .

u) CHANGES OR COMMITMENTS AFTER THE YEAR END ON 31.3.2019

No material change or commitment affecting the financial position of the Company has occurred between the close of the financial year on 31.3.2019 and the date of this report.

Information pursuant to section 197 (12) of the Act read with Rule 5(1) & 5(2) of the Companies (Appointment and Remuneration of Managerial personnel) Rules 2014 :

- (i) Ratio of the remuneration of each Director, Company Secretary, Chief Financial Officer and Chief Technical Officer to the median remuneration of the employees of the Company; AND
- (ii) Percentage increase in their remuneration in 2018-19 as compared to the previous year (2017-18): (Median Remuneration : Rs.1,02,960 in 2018-19)

Name of whole-time Directors and KMP	Remuneration in 2018-19 Rs. lakhs	Remuneration in 2017-18 Rs. lakhs	% increase in 2018-19	Ratio to Median Remn.	Ratio of 2018-19 Remuneration to	
					Revenue	Net Profit
Mr. S.Devarajan, Chairman and Managing Director	66.00	48.00	37.50%	64.10	0.31%	16.76%
Mr. S.Jegarajan, Joint Managing Director	63.30	45.60	38.82%	61.48	0.30%	16.07%
Mr. S.Dinakaran, Joint Managing Director	36.60	19.20	90.63%	35.55	0.17%	9.29%
Mr. S.Natarajan, Company Secretary	12.00	12.00	NIL	11.66	0.06%	3.05%
Mr. D.Niranjan Kumar, Chief Financial Officer	22.50	18.00	25%	21.85	0.11%	5.71%
Mr. J.Sakthivel, Chief Technical Officer	22.50	18.00	25%	21.85	0.11%	5.71%

Percentage increase in the remuneration of all employees in 2018-19 : 17 %



Name of Non-executive Directors	#	Sitting fees in 2018-19 Rs. lakhs	#	Sitting fees in 2017-18 Rs. lakhs
Mr. D.Sudharsan,	-	0.55		1.05
Smt. S.Abirami	-	0.30		1.05
Name of Independent Directors	#	Sitting fees in 2018-19 Rs. lakhs	#	Sitting fees in 2017-18 Rs. lakhs
Dr. R.Ramarathnam		2.35		2.80
Dr. V.Sekar		3.00		3.05
Mr. D.Balasundaram		2.35		2.80
Mr. S.Gnanasekharan		3.00		3.05
Mr. Kameshwar M Bhat		3.00		3.20
Smt. Annapoorani Venugopalan		0.25		0.00

Only sitting fees is payable to Non-executive and Independent Directors for the meetings of the Committee or of the Board attended by them.

(a) There was increase in the sitting fees of Directors from Nov 2018 meeting as follows
Audit Committee Meeting from Rs.25,000 to Rs.40,000
Board Meeting from Rs.15,000 to Rs.25,000
Nomination and Remuneration Committee Meeting from Rs.15,000 to Rs.25,000

(b) Variation in the sitting fees paid to Directors depends on their attendance at the Board / Committee Meetings.

(ii) Number of permanent employees on the rolls of the Company : 987

(iii) No variable component of the remuneration availed by any director.

4 AUDITORS

At the 44th Annual General Meeting held on 11.08.2018, M/s R. Sundararajan & Associates, Chartered Accountants, were reappointed as statutory Auditors of the Company from the financial year 2018-2019 to 2021-2022. Statutory Auditors M/s R. Sundararajan & Associates, Chartered Accountants have confirmed their eligibility and willingness to continue their office. On the recommendation of the Audit Committee, Board is placing the resolution for the remuneration payable to the statutory Auditors for the FY 2019-20 before the member's for approval.

5 Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note 48 to the notes to the financial statements.

6 VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has an established vigil mechanism for Directors / Employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/ employees who avail of the mechanism. The Company affirms that no personnel have been denied access to the audit committee. The Company has formulated a Policy on Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matter after becoming aware of the same. All suspected violations and Reportable Matters are reported to an Independent Director and member of the Audit Committee at his e- mail id ksg_comsec@yahoo.com. The key directions/actions are informed to the Managing Director of the Company.

The Company has adopted Whistle Blower Policy in line with the provisions of Section 177(9) of the Companies Act 2013 which can be accessed on the Company's Website under the web link <http://www.sambandam.com>



7 AUDIT COMMITTEE :

Details of Composition of Audit committee are covered under corporate governance report annexed with this report and forms part of this report. Further, during this year all the recommendations of the Audit committee have been accepted by the Board.

8 REPORTS OF STATUTORY AUDITORS AND SECRETARIAL AUDITORS

Reports of the Statutory Auditors and the Secretarial Auditors for the year under review are free from any qualification, reservation or adverse remark or disclaimer. Secretarial Audit Report in Form MR-3 is attached, which forms part of this report – refer Annexure VI. It also confirms that none of the directors of the board of directors on the board of the company have been debarred or disqualified from being appointed or continuing as the directors of the companies by the board /MCA or any such statutory authority

Applicable Secretarial standards, ie SS1 and SS2 ,relating to “Meeting of the board of directors “and “General meeting “respectively, have been duly complied with by the company.

9 EXTRACT OF ANNUAL RETURN

Extract of Annual Return in Form MGT-9 pursuant to Section 92(3) of the Companies Act 2013 is also attached, which forms part of this report – refer Annexure VII.

10 TRANSFER OF UNPAID AND UNCLAIMED DIVIDEND AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND ACCOUNT :

Pursuant to the provisions of section 124 of the Companies Act, 2013, which came in to effect from 07.09.2016 ,the declared dividends which remained unpaid or unclaimed for a period of seven years, has to be transferred by the company to the Investor Education and Protection Fund (IEPF) established by the Central Government. During the year 2018-19, transfer of Unclaimed final Dividend of the year 2010-11 was applicable since the final dividend was declared for the year 10-11.

However, shareholders are requested to take note that as per IEPF rules, the company is required to transfer unpaid dividend and underlying shares also in respect of which final dividend was not claimed /paid of the year 10-11, to IEPF authority. Shareholders who have not claimed their final dividend of the year 10-11 can write to the Company or Registrar and transfer agent M/s Cameo Corporate Services Limited, at 'Subramanian Building', No.1, Club House Road, Chennai – 600 002 who are the Registrars and Share Transfer Agents (RTA) of the Company for further details and for claiming unclaimed dividend lying unpaid. In case no valid claim is received ,the shares in respect of which the dividend are lying unpaid /unclaimed will be transferred to IEPF authority on the due date Further in terms of rule 6(3) of the IEPF rules ,statement containing the details of shareholders who have not claimed dividend for previous years ,and his folio number /DP-ID /client ID is made available on company's website www.sambandam.com for information and necessary action by shareholder. In case, the concerned shareholder wish to claim the shares after transfer to IEPF, an application has to be made to the IEPF authority in form IEPF- 5 online and submit the hard copy of such form IEPF -5 along with necessary documents to the company as prescribed under the rules and the same is available at IEPF website (ie) www.iepf.gov.in.

Dividend year	Date of declaration of dividend	Due date for transfer to IEPF
11-12	Dividend not declared	Not applicable
12-13	Dividend not declared	Not applicable
13-14	28.09.2014	27.10.2021
14-15	27.09.2015	26.10.2022
15-16	06.08.2016	05.09.2023
16-17	12.08.2017	11.09.2024
17-18	11.08.2018	10.08.2025

**Annexures to this Board Report**

The following are the annexures to this report

1. Statement containing salient features of the financial statement of associate company (Form AOC – 1) in Annexure - I
2. Form AOC - 2 in Annexure - II
3. CMD / CFO Certification in Annexure - III
4. Conservation of energy, technology absorption, Research and development and foreign exchange earnings and outgo in Annexure - IV
5. Details of CSR Expenditure in Annexure - V
6. Secretarial Audit Report (Form MR-3) in Annexure - VI
7. Extract of Annual Report (Form MGT-9) in Annexure - VII
8. Corporate Governance Report in Annexure - VIII

11 CAUTIONARY NOTE

Statements in the Board's report and the management discussion and analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results might differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other related factors such as litigation and industrial relations

12 ACKNOWLEDGEMENT

Your directors thank the Company's customers, vendors and investors for their continued support during the year. Your directors place on record their appreciation for the contribution made by the employees at all levels. Your Company's consistent growth has been made possible by the hard work, solidarity, cooperation and support of the management team.

Your directors thank State Bank of India, Karnataka Bank Limited, Canara Bank, Axis Bank Limited and the State and Central Government departments for their support, and look forward to their continued support in future

Salem
May 26, 2019

S. Devarajan
Chairman & Managing Director
DIN : 00001910



FORM AOC - 1

ANNEXURE - I

PART "A": SUBSIDIARIES

Not Applicable since the Company does not have any subsidiary.

PART "B": ASSOCIATES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

Sl. No.	Name of Associate	SPMM Healthcare Services P Ltd		Salem IVF P Ltd	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018
1.	Latest audited Balance Sheet Date	31-03-2019	31-03-2018	31-03-2019	31-03-2018
2.	Date on which the associate or JV was associated or acquired	10-09-2003	10-09-2003	17-11-2014	17-11-2014
3.	Shares of Associate held by the Company on the year end:				
	Number of Shares	19,90,000	19,90,000	7,04,060	7,04,060
	Amount of Investment in Associates (Rs.)	1,99,00,000	1,99,00,000	70,40,600	70,40,600
	Extend of Holding %	49.75%	49.75%	27.73%	27.73%
4.	Description of how there is significant influence	Associate Company		Associate Company	
5.	Reason why the associate / joint venture is not consolidated	Associate Companies accounts have been consolidated			
6.	Networth attributable to Shareholding as per latest audited Balance Sheet (Rs. in lakhs)	125.79	113.53	(35.06)	(25.17)
7.	Profit / (Loss) for the year (Rs. in lakhs)	24.65	20.88	(35.64)	(71.92)
	Profit/(Loss) attributable to the Shareholding (Rs.in lakhs)	12.26	10.39	(9.88)	(19.94)

- Names of associates or joint ventures which are yet to commence operations : NIL
- Names of associates or joint ventures which have been liquidated or sold during the year : NIL
- The Company does not have any joint venture.

For **R. Sundararajan & Associates**

Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner

Membership No. 26452

Salem

May 26, 2019

For and on behalf of the Board

S.Natarajan
Company Secretary

D.Niranjana Kumar
Chief Financial Officer

S.Dinakaran
Joint Managing Director
DIN : 00001932

S. Devarajan
Chairman & Managing Director
DIN : 00001910

FORM NO. AOC-2

ANNEXURE - II

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

- Details of contracts or arrangements or transactions NOT at Arm's Length Basis – NIL
- Details of material contracts / arrangements / transactions at Arm's Length Basis – NIL

NOTE : All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transactions (which are repetitive in nature) and the same was approved by Board of Directors.

There were no materially significant transactions with Related Parties during the financial year 2018-19 which were in conflict with the interest of the Company. Hence the related party transactions of the Company for the financial year 2018-19 does not fall under the purview of disclosure under Form AOC – 2. Suitable disclosures as required under AS-18 have been made in Note 38 of the Notes to the financial statements.

Salem
May 26, 2019

For and on behalf of the Board
S. Devarajan
Chairman and Managing Director
DIN : 00001910



ANNEXURE - III

CERTIFICATION BY CHAIRMAN & MANAGING DIRECTOR (CMD) AND CHIEF FINANCIAL OFFICER (CFO) TO THE BOARD

We, S. Devarajan, Chairman and Managing Director and D. Niranjan Kumar, Chief Financial Officer of Sambandam Spinning Mills Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year 2018-19 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the state of affairs of the company and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept overall responsibility for establishing and maintaining internal control for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness, of internal control. The internal auditor works with all levels of management and statutory auditors and reports significant issues to the audit committee of the Board. The auditors and the audit committee are apprised of any corrective action taken with regard to significant deficiencies in the design or operation of internal controls.
4. We have indicated to the auditors and to the audit committee:
 - a) All Significant changes in internal control over financial reporting during the year;
 - b) Significant changes in accounting policies during the year; and that the same have been disclosed in the notes to the financial statements; and
 - c) No instance of significant fraud of which we have become aware of and which involve management or other employees having significant role in the companies internal control system and financial reporting .There was no such instance in the FY 18-19.

Salem
May 26, 2019

D. Niranjan Kumar
Chief Financial Officer

S . Devarajan
Chairman & Managing Director
DIN : 00001910

ANNEXURE - IV

Conservation of energy, technology absorption and research and development and foreign exchange earnings and outgo**A. Conservation of energy****(a) Power and fuel consumption****1. Electricity**

			2018-19	2017-18
(i)	Purchased units*	'000 KWH	23858	19079
	Total cost	Rs. lakhs	1950	1368
	Cost/unit	Rs.	8.17	7.17
	*net of units generated thro' wind energy converters			
(ii)	Own generation			
1)	Through diesel generator			
	Generated units	'000 KWH	15.00	17.84
	Units per litre of diesel	KWH	2.96	2.96
	Cost/unit	Rs.	20.88	17.74
2)	Through steam turbine/generator		-	-



Corporate Social Responsibility Purpose Statement

SSML seeks to impact the lives of the underprivileged by supporting and engaging in activities that aim at improving their well-being. Promoters of the Company have dedicated to the cause of empowering people, educating them and in improving their quality of life. While they undertake programmes based on the identified needs of the community, education and healthcare remain their priority. Across the different programme areas identified by the trust, its main endeavour is to reach the underprivileged and the marginalised sections of the society to make a meaningful impact on their lives.

The CSR Policy of the Company can be viewed on the Company's Website under the web link <http://www.corporate@sambandam.com>

Accordingly, the programme areas include the following :

- 1) Promoting preventive health care facilities to economically backward societies,
- 2) Promoting education and Sustainable livelihood to differently abled.
- 3) Provision of Skill Development / Vocational Training,
- 4) Rural Development and Environmental sustainability,
- 5) Promoting Rural Sports, Traditional Arts & Culture

Scope

This policy applies to all projects/programmes undertaken as part of the Company's Corporate Social Responsibility and it is developed, reviewed and updated periodically with reference to relevant changes in corporate governance, international standards and sustainable and innovative practices.

The policy ensures compliance and alignment with the activities listed in Schedule VII read with Section 135 of the Companies Act 2013 and the Rules framed there under.

Implementation

The Company undertakes CSR projects / programmes identified by the CSR Committee and approved by the Board of Directors in line with the CSR Policy and implements its CSR programmes accordingly.

- 1 Composition of the CSR Committee :

CHAIRMAN	:	SRI S.DEVARAJAN	-	Chairman and Managing Director
MEMBERS	:	SRI S. GNANASEKHARAN	-	Independent Director
		SRI S.JEGARAJAN	-	Joint Managing Director
		SRI S.DINAKARAN	-	Joint Managing Director
		SRI D.SUDHARSAN	-	Non-executive Director
- 2 Average net profit of the company for the last three financial years - Rs.458.11 lakhs
- 3 Prescribed CSR Expenditure (two per cent of Rs.458.11 lakhs) - Rs.9.16 lakhs
- 4 Details of CSR spent during the financial year :
 - (i) Livelihood enhancement of differently abled - Provision of artificial limbs - Rs.4,05,450
 - (ii) Promote Education (Item (ii) of Schedule VII of the Companies Act 2013) - Rs.2,00,000
 - (iii) Promote sanitation - Rs.2,17,590
 - (iv) Eradication of hunger, poverty and malnutrition - Rs.1,00,073
- 5 Total amount spent during the financial year 2018-19 - Rs.9,23,113
- 6 Amount unspent, if any Nil



5 Manner in which the amount spent during the financial year is detailed below

Sl. No.	CSR project or activity identified.	Sector in which the Project is covered	Local area in which the programs were under taken in Tamil Nadu	Amount outlay - project or Program- wise Rupees	Amount spent on the projects or Programs Rupees	Cumulative Expenditure upto the reporting period Rupees	Amount spent: Direct or through implementing agency Rupees
1	Promoting preventive health care	Item No(i) of Sch. VII of the Comp. Act 2013	Salem	-	-	Rs.5,35,000	-
2	Livelihood enhancement & Training of differently abled Persons	Item No(ii) of under Sch. VII of the Comp. Act 2013	Salem & Chennai	Rs.4,05,540	Rs.4,05,450	Rs.11,82,550	Rs.4,05,450
3	Promote Education	Item No(ii) of under Sch. VII of the Comp. Act 2013	Book Festival	Rs.2,00,000	Rs.2,00,000	Rs.6,06,951	Rs.2,00,000
4	Environment Sustainability	Clause (iv) of Schedule VII of the Companies Act 2013	Salem	-	-	Rs.1,21,750	-
5	Promoting Sanitation, and making available safe drinking water at the girls & boys High School, Ammapet, Salem.	Item No(i) of under Sch. VII of the Comp. Act 2013	Salem	Rs.2,17,590	Rs.2,17,590	Rs.7,40,590	Rs.2,17,590
6	Eradication hunger, poverty and malnutrition	Item No (i) of under Sch. VII of the Comp. Act 2013	Salem	Rs.1,00,073	Rs.1,00,073	Rs.1,00,073	Rs.1,00,073
		Total		Rs.9,23,113	Rs.9,23,113	Rs.31,16,268.50	Rs.9,23,113

The second item - Livelihood Enhancement of differently abled has been organized through SPMM hospital, by providing Artificial Limbs to Amputees and poor people.

The third item - Promoting Education – payment to Book Festival

The fifth item is for providing drinking water to girls high school.

The Sixth item is for Eradication hunger, poverty and malnutrition – payment for Gaja flood relief fund

CSR Committee confirms that implementation and monitoring of the CSR projects detailed above are in compliance with the CSR objectives and the CSR Policy of the Company.

Salem
May 26, 2019

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Devarajan
Chairman – CSR Committee
DIN : 00001910



ANNEXURE - VI

B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.

B. KALYANASUNDARAM,
B.Com., AICWA., ACS.,

OFFICE : 30, PANDAMANGALAM AGRAHARAM, WORUIR, TRICHY-620 003.
PHONE: 0431-2761590.

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

[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
M/S. SAMBANDAM SPINNING MILLS LIMITED
MILL PREMISES, P.B.NO.1, KAMARAJ NAGAR
SALEM – 636014

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Sambandam Spinning Mills Limited, Salem-636014 (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s. Sambandam Spinning Mills Limited (the Company) and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March 2019, according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) 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;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the year under report, the Company did not attract the provisions of:

- (i) 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;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
 - c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice with agenda items supported by detailed notes thereon is given to all Directors to schedule the Board Meetings and Committee meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company had no specific events / actions, having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

FOR **B.K. SUNDARAM & ASSOCIATES**
COMPANY SECRETARIES

Place : Trichy
Date : 26-05-2019

(B. KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209

Note : This report has to be read along with the Annexure which forms an integral part of this report.



B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.

B. KALYANASUNDARAM,
B.Com., AICWA., ACS.,

OFFICE : 30, PANDAMANGALAM AGRAHARAM, WORIUUR, TRICHY-620003.
PHONE: 0431-2761590.

**ANNEXURE TO SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019
OF
M/s. SAMBANDAM SPINNING MILLS LIMITED**

1. Maintenance of secretarial records with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.
2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. 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 Secretarial Audit. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.
3. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and occurrence of events. As per the Management representation given by the Chairman and Managing Director there is no law exclusively applicable for this Company other than all Laws applicable for Manufacturing Industries and hence there is no report to be given therefor.

FOR B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES

Place : Trichy
Date : 26-05-2019

(B. KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209



ANNEXURE - VII

FORM NO. MGT-9

**EXTRACT OF ANNUAL RETURN
as at the financial year ended on 31st March 2019**

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L17111TZ1973PLC000675
- ii) Registration Date : 07-11-1973
- iii) Name of the Company : **SAMBANDAM SPINNING MILLS LIMITED**
- iv) Category : Company Limited by Shares
- v) Sub-Category of the Company : Indian Non-Government Company
- vi) Address of the registered office and contact details : **Kamaraj Nagar Colony, P.B.No.1, Salem – 636 014. Tamilnadu**
Telephone / Fax : **0427 2240790 ; Fax 0427 2240169**
Email ID : **corporate@sambandam.com,**
Website : **www.sambandam.com**
- vii) Whether listed company : **YES**
- viii) Name, Address and Contact details of the Registrar and Transfer Agent, if any : **Cameo Corporate Services Limited, 'Subramnian Building', No.1, Club House Road, Chennai 600 002.**
Telephone / Fax : **044-28460390 (5 lines), Fax : 044 - 28460129**
Email ID : **agm@cameoindia.com**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of the product	NIC Code of the Product	% to total turnover of the company
1	Cotton Yarn, Melange, other blended yarn	13111	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

There is no Holding or Subsidiary Company; only two Associate Companies

Sl. No.	Name and Address of the Company	CIN	Holding Subsidiary / Associate	% of shares held	Applicable Section
1	SPMM Health Care Services P Ltd	U85110TZ2003PTC010761	Associate	49.75%	2 (6) & 129
2	Salem IVF Centre Private Limited	U74999TZ2014PTC020878	Associate	27.73%	2 (6) & 129



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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	2031683	1170	2032853	47.67	2072820	0	2072820	48.60	0.93
b) Bodies Corp.	39000	0	39000	0.91	0	0	0	0	(0.91)
c) Any other	0	0	0	0	0	0	0	0	0
Sub - Total (A) (1):-	2070683	1170	2071853	48.58	2072820	0	2072820	48.60	0.02
(2) Foreign									
a) Any Other...	0	0	0	0	0	0	0	0	0
Sub - Total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	2070683	1170	2071853	48.58	2072820	0	2072820	48.60	0.02
B. Public Shareholding									
(1) Institutions									
a) FI / Bank - GIC	52988	0	52988	1.24	52988	0	52988	1.24	0
b) Any other	0	0	0	0	0	0	0	0	0
Sub - Total (B) (1)	52988	0	52988	1.24	52988	0	52988	1.24	0
(2) Non - Institutions									
a) Bodies Corporate	26654	1800	28454	0.67	22923	1800	24723	0.58	(0.08)
b) Individuals									
i. Individual shareholders holding nominal share capital in upto or Rs. 1 lakh	549327	101603	650930	15.26	568325	89143	657468	15.42	0.16
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1119575	151600	1271175	29.81	1131734	133060	1264794	29.66	(0.15)
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Any other									
Clearing Members	1207	0	1207	0.03	50	0	50	0	(0.03)
Hindu Undivided Families	155448	1	155449	3.64	0	0	0	0	(3.64)
Non resident Indians	6346	0	6346	0.15	5967	0	5967	0.14	(0.01)
IEPF	26198	0	26198	0.61	29538	0	29538	0.69	0.08
Sub - Total (B) (2):-	1884755	255004	2139759	50.17	1914778	224014	2138792	50.15	(0.02)
Total Shareholding (B) = (B) (1) + (B) (2)	1937743	255004	2192747	51.42	1967766	224014	2191780	51.40	(0.02)
C. Share held by custodian for GDR's and ADR's	0	0	0	0	0	0	0	0	0
Total (A) + (B) + (C)	4008426	256174	4264600	100.00	4040586	2204014	4264600	100.00	0



ii). Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year 01-04-2018			Shareholding at the end of the year 31-03-2019			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/encumbered to total shares	
1	S JEGARAJAN	444146	10.4147	– Nil –	454536	10.6583	– Nil –	0.2436
2	S DEVARAJAN	408555	9.5801	– Nil –	473942	11.1133	– Nil –	1.5332
3	S DINAKARAN	374879	8.7905	– Nil –	386269	9.0575	– Nil –	0.2670
4	A R NATARAJAN	192390	4.5113	– Nil –	192390	4.5113	– Nil –	–
5	D SARADHAMANI	101180	2.3725	– Nil –	101180	2.3725	– Nil –	–
6	D SUDHARSAN	86860	2.0368	– Nil –	88760	2.0813	– Nil –	0.0445
7	S P SAMBANDAM	50750	1.1900	– Nil –	–	–	– Nil –	(1.1900)
8	S DEVARAJAN (HUF)	45895	1.0761	– Nil –	45895	1.0761	– Nil –	–
9	RATHIPRIYA D	41580	0.9750	– Nil –	41580	0.9750	– Nil –	–
10	D SENTHILNATHAN	61940	1.4524	– Nil –	61940	1.4524	– Nil –	–
11	V VALARNILA	37160	0.8713	– Nil –	37160	0.8713	– Nil –	–
12	D MANJULA	30540	0.7161	– Nil –	30540	0.7161	– Nil –	–
13	S DINAKARAN (HUF)	28975	0.6794	– Nil –	28975	0.6794	– Nil –	–
14	S JEGARAJAN (HUF)	28975	0.6794	– Nil –	28975	0.6794	– Nil –	–
15	J RAMYA	26540	0.6223	– Nil –	26540	0.6223	– Nil –	–
16	PARAMESWARI JEGARAJAN	22300	0.5229	– Nil –	22300	0.5229	– Nil –	–
17	J SAKTHIVEL	14800	0.3470	– Nil –	14800	0.3470	– Nil –	–
18	N USHA	14250	0.3341	– Nil –	14250	0.3341	– Nil –	–
19	D NIRANJANKUMAR	5800	0.1360	– Nil –	5800	0.1360	– Nil –	–
20	D MINUSAKTHIPRIYA	4000	0.0937	– Nil –	4000	0.0937	– Nil –	–
21	S. SIVAKUMAR	6928	0.1624	– Nil –	6928	0.1624	– Nil –	–
22	R SELVARAJAN	2640	0.0619	– Nil –	2640	0.0619	– Nil –	–
23	S P SAMBANDAM (SHUF)	1170	0.0274	– Nil –	–	–	– Nil –	(0.0274)
24	D ANUPAMA	400	0.0093	– Nil –	3220	0.0755	– Nil –	0.0662
25	A SARAYU	200	0.0046	– Nil –	200	0.0046	– Nil –	–
26	KANDAGIRI SPINNING MILLS LTD	39000	0.9145	– Nil –	–	–	– Nil –	(0.9145)
	TOTAL	2071853	48.5826	–	2072820	48.6052	–	0.0226

iii). Change in Shareholding of Promoters

Sl. No.	Name	No. of Shares at the beginning (01-04-18)		Date	Increase / (Decrease) in shares holding	Reason	Cumulative Share holding during the year 01-04-18 to 31-03-19	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	S. Jegarajan	444146	10.41	18.01.2019	+390	Demated	444536	10.42
				29.03.2019	+10000	Purchase of Shares	454536	10.66
2	S. Devarajan	408555	9.58	03.08.2018	+1500	Purchase of Shares	410055	9.62
				19.10.2018	+2181	Purchase of Shares	412236	9.67
				07.12.2018	+366	Purchase of Shares	412602	9.68
				14.12.2018	+50750	Purchase of Shares	463352	10.87
				18.01.2019	+390	Demated	463742	10.87
				22.02.2019	+200	Purchase of Shares	463942	10.88
				29.03.2019	+10000	Purchase of Shares	473942	11.11



Sl. No.	Name	No. of Shares at the beginning (01-04-18)		Date	Increase / (Decrease) in shares holding	Reason	Cumulative Share holding during the year 01-04-18 to 31-03-19	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
3	S. Dinakaran	374879	8.79	03.08.2018	+1000	Purchase of Shares	375879	8.81
				18.01.2019	+390	Demated	376269	8.82
				29.03.2019	+10000	Purchase of Shares	386269	9.06
4	D. Sudharsan	86860	2.04	24.08.2018	+1900	Purchase of Shares	88760	2.08
5	S. P. Sambandam	50750	1.19	14.12.2018	-50750	Sale of Shares	-	-
6	Kandagiri Spinning Mills Ltd	39000	0.91	06.04.2018	-1000	Sale of Shares	38000	0.89
				13.04.2018	-505	Sale of Shares	37495	0.88
				20.04.2018	-1097	Sale of Shares	36398	0.85
				18.05.2018	-1000	Sale of Shares	35398	0.83
				08.06.2018	-3000	Sale of Shares	32398	0.76
				15.06.2018	-1	Sale of Shares	32397	0.76
				23.11.2018	-7	Sale of Shares	32390	0.76
				15.03.2019	-580	Sale of Shares	31810	0.75
7	D. Anupama	400	0.0093	21.09.2018	+1010	Purchase of Shares	1410	0.033
				29.03.2019	+1810	Purchase of Shares	3220	0.075

(iv) Details of change in shareholding position of TOP TEN shareholders :

Sl. No.	Name	No. of Shares at the beginning (01-04-18)		Date	Increase/ Decrease in shares holding	Reason	Cumulative Share holding at the year end 31-03-19	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	Vinodchandra Mansukhlal Parekh and Sanjeev Vinodchandra Parekh	136518	3.20	01-04-2018	0	Nil Movement during the year	136518	3.20
2	Samir Jitendra Javeri	115000	2.70	31-08-2018	+1341	Purchase of Shares	116341	2.73
				16-11-2018	-1641	Sale of Shares	114700	2.69
				15-03-2019	+155	Purchase of Shares	114855	2.69
				29-03-2019	+145	Purchase of Shares	115000	2.67
3	Sanjeev Vinodchandra Parekh and Daksha Sanjeev parekh	86361	2.02	23-11-2018	+32535	Purchase of Shares	118896	2.79
4	Pratul Mehta	64000	1.50	25-05-2018	-200	Sale of Shares	63800	1.49
				01-06-2018	-1000	Sale of Shares	62800	1.47
				08-06-2018	-6035	Sale of Shares	56765	1.33
				15-06-2018	-6850	Sale of Shares	49915	1.17
				22-06-2018	-4915	Sale of Shares	45000	1.05
				29-06-2018	-1550	Sale of Shares	43450	1.02
				06-07-2018	-3100	Sale of Shares	40350	0.95
				13-07-2018	-350	Sale of Shares	40000	0.94



Sl. No.	Name	No. of Shares at the beginning (01-04-18)		Date	Increase/ Decrease in shares holding	Reason	Cumulative Share holding at the year end 31-03-19	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
				20-07-2018	-2570	Sale of Shares	37430	0.88
				27-07-2018	-2000	Sale of Shares	35430	0.83
				03-08-2018	-3300	Sale of Shares	32130	0.75
				10-08-2018	-2046	Sale of Shares	30084	0.70
				17-08-2018	-3800	Sale of Shares	26284	0.62
				24-08-2018	-11260	Sale of Shares	15024	0.35
				31-08-2018	-15024	Sale of Shares	0	0
5	N. Porkodi	61880	1.45	01-04-2018	0	Nil Movement during the year	61880	1.45
6	Chandrika Vinodchandra Parekh and Vinodchandra Mansukhlal Parekh	61351	1.44	01-04-2018	0	Nil Movement during the year	61351	1.44
7	General Insurance Corporation India	52988	1.24	01-04-2018	0	Nil Movement during the year	52988	1.24
8	S. Santhi	48020	1.13	01-04-2018	0	Nil Movement during the year	48020	1.13
9	Pranav Kumarpal Parekh	47165	1.10	01-04-2018	0	Nil Movement during the year	47165	1.10
10	Sangita Kumarpal Parekh	42404	0.99	01-04-2018	0	Nil Movement during the year	42404	0.99

V). Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01-04-2018		Cumulative Shareholding during the year		Shareholding at the end of the year 31-03-2019	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
At the Beginning of the year :							
1	Sri S.DEVARAJAN, Chairman & Managing Director	408555	9.58	65387	1.53	473942	11.11
2	Sri S.JEGARAJAN, Joint Managing Director	444146	10.41	10390	0.24	454536	10.65
3	Sri S.DINAKARAN, Joint Managing Director	374879	8.79	11390	0.26	386269	9.05
4	Sri D.SUDHARSAN, Director	86860	2.04	1900	0.04	88760	2.08
5	Sri D.NIRANJAN KUMAR, Chief Financial Officer	5800	0.13	0	0.00	5800	0.13
	Total	1320240	30.95	89067	2.07	1409307	33.02
	Date wise Increase in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	0	0	# 89067	2.07
	At the End of the year					1409307	33.02

Increase in the shareholding at the end of the year is on account of Purchase of shares during the year

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Deposits		Total Indebted ness
		From Directors	From Members	
Indebtedness at the beginning of the financial year				
i) Principal Amount	6302.92	122.00	575.35	7000.27
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	6302.92	122.00	575.35	7000.27
Change in Indebtedness during the financial year				
☞ Addition	393.30	10.00	81.96	485.26
☞ Reduction	(348.59)	NIL	(28.60)	(377.19)
Net Change	44.71	10.00	53.36	108.07
Indebtedness at the end of the financial year				
i) Principal Amount	6347.63	132.00	628.71	7108.34
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	6347.63	132.00	628.71	7108.34

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount Rupees lakhs
		Sri S.Devarajan CMD	Sri S.Jegarajan JMD	Sri S.Dinakaran JMD	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.39,60,000/-	Rs.37,80,000/-	Rs.24,60,000/-	102.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.26,40,000/-	Rs.25,50,000/-	Rs.12,00,000/-	63.90
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission				
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	Rs.66,00,000/-	Rs.63,30,000/-	Rs.36,60,000/-	165.90
	Ceiling as per the Act (Schedule V)	Rs.84 lakhs	Rs.84 lakhs	Rs.84 lakhs	252.00



B. Remuneration to other directors – only sitting fees for attending the meetings of the Company (excluding travelling, stay & out of pocket expenses)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. S. Gnana sekharan	Kameshwar M Bhat	Dr. V. Sekar	Mr. D. Bala sundaram	Dr. R. Rama rathnam	
	1. Independent Directors						
	Fee for attending Audit committee meeting	Rs. 1,30,000	Rs. 1,30,000	Rs. 1,30,000	Rs. 1,30,000	Rs. 1,30,000	Rs. 6,50,000
	Fee for attending Nomination and Remuneration committee meeting	Rs. 65,000	Rs. 65,000	Rs. 65,000	-	-	Rs. 1,95,000
	Fee for attending Separate Independent Director Meeting	Rs. 25,000	Rs. 25,000	Rs. 25,000	Rs. 25,000	Rs. 25,000	Rs. 1,25,000
	Fee for attending Board Meeting:	Rs. 80,000	Rs. 80,000	Rs. 80,000	Rs. 80,000	Rs. 80,000	Rs. 4,00,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	Rs. 3,00,000	Rs. 3,00,000	Rs. 3,00,000	Rs. 2,35,000	Rs. 2,35,000	Rs. 13,70,000

	2. Other Non-Executive Directors	Sri. D.Sudharsan	Smt. S.Abirami	Smt. Annapoorani Venugopalan	Total Amount
	Fee for attending Board meeting	Rs. 55,000	Rs. 30,000	Rs. 25,000	Rs. 1,10,000
	Commission	Nil	Nil	Nil	Nil
	Others	Nil	Nil	Nil	Nil
	Total (2)	Rs. 55,000	Rs. 30,000	Rs. 25,000	Rs. 1,10,000
	Overall Ceiling as per the Act	Rs.1 lakh per meeting	Rs.1 lakh per meeting	Rs.1 lakh per meeting	



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
		Sri S. Natarajan	Sri D. Niranjan Kumar	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 12,00,000	Rs. 22,50,000	Rs. 34,50,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	- as % of profit	Nil	Nil	Nil
	- others, specify...			
5.	Others, please specify	Nil	Nil	Nil
	Total	Rs. 12,00,000	Rs. 22,50,000	Rs. 34,50,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Salem
May 26, 2019

For and on behalf of the Board
S. Devarajan
Chairman and Managing Director
DIN : 00001910



ANNEXURE - VIII

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015)

1. COMPANY'S PHILOSOPHY OF CODE OF GOVERNANCE

Company's philosophy on corporate governance is delineated below :

- Effectiveness measured by quality of leadership resulting in the best performance
- Accountability through openness, public disclosure and transparency of activities
- Conforming to high ethical standards in financial policies, internal controls, constant attention towards high quality of its products and continuous upgrading of skills
- Responsibility and responsiveness to stakeholders including shareholders, customers, vendor employees, lenders and government agencies
- Sustaining a healthy and ever improving bottom line
- Upholding the spirit of social responsibility and
- To create a management team with entrepreneurial and professional skills

2. BOARD OF DIRECTORS

(i) Composition of the Board

As on March 31, 2019, the Company has ten Directors. Out of ten Directors, three (i.e.30 percent) are Executive Directors, two(i.e.20 percent) are Non-Executive Directors, and five (i.e. 50 percent) are Independent Directors. The profiles of Directors can be found on the website of the Company www.sambandam.com. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

(ii) Changes in Board of Directors

During the year, with the approval of members, Managing Directors (i.e, Sri S.Devarajan, Sri S.Jegarajan and Sri S.Dinakaran) were re-appointed at the 44thAGM held on 11.08.2018, for a period of three years w.e.f. 01.10.2018.

During the year, special resolution was passed through postal ballot on 27.03.2019 for continuation of Non-Executive Independent Director Sri. S. Gnanasekharan to hold his directorship up to his original tenure i.e., until the conclusion of 45thAGM of the Company, as he crossed the age limit of 75 years.

Non Executive Director Smt.S.Abirami has resigned from the Board w.e.f.11.08.2018. The Board has appointed Smt. Annapoorani Venugopalan as Non Executive Director w.e.f.11.11.2018.

- (iii) The Board is primarily responsible for the overall management of the Company's business. The Directors on the Board are from varied fields with wide range of skills and experience. The non-executive directors including Independent Directors bring statutory and wider perspective in the Board's deliberations and decisions. The Board periodically reviews the compliance reports of all laws applicable to the Company.
- (iv) Board fulfills the key functions as prescribed under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the Director seeking appointment / re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the Meeting of the shareholders.
- (v) None of the Directors on the Board holds directorships in more than ten public limited companies. None of the Independent Directors serves as an independent director on more than seven listed entities. Necessary disclosures regarding Committee positions in other public limited companies as on March 31, 2019 have been made by the Directors. Promoter Directors / Non Executive Director are related to each other. None of the Independent Director is related to each other. The details of directors and their relationship are given as below:



Name of the Director	Categories of Director	Relationship with other directors
Sri S. Devarajan	Chairman and Managing Director Executive (Promoter)	Relative of Sri S.Jegarajan, Sri S.Dinakaran, Sri D.Sudharsan
Sri S. Jegarajan	Joint Managing Director Executive (Promoter)	Relative of Sri S.Devarajan and Sri S.Dinakaran
Sri S. Dinakaran	Joint Managing Director Executive (Promoter)	Relative of Sri S.Devarajan and Sri S.Jegarajan
Sri D. Sudharsan	Non – Executive (Promoter)	Relative of Sri S.Devarajan
Smt. Annapoorani Venugopalan	Non – Executive Director	Nil
Sri S.Gnanasekharan	Non – Executive (Independent)	Nil
Sri Kameshwar M. Bhat	Non – Executive (Independent)	Nil
Dr. V. Sekar	Non – Executive (Independent)	Nil
Dr. R. Ramarathnam	Non – Executive (Independent)	Nil
Sri D.Balasundaram	Non – Executive (Independent)	Nil

Note : Non Executive Director Smt.S.Abirami woman director has resigned from the Board w.e.f.11.08.2018.The Board has appointed Smt.Annapoorani Venugopalan woman director as Non Executive Director w.e.f.11.11.2018.

- (vi) Four Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on May 27, 2018, August 11, 2018, November 11, 2019 and February 13, 2019. The necessary quorum was present for all the meetings.
- (vii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting (“AGM”), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2019, as required under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given herein below. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Name of the Director	Categories of Director	No. of Board meetings attended during the FY 2019	Whether attended last AGM held on 11.08.2018	No. of directorship in other Public limited Companies		No. of Committee positions held in other Public limited Companies		Directorship in other entities (Category of Directorship)
				Chairman	Member	Chairman	Member	
Sri S. Devarajan	Executive Chairman and Managing Director (Promoter)	4	Yes	1	-	-	1	1. Kandagiri Spinning Mills Limited, (Chairman) 2. Sambandam Investment & Leasing Limited, (Director) 3. Sambandam Siva Textiles Private Limited (Director) 4. SPMM Health Care Services Private Limited (Chairman) 5. Sambandam Textiles Private Limited (Director) 6. Sambandam Fabrics Private Limited (Director) 7. Salem IVF Centre Private Limited (MD)



Name of the Director	Categories of Director	No. of Board meetings attended during the FY 2019	Whether attended last AGM held on 11.08.2018	No. of directorship in other Public limited Companies		No. of Committee positions held in other Public limited Companies		Directorship in other entities (Category of Directorship)
				Chairman	Member	Chairman	Member	
Sri S. Jegarajan	Joint Managing Director Executive (Promoter)	4	Yes	-	-	-	-	1. Sambandam Siva Textiles Private Limited (Director) 2. SPMM Health Care Services Private Limited (Director) 3. Sambandam Textiles Private Limited (Director)
Sri S. Dinakaran	Joint Managing Director Executive (Promoter)	4	Yes	-	1	-	-	1. Sambandam Siva Textiles Private Limited (Managing Director) 2. Sambandam Investment & Leasing Limited, (Director) 3. SPMM Health Care Services Private Limited (Director) 4. Sambandam Textiles Private Limited (Director) 5. Confederation of Indian Textile Industry (Director)
Sri D. Sudharsan	Joint Managing Director Executive (Promoter)	3	Yes	-	-	-	-	1. Sambandam Siva Textiles Private Limited (Joint Managing Director) 2. SPMM Health Care Services Private Limited (Director)
Smt. S. Abirami *	Non - Executive (Promoter)	2	No	-	-	-	-	-
Smt. Annapoorani Venugopalan*	Non - Executive	1	NA	-	-	-	-	-
Sri S.Gnanasekharan**	Non - Executive (Independent)	4	Yes	-	2	2	-	1. Kandagiri Spinning Mills Limited, (Director) 2. Annai Infra Developers Limited (Director)
Sri Kameshwar M. Bhat	Non - Executive (Independent)	4	Yes	-	1	-	1	1. Kandagiri Spinning Mills Limited, (Director) 2. KMB Associates, LLP (Designated Partner)
Dr. V. Sekar	Non - Executive (Independent)	4	Yes	-	1	-	1	1. Kandagiri Spinning Mills Limited (Director)
Dr. R. Ramarathnam	Non - Executive (Independent)	4	Yes	-	1	-	1	1. Kandagiri Spinning Mills Limited, (Director) 2. Dalmia Electrodyn Technologies Private Limited, (Director) 3. Westcott Electricals Private Limited (Director) 4. Universal Electro Dynamics Private Limited (Chairman) 5. Go Green Enterprises Private Limited (Director) 6. Basil Energetics Private Limited (Director)
Sri D. Balasundaram	Non - Executive (Independent)	4	Yes	-	1	-	1	1. Kandagiri Spinning Mills Limited (Director)



*. Note : Non Executive Director Smt.S.Abirami woman director resigned from the Board on 11.08.2018. The Board has appointed Smt.AnnapooraniVenugopalan woman director on 11.11.2018 as Non Executive Director.

**Mr.S.Gnansekaran Non executive Independent Director has crossed the age of 75 years and a special resolution is passed through postal ballot for continuing till the conclusion of this meeting.

(viii) Details of equity shares of the Company held by the Directors as on March 31, 2019 are given below

Name of the Director	Categories of Director	No. of equity shares held
Sri S. Devarajan	Chairman and Managing Director Executive (Promoter)	4,73,942
Sri S. Jegarajan	Joint Managing Director Executive (Promoter)	4,54,536
Sri S. Dinakaran	Joint Managing Director Executive (Promoter)	3,86,269
Sri D.Sudharsan	Executive (Promoter)	88,760
Smt. AnnapooraniVenugopalan	Non – Executive Director	Nil
Sri S.Gnanasekharan	Non – Executive(Independent)	Nil
Sri KameshwarM. Bhat	Non – Executive(Independent)	Nil
Dr. V. Sekar	Non – Executive(Independent)	Nil
Dr. R.Ramarathnam	Non – Executive(Independent)	Nil
Sri D.Balasundaram	Non – Executive(Independent)	Nil

The Company has not issued any convertible instruments.

(ix) Independent Directors

The Company has appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. None of the Independent Directors is a promoter or related to the promoters. They do not have any pecuniary relationship with the Company and further they do not hold two percent or more of the total voting power of the Company. All Independent Directors maintain their limits of directorship as required under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company.

All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year give, in terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

Details about the familiarisation programme of the Independent directors had been uploaded in the website of the Company under the web-link: <http://www.sambandam.com>

Meeting of Independent Directors

During the year, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, one separate meeting of Independent directors was held on 13.02.2019. All the Independent Directors on the Board attended the meeting. The Independent Directors discussed / reviewed the matters specified in Schedule IV of Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(x) Board Evaluation

Evaluation of performance of all Directors is undertaken annually. Performance of the Board, its Committees and Individual Directors were evaluated on the basis of criteria which includes various performance related aspects.

The Board of Directors has expressed their satisfaction with the evaluation process.



(xi) The Board has identified the following skills/expertise/competencies fundamental for effective functioning of the Company which are currently available with the Board.

- a. General Administration and Management
- b. Finance
- c. Technical
- d. Human Resource
- e. Sales and Marketing
- f. Governance, Compliance and Legal

3. COMMITTEES OF THE BOARD

(i) AUDIT COMMITTEE

a. Brief description of terms of reference

Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies. The terms of reference of Audit Committee cover the areas mentioned under Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

(b) Composition

Audit Committee as on 31st March, 2019 comprises of five members viz., Sri. Kameshwar M. Bhat Independent Director as Chairman, Independent Directors, Sri S. Gnanasekharan, Dr. V. Sekar, Dr.R.Ramarathnam, Sri. D.Balasundaram as Members.

All members of the Audit Committee are financially literate and have expertise in accounting/financial management. The Managing Director, Chief Financial Officer, Internal Auditor and Statutory Auditors attended meetings of the Committee as invitees. Mr.S.Natarajan, Company Secretary is the Secretary to the committee.

(c) Meetings and Attendance

Audit Committee met four times during the year and the time gap between any two meetings did not exceed more than 120 days. Audit Committee meetings were held on May 26, 2018, August 10, 2018, November 10, 2018 and February 12, 2019. Attendance at the Audit Committee meetings held during the year is as follows:

Name of the Director	Position	No. of Meetings attended
Sri Kameshwar M. Bhat	Chairman	4 of 4
Sri S. Gnanasekharan	Member	4 of 4
Dr. V. Sekar	Member	4 of 4
Dr. R. Ramarathnam	Member	4 of 4
Sri D. Balasundaram	Member	4 of 4

(ii) NOMINATION AND REMUNERATION COMMITTEE

(a) Brief description of terms of reference

The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the Board of Directors; identifying the persons who are qualified to become directors, and who may be appointed in senior management and recommend to the Board their appointment and removal. The terms of the reference of Nomination and Remuneration Committee covers the areas mentioned under Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as section 178 of the Companies Act, 2013.

**(b) Composition**

The Nomination and Remuneration Committee as on March 31, 2019 comprises of three members viz., Sri Kameshwar M Bhat, Independent Director as Chairman and Sri S. Gnanasekharan and Dr.V.Sekar, Independent Directors as Members.

(c) Meetings and Attendance

During the year three Nomination and Remuneration Committee Meetings were held on 27.05.2018, 11.11.2018, and 13.02.2019

Attendance at the Nomination and Remuneration Committee meeting held during the year is as follows:

Name of the Director	Position	No. of Meetings attended
Sri Kameshwar M. Bhat	Chairman	3 of 3
Sri S. Gnanasekharan	Member	3 of 3
Dr. V. Sekar	Member	3 of 3

(d) Performance Evaluation criteria for Independent directors

The Company has adopted the following performance evaluation criteria for Independent Directors

- Qualifications
- Experience
- Knowledge & Competency
- Fulfillments of functions
- Ability to function as a team
- Initiative
- Availability and Attendance
- Commitment
- Integrity
- Independence
- Independent views and Judgment

(iii) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**(a) Brief description of terms of reference**

The Committee formulates CSR policy to undertake social activities as specified under Schedule VII of the Companies Act, 2013 for approval of the Board. The Committee recommends spending on the approved CSR activities and monitors the spending and performance of such activities.

The Company earned net profit for previous three years and so CSR Obligation for the FY 2018-19 is applicable. Company has spent Rs.9.23 lakhs towards CSR during the year. The details are available in annexure V of Board report.

(b) Composition

The CSR Committee as on March 31, 2019 comprises of five members viz., Sri S. Devarajan, Chairman and Managing Director as Chairman, Sri S. Gnanasekharan, Independent Director, Sri S. Jegarajan, Joint Managing Director, Sri S. Dinakaran, Joint Managing Director, Sri D. Sudharsan, Non-Executive Director as Members.

(c) Meetings and Attendance

During the year one CSR Meeting was held on 26.05.2018 and on 11.11.2018. Attendance at the CSR Committee meeting held during the year is as follows:

Name of the Director	Position	No. of Meetings attended
Sri S. Devarajan	Chairman	2 of 2
Sri S. Gnanasekharan	Member	2 of 2
Sri S. Jegarajan	Member	2 of 2
Sri S. Dinakaran	Member	2 of 2
Sri D. Sudharsan	Member	2 of 2

**(iv) STAKEHOLDERS' RELATIONSHIP COMMITTEE****(a) Composition**

Stakeholders' Relationship Committee as on March 31, 2019 comprises of three members viz., Sri S.Gnanasekharan, Independent Director as Chairman, Sri S. Jegarajan, Joint Managing Director and Sri D.Sudharsan, Director as Members.

The Committee considers and resolves the grievances of the security holders. The Committee also reviews the manner and time-lines of dealing with complaint letters received from all stakeholders including the Stock Exchange / SEBI / Ministry of Corporate Affairs etc., and the response thereto.

(b) Compliance Officer

S.Natarajan, Company Secretary is the Secretary to the Committee and the Compliance Officer appointed for the compliance of capital market related laws.

Details of investor requests received and redressed during the FY 2018-2019 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	117	117	Nil

(c) Complaints

No complaints were received and no complaint was pending as on March 31, 2019.

(d) Compliance with respect to Insider Trading

Comprehensive guidelines advising and cautioning the management, staff and other relevant business associates on the procedure to be followed while dealing with the securities of the company have been issued and implemented.

4. REMUNERATION OF DIRECTORS & AUDITORS

(a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2018-2019.

(b) Criteria of making payments to Non-Executive Directors

- ☞ Remuneration by way of Sitting fee may be paid to Non-Executive/ Independent Directors for attending meetings of the Board of Directors and Committee meetings in which he/she is a member (excluding those committee meetings viz., CSR Committee, Stakeholders' Relationship Committee, Share Transfer Committee and Finance Committee for which no sitting fees is paid) as may be decided by the Board from time to time and for any other purpose as may be decided by the Board from time to time in accordance with the ceiling limits prescribed under the Applicable Law.
- ☞ The Independent Directors shall not be entitled to any stock option.
- ☞ The sitting fee to the Independent Directors and Woman Director shall not be less than the sittingfee payable to other directors.

The above referred criteria have been disclosed in the website of the Company under the web-link: <http://www.sambandam.com>

**(c) Disclosures with respect to remuneration.**

Non-executive Directors are entitled to get Sitting Fee for attending each meeting of the Board or any Committee(s) of the Board. Details of payment of sitting fees for the year 2018-19 are as follows.

Name of the Director	Sitting fees (#) Rs. Lakhs
Sri S. Devarajan	–
Sri S. Jegarajan	–
Sri S. Dinakaran	–
Sri D. Sudharsan	0.55
Smt.S.Abirami (upto 11.08.2018)	0.30
Sri S. Gnanasekharan	3.00
Sri Kameshwar M Bhat	3.00
Dr. V. Sekar	3.00
Dr. R. Ramarathnam	2.35
Sri D. Balasundaram	2.35
Smt. Annapoorani Venugopalan (from 11.11.2018)	0.25

Details of Remuneration to Managing Director

During the 41st AGM of the Company held on 27.09.2015, Sri S. Devarajan, Chairman and Managing Director, Sri S. Jegarajan, Joint Managing Director and Sri S. Dinakaran, Joint Managing Director have been reappointed for a period of three years from 01.10.2015 to 30.09.2018. During the 44th AGM of the Company held on 11.08.2018, Sri S. Devarajan, Chairman and Managing Director, Sri S. Jegarajan, Joint Managing Director and Sri S. Dinakaran, Joint Managing Director have been reappointed for a period of three years from 01.10.2018 to 30.09.2021. The remuneration paid details as follows:

Sri S. Devarajan

S. No.	Period	Fixed Remuneration (Rs. lakhs)		
		Salary	Perquisites	Total remuneration
1.	01.04.2018 to 30.09.2018	14.40	9.60	24.00
2.	01.10.2018 to 31.03.2019	25.20	16.80	42.00

Sri S. Jegarajan

S. No.	Period	Fixed Remuneration (Rs. lakhs)		
		Salary	Perquisites	Total remuneration
1.	01.04.2018 to 30.09.2018	13.80	9.00	22.80
2.	01.10.2018 to 31.03.2019	24.00	16.50	40.50

Sri S. Dinakaran

S. No.	Period	Fixed Remuneration (Rs. lakhs)		
		Salary	Perquisites	Total remuneration
1.	01.04.2018 to 30.09.2018	9.60	–	9.60
2.	01.10.2018 to 31.03.2019	15.00	12.00	27.00

Details of Remuneration to Statutory Auditors

M/s R. Sundararajan & Associates, Chartered Accountants (Firm Registration No .008282S) had been appointed as the Statutory Auditors of the Company for the financial years 2018-19 to 2021-22. The Statutory Auditors had been fixed a remuneration of Rs. 6,00,000/- for conduct of the statutory audit for the FY 2018-19.

Stock Options

The Company has no Employee Stock Options Scheme in force at present.



5. GENERAL BODY MEETINGS

(a) Details of location and time of last three Annual General Meetings held

Year	Location	Date & Time
44th AGM - 2018	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	August 11, 2018 at 10.45 a.m.
43rd AGM - 2017	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	August 12, 2017 at 10.45 a.m.
42nd AGM - 2016	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	August 06, 2016 at 10.45 a.m.

- (b) There was no special resolution passed at the AGM held during the years 2016 and 2017. Three special resolutions were passed at the 44th Annual General Meeting (AGM) of the Company held on 11.08.2018 for reappointment and payment of remuneration to the Sri S. Devarajan, Chairman and Managing Director, Sri S. Jegarajan, Joint Managing Director and Sri S. Dinakaran, Joint Managing Director

The Company has proposed to pass two special resolutions at the 45th Annual General Meeting of the Company to be held on 11.08.2019, for re-appointment of Non-Executive Independent Directors Sri.S. Gnanasekharan and Sri.Kameshwar M Bhat for the second term of five consecutive years effective from the date of the 45th AGM of the Company until the conclusion of 50th AGM of the Company.

(c) POSTAL BALLOT

Pursuant to sections 108, 110 of the Companies Act, 2013 read with relevant rules framed there under and regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2), Postal ballot was conducted for seeking approval from the shareholders for passing of the following resolutions as stated in the postal ballot notice dt. 13.02.2019:

- (i) Approval for continuation of Sri. S. Gnanasekharan as a Non-Executive Independent Director – Special Resolution

Shareholders were given option to cast their votes through postal ballot and e-voting.

Shri B. KALYANASUNDARAM (MEMBERSHIP NO. 672) OF M/S B. K. SUNDARAM & ASSOCIATES, PRACTISING COMPANY SECRETARIES having office at No.30, Pandamangalam Agraharam, Worur, Trichy – 620003 was appointed as scrutinizer for conduct of the postal ballot and e-voting in a fair and transparent manner.

Shareholders were advised to send their assent (FOR) or dissent (AGAINST) in writing on the Postal Ballot Form enclosed with Notice and the details of the scrutinizer and instructions for voting through e-voting and postal ballot were clearly stated in the postal ballot notice. The voting period (both postal ballot & e-voting) commenced from 26.02.2019 at 9.00 a.m. and ended on 27.03.2019 at 5.00 p.m. The Postal Ballot / e-voting was conducted in a fair and transparent manner

Details of voting pattern

Based on the Scrutinizer's report, the results were declared by the Chairman on 29.03.2019 that all the resolutions contained in the postal ballot notice dt. 13.02.2019 had been duly passed in favour by the Shareholders in terms of the voting done through postal ballot and e-voting. The resolutions are deemed to be passed at a General Meeting convened in this behalf and the effective date of passing of the postal ballot resolutions was 27.03.2019. The details of voting pattern are as follows

Item. No.	Resolution	Mode of Voting	Voted For			Voted Against		
			No. of Members	No. of Votes	Vote (%)	No. of Members	No. of Votes	Vote (%)
1.	Approval for continuation of Sri S. Gnanasekharan as a Non-Executive Independent Director (Special Resolution)	Postal Ballot	66	6757	0.33	3	220	–
		E-Voting	32	2034641	99.65	3	105	–
		Total	98	2041398	99.98	6	325	0.02



6. A certificate has been received from Shri B. Kalyanasundaram of M/s B.K. Sundaram & Associates, Practising Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

7. MEANS OF COMMUNICATION

Quarterly, half-yearly and annual financial results are communicated to the Bombay Stock Exchange at Mumbai immediately after these are considered and recommended by the Audit Committee and approved by the Board; and thereafter regularly published in national (English) business newspaper Trinity Mirror and in one vernacular (Tamil) newspaper Makkal Kural as required. Quarterly and annual financial statements and other required details in accordance with the provisions of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 are posted on our Company's website: www.sambandam.com. Further, all other price sensitive and other information is sent to the Bombay Stock Exchange enabling them to display the same on their website. During the year, no presentation has been made to Institutional Investors or analysts.

8. GENERAL SHARE HOLDER INFORMATION

(a) Details of 45th Annual General Meeting to be held

Day	:	Sunday
Date	:	11.08.2019
Time	:	10.45 a.m.
Venue	:	Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem 636014

(b) Financial Year : 1st April, 2018 to 31st March, 2019.

(c) Dividend Payment Date : Commencing on 31st August 2019 – to be completed within the statutory time limit, subject to the approval of the Company's Bankers.

(d) Stock Exchange on which Company's shares are listed :

The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. The Listing Fees as applicable was paid within prescribed time period.

(e) Stock code

Trading Symbol at BSE Limited	(DEMAT)	521240
ISIN under Depository System (NSDL & CDSL)	Equity Shares	INE304D01012

(f) Market Price data – Company share Price and BSE Sensex

Month	Company Share Price		S&P BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr - 2018	138.00	110.00	35213.30	32972.56
May - 2018	134.00	118.60	35996.53	34302.89
Jun - 2018	138.00	100.10	35877.41	34784.68
Jul - 2018	105.25	89.10	37644.59	35106.57
Aug - 2018	108.00	91.00	38989.65	37128.99
Sep - 2018	124.40	91.50	38934.35	35985.63
Oct - 2018	107.45	91.00	36616.64	33291.58
Nov - 2018	140.00	97.00	36389.22	34303.38
Dec - 2018	123.95	83.85	36554.99	34426.29
Jan - 2019	106.90	88.15	36701.03	35375.51
Feb - 2019	100.00	77.85	37172.18	35287.16
Mar - 2019	103.50	90.00	38748.54	35926.94



(g) **Company securities are not suspended from trading.**

(h) **Registrar and Share Transfer Agents (RTA)**

M/s Cameo Corporate Services Limited, Subramanian Building, No.1 Club house Road, Chennai 600002 deal with all aspects of investor servicing relating to shares in both physical and demat form.

(i) **Share Transfer System**

The Share transfer committee has been constituted mainly to look into transfer and transmission of shares. Share transfers are effected by the Registrar and Transfer Agent (RTA) Cameo Corporate Services Limited, Chennai, on the authorization given by the Board. The transfers/transmissions effected by the Registrar are submitted to the Share Transfer Committee for confirmation. Sri S. Devarajan, Chairman and Managing Director, chairs the meetings of the committee, Sri S. Jegarajan, Joint Managing Director, and Sri D. Sudharsan, Non-Executive Director are the members of the committee. Sri S. Natarajan, Company Secretary is the secretary to the committee and the compliance officer. As on March 31, 2019, no share transfers/transmission was pending.

(j) **Distribution of Shareholding as on 31st March, 2019**

No. of Shares	Shareholders		No. of shares	
	Number	%	Number	%
Upto – 100	2578	76.11	165661	3.88
101 – 500	506	14.94	138739	3.25
501 – 1000	112	3.31	90254	2.12
1001 – 2000	72	2.13	108628	2.55
2001 – 3000	11	0.32	28601	0.67
3001 – 4000	20	0.59	69396	1.63
4001 – 5000	5	0.15	22628	0.53
5001 – 10000	22	0.65	156606	3.67
10001 and above	61	1.80	3484087	81.70
Total	3387	100.00	4264600	100.00

Shareholding pattern as on March 31, 2019

Sl. No.	Category	No. of Holders	No. of Shares	% to Paid up Capital
1.	Promoters	25	20,72,820	48.61
2.	Residents (Individuals / Clearing Members)	3,289	20,78,514	48.74
	HUF	0	0	0
3.	Financial Institutions / Insurance Co./ State Govt./	1	52,988	1.24
4.	Foreign Institutional Investors	0	0	0
5.	Non-Resident Indians / OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals / Foreign Port Folio Investor / corporate	21	5,967	0.14
6.	Corporate Bodies / Limited Liability Partnership	49	24,723	0.58
7.	IEPF	1	29,538	0.69
8.	Mutual Funds	0	0	0
9.	Trusts	0	0	0
10.	Banks	0	0	0
11.	Clearing Members	1	50	0
	Total	3387	42,64,600	100.00

**(k) Dematerialization of shares and liquidity**

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialization form. Status of dematerialization of shares as on March 31, 2019 is as follows:

Holders	Physical		Demat		Total	
	No. of Shares	% to paid up capital	No. of Shares	% to paid up capital	No. of Shares	% to paid up capital
Promoters List	0	0	20,72,820	48.61%	20,72,820	48.61%
Others	2,24,014	5.25%	19,67,766	46.14%	21,91,780	51.39%
TOTAL	2,24,014	5.25%	40,40,586	94.75%	42,64,600	100.00%

The equity shares of the Company is regularly traded in BSE Limited

Your Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the direction issued by SEBI.

(l) Outstanding GDRs/ ADRs/ Warrants/ Convertible instruments

The Company has not issued Global Depository Receipts or American Depository Receipt or Warrants or any Convertible instruments.

(m) Commodity Price Risk/ Foreign Exchange Risk and Hedging - The Company did not engage in hedging activities.**(n) Plant Location**

Spinning Mills

Unit – I Kamaraj Nagar Colony, Salem 636 014. Tamil Nadu.

Unit – II Ayeepalayam, Athanur 636 301, Namakkal District. Tamil Nadu.

Unit – III Kavarakalpatty, Seshanchavadi P.O., Salem 636 111, Tamil Nadu.

Wind energy converters

Panangudi, Pazhavor and Parameshwarapuram villages. Tamil Nadu

Radhapuram Taluk, Tirunelveli District. Tamil Nadu

Uthumalai Village, Veerakeralam Pudur Taluk, Tirunelveli District. Tamil Nadu

Gudimangalam Village, Udumalpet Taluk, Coimbatore District, Tamil Nadu

(o) Address for Correspondence

Registrar & Share Transfer Agents : M/s Cameo Corporate Services Limited

Subramanian Building

No.1 Club Road, Chennai 600 002.

Phone : 044 - 28460390 (5 lines)

Fax : 044 – 28460129

e-mail – For all Investor queries : investor@cameoindia.com &

for non-receipt of Annual Reports : agm@cameoindia.com

For any other general matters
or in case of any difficulties/

Secretarial Department

Sambandam Spinning Mills Limited

No.1, Kamaraj Nagar Colony,

Salem 636 014

Phone : 0427 -2240790 to 94

Fax : 0427 – 2240169

e-mail: cs@sambandam.com

Website Address

www.sambandam.com

Email ID of Investor Grievances

cs@sambandam.com

Name of the Compliance Officer

Sri S.Natarajan, Company Secretary



9. DISCLOSURES

- (a) During the financial year ended 31st March, 2019 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) The company has formulated a Policy for dealing with Related Party Transactions. The necessary disclosures regarding the transactions with related parties are given in the Notes to the financial statements. During the year under review, Your Company had not entered into any material transaction with any of its related parties. The Policy on Related Party Transactions is hosted on the website of the Company under the web link : <http://www.sambandam.com>
- (c) Neither was any penalties imposed nor were any strictures passed by Stock Exchange or SEBI or any Statutory authority on any capital market related matters during the last three years.
- (d) The Company has established a Vigil Mechanism/Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimization of Director(s)/employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman. Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. The Whistle Blower Policy has been disclosed on the Company's website.
- (e) The Company has complied with the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted various non-mandatory requirements as well as discussed under relevant headings.
- (f) The Company has no subsidiary.
- (g) The Company has followed Indian Accounting Standards ("Ind AS") in the preparation of the financial statements. The significant accounting policies are set out in the notes to the accounts.
- (h) The Company laid down procedures to inform Board members about risk assessment and minimization and has implemented the Risk Management plan and continuously monitors it.
- (i) As required by the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for prevention of Insider Trading. Company Secretary of the Company is the Compliance Officer. The Code of Conduct is applicable to all Directors and such identified employees of the Company as well as who are expected to have access to unpublished price sensitive information relating to the Company.
- (j) The Company has adopted a Code of Conduct for Directors and Senior Management of the Company, as required by Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has received confirmation from the Directors and Senior Management regarding compliance with the code for the year ended March 31, 2019. A Certificate from Managing Director to this effect is attached to this report. The code has been displayed on the Company's website.
- (k) The details of credit rating for Bank facilities and Fixed deposits obtained from India Ratings & Research Private Limited agency during the FY 2018-19 as given below:

S. No.	FACILITIES	RATINGS
1.	Long/Short -Term Bank Facilities	IND BBB-/Stable
2.	Fixed Deposits	INDtA-/Stable



- (l) The Managing Director and Chief Financial Officer of the Company give annual Compliance Certificate in accordance with Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange(s). The annual Compliance Certificate given by Managing Director and Chief Financial Officer is published in Annual Report.
- (m) The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. The Company has set up a Committee for addressing issues related to women and during the financial year 2018-19, there were no complaints received on sexual harassment. The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the same is available on the Company's website www.sambandam.com
- (n) **Transfer of Unclaimed/Unpaid dividends along with underlying shares to IEPF**
Pursuant to Section 124 & 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 which came into effect from 07.09.2016 with subsequent amendments thereto, in addition to transfer of unpaid/unclaimed dividend of seven years to IEPF a/c, the underlying shares with respect to unpaid/unclaimed dividend of seven consecutive years has to be transferred by the company to the Investor Education and Protection Fund (IEPF) established by the Central Government.
In accordance with the above provisions, during the year 2018-19, Company has transferred Unpaid/Unclaimed Final dividend of the FY 2010-11 along with the underlying shares of the year 2010-11 (Final Dividend) to IEPF a/c as detailed below:
Unpaid / Unclaimed Dividend amount transferred: Rs.1,99,104 on 10.10.2018
No. of. transfer of underlying shares to IEPF: 3340 on 15.10.2018
Shareholders can claim the respective dividends and shares from IEPF by filing the requisite forms and following the procedures as stated in the IEPF rules.
- (o) Details relating to appointment and re-appointment of Directors as required under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Notice to the Annual General Meeting.
- 10. There has been no instance of non-compliance of any requirement of Corporate Governance Report.**
- 11. ADOPTION OF NON- MANDATORY ITEMS**
- (a) **The Board**
The Company has a Executive Chairman and the respective compliance has been duly complied.
- (b) **Share holder Rights**
Quarterly/Half yearly financial results are forwarded to the Stock Exchanges and also uploaded on the website of the Company.
- (c) **Modified Opinion in Audit Report**
There was no modified opinion in Independent Auditors' Report for the FY 2018-19.
- (d) **Separate posts of Chairman and CEO**
The company has one Chairman cum Managing director and two Joint Managing Directors.
- (e) **Reporting of Internal Auditor**
The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the Meeting for reporting his findings of the internal audit to the Audit Committee Members.
- 12. The Company has fully complied with the applicable requirement specified in Reg. 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Certificate on Compliance with Code of Conduct for the Senior Management**

In accordance with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board members and senior management personnel of the Company have affirmed compliance to the Code of Conduct of the Company for the financial year ended March 31, 2019.

Salem
May 26, 2019

S. Devarajan
Chairman and Managing Director
DIN: 00001910

Independent Auditor's Certificate on Corporate Governance**To The Members of Sambandam Spinning Mills Limited**

We have examined the compliance of the conditions of Corporate Governance by Sambandam Spinning Mills Limited ('the Company') for the year ended on March 31, 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2019.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For R. Sundararajan & Associates
Chartered Accountants
Firm Registration No: 008282S

Salem
May 26, 2019

S. Krishnan - Partner
Membership no.26452



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SAMBANDAM SPINNING MILLS LIMITED

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone Ind AS Financial Statements of **SAMBANDAM SPINNING MILLS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including 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 Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section out of report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our opinion on the accompanying standalone Ind AS financial statements.

A. REVENUE RECOGNITION

Key Audit Matter Description

Reference may be made to note 3 of significant accounting policies and note 23 to the financial statements of the Company.

During the year, on account of adoption of new revenue standard Ind AS 115 – Revenue from contracts with customer, there have been changes in revenue recognition policy with regards to timing of recognition and related disclosures.

Revenue recognition is inherently an area of audit risk, which we have substantially focused on mainly covering the aspects of cut off considering the above impact of Ind AS 115 and cut-off are key audit matters.



Response to Key Audit Matter

Principal Audit Procedures

Our audit procedures relating to revenue comprised of test of controls and substantive procedures including the following:

- a. We assessed whether the policy of recognizing revenue was in line with Ind AS – 115.
- b. We performed procedures to assess the design and internal controls established by the management and tested the operating effectiveness of relevant controls related to the recognition of revenue.
- c. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- d. We have tested, on a sample basis, whether specific revenue transactions around the reporting date has been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes, customer acknowledgement/proof of acceptance and the terms of sales.
- e. We have also validated subsequent credit notes and sales returns up to the date of this Report to ensure the appropriateness and accuracy of the revenue recognition.
- f. We tested journal entries on a sample basis to identify any unusual or irregular items.
- g. We also considered the adequacy of the disclosures in Company's financial statements in relation to Ind AS 115 and were satisfied they meet the disclosure requirements.

Conclusion

Based on the procedures performed above, we did not find any material exceptions with regards to adoption of Ind AS 115 and timing of revenue recognition.

B. VALUATION OF INVENTORY

Key Audit Matter Description

Considering the risks involved, such as identification of stages of work in progress valuation of inventory is considered to be key audit matter.

Response to Key Audit Matter

Principal Audit Procedures

We have planned and performed the following audit procedures with respect to the Key audit matter identified.

- a. Verified the stock issue register to identify the stage of completion
- b. Validated the management internal control process for valuation of inventory.
- c. Recheck of valuation principles adopted for inventory.
- d. Discussed with the management on the management's process of identifying the stages of completion and valuing work in progress stock at the time of book closure process.

Conclusion

Based on the above procedures and physical verification of stock with identified stages of processes by the Management at the year end, we concluded that the valuation of Inventory at the year end is fair and in terms of accounting principles. We have also concluded that other alternate manual controls established ensure that there is no material misstatement in the standalone Ind AS financial statements.



C. Actuarial valuation

Key Audit Matter Description

Reference may be made to note 6 of significant accounting policies and note 16, 20 and 21 to the standalone Ind AS financial statements of the Company.

There is a risk of material misstatement relating to the judgements made in valuing the defined benefit obligation including the use of key assumptions specifically the discount rate, life expectancy and inflation level. These variables can have a material impact in calculating the quantum of the retirement benefit liability.

Response to Key Audit Matter

Principal Audit Procedures

Our audit procedures comprised of the following:

- a. We determined whether the key assumptions are reasonable.
- b. External actuaries were engaged to determine the amount of pension provisions.
- c. We assessed the competence, capabilities and objectivity of the experts, gained an understanding of their work and the suitability of the results as audit evidence for the relevant assertions.
- d. We examined the data made available to the experts for completeness and accuracy and gained an understanding of the process to determine the calculation inputs used.

Conclusion

Based on the procedures performed above, we did not find any material exceptions with regards to the use of assumptions and actuarial valuation

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS 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 standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, amended. 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the standalone Ind AS 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 also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS 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 standalone Ind AS financial statements.

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

- ✍ Identify and assess the risks of material misstatement of the standalone Ind AS 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.
- ✍ Obtain an understanding of internal control 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.
- ✍ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ✍ 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 standalone Ind AS 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.
- ✍ Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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 the India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Companies Act, 2013, 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS Financial Statements comply with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS Financial Statements. (Refer note 41 to the standalone Ind AS financial statements);
 - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2019.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **R.Sundararajan & Associates**
Chartered Accountants
Firm Registration No: 008282S

S. Krishnan - Partner
Membership no.26452

Salem
May 26, 2019



“ANNEXURE 1” to the Independent Auditor's Report referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date on the standalone Ind AS financial statements of Sambandam Spinning Mills Limited

1. In respect of its fixed assets:
 - (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
 - (c) According to the information and explanations given to us and based on the examination of registered sale deeds/ transfer deeds/ conveyance deeds provided to us, we report that the title deeds, of all the immovable properties are held in the name of the Company.
2. As explained to us the inventories other than goods in transit have been physically verified at the year-end by the management and no material discrepancies were noticed on such physical verification.
3. (a) The Company has granted loan to one Company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is not prejudicial to the Company's interest.
- (b) The Company has granted loan to one Company covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loan granted and the repayment is regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
4. According to the information and explanations given to us the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. According to information and explanations given to us, the Company has not accepted any deposits from public however in respect of the deposits accepted from shareholders, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014.
6. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under Sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. However, we have not made a detailed examination of the same.
7. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
 - (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, Customs duty, cess and any other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in few cases.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, customs duty, cess and other statutory dues were outstanding, at year end, for a period of more than six months from the date they became payable.
 - (c) According to the records of the company, the dues of employee state insurance and other statutory dues on account of any dispute are as follows:



(Rs. in Lakhs)

Nature of dues	Disputed dues (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Corporation tax	17.05	October 1998 - March 2013	Madras High Court
Infrastructure and development amenities charges	66.75	July 2012	Madras High Court
Employees State Insurance	25.63	2003 - 04 to 2004 - 05	Salem Labour Court

8. The Company has not defaulted in repayment of dues to any financial institution, or from banks.
9. The Company has not raised any money by way of initial public offer or further public offers (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.
10. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud by the Company and no fraud of material significance on the Company by its officer's or employee's has been noticed or reported during the year.
11. According to the information and explanations given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company and accordingly the provisions of Clause (xii) of the Order are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of the transactions during the year have been disclosed in the Standalone Ind AS financial statements as required by the applicable Accounting Standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause (xiv) of the Order is not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with directors or persons connected with them. Hence reporting on whether there is compliance with provisions of section 192 of the Companies Act, 2013 does not arise.
16. The Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934.

For **R.Sundararajan & Associates**
Chartered Accountants
Firm Registration No. 008282S

Salem
May 26, 2019

S. Krishnan - Partner
Membership no.26452

“ANNEXURE 2” to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Sambandam Spinning Mills Limited

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

1. We have audited the internal financial controls over financial reporting of Sambandam Spinning Mills Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 Institute of Chartered Accountants of India. 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.



Auditor's Responsibility

3. 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.
4. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (ii) 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 (iii) 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

7. 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

8. In our opinion, 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 March 31, 2019, 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 **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration No.008282S

S. Krishnan - Partner
Membership no.26452

Salem
May 26, 2019



Standalone Balance Sheet as at March 31, 2019

Particulars	Note No.	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
ASSETS			
Non current assets			
Property, plant and equipment	1	10,403.89	11,170.87
Capital work in progress		10.39	—
Intangible assets	2	0.04	0.04
Financial assets			
Investments	3	227.78	227.51
Loans	4	516.00	550.00
Other financial asset	5	418.73	261.43
Advance tax assets (net)	6	62.10	7.79
Other non-current assets	7	303.03	290.16
Total non-current assets		11,941.96	12,507.80
Current assets			
Inventories	8	4,565.72	3,733.05
Financial assets			
Trade receivables	9	3,435.42	4,528.00
Cash and cash equivalents	10a	6.41	118.36
Other Bank balances	10b	79.72	164.72
Other financial assets	11	569.08	582.00
Other current assets	12	237.81	149.02
Total current assets		8,894.16	9,275.15
Total assets		20,836.12	21,782.95
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	427.55	427.55
Other equity	14	8,861.06	8,569.99
Total equity		9,288.61	8,997.54
Non-current liabilities			
Financial liabilities			
Borrowings	15	1,376.07	1,594.91
Other non current liabilities	16	30.27	28.29
Long term Provisions	17	278.15	235.07
Deferred tax liabilities (Net)	18	1,018.20	1,060.67
Other non current liabilities	19	11.35	11.35
Total non-current liabilities		2,714.04	2,930.29
Current liabilities			
Financial liabilities			
Borrowings	20	5,256.94	4,763.29
Trade payables	21		
(a) total outstanding dues of micro enterprises and small enterprises	21	49.86	—
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	21	2,069.73	3,576.63
Provisions	22	7.03	23.92
Other financial liabilities	23	1,382.67	1,408.08
Other current liabilities	24	67.24	83.20
Total current liabilities		8,833.47	9,855.12
Total equity and liabilities		20,836.12	21,782.95

Significant Accounting Policies and Notes to accounts form an integral part of the Standalone Ind AS Financial Statements

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants
Firm Registration no.08282S
S. Krishnan - Partner
Membership no.26452
Salem
May 26, 2019

For and on behalf of the board

S. Devarajan Chairman and Managing Director DIN : 00001910	S. Dinakaran Joint Managing Director DIN : 00001932
S. Natarajan Company Secretary	D. Niranjankumar Chief Financial Officer


Standalone Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note No.	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Income			
Revenue from operations	25	20,949.86	19,308.04
Other income	26	144.44	165.64
Total income		<u>21,094.30</u>	<u>19,473.68</u>
Expenses			
Cost of materials consumed	27	13,309.39	11,781.23
Changes in inventories of finished goods and work-in- progress	28	(949.75)	(166.06)
Employee benefits expense	29	2,802.78	2,387.14
Finance cost	30	826.15	918.97
Depreciation and amortization expense	31	1,014.93	1,014.59
Other expenses	32	3,543.46	2,910.74
Total Expenses		<u>20,546.96</u>	<u>18,846.61</u>
Profit before exceptional items and tax		547.34	627.07
Exceptional item	33	-	(283.01)
Profit before tax		<u>547.34</u>	344.06
Tax expense :			
Current tax - current year		285.84	724.11
- earlier year		76.53	-
Deferred tax		<u>(263.00)</u>	<u>(725.00)</u>
Income tax expense		<u>99.37</u>	<u>(0.89)</u>
Profit for the period from continuing operations		<u>447.97</u>	<u>344.95</u>
Other comprehensive income			
Other comprehensive income not to reclassified to profit or loss in subsequent periods		-	-
Re-measurement gains/(losses) on defined benefit plans		(74.91)	2.64
Tax effect		(20.84)	0.89
Other comprehensive income		<u>(54.07)</u>	<u>1.75</u>
Total comprehensive income for the year		<u>393.90</u>	<u>346.70</u>
Earning per share (Face value Rs.10 per share)			
¹-Basic and diluted (Rs.) Refer note no. 36		10.50	8.09

Significant Accounting Policies and Notes to accounts form an integral part of the Standalone Ind AS Financial Statements

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 26, 2019

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer


Standalone Statement of cash flows for the year ended March 31, 2019

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Cash Flows from Operating Activities		
Profit Before Tax	547.34	344.06
Adjustments for :		
Depreciation	1,014.93	1,014.59
Interest Expense	829.66	915.93
Interest Income	(98.44)	(95.37)
Unrealised Exchange Fluctuation	(6.60)	(5.23)
Dividend income	(0.04)	(0.05)
Net gain or loss arising on financial asset mandatorily measured at FVTPL	(0.27)	(0.09)
Loss / (Profit) on sale of property, plant and equipments	(25.45)	(53.01)
Provision for embezzlement of funds	-	283.01
Operating profit before working capital changes	<u>2,261.13</u>	<u>2,403.82</u>
Adjustments for changes in :		
Inventories	(832.67)	160.29
Trade receivables	1,092.58	(1,384.70)
Non current and financial Assets	(25.37)	(816.61)
Other non-current and current assets	(101.66)	(7.73)
Trade payables	(1,457.04)	1,099.95
Non current and current financial liabilities	477.15	(18.13)
Other non-current and current liabilities	(35.10)	(39.05)
Other non-current and current provisions	26.19	15.04
	<u>(855.91)</u>	<u>(990.94)</u>
Income Tax paid	(175.30)	(45.67)
Net Cash Flow from Operating Activities (A)	<u>1,229.92</u>	<u>1,367.21</u>
Cash Flows from Investing Activities		
Payments for acquisition of assets	(360.83)	(242.63)
Proceeds from sale of assets	138.30	151.70
Interest received	98.44	95.37
Dividend received	0.04	0.05
Purchase of Long term investments	-	(49.50)
	<u>(124.05)</u>	<u>(45.00)</u>
Cash Flows from Financing Activities		
Finance cost paid	(829.66)	(915.93)
Dividends Paid	(102.82)	(205.31)
Proceeds from long term borrowings	87.96	-
Repayments of long term borrowings	(373.30)	(373.89)
Net Cash Flow from Financing Activities (C)	<u>(1,217.82)</u>	<u>(1,495.13)</u>
NET CASH INFLOW / (OUTFLOW) (A+B+C)	<u>(111.95)</u>	<u>(172.92)</u>
Opening Cash and Cash Equivalents (D)	118.36	291.28
Closing Cash and Cash Equivalents (E)	6.41	118.36
NET INCREASE/ (DECREASE) IN CASH (E-D)	<u>(111.95)</u>	<u>(172.92)</u>

Significant Accounting Policies and Notes to accounts form an integral part of the Standalone Ind AS Financial Statements

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration no.008282S

S. Krishnan - Partner

Membership No. 26452

Salem

May 26, 2019

For and on behalf of the board

S. Devarajan

Chairman and Managing Director

DIN : 00001910

S. Natarajan

Company Secretary

S. Dinakaran

Joint Managing Director

DIN : 00001932

D. Niranjankumar

Chief Financial Officer



Statement of Changes in Equity for the year ended March 31, 2019

A. Equity share Capital

(Rs. in Lakhs)

	Balance as on 01.04.2017	Changes in equity share capital during the year	Balance at the End of March 31, 2018	Changes in equity share capital during the year	Balance as on March 31, 2019
Equity share capital	427.55	–	427.55	–	427.55

B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves & Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance at the beginning of April 1, 2017	539.09	4,464.67	3,424.84	8,428.60
Profit for the year	–	–	344.95	344.95
Other Comprehensive income	–	–	1.75	1.75
Total Comprehensive income for the year	–	–	346.70	346.70
Transfer to general reserve	–	–	–	–
Dividend including tax thereon	–	–	(205.31)	(205.31)
Balance at the end of March 31, 2018	539.09	4,464.67	3,566.23	8,569.99
Profit for the year	–	–	447.97	447.97
Other Comprehensive income	–	–	(54.07)	(54.07)
Total Comprehensive income for the year	–	–	393.90	393.90
Dividend including tax thereon	–	–	(102.82)	(102.82)
Balance at the end of March 31, 2019	539.09	4,464.67	3,857.30	8,861.06

Significant Accounting Policies and Notes to accounts form an integral part of the Standalone Ind AS Financial Statements

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 26, 2019

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Natarajan
Company Secretary

S. Dinakaran
Joint Managing Director
DIN : 00001932

D. Niranjankumar
Chief Financial Officer



Notes to the Standalone Ind AS Financial Statements for the year ended March 31, 2019											
(Rs. in Lakhs)											
2018 - 2019	Gross Carrying Amount (Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount		
	31.03.2018	Additions	Deletions	31.03.2019	31.03.2018	Charge for the year	Disposal	31.03.2019	31.03.2019	31.03.2019	
Description											
Freehold land	2,325.01	-	112.85	2,212.16	-	-	-	-	2,212.16		
Buildings	3,184.94	45.90	-	3,230.84	269.75	135.39	-	405.14	2,825.70		
Plant and Equipment	5,709.66	237.44	-	5,947.10	1,150.21	569.97	-	1,720.18	4,226.92		
Wind Energy Converters	1,742.32	-	-	1,742.32	543.71	271.84	-	815.55	926.77		
Furniture and Fixtures	4.61	0.12	-	4.73	4.50	0.10	-	4.60	0.13		
Vehicles	233.09	70.59	0.03	303.65	84.59	34.00	-	118.59	185.06		
Office equipment	30.59	6.78	-	37.37	6.59	3.63	-	10.22	27.15		
Total	13,230.22	360.83	112.88	13,478.17	2,059.35	1,014.93	-	3,074.28	10,403.89		

2017 - 2018	Gross Carrying Amount (Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount		
	01.04.2017	Additions	Deletions	31.03.2018	01.04.2017	Charge for the year	Disposal	31.03.2018	31.03.2018	31.03.2018	
Description											
Freehold land	2,325.01	-	-	2,325.01	-	-	-	-	2,325.01		
Buildings	3,147.94	37.00	-	3,184.94	135.09	134.66	-	269.75	2,915.19		
Plant and Equipment	5,628.36	192.10	110.80	5,709.66	603.33	558.99	12.11	1,150.21	4,559.45		
Wind Energy Converters	1,742.32	-	-	1,742.32	271.86	271.85	-	543.71	1,198.61		
Furniture and Fixtures	4.61	-	-	4.61	3.69	0.81	-	4.50	0.10		
Vehicles	233.09	-	-	233.09	39.23	45.36	-	84.59	148.51		
Office equipment	17.06	13.53	-	30.59	3.90	2.69	-	6.59	24.00		
Total	13,098.38	242.63	110.80	13,230.22	1,057.10	1,014.36	12.11	2,059.35	11,170.87		

Note :

1. Amount of contractual commitments for acquisition of property, plant and equipment, refer note no. 42.
2. For details of assets given as security against borrowings, refer note no. 40.



Notes to the Standalone Ind AS Financial Statements for the year ended March 31, 2019

2. Intangible assets

(Rs. in Lakhs)

2018 - 2019	Gross Carrying Amount (Cost/deemed cost)			Depreciation / amortisation			Net Carrying Amount 31.03.2019
	31.03.2018	Additions	Deletions	31.03.2019	Charge for the year	Disposal	
Description							
Computer Software- acquired	0.48	-	-	0.48	-	-	0.04
Total	0.48	-	-	0.48	-	-	0.04

2017 - 2018	Gross Carrying Amount (Cost/deemed cost)			Depreciation / amortisation			Net Carrying Amount 31.03.2018
	01.04.2017	Additions	Deletions	31.03.2018	Charge for the year	Disposal	
Description							
Computer Software- acquired	0.48	-	-	0.48	0.22	-	0.04
Total	0.48	-	-	0.48	0.22	-	0.04

Note :

1. Amount of contractual commitments for acquisition of property, plant and equipment, refer note no. 42.



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
3. Non current financial asset - Investments		
Unquoted		
Investments in Equity instruments		
Associates		
19,90,000 (2018 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	153.71	153.71
7,04,060 (2018 : 7,04,060) Equity shares of Rs.10 each in Salem IVF Centre Private Limited	70.40	70.40
Others		
1,330 (2018:1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	1.80	1.53
1,07,500 (2018:1,07,500) Equity shares of Rs.10 each in Sambandam Investment and Leasing Limited	20.73	20.73
1,66,500 (2018:1,500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	51.54	51.54
	<u>298.18</u>	<u>297.91</u>
Less : Provision for diminution in value towards Salem IVF Centre Private Limited	70.41	70.41
	<u>227.78</u>	<u>227.51</u>
a. # represents quoted investments		
Aggregate value of quoted investments (at fair value)	1.80	1.53
Aggregate market value of quoted investments	1.80	1.53
Aggregate value of unquoted investments	296.38	296.38
Aggregate value of impairment in value of investments	70.41	70.41
b. Investments are fully paid-up unless otherwise stated		
4. Non current financial asset - Loans		
Unsecured and considered good		
Intercompany Loan to related party	516.00	550.00
	<u>516.00</u>	<u>550.00</u>
5. Non current - Other financial asset		
Unsecured and considered good		
Security deposits		
with related parties	3.00	3.00
with others	412.52	224.13
Employee advances	3.21	1.00
Interest accrued on Incorporate loan to related party	-	25.70
Deposits with banks	-	7.60
	<u>418.73</u>	<u>261.43</u>
6. Non current - Advance tax assets (net)		
Advance income tax (net of provisions)	62.10	7.79
	<u>62.10</u>	<u>7.79</u>
7. Other non current assets		
(Unsecured, considered good)		
Capital advances	71.89	54.18
Balances with Government authorities (paid under protest)	231.14	235.98
	<u>303.03</u>	<u>290.16</u>



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
8. Inventories		
Raw materials	1,479.75	1,610.07
Work-in-progress	1,449.36	1,202.73
Finished goods - Yarn	1,604.81	901.69
Stores and spares	31.80	18.56
	<u>4,565.72</u>	<u>3,733.05</u>
Note :		
1. Goods in transit included above are as follows		
Raw materials	27.88	97.36
2. Cost of materials consumed during the year, refer note no. 27		
3. For details of assets given as securities for borrowings, refer note no. 39		
9. Current financial assets - Trade receivables		
Unsecured, considered good		
Trade receivables		
- Related parties	-	22.12
- Others	3,435.42	4,505.88
	<u>3,435.42</u>	<u>4,528.00</u>
10a. Cash and cash equivalents		
Balances with banks-current accounts	4.19	88.72
Cash on hand	2.22	29.64
	<u>6.41</u>	<u>118.36</u>
10b. Bank balances other than above		
Unclaimed dividend accounts (earmarked)	8.24	9.15
Liquid assets deposits #	60.48	56.00
Deposits with Banks held as margin money #	11.00	99.57
	<u>79.72</u>	<u>164.72</u>
# represents deposits with original maturity of more than 3 months and less than 12 months		
11. Current Financial Assets - Others		
Unsecured considered good, unless otherwise stated		
Amount recoverable from employee (Refer note 41)		
Considered good	250.00	250.00
Considered doubtful	1,059.26	1,059.26
	<u>1,309.26</u>	<u>1,309.26</u>
Less : Provision for doubtful amount considered recoverable	<u>1,059.26</u>	<u>1,059.26</u>
	250.00	250.00
Interest accrued on deposits	3.80	6.46
Interest subsidy receivable	289.76	289.76
Export incentive receivable	1.01	2.57
Employee advances	4.69	12.52
Rent receivable - from related party	3.74	3.47
- from others	-	0.44
Other receivable	16.08	16.78
	<u>569.08</u>	<u>582.00</u>



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
12. Other current assets		
Unsecured considered good		
Prepaid expenses	110.04	74.49
Supplier advances	62.80	15.96
Balance with government authorities	64.97	13.78
Accrued income on windmills	-	44.79
	<u>237.81</u>	<u>149.02</u>
13. Equity		
Authorised share capital		
50,00,000 equity shares (March 31, 2018 50,00,000) of Rs. 10 each with voting rights	<u>500.00</u>	<u>500.00</u>
Issued share capital		
42,86,400 equity shares (March 31, 2018 42,86,400) of Rs. 10 each with voting rights	<u>428.64</u>	<u>428.64</u>
Subscribed and paid up share capital		
42,64,600 equity shares (March 31, 2018 42,64,600) of Rs. 10 each with voting rights	426.46	426.46
Add Forfeited shares (amount originally paid in respect of 21,800 equity shares)	<u>1.09</u>	<u>1.09</u>
	<u>427.55</u>	<u>427.55</u>

Notes :

1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Outstanding at the beginning and end of the year	42,64,600	42,64,600
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2. Terms/rights and restrictions in respect of equity shares

The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.

3. Shareholders holding more than 5% of the total share capital:

Name of the shareholder	No. of shares			
	2019	%	2018	%
Equity shares with voting rights				
S. Jegarajan	4,54,536	10.65	4,44,146	10.41
S. Devarajan	4,73,942	11.11	4,08,555	9.58
S. Dinakaran	3,86,269	9.05	3,74,879	8.79

4. Share issue in preceeding five years

Aggregate number and class of shares allotted for consideration other than cash, bonus, etc.in the five years immediately preceeding the Balance Sheet date as on March 31, 2019 is Rs. Nil (2018: Nil).


Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
14. Other equity		
Securities premium - Note A	539.09	539.09
General reserve - Note B	4,464.67	4,464.67
Retained earnings - Note C	3,857.30	3,566.23
	<u>8,861.06</u>	<u>8,569.99</u>
Refer Statement of Changes in Equity for additions/ deletions in each reserve.		
Notes :		
A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.		
B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.		
C. Revaluation reserve of Rs 27,07,94,401 transferred to Retained earnings on the transition date may not be available for distribution.		
15. Non current - Financial liabilities - Borrowings		
Secured Borrowings		
Term loan from banks	773.01	1,131.46
Unsecured Borrowings		
Fixed deposits from shareholders and directors	603.06	463.45
	<u>1,376.07</u>	<u>1,594.91</u>
Note :		
1. These are carried at amortised cost		
2. Refer note 23 for current maturities of non current borrowings		
3. Refer note 39 for security and terms of borrowings		
4. Refer note 38 for deposits from related parties.		
16. Non current Financial liabilities - others		
Security deposits		
from related parties	4.50	4.50
from others	25.77	23.79
	<u>30.27</u>	<u>28.29</u>
17. Non current liabilities - Provisions		
Provision for employee benefits		
Compensated absences	278.15	235.07
	<u>278.15</u>	<u>235.07</u>



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Movement in provision for compensated absences is as follows: (refer 17 & 22)	Opening	Additions (Net of utilisation) Closing
31.03.2019	258.99	26.20
31.03.2018	243.95	15.04
18. Deferred tax liability (net)		
Deferred tax liability	1,296.34	1,552.05
Deferred tax assets	79.34	72.05
	<u>1,217.00</u>	<u>1,480.00</u>
Unused tax credits (MAT credit entitlement)	198.80	419.33
Net deferred tax liability	<u>1,018.20</u>	<u>1,060.67</u>
Note : refer note. 34 for details of deferred tax liability and asset		
19. Other non current liabilities		
Deferred government grant(EPCG)	11.35	11.35
	<u>11.35</u>	<u>11.35</u>
20. Current financial liabilities - borrowings		
Secured borrowings - from banks		
Cash credit facilities	5,156.59	4,763.29
Unsecured Borrowings		
Inter Corporate Loan	100.35	-
	<u>5,256.94</u>	<u>4,763.29</u>
21. Current financial liabilities - trade payables		
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	49.86	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	2,069.73	3,576.63
	<u>2,119.59</u>	<u>3,576.63</u>
22. Current provisions		
Provision for employee benefits - Compensated absences	7.03	23.92
	<u>7.03</u>	<u>23.92</u>
23. Other Current financial liabilities		
Current maturities of long-term debts	575.55	642.05
Interest accrued and not due on borrowings	-	-
Interest accrued and due on borrowings	11.47	16.77
Unclaimed Dividends	8.24	9.15
Contribution to Gratuity Fund	253.71	181.69
Accrued expenses/liabilities	514.32	534.24
Employee payables	19.38	24.18
	<u>1,382.67</u>	<u>1,408.08</u>
Note : 1. Refer note 39 for security and terms of borrowings		



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
24. Other Current liabilities		
Advance from customers	48.89	58.30
Statutory liabilities	18.35	24.90
	<u>67.24</u>	<u>83.20</u>
25. Revenue from operations		
Sale of products		
Yarn	20,108.72	18,346.90
Fabric sales	67.13	104.26
Process waste	612.85	673.60
	<u>20,788.70</u>	<u>19,124.76</u>
Revenue from services		
Yarn testing charges	8.15	8.61
Yarn conversion charges	0.05	-
	<u>8.20</u>	<u>8.61</u>
Other operating revenues		
Power generated by wind energy converters (net of captive consumption)	120.64	158.29
Scrap sales	27.25	6.16
Export incentives	5.07	10.22
	<u>152.96</u>	<u>174.67</u>
	<u>20,949.86</u>	<u>19,308.04</u>
26. Other income		
Interest income from		
Loan	71.08	71.36
Others	27.36	24.01
Dividend income from Non-current investments	0.04	0.05
Profit on sale of assets	25.45	53.01
Other non-operating income		
Rent received	10.44	10.44
Certification charges	3.20	1.45
Net gain or loss arising on financial asset mandatorily measured at FVTPL	0.27	0.09
Foreign exchange gain (net)	6.60	5.23
	<u>144.44</u>	<u>165.64</u>
27. Cost of materials consumed		
Cotton, viscose, modal	13,289.43	11,648.16
Others	19.96	133.07
	<u>13,309.39</u>	<u>11,781.23</u>
28. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	1,604.81	901.69
Work-in-progress	1,449.36	1,202.73
	<u>3,054.17</u>	<u>2,104.42</u>
Opening stock		
Finished goods	901.69	1,187.91
Work-in-progress	1,202.73	750.45
	<u>2,104.42</u>	<u>1,938.36</u>
Net change in inventories	<u>(949.75)</u>	<u>(166.06)</u>
29. Employee benefits expense		
Salaries, wages and bonus	2,530.76	2,112.15
Contribution to provident, gratuity and other funds	138.97	152.38
Welfare expenses	133.05	122.61
	<u>2,802.78</u>	<u>2,387.14</u>



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
30. Finance costs		
Interest on borrowings	829.66	915.93
Other borrowing costs - premium on forward contracts	(3.51)	3.04
	<u>826.15</u>	<u>918.97</u>
31. Depreciation and amortisation expense		
Property, plant and equipment		
Buildings	135.39	134.66
Plant and machinery	569.97	558.99
Wind energy converters	271.84	271.85
Furniture and fittings	0.10	0.81
Office equipments	3.63	2.69
Vehicles	34.00	45.36
Sub Total (A)	<u>1,014.93</u>	<u>1,014.36</u>
Intangible assets		
Computer software - acquired	-	0.23
Sub Total (B)	<u>-</u>	<u>0.23</u>
Total (A + B)	<u>1014.93</u>	<u>1,014.59</u>
Refer note 1 and 2 on property, plant and equipments and intangible assets		
32. Other expenses		
Cotton dyeing charges	191.92	62.69
Fabric conversion charges	16.71	-
Yarn doubling and reeling charges	11.90	5.15
Yarn mercirising charges	53.41	65.86
Yarn sizing charges	6.76	0.30
Consumption of stores and spares	256.06	199.80
Power and fuel-net	1,953.52	1,489.62
Rent	8.31	8.15
Repairs and maintenance - Buildings	27.85	9.86
- Plant and machinery	220.89	243.77
Insurance	13.83	15.93
Rates and taxes	31.83	38.05
Packing and forwarding chages	162.87	146.25
Printing and stationery	8.26	7.21
Brokerage and commission on sales	194.88	170.54
Legal and Professional charges	40.27	38.77
Travel and vehicle upkeep expenses	216.85	173.67
Premium on hank yarn obligation	15.85	35.12
Donation and charity	0.37	0.43
Expenditure on corporate social responsibility (refer note no.43)	9.23	4.07
Bank and other financial charges	28.35	126.08
Miscellaneous expenses	73.54	69.41
	<u>3,543.46</u>	<u>2,910.74</u>
33. Exceptional item		
Provision for embezzlement of funds	-	283.01
	<u>-</u>	<u>283.01</u>



Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019

1. Corporate Information

Sambandam Spinning Mills Limited ("the Company") is a listed Public Company domiciled in India and is incorporated under the provisions of the Companies Act 2013 as applicable in India and its shares are listed on the Bombay Stock Exchange (BSE). The registered office headquartered in Salem, India, The Company is principally engaged in production of cotton yarn.

2. Basis of preparation of financial statements

Compliance with Indian Accounting Standards (Ind AS):

The financial statements of the Company have been prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the revised schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The Ind AS Financial Statements were approved for issue by the Board of Directors on 26th May 2019.

3. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Sale of Goods

Revenue from sale of products is recognized when the goods are despatched or appropriated as per the terms sales at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured. Revenue is reduced for estimated customer returns, commissions, rebates and discounts, and other similar allowances.

Rendering of Services

Revenue from services is recognized in accordance with the specific terms of contract on performance when the collectability of the resulting receivable is reasonably assured.



Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

Income from energy generated

Revenue from energy generated through windmills is recognized based on the contractual rates with the customers.

Other operating revenues

Other operating revenues comprise of income from ancillary activities incidental to the operations of the company and is recognized when the right to receive the income is established as per the terms of the contract.

4. Other Income

Other Income comprises of Dividend, Interest and rental income and are accounted on accrual basis.

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

5. Foreign currency transactions

Foreign currency transactions (including booking/cancellation of forward contracts) are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency, other than those covered by forward exchange contracts, are translated at year end foreign exchange rates. Exchange differences arising on settlements are recognized in the Statement of Profit and Loss. In case of forward exchange contracts which are entered into hedge the foreign currency risk of a receivable/payable recognized in these financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Statement of Profit and loss. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and loss.

6. Employee benefits

(i) Short term employee benefit obligations are estimated and provided for. A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date;

(ii) Retirement Benefit plans and Post-employment benefits

Payments to defined contribution plans i.e., Company's contribution to provident fund, superannuation fund and other funds and employee state insurance are determined under the relevant schemes and/or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

For defined benefit plans i.e. Company's liability towards gratuity (funded), other retirement/ terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are comprised of:

service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
net interest expense or income; and
re-measurement



Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

7. Property, Plant and Equipment Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is Rs.10000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds Rs.10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Depreciation/amortization:

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used:

Particulars	Depreciation
Plant and machinery (Continuous process Plant)	Over its useful life of 18 years as Technically assessed
Wind energy convertors	Over its useful life of 18 years as Technically assessed

De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

8. Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its estimated recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.

**Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)****9. Inventories**

Inventories (other than process waste) are stated at lower of cost and net realisable value.

Cost of raw materials, stores, spares and consumables comprises cost of purchases and includes taxes and duties and is net of eligible credits under applicable schemes.

Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis.

Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale

The cost for the said purpose is determined as follows :

- (i) in the case of stores and spare parts, the weighted average cost (net of credit, if any),
- (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, without deduction of the adjustment made for power generated through wind energy converters and adjusted against the cost of power purchased from state electricity board.
- (iii) Process waste is valued at net realizable value.

Provision is made for obsolete, slow moving and damaged items of inventory, if any.

10. Government grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which they accrue.

11. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

12. Research and development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss as and when incurred. Capital expenditure on research and development, where the same represents cost of Property, Plant and Equipment, if any, is given the same accounting treatment as applicable to other capital expenditure.

13. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax:

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted



Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

Deferred Tax :

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

14. Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

15. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets :

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.



Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition :

- (i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the "Other Income".

The Company has not designated any debt instruments as fair value through other comprehensive income.

- (ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g. any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the "Other Income".

Investments in equity instruments of subsidiaries, joint ventures and associates

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27. At transition date, the Company has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.

Impairment of financial assets :

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition of financial assets :

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).



Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

Financial liabilities and equity instruments :

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value through profit or loss) at the higher of:

the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and

the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

**Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)*****Derivative financial instruments :***

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss.

As of the transition date, the Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting :

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) are included in the initial measurement of the cost of the non-financial asset or non-financial liability.



Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

**16. Changes in accounting policies and disclosures
New and amended standards and interpretations**

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1st April, 2018. The nature and impact of each amendments is described below:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with this customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company adopted Ind AS 115 using the full retrospective method of adoption. Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

17. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

18. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

19. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares)

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

20. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires the Company's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the Ind AS financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

**Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) and recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The following are the critical judgments and estimations that have been made by the Management in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws / emission norms and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessment, made adequate provision in the books.

Taxation

Tax expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profit and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

Provisions

The management makes judgments based on experience regarding the level of provision required to account for potentially uncollectible receivables using information available at the Balance Sheet date. Provisions so created are based on management assessment of the receivable balances after communication with the respective debtors and are created on the receivable balances net off against related brokerage dues outstanding.

Provisions for litigation and contingencies are determined based on evaluations made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgments around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgments involved in such estimations, the provisions are sensitive to the actual outcome in future periods.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.6.



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

34. Income taxes relating to continuing operations

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	285.84	724.11
In respect of the earlier year	76.53	-
	<u>362.37</u>	<u>724.11</u>
Deferred tax		
In respect of the current year	(263.00)	(725.00)
	<u>(263.00)</u>	<u>(725.00)</u>
Total income tax expense recognised in the current year relating to continuing operations	<u>99.37</u>	<u>(0.89)</u>
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit / (Loss) before tax from continuing operations	<u>547.34</u>	<u>344.05</u>
Income tax expense calculated at 27.82% (2017-18: 33.063%)	152.27	113.76
Others	(52.90)	(114.65)
Income tax expense recognised in Statement of profit and loss (relating to continuing operations)	<u>99.37</u>	<u>(0.89)</u>

The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2017-18 =33.063 %) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

c) Income tax recognised in other comprehensive income

Current tax	<u>20.84</u>	<u>0.89</u>
Total income tax recognised in other comprehensive income	<u>20.84</u>	<u>0.89</u>

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss, depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Movement of deferred tax expense during the year ended March 2018-19 (Rs. in lakhs)

Particulars	Opening balance	Recognised in statement of profit and loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	(1,552.05)	255.71	(1,296.34)
Provision for compensated absences	72.05	7.29	79.34
Unused tax credit (MAT credit entitlement) *	419.33	(220.53)	198.80
	<u>(1,060.67)</u>	<u>42.47</u>	<u>(1,018.20)</u>

Movement of deferred tax expense during the year ended March 2017-18 (Rs.in lakhs)

Particulars	Opening balance	Recognised in statement of profit and loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	(2,285.19)	733.14	(1,552.05)
Provision for compensated absences	80.19	(8.14)	72.05
Unused tax credit (MAT credit entitlement) *	996.61	(577.27)	419.34
	<u>(1,208.39)</u>	<u>147.73</u>	<u>(1,060.66)</u>

* Adjusted against current tax provision for the respective years.


Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
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35. Retirement benefit plans
Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary.

The total expense recognised in Statement of profit and loss of Rs.101.17 lakhs (for the year ended March 31, 2018: Rs.96.87 lakhs)

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions to a funded Company gratuity scheme administered by the SBI Life Insurance Company Limited.

Company's liability towards gratuity (funded), other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Gratuity

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Discount rate(s)	7.65%	7.70%
Expected rate(s) of salary increase	5.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Current service cost	26.19	26.98
Net interest expense	11.61	27.49
Components of defined benefit costs recognised in Statement of profit and loss	37.80	54.47



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

35. Retirement benefit plans continued..

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(44.33)	(14.64)
Actuarial (gains)/losses arising from experience adjustments	108.70	9.24
Return on plan assets (excluding amounts included in net interest expense)	10.54	2.76
Components of defined benefit costs recognised in other comprehensive income	74.91	(2.64)
Total	112.71	51.83

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in Statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	456.50	404.62
Fair value of plan assets	219.92	229.82
Net liability arising from defined benefit obligation - Funded	236.58	174.80

The above provisions are reflected under 'Current Financial Liabilities - Others (Refer note. 23) to the Standalone Ind AS Financial Statements.

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	404.62	379.26
Current service cost	26.19	26.98
Interest cost	28.57	27.49
Plan amendments : vested portion at end of period (past service)	-	20.86
Plan amendments : non vested portion at end of period (past service)	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(44.33)	(14.64)
Actuarial (gains)/losses arising from experience adjustments	108.70	9.24
Benefits paid	67.24	44.57
Closing defined benefit obligation	456.51	404.62

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	229.82	257.34
Interest Income	16.96	19.82
Return on plan assets (excluding amounts included in net interest expense)	(10.54)	(2.76)
Contributions	50.92	-
Benefits paid	67.24	44.57
Others	-	-
Closing fair value of plan assets	219.92	229.83

The Company funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was Rs. 21.68 lakhs (2017-18: Rs.19.82 lakhs)

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

1. Gratuity

If the discount rate is 50 basis points higher/ lower, the defined benefit obligation would

Decrease by	497.58	442.54
Increase by	415.41	370.83

If the expected salary is 50 basis points higher/ lower, the defined benefit obligation would

Decrease by	414.24	371.11
Increase by	491.29	441.68



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

35. Retirement benefit plans continued..

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
<p>The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.</p> <p>Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.</p> <p>There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.</p> <p>The Company expects to make a contribution of Rs. 253.71 lakhs (as at March 31, 2018: Rs.459.23 lakhs) to the defined benefit plans during the next financial year.</p> <p>The average duration of the benefit obligation as at March 31, 2019 is 27.30 years (as at March 31, 2018: 26.12 years).</p>		
Compensated Balances		
The principal assumptions used for the purposes of the actuarial valuations were as follows.		
Discount rate(s)	7.65%	7.72%
Expected rate(s) of salary increase	5.00%	6.50%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:		
Current service cost	3.21	3.31
Net interest expense	18.14	16.97
Actuarial (gains)/losses arising during the period	2.45	(14.47)
Components of defined benefit costs recognised in Statement of profit and loss	23.80	5.81
The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in Statement of profit and loss.		
The remeasurement of the net defined benefit liability is included in other comprehensive income.		
The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Present value of defined benefit obligation	258.89	235.07
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation - Unfunded	<u>258.89</u>	<u>235.07</u>
The above provisions are reflected under 'Current Financial Liabilities - Others [Refer note 23].		
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	235.07	229.27
Current service cost	3.21	3.31
Interest cost	18.14	16.97
Actuarial (gains)/losses arising during the period	2.45	(14.47)
Benefits paid	-	-
Closing defined benefit obligation	258.87	235.08
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	-	-
Interest Income	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
Contributions	-	-
Benefits paid	-	-
Others	-	-
Closing fair value of plan assets	-	-

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	Year ended March 31, 2019 Rs. in Lakhs	Year ended March 31, 2018 Rs. in Lakhs
36. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	11.18	8.09
From discontinued operations	-	-
Total basic earnings per share	<u>11.18</u>	<u>8.09</u>
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit / (Loss) for the year attributable to owners of the Company	476.92	344.95
Earnings used in the calculation of basic earnings per share	476.92	344.95
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	<u>476.92</u>	<u>344.95</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>42,64,600</u>	<u>42,64,600</u>

37. Financial Instruments**Capital management**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities, and other long-term/short-term borrowings.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 15 and 20 offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Gearing Ratio :		
Debt	7,208.56	6,358.20
Less: Cash and bank balances	86.13	283.07
Net debt	7,122.43	6,075.13
Total equity	9,317.57	8,997.54
Net debt to total equity ratio	0.76	0.68
Categories of Financial Instruments:		
a. Measured at amortised cost:		
Cash and bank balances	86.13	283.07
Trade Receivables	3,435.42	4,528.00
Loans	516.00	550.00
Others	987.81	843.43
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Investments	227.78	227.51
Derivative instruments	-	-


Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Financial liabilities		
a. <u>Measured at amortised cost:</u>		
Borrowings	7,208.56	6,358.20
Trade Payables	2,119.59	3,576.63
Others	814.14	789.94
b. <u>Mandatorily measured at fair value through profit or loss (FVTPL):</u>		
Derivative instruments	-	-

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Company. The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at floating interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2019 would decrease/increase by Rs.42.18 lakhs (March 31, 2018: decrease/increase by Rs. 45.69 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of some of the Company's investments in available-for-sale securities exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

Equity price sensitivity analysis

The fair value of equity instruments as at March 31, 2019 was Rs. 1.80 lakhs (March 31, 2018: Rs.1.53 lakhs). A 5% change in prices of equity instruments held as at March 31, 2019 would result in a impact of Rs 0.03lakhs (March 31, 2018: Rs0.08 lakhs) on equity.

Offsetting related disclosures:

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.


Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
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Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables :

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2019				
Trade payables	2,119.59	–	–	2,119.59
Other financial liabilities	1,382.67	–	–	1,382.67
Borrowings (including interest accrued thereon upto the reporting date)	5,832.49	1,376.07	–	7,208.56
	<u>9,334.75</u>	<u>1,376.07</u>	<u>–</u>	<u>10,710.82</u>
March 31, 2018				
Trade payables	3,576.63	–	–	3,576.63
Other financial liabilities	1,408.07	–	–	1,408.07
Borrowings (including interest accrued thereon upto the reporting date)	4,763.29	1,594.91	–	6,358.20
	<u>9,747.99</u>	<u>1,594.91</u>	<u>–</u>	<u>11,342.90</u>


Notes annexed to and forming part of the Standalone Ind AS Financial Statements
38. Related party disclosure
a) List of related parties :

Name of the Related Party	Relationship
SPMM Health Care Services Private Limited	Associate
Salem IVF Centre Private Limited	Associate
Kandagiri Spinning Mills Limited	Enterprises in which KMP or their relatives have a significance influence
Sambandam Siva Textiles Private Limited	Enterprises in which KMP or their relatives have a significance influence
S. Palaniandi Mudaliar Charitable Trust	Enterprises in which KMP or their relatives have a significance influence
Sambandam Spinning Mills Gratuity Trust	Enterprises in which KMP or their relatives have a significance influence
S. Devarajan - Chairman and Managing Director	Key managerial personnel (KMP)
S. Jegarajan - Joint Managing Director	Key managerial personnel (KMP)
S. Dinakaran - Joint Managing Director	Key managerial personnel (KMP)
D. Niranjan Kumar - Chief Financial Officer	Key managerial personnel (KMP)
S. Natarajan - Company Seceratory	Key managerial personnel (KMP)
D. Anupama	Relative of KMP
J. Sakthivel - Chief Technical Officer	Relative of KMP
D. Sudharsan - Non Executive Director	Relative of KMP
S. Kandaswarna	Relative of KMP
D. Manjula	Relative of KMP
D. Minusakthipriya	Relative of KMP
J. Ramya	Relative of KMP
D. Rathipriya	Relative of KMP
S. Saradhamani	Relative of KMP
V. Valarnila	Relative of KMP

Notes : As per sec 149(6) of Companies Act, 2013 independent directors are not considered as KMP. Also considering the roles & functions of independent director stated under schedule IV of Companies Act 2013 they have not been disclosed as KMP for the purpose of disclosure requirement as per IndAS 24 Related Party.

c) Details of Transactions with Related Parties :
(Rs. in Lakhs)

Name of Related Party	Nature of Transaction	2018 - 19	2017 - 18
Salem IVF Centre Private Limited	Rent received	9.00	9.00
	Security deposit - Rent	4.50	4.50
	Rent receivable at the end of the year	3.73	3.47
Kandagiri Spinning Mills Limited	Intercompany loan given	50.00	50.00
	Intercompany loan received back	84.00	-
	Sale of products and services	0.57	45.11
	Purchase of goods	222.39	-
	Interest received on the above loan	71.08	71.36
	Interest accrued on the above loan	-	25.70
	Balance outstanding at the end of the year	516.00	550.00
Sambandam Siva Textiles Private Limited	Sale of wind power	120.64	158.29
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	13.74	7.92
	Employee welfare expenses payable	2.09	0.47
Sambandam Spinning Mills Gratuity Trust	Contribution paid	40.68	-
S. Devarajan Chairman and Managing Director	Interest Payment	0.32	1.56
	Interest Payment-HUF	0.36	0.36
	Dividend Payment	8.20	17.99
	Dividend Payment-HUF	0.92	1.84
	Remuneration	66.00	48.00
	Fixed deposits repaid	10.00	-
	Balances outstanding - Fixed deposits-HUF	3.00	-
	Balances outstanding - Fixed deposits	-	10.00



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

38. Related party disclosure continued..

(Rs. in Lakhs)

Name of Related Party	Nature of Transaction	2018 - 19	2017 - 18
S. Jegarajan - Joint Managing Director	Interest Payment	0.65	0.12
	Interest Payment-HUF	0.12	0.12
	Dividend Payment	8.88	17.76
	Dividend Payment-HUF	0.58	1.16
	Remuneration	63.30	45.60
	Fixed deposits received	10.00	-
	Balances outstanding - Fixed deposits-HUF	1.00	1.00
	Balances outstanding - Fixed deposits	10.00	-
S. Dinakaran - Joint Managing Director	Interest Payment	13.85	13.80
	Interest Payment-HUF	2.16	1.94
	Dividend Payment	7.52	15.04
	Dividend Payment-HUF	0.58	1.16
	Remuneration	36.60	19.20
	Fixed deposits received	10.00	-
	Balances outstanding - Fixed deposits-HUF	18.25	18.25
	Balances outstanding - Fixed deposits	120.00	110.00
D. Niranjana Kumar Chief Financial Officer	Interest Payment	1.02	1.02
	Dividend Payment	0.12	0.23
	Remuneration	22.50	18.00
	Balances outstanding - Fixed deposits	9.00	9.00
S. Natarajan - Company Seceratory	Remuneration	12.00	12.00
D. Anupama	Interest Payment	1.38	1.38
	Dividend Payment	0.01	0.02
	Balances outstanding - Fixed deposits	12.50	12.50
	Rent paid	4.22	4.07
	Rent advance paid	3.00	3.00
J. Sakthivel - Chief Technical Officer	Remuneration	22.50	18.00
	Dividend Payment	0.30	0.60
S. Kandaswarna	Interest Payment	0.24	0.24
	Dividend Payment	Rs. 100 Only	Rs.200 Only
	Balances outstanding - Fixed deposits	2.00	2.00
D. Manjula	Interest Payment	2.72	1.53
	Dividend Payment	0.61	1.22
	Fixed deposits received	9.75	-
	Balances outstanding - Fixed deposits	27.25	17.50
D. Minusakthipriya	Interest Payment	1.66	1.32
	Dividend Payment	0.08	0.16
	Fixed deposits received	2.25	-
	Balances outstanding - Fixed deposits	15.75	13.50
J. Ramya	Interest Payment	-	-
	Dividend Payment	0.53	1.06
	Balances outstanding - Fixed deposits	-	-
D. Rathipriya	Interest Payment	2.80	2.80
	Dividend Payment	0.83	1.66
	Balances outstanding - Fixed deposits	25.50	25.50
S. Saradhamani	Interest Payment	0.24	0.24
	Dividend Payment	2.02	4.05
	Balances outstanding - Fixed deposits	2.00	2.00
V. Valarnila	Interest Payment	1.20	1.43
	Dividend Payment	0.74	1.49
	Fixed deposits received	3.00	-
	Balances outstanding - Fixed deposits	10.00	13.00



Notes annexed to and forming part of the Standalone Ind AS Financial Statements							(Rs. in Lakhs)	
39. Details of non current borrowings								
Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest		
a. Secured Borrowings								
i. Term loans from banks								
State Bank of India TL 5	48 monthly installment of Rs 18.75 lakhs each (2019-20 Rs 300 lakhs, 2020-21 Rs 300 lakhs and 2021-22 Rs 225 lakhs)	As at March 31, 2019 As at March 31, 2018	525.00 825.00	300.00 300.00	825.00 1,125.00	12.30 12.05		
Karnataka Bank TL 5	48 monthly instalment of Rs 8 lakhs each, 10 monthly instalment of Rs 7.70 lakhs each and two monthly instalment of Rs 7.50 lakhs each (2019-20 Rs 96 lakhs, 2021-22 Rs 93 lakhs and 2022-23 Rs 15 lakhs)	As at March 31, 2019 As at March 31, 2018	204.00 300.00	96.00 96.00	300.00 396.00	10.90 13.15		
HDFC Bank bus loan		As at March 31, 2019 As at March 31, 2018	— —	— 6.14	— 6.14	— 10.01		
HDFC Bank car loan	19 monthly instalments 2019-20 Rs 5.12 lakhs and 2020-21 Rs 1.35 lakhs)	As at March 31, 2019 As at March 31, 2018	1.35 6.46	5.12 5.89	6.47 12.35	10.01 10.01		
HDFC Bank car loan	Monthly instalments 2019-20 Rs 16.78 lakhs and 2020-21 Rs 17.91 lakhs) 2021-22 Rs 24.75 lakhs)	As at March 31, 2019	42.66	16.78	59.43	10.01		
Subtotal		As at March 31, 2019 As at March 31, 2018	773.01 1,131.46	417.90 408.03	1,190.91 1,539.49	— —		
ii. Term loans from others								
Kotak Mahindra Prime Limited car loan		As at March 31, 2019 As at March 31, 2018	— —	— 0.12	— 0.12	— 9.90		
Subtotal		As at March 31, 2019 As at March 31, 2018	— —	— 0.12	— 0.12	— —		
Total Secured Borrowings		As at March 31, 2019 As at March 31, 2018	773.01 1,131.46	412.90 408.15	1,190.91 1,539.61	— 13.15		
b. Unsecured Borrowings								
Fixed deposits	Repayable in 2019-20 Rs.157.65 lakhs 2020-21 Rs.294.05 lakhs 2021-22 Rs.309.01 lakhs	As at March 31, 2019 As at March 31, 2018	603.06 463.45	157.65 233.90	760.71 697.35	— 11to12		



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

39. Details of non current borrowings

Notes :

1. Term loans aggregating to Rs.1125 lakhs (2018: Rs.1521 lakhs,) are secured by a first charge on pari passu basis on all Property, Plant and equipment and second charge on pari passu basis on all current assets.
2. Term loans from banks aggregating to Rs.65.90 lakhs (2018 Rs.18.49 lakhs) are secured by hypothecation of certain busses and cars.
3. Term loan from Kotak Mahindra Prime Ltd of Rs.NIL lakhs (2018: Rs.0.11 lakhs,) is secured by hypothecation of car.
4. All the above loans are guaranteed by four directors.

Details of current borrowings

(Rs. in Lakhs)

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
i. Cash credit facilities State Bank of India	on demand	As at March 31, 2019 As at March 31, 2018	-	2,943.86 2,792.64	2,943.86 2,792.64	11.30 /12.30 11.2/12
Karnataka Bank	on demand	As at March 31, 2018 As at March 31, 2018	-	740.89 728.84	740.89 728.84	11.00 12.75
Axis Bank	on demand	As at March 31, 2019 As at March 31, 2018	-	521.71 508.93	521.71 508.93	12.00 12.10
Canara Bank	on demand	As at March 31, 2019 As at March 31, 2018	-	950.13 732.88	950.13 732.88	11.50 12.75
Total Cash credit facilities	On demand	As at March 31, 2019 As at March 31, 2018	-	5,156.59 4,763.29	5,156.59 4,763.29	- -

Notes :

1. Cash credit/ short term loans/Buyer's credit are secured by a first charge on the Company's current assets and by a second charge on the Company's Property, Plant and equipment excluding the charges
2. All the above loans are guaranteed by four directors.



Notes annexed to and forming part of the Standalone Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
40. Operating lease arrangements		
Company as lessee		
Leasing arrangements		
Operating leases relate to leases of land and building with lease term ranging upto 3 years.		
Payments recognised as an expense		
Rent Expense	8.31	8.15
	<u>8.31</u>	<u>8.15</u>

Non-cancellable operating lease commitments	31.03.2019 Rupees	31.03.2018 Rupees
Not later than 1 year	8.31	6.12
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-

41. Contingent liabilities and Capital Commitments**Contingent liabilities**

a) Claims against the Company not acknowledged as debt

(i) Sales Tax	-	12.01
(ii) Service Tax	-	8.06
(iii) ESI	34.35	34.35
(iv) Other (self generation tax / cross subsidy charges etc.)	457.41	416.77
	<u>491.76</u>	<u>471.19</u>

These have been disputed by the Company on account of issues of applicability and classification.

Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.

b) Customer bills discounted with bankers	205.67	-
c) Capital Commitments		
Capital Commitments (net of advances) not provided for	869.58	869.58
	<u>869.58</u>	<u>869.58</u>

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

42. CSR Expenditure:

Particulars	2018-19	2017-18
(a) Gross amount required to be spent by the company during the year	9.16	10.26
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	9.23	4.07
(c) Amount unspent as at the year end	-	6.19

43. Based on and to the extent of information available with the Company under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	49.86	-
(ii) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the end of the year	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.


Notes annexed to and forming part of the Standalone Ind AS Financial Statements

44. During the financial year 2017-18 the Company's management has identified embezzlement of funds by an employee of the company whose services have since been terminated. The above has also been intimated to BSE Limited and necessary disclosures made under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015 vide letter dated November 21, 2017.

Pending the recovery procedures, suitable adjustments/provisions have been made in the earlier year, to the financial statements and a sum of (i) Rs.250 lakhs has been considered recoverable and (ii) Rs.283.01 lakhs has been provided for, and reflected as extraordinary item of the earlier year.

45. Auditor's Remuneration :

Particulars	2019	2018
1. Statutory audit	6.00	5.00
2. Taxation matters	-	-
3. Other services	-	-

46. Net Debt Reconciliation

Particulars	March 31, 2019	March 31, 2018
1. Cash and Cash equivalents	6.41	118.36
2. Liquid investments	60.48	56.00
3. Current Borrowings	(5,256.94)	(4,763.29)
4. Non current borrowings	(1,376.07)	(1,594.91)
Net Debt	(6,566.12)	(6,183.84)

Particulars	Other Assets		Liabilities from financing activities			Total
	Cash and Bank overdraft	Liquid Investments	Finance lease Obligations	Non current borrowings	Current Borrowings	
Net debt as at March 31, 2018						(6,183.84)
Cash Flows	(111.95)	4.48	-	218.84	(493.65)	(382.28)
Interest expense	826.15	-	-	-	-	826.15
Interest paid	(826.15)	-	-	-	-	(826.15)
Net debt as at March 31, 2019	(111.95)	4.48	-	218.84	(493.65)	(6,566.12)

47. The Company's primary segment is identified as business segment based on nature of products, risk, returns and internal reporting business systems the company is principally engaged in a single business segment viz. cotton yarn.

48. Disclosure as required under section 186(4) of the Companies Act, 2013:

Particulars	As at March 31, 2019	As at March 31, 2018	Purpose
i. Loans outstanding Kandagiri Spinning Mills Limited	516.00	550.00	Funding for operations
ii. Investments (Refer note 3)	227.78	227.51	
iii. Guarantees	-	-	

49. Revenue from contract with customers (Ind AS 115)
a) Disaggregated revenue information (Rs. in Lakhs)

Particulars	March 31, 2019*
Type of goods and service	
Sale of products	
Yarn	20,108.72
Fabric sales	67.13
Process waste	612.85
Revenue from services	
Yarn testing charges	8.15
Yarn conversion charges	0.05
Other operating revenues	152.96
Total revenue from contract with customers	20,949.88
India	20,949.88
Outside India	-
Total revenue from contract with customers	20,949.88


Notes annexed to and forming part of the Standalone Ind AS Financial Statements
Timing of revenue recognition

(Rs. in Lakhs)

Particulars	March 31, 2019*	
	At a point in time	Over a period of time
Sale of products and other operating income	20,949.88	–
Less : Rebates and discounts	–	–
Total revenue from contract with customers	20,949.88	–

b) Contract balance

(Rs. in Lakhs)

Particulars	March 31, 2019*
Trade receivables	3,435.42
Contract assets / Liabilities	–

Trade receivables are non-interest bearing and are generally on approval terms

c) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

(Rs. in Lakhs)

Particulars	March 31, 2019*
Revenue as per contracted price	20,949.88
Adjustments:-	
Rebates and discounts	–
Revenue from contract with customers	20,949.88

* Pursuant to transitional provisions in Ind AS 115, the relevant disclosures for the comparative period are not disclosed

d) Changes in accounting policy-on account of adoption of Ind AS 115

The Company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the company recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings as at 1 April, 2018. Comparative prior has not been adjusted. The Company has applied the revenue standard only to contracts that are not completed as at the date of initial application. The impact on account of applying the erstwhile Ind AS 18 Revenue instead of Ind AS 115 Revenue from Contracts with customers on the financial results of the company for the year ended March 31, 2019 and other adjustments as at March 31, 2019 on adoption of Ind AS 115 is Nil.

50. Previous year figures have been regrouped / reclassified / amended wherever necessary to conform to current year classification.

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 26, 2019

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SAMBANDAM SPINNING MILLS LIMITED

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS Financial Statements of **SAMBANDAM SPINNING MILLS LIMITED** ("Investee Company/the Company") and its associate, which comprise the Consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the associates, the aforesaid consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("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 consolidated state of affairs of the Company, its associates as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section out of report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our opinion on the accompanying consolidated Ind AS financial statements.

A. REVENUE RECOGNITION

Key Audit Matter Description

Reference may be made to note 3 of significant accounting policies and note 23 to the consolidated Ind AS financial statements of the Company.

During the year, on account of adoption of new revenue standard Ind AS 115 – Revenue from contracts with customer, there have been changes in revenue recognition policy with regards to timing of recognition and related disclosures.

Revenue recognition is inherently an area of audit risk, which we have substantially focused on mainly covering the aspects of cut off considering the above impact of Ind AS 115 and cut-off are key audit matters.



Response to Key Audit Matter

Principal Audit Procedures

Our audit procedures relating to revenue comprised of test of controls and substantive procedures including the following:

- a. We assessed whether the policy of recognizing revenue was in line with Ind AS – 115.
- b. We performed procedures to assess the design and internal controls established by the management and tested the operating effectiveness of relevant controls related to the recognition of revenue.
- c. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- d. We have tested, on a sample basis, whether specific revenue transactions around the reporting date has been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes, customer acknowledgement/proof of acceptance and the terms of sales.
- e. We have also validated subsequent credit notes and sales returns up to the date of this Report to ensure the appropriateness and accuracy of the revenue recognition.
- f. We tested journal entries on a sample basis to identify any unusual or irregular items.
- g. We also considered the adequacy of the disclosures in Company's consolidated Ind AS financial statements in relation to Ind AS 115 and were satisfied they meet the disclosure requirements.

Conclusion

Based on the procedures performed above, we did not find any material exceptions with regards to adoption of Ind AS 115 and timing of revenue recognition.

B. VALUATION OF INVENTORY

Key Audit Matter Description

Considering the risks involved, such as identification of stages of work in progress valuation of inventory is considered to be key audit matter.

Response to Key Audit Matter

Principal Audit Procedures

We have planned and performed the following audit procedures with respect to the Key audit matter identified.

- a. Verified the stock issue register to identify the stage of completion
- b. Validated the management internal control process for valuation of inventory.
- c. Recheck of valuation principles adopted for inventory.
- d. Discussed with the management on the management's process of identifying the stages of completion and valuing work in progress stock at the time of book closure process.

Conclusion

Based on the above procedures and physical verification of stock with identified stages of processes by the Management at the year end, we concluded that the valuation of Inventory at the year end is fair and in terms of accounting principles. We have also concluded that other alternate manual controls established ensure that there is no material misstatement in the consolidated Ind AS financial statements.



C. ACTUARIAL VALUATION

Key Audit Matter Description

Reference may be made to note 6 of significant accounting policies and note 16, 20 and 21 to the consolidated Ind AS financial statements of the Company.

There is a risk of material misstatement relating to the judgements made in valuing the defined benefit obligation including the use of key assumptions specifically the discount rate, life expectancy and inflation level. These variables can have a material impact in calculating the quantum of the retirement benefit liability.

Response to Key Audit Matter

Principal Audit Procedures

Our audit procedures comprised of the following:

- a. We determined whether the key assumptions are reasonable.
- b. External actuaries were engaged to determine the amount of pension provisions.
- c. We assessed the competence, capabilities and objectivity of the experts, gained an understanding of their work and the suitability of the results as audit evidence for the relevant assertions.
- d. We examined the data made available to the experts for completeness and accuracy and gained an understanding of the process to determine the calculation inputs used.

Conclusion

Based on the procedures performed above, we did not find any material exceptions with regards to the use of assumptions and actuarial valuation

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS 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 consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management for the consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company and its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, amended. The respective Board of Directors of the Company and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and its associates 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the Company and its associates are responsible for assessing the ability of the company and its associates 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 respective Board of Directors of the company and its associates are also responsible for overseeing the financial reporting process of the company and its associates.

Auditor's Responsibilities for the Audit of the consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 consolidated Ind AS financial statements.

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

- ✍ Identify and assess the risks of material misstatement of the consolidated Ind AS 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.
- ✍ Obtain an understanding of internal control 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 Investee Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ✍ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ✍ 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 consolidated Ind AS 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 and its associates to cease to continue as a going concern.
- ✍ Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ✍ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the company of which we are the independent auditors and whose financial formation we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



We communicate with those charged with governance of the company and its associates included in the consolidated Ind AS financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- (a) The consolidated Ind AS financial statements include the Group's share of net profit of Rs.12.27 lakhs for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of one associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts of disclosures included in respect of these associates, and our report in terms of sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the report of such other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS Financial Statements comply with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- (e) On the basis of the written representations received from the directors of the investee company as on March 31, 2019 taken on record by the Board of Directors of the investee company and the reports of the statutory auditors who are appointed under section 139 of the Act, its associates, none of the directors company and its associates is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company with reference to these consolidated Ind AS financial statements of the company and its associates and the operating effectiveness of such controls, refer to our separate report in "Annexure 1" to this report;

In our opinion and based on the consideration of reports of other statutory auditors of the associates, the managerial remuneration for the year ended March 31, 2019 has been paid/provided by the Company, its associates to their directors is in accordance with the provisions of section 197 read with Schedule V to the Act;



- (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 Auditor's) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanation given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the associates, as noted in the 'Other matter' paragraph:
- i) The consolidated Ind AS financial statements disclosed the impact of pending litigations on its consolidated financial position of the company, its associates in its consolidated Ind AS Financial Statements. (Refer note 42 to the consolidated Ind AS financial statements;
 - ii) The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2019.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associates.

For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration No. 008282S

Salem
May 26, 2019

S. Krishnan - Partner
Membership No. 26452

“ANNEXURE 1” to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Sambandam Spinning Mills Limited

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

1. We have audited the internal financial controls over financial reporting of Sambandam Spinning Mills Limited (“the investee Company”) and its associates as of March 31, 2019 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Company and its associates, are 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. 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 Act.

Auditor's Responsibility

3. 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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.



4. 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.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the company; (ii) 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 (iii) 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

7. 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

8. In our opinion, to the best of our information and according to the explanations given to us, the Company and its associate have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

Other Matters

9. Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the company, in so far as it relates to one associate, is based on the corresponding reports of the auditors of such associate company.

For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration No.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 26, 2019



Consolidated Balance Sheet as at March 31, 2019

Particulars	Note No.	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
ASSETS			
Non current assets			
Property, plant and equipment	1	10,403.89	11,170.87
Capital work in progress		10.39	-
Intangible assets	2	0.04	0.04
Financial assets			
Investments	3	199.87	187.33
Loans	4	516.00	550.00
Other financial asset	5	418.73	261.43
Advance tax assets (net)	6	62.10	7.79
Other non-current assets	7	303.03	290.16
Total non-current assets		11,914.05	12,467.62
Current assets			
Inventories	8	4,565.72	3,733.05
Financial assets			
Trade receivables	9	3,435.42	4,528.00
Cash and cash equivalents	10a	6.41	118.36
Other Bank balances	10b	79.72	164.72
Other financial assets	11	569.08	582.00
Other current assets	12	237.81	149.02
Total current assets		8,894.16	9,275.15
Total assets		20,808.21	21,742.77
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	427.55	427.55
Other equity	14	8,833.15	8,529.81
Total equity		9,260.70	8,957.36
Non-current liabilities			
Financial liabilities			
Borrowings	15	1,376.07	1,594.91
Other non current liabilities	16	30.27	28.29
Long term Provisions	17	278.15	235.07
Deferred tax liabilities (Net)	18	1,018.20	1,060.67
Other non current liabilities	19	11.35	11.35
Total non-current liabilities		2,714.04	2,930.29
Current liabilities			
Financial liabilities			
Borrowings	20	5,256.94	4,763.29
Trade payables	21		
(a) total outstanding dues of micro enterprises and small enterprises	21	49.86	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	21	2,069.73	3,576.63
Provisions	22	7.03	23.92
Other financial liabilities	23	1,382.67	1,408.08
Other current liabilities	24	67.24	83.20
Total current liabilities		8,833.47	9,855.12
Total equity and liabilities		20,808.21	21,742.77

Significant Accounting Policies and Notes to accounts form an integral part of the Consolidated Ind AS Financial Statements

As per our report of even date

For **R. Sundararajan & Associates**Chartered Accountants
Firm Registration no.08282S**S. Krishnan** - Partner

Membership no.26452

Salem

May 26, 2019

For and on behalf of the board

S. Devarajan

Chairman and Managing Director

DIN : 00001910

S. Natarajan

Company Secretary

S. Dinakaran

Joint Managing Director

DIN : 00001932

D. Niranjankumar

Chief Financial Officer


Consolidated Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note No.	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Income			
Revenue from operations	25	20,949.86	19,308.04
Other income	26	144.44	165.64
Total income		<u>21,094.30</u>	<u>19,473.68</u>
Expenses			
Cost of materials consumed	27	13,309.39	11,781.23
Changes in inventories of finished goods and work-in- progress	28	(949.75)	(166.06)
Employee benefits expense	29	2,802.78	2,387.14
Finance cost	30	826.15	918.97
Depreciation and amortization expense	31	1,014.93	1,014.59
Other expenses	32	3,543.46	2,910.74
Total Expenses		<u>20,546.96</u>	<u>18,846.61</u>
Profit before share of profit of associates/exceptional items and tax		547.34	627.07
Share of profit of associate		12.27	10.39
Profit before exceptional items and tax		559.61	637.46
Exceptional item	33	-	(283.01)
Profit before tax		559.61	354.45
Tax expense :			
Current tax - current year		285.84	724.11
- earlier year		76.53	-
Deferred tax		(263.00)	(725.00)
Income tax expense		99.37	(0.89)
Profit for the period from continuing operations		460.24	355.34
Other comprehensive income			
Other comprehensive income not to reclassified to profit or loss in subsequent periods		-	-
Re-measurement gains/(losses) on defined benefit plans		(74.91)	2.64
Tax effect		(20.84)	0.89
Other comprehensive income		(54.07)	1.75
Total comprehensive income for the year		406.17	357.09
Earning per share (Face value Rs.10 per share)			
¹ -Basic and diluted (Rs.) Refer note no. 37		10.79	8.33

Significant Accounting Policies and Notes to accounts form an integral part of the Consolidated Ind AS Financial Statements

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration no.008282S

S. Krishnan - Partner

Membership No. 26452

Salem

May 26, 2019

For and on behalf of the board

S. Devarajan

Chairman and Managing Director

DIN : 00001910

S. Natarajan

Company Secretary

S. Dinakaran

Joint Managing Director

DIN : 00001932

D. Niranjankumar

Chief Financial Officer



Consolidated Statement of cash flows for the year ended March 31, 2019

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Cash Flows from Operating Activities		
Profit Before Tax	559.61	354.45
Adjustments for :		
Share of profits of associates	(12.27)	(10.39)
Depreciation	1,014.93	1,014.59
Interest Expense	829.66	915.93
Interest Income	(98.44)	(95.37)
Unrealised Exchange Fluctuation	(6.60)	(5.23)
Dividend income	(0.04)	(0.05)
Net gain or loss arising on financial asset mandatorily measured at FVTPL	(0.27)	(0.09)
Loss / (Profit) on sale of property, plant and equipments	(25.45)	(53.01)
Provision for embezzlement of funds	-	283.01
Operating profit before working capital changes	2,261.13	2,403.82
Adjustments for changes in :		
Inventories	(832.67)	160.29
Trade receivables	1,092.58	(1,384.70)
Non current and financial Assets	(25.37)	(816.61)
Other non-current and current assets	(101.66)	(7.73)
Trade payables	(1,457.04)	1,099.95
Non current and current financial liabilities	477.15	(18.13)
Other non-current and current liabilities	(35.10)	(39.05)
Other non-current and current provisions	26.19	15.04
	(855.91)	(990.94)
Income Tax paid	(175.30)	(45.67)
Net Cash Flow from Operating Activities (A)	1,229.92	1,367.21
Cash Flows from Investing Activities		
Payments for acquisition of assets	(360.83)	(242.63)
Proceeds from sale of assets	138.30	151.70
Interest received	98.44	95.37
Dividend received	0.04	0.05
Purchase of Long term investments	-	(49.50)
	(124.05)	(45.00)
Cash Flows from Financing Activities		
Finance cost paid	(829.66)	(915.93)
Dividends Paid	(102.82)	(205.31)
Proceeds from long term borrowings	87.96	-
Repayments of long term borrowings	(373.30)	(373.89)
Net Cash Flow from Financing Activities (C)	(1,217.82)	(1,495.13)
NET CASH INFLOW / (OUTFLOW) (A+B+C)	(111.95)	(172.92)
Opening Cash and Cash Equivalents (D)	118.36	291.28
Closing Cash and Cash Equivalents (E)	6.41	118.36
NET INCREASE/ (DECREASE) IN CASH (E-D)	(111.95)	(172.92)

Significant Accounting Policies and Notes to accounts form an integral part of the Consolidated Ind AS Financial Statements

As per our report of even date

For and on behalf of the board

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration no.008282S

S. Krishnan - Partner

Membership No. 26452

Salem

May 26, 2019

S. Devarajan

Chairman and Managing Director

DIN : 00001910

S. Natarajan

Company Secretary

S. Dinakaran

Joint Managing Director

DIN : 00001932

D. Niranjankumar

Chief Financial Officer


Consolidated Statement of Changes in Equity for the year ended March 31, 2019
A. Equity share Capital

(Rs. in Lakhs)

	Balance as on 01.04.2017	Changes in equity share capital during the year	Balance at the End of March 31, 2018	Changes in equity share capital during the year	Balance as on March 31, 2019
Equity share capital	427.55	–	427.55	–	427.55

B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves & Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance at the beginning of April 1, 2017	539.09	4,464.67	3,374.28	8,378.04
Profit for the year	–	–	355.33	355.33
Other Comprehensive income	–	–	1.75	1.75
Total Comprehensive income for the year	–	–	357.08	357.08
Transfer to general reserve	–	–	–	–
Dividend including tax thereon	–	–	(205.31)	(205.31)
Balance at the end of March 31, 2018	539.09	4,464.67	3,526.05	8,529.81
Profit for the year	–	–	460.24	460.24
Other Comprehensive income	–	–	(54.07)	(54.07)
Total Comprehensive income for the year	–	–	406.17	406.17
Dividend including tax thereon	–	–	(102.82)	(102.82)
Balance at the end of March 31, 2019	539.09	4,464.67	3,829.39	8,833.15

Significant Accounting Policies and Notes to accounts form an integral part of the Consolidated Ind AS Financial Statements

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 26, 2019

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Natarajan
Company Secretary

S. Dinakaran
Joint Managing Director
DIN : 00001932

D. Niranjankumar
Chief Financial Officer



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019											
1. PROPERTY, PLANT AND EQUIPMENT (PPE)											
(Rs. in Lakhs)											
2018 - 2019	Gross Carrying Amount (Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount		
	31.03.2018	Additions	Deletions	31.03.2019	31.03.2018	Charge for the year	Disposal	31.03.2019	31.03.2019	31.03.2019	
Freehold land	2,325.01	-	112.85	2,212.16	-	-	-	2,212.16	-	2,212.16	
Buildings	3,184.94	45.90	-	3,230.84	269.75	135.39	-	2,825.70	405.14	2,825.70	
Plant and Equipment	5,709.66	237.44	-	5,947.10	1,150.21	569.97	-	4,226.92	1,720.18	4,226.92	
Wind Energy Converters	1,742.32	-	-	1,742.32	543.71	271.84	-	926.77	815.55	926.77	
Furniture and Fixtures	4.61	0.12	-	4.73	4.50	0.10	-	0.13	4.60	0.13	
Vehicles	233.09	70.59	0.03	303.65	84.59	34.00	-	185.06	118.59	185.06	
Office equipment	30.59	6.78	-	37.37	6.59	3.63	-	27.15	10.22	27.15	
Total	13,230.22	360.83	112.88	13,478.17	2,059.35	1,014.93	-	10,403.89	3,074.28	10,403.89	

2017 - 2018	Gross Carrying Amount (Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount	
	01.04.2017	Additions	Deletions	31.03.2018	01.04.2017	Charge for the year	Disposal	31.03.2018	31.03.2018	31.03.2018
Freehold land	2,325.01	-	-	2,325.01	-	-	-	2,325.01	-	2,325.01
Buildings	3,147.94	37.00	-	3,184.94	135.09	134.66	-	2,915.19	269.75	2,915.19
Plant and Equipment	5,628.36	192.10	110.80	5,709.66	603.33	558.99	12.11	4,559.45	1,150.21	4,559.45
Wind Energy Converters	1,742.32	-	-	1,742.32	271.86	271.85	-	1,198.61	543.71	1,198.61
Furniture and Fixtures	4.61	-	-	4.61	3.69	0.81	-	0.10	4.50	0.10
Vehicles	233.09	-	-	233.09	39.23	45.36	-	148.51	84.59	148.51
Office equipment	17.06	13.53	-	30.59	3.90	2.69	-	24.00	6.59	24.00
Total	13,098.38	242.63	110.80	13,230.22	1,057.10	1,014.36	12.11	11,170.87	2,059.35	11,170.87

Note :

1. Amount of contractual commitments for acquisition of property, plant and equipment; refer note no. 42.
2. For details of assets given as security against borrowings, refer note no. 40.



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019

2. Intangible assets

(Rs. in Lakhs)

2018 - 2019	Gross Carrying Amount (Cost/deemed cost)			Depreciation / amortisation			Net Carrying Amount 31.03.2019
	31.03.2018	Additions	Deletions	31.03.2019	Charge for the year	Disposal	
Description							
Computer Software- acquired	0.48	-	-	0.48	-	-	0.04
Total	0.48	-	-	0.48	-	-	0.04

2017 - 2018	Gross Carrying Amount (Cost/deemed cost)			Depreciation / amortisation			Net Carrying Amount 31.03.2018
	01.04.2017	Additions	Deletions	31.03.2018	Charge for the year	Disposal	
Description							
Computer Software- acquired	0.48	-	-	0.48	0.22	-	0.04
Total	0.48	-	-	0.48	0.22	-	0.04

Note :

1. Amount of contractual commitments for acquisition of property, plant and equipment, refer note no. 42.



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
3. Non current financial asset - Investments		
Unquoted		
Investments in Equity instruments		
Associates		
19,90,000 (2018 : 19,90,000) Equity shares of Rs.10 each in		
SPMM Health Care Services Private Limited		
Cost of acquisition	199.00	199.00
Less Group share of loss	73.20	85.47
Carrying value of investment	<u>125.80</u>	<u>113.53</u>
7,04,060 (2018 : 7,04,060) Equity shares of Rs.10 each in		
Salem IVF Centre Private Limited		
Cost of acquisition	70.40	70.40
Less Group share of loss	70.40	70.40
Carrying value of investment	<u>-</u>	<u>-</u>
Others		
1,330 (2018:1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	1.80	1.53
1,07,500 (2018:1,07,500) Equity shares of Rs.10 each in		
Sambandam Investment and Leasing Limited	20.73	20.73
1,66,500 (2018:1,500) Equity shares of Rs.10 each in		
Suryadev Alloys and Power Private Limited	51.54	51.54
	<u>199.87</u>	<u>187.33</u>
a. # represents quoted investments		
Aggregate value of quoted investments (at fair value)	1.80	1.53
Aggregate market value of quoted investments	1.80	1.53
Aggregate value of unquoted investments	198.07	185.80
b. Investments are fully paid-up unless otherwise stated		
4. Non current financial asset - Loans		
Unsecured and considered good		
Intercorporate Loan to related party	516.00	550.00
	<u>516.00</u>	<u>550.00</u>
5. Non current - Other financial asset		
Unsecured and considered good		
Security deposits		
with related parties	3.00	3.00
with others	412.52	224.13
Employee advances	3.21	1.00
Interest accrued on Incorporate loan to related party	-	25.70
Deposits with banks	-	7.60
	<u>418.73</u>	<u>261.43</u>
6. Non current - Advance tax assets (net)		
Advance income tax (net of provisions)	62.10	7.79
	<u>62.10</u>	<u>7.79</u>
7. Other non current assets		
(Unsecured, considered good)		
Capital advances	71.89	54.18
Balances with Government authorities (paid under protest)	231.14	235.98
	<u>303.03</u>	<u>290.16</u>



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
8. Inventories		
Raw materials	1,479.75	1,610.07
Work-in-progress	1,449.36	1,202.73
Finished goods - Yarn	1,604.81	901.69
Stores and spares	31.80	18.56
	<u>4,565.72</u>	<u>3,733.05</u>
Note :		
1. Goods in transit included above are as follows		
Raw materials	27.88	97.36
2. Cost of materials consumed during the year, refer note no.27		
3. For details of assets given as securities for borrowings, refer note no. 40.		
9. Trade receivables		
Unsecured, considered good		
Trade receivables		
- Related parties	-	22.12
- Others	3,435.42	4,505.88
	<u>3,435.42</u>	<u>4,528.00</u>
10a. Cash and cash equivalents		
Balances with banks-current accounts	4.19	88.72
Cash on hand	2.22	29.64
	<u>6.41</u>	<u>118.36</u>
10b. Bank balances other than above		
Unclaimed dividend accounts (earmarked)	8.24	9.15
Liquid assets deposits #	60.48	56.00
Deposits with Banks held as margin money #	11.00	99.57
	<u>79.72</u>	<u>164.72</u>
# represents deposits with original maturity of more than 3 months and less than 12 months		
11. Current Financial Assets - Others		
Unsecured considered good, unless otherwise stated		
Amount recoverable from employee (Refer note 45)		
Considered good	250.00	250.00
Considered doubtful	1,059.26	1,059.26
	<u>1,309.26</u>	<u>1,309.26</u>
Less : Provision for doubtful amount considered recoverable	1,059.26	1,059.26
	<u>250.00</u>	<u>250.00</u>
Interest accrued on deposits	3.80	6.46
Interest subsidy receivable	289.76	289.76
Export incentive receivable	1.01	2.57
Employee advances	4.69	12.52
Rent receivable - from related party	3.74	3.47
- from others	-	0.44
Other receivable	16.08	16.78
	<u>569.08</u>	<u>582.00</u>


Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
12. Other current assets		
Unsecured considered good		
Prepaid expenses	110.04	74.49
Supplier advances	62.80	15.96
Balance with government authorities	64.97	13.78
Accrued income on windmills	—	44.79
	237.81	149.02
13. Equity		
Authorised share capital		
50,00,000 equity shares (March 31, 2018 50,00,000) of Rs. 10 each with voting rights	500.00	500.00
Issued share capital		
42,86,400 equity shares (March 31, 2018 42,86,400) of Rs. 10 each with voting rights	428.64	428.64
Subscribed and paid up share capital		
42,64,600 equity shares (March 31, 2018 42,64,600) of Rs. 10 each with voting rights	426.46	426.46
Add Forfeited shares (amount originally paid in respect of 21,800 equity shares)	1.09	1.09
	427.55	427.55

Notes :**1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Outstanding at the beginning and end of the year	4,264,600	4,264,600
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2. Terms/rights and restrictions in respect of equity shares

The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.

3. Shareholders holding more than 5% of the total share capital:

Name of the shareholder	No. of shares			
	2019	%	2018	%
Equity shares with voting rights				
S. Jegarajan	4,54,536	10.65	4,44,146	10.41
S. Devarajan	4,73,942	11.11	4,08,555	9.58
S. Dinakaran	3,86,269	9.05	3,74,879	8.79

4. Share issue in preceeding five years

Aggregate number and class of shares allotted for consideration other than cash, bonus, etc.in the five years immediately preceeding the Balance Sheet date as on March 31, 2019 is Rs. Nil (2018: Nil).


Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
14. Other equity		
Securities premium - Note A	539.09	539.09
General reserve - Note B	4,464.67	4,464.67
Retained earnings - Note C	3,829.39	3,526.05
	<u>8,833.15</u>	<u>8,529.81</u>
Refer Statement of Changes in Equity for additions/ deletions in each reserve.		
Notes :		
A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.		
B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.		
C. Revaluation reserve of Rs. 27,07,94,401 transferred to Retained earnings on the transition date may not be available for distribution.		
15. Non current - Financial liabilities - Borrowings		
Secured Borrowings		
Term loan from banks	773.01	1,131.46
Unsecured Borrowings		
Fixed deposits from shareholders and directors	603.06	463.45
	<u>1,376.07</u>	<u>1,594.91</u>
Note :		
1. Refer note 23 for current maturities of non current borrowings		
2. Refer note. 40 for security and terms of borrowings		
3. Refer note 39 for deposits from related parties.		
16. Non current Financial liabilities - others		
Security deposits		
from related parties	4.50	4.50
from others	25.77	23.79
	<u>30.27</u>	<u>28.29</u>
17. Non current liabilities - Provisions		
Provision for employee benefits		
Compensated absences	278.15	235.07
	<u>278.15</u>	<u>235.07</u>



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Movement in provision for compensated absences is as follows: (refer 17 & 22)	Opening	Additions (Net of utilisation) Closing
31.03.2019	258.99	26.20
31.03.2018	243.95	15.04
18. Deferred tax liability (net)		
Deferred tax liability	1,296.34	1,552.05
Deferred tax assets	79.34	72.05
	1,217.00	1,480.00
Unused tax credits (MAT credit entitlement)	198.80	419.33
Net deferred tax liability	1,018.20	1,060.67
Note : refer note. 35 for details of deferred tax liability and asset		
19. Other non current liabilities		
Deferred government grant (EPCG)	11.35	11.35
	11.35	11.35
20. Current financial liabilities - borrowings		
Secured borrowings - from banks		
Cash credit facilities	5,156.59	4,763.29
Unsecured Borrowings		
Inter Corporate Loan	100.35	-
	5,256.94	4,763.29
21. Current financial liabilities - trade payables		
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	49.86	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	2,069.73	3,576.63
	2,119.59	3,576.63
22. Current provisions		
Provision for employee benefits - Compensated absences	7.03	23.92
	7.03	23.92
23. Other Current financial liabilities		
Current maturities of long-term debts	575.55	642.05
Interest accrued and not due on borrowings	-	-
Interest accrued and due on borrowings	11.47	16.77
Unclaimed Dividends	8.24	9.15
Contribution to Gratuity Fund	253.71	181.69
Accrued expenses/liabilities	514.32	534.24
Employee payables	19.38	24.18
	1,382.67	1,408.08
Note : 1. Refer note.40 for security and terms of borrowings		
24. Other Current liabilities		
Advance from customers	48.89	58.30
Statutory liabilities	18.35	24.90
	67.24	83.20



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
25. Revenue from operations		
Sale of products		
Yarn	20,108.72	18,346.90
Fabric sales	67.13	104.26
Process waste	612.85	673.60
	<u>20,788.70</u>	<u>19,124.76</u>
Revenue from services		
Yarn testing charges	8.15	8.61
Yarn conversion charges	0.05	-
	<u>8.20</u>	<u>8.61</u>
Other operating revenues		
Power generated by wind energy converters (net of captive consumption)	120.64	158.29
Scrap sales	27.25	6.16
Hank yarn obligation charges received	-	-
Export incentives	5.07	10.22
	<u>152.96</u>	<u>174.67</u>
	<u>20,949.86</u>	<u>19,308.04</u>
26. Other income		
Interest income from		
Loan	71.08	71.36
Others	27.36	24.01
Dividend income from Non-current investments	0.04	0.05
Profit on sale of assets	25.45	53.01
Other non-operating income		
Rent received	10.44	10.44
Certification charges	3.20	1.45
Net gain or loss arising on financial asset mandatorily measured at FVTPL	0.27	0.09
Foreign exchange gain (net)	6.60	5.23
	<u>144.44</u>	<u>165.64</u>
27. Cost of materials consumed		
Cotton, viscose, modaal	13,289.43	11,648.16
Others	19.96	133.07
	<u>13,309.39</u>	<u>11,781.23</u>
28. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	1,604.81	901.69
Work-in-progress	1,449.36	1,202.73
	<u>3,054.17</u>	<u>2,104.42</u>
Opening stock		
Finished goods	901.69	1,187.91
Work-in-progress	1,202.73	750.45
	<u>2,104.42</u>	<u>1,938.36</u>
Net change in inventories	<u>(949.75)</u>	<u>(166.06)</u>
29. Employee benefits expense		
Salaries, wages and bonus	2,530.76	2,112.15
Contribution to provident, gratuity and other funds	138.97	152.38
Welfare expenses	133.05	122.61
	<u>2,802.78</u>	<u>2,387.14</u>



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
30. Finance costs		
Interest on borrowings	829.66	915.93
Other borrowing costs - premium on forward contracts	(3.51)	3.04
	<u>826.15</u>	<u>918.97</u>
31. Depreciation and amortisation expense		
Property, plant and equipment		
Buildings	135.39	134.66
Plant and machinery	569.97	558.99
Wind energy converters	271.84	271.85
Furniture and fittings	0.10	0.81
Office equipments	3.63	2.69
Vehicles	34.00	45.36
Sub Total (A)	<u>1,014.93</u>	<u>1,014.36</u>
Intangible assets		
Computer software - acquired	-	0.23
Sub Total (B)	<u>-</u>	<u>0.23</u>
Total (A + B)	<u>1014.93</u>	<u>1,014.59</u>
Refer note 1 and 2 on property, plant and equipments and intangible assets		
32. Other expenses		
Cotton dyeing charges	191.92	62.69
Fabric conversion charges	16.71	-
Yarn doubling and reeling charges	11.90	5.15
Yarn mercirising charges	53.41	65.86
Yarn sizing charges	6.76	0.30
Consumption of stores and spares	256.06	199.80
Power and fuel-net	1,953.52	1,489.62
Rent	8.31	8.15
Repairs and maintenance - Buildings	27.85	9.86
- Plant and machinery	220.89	243.77
Insurance	13.83	15.93
Rates and taxes	31.83	38.05
Packing and forwarding chages	162.87	146.25
Printing and stationery	8.26	7.21
Brokerage and commission on sales	194.88	170.54
Legal and Professional charges	40.27	38.77
Travel and vehicle upkeep expenses	216.85	173.67
Premium on hank yarn obligation	15.85	35.12
Donation and charity	0.37	0.43
Expenditure on corporate social responsibility (refer note no.43)	9.23	4.07
Bank and other financial charges	28.35	126.08
Miscellaneous expenses	73.54	69.41
	<u>3,543.46</u>	<u>2,910.74</u>
33. Exceptional item		
Provision for embezzlement of funds	-	283.01
	<u>-</u>	<u>283.01</u>



Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019

1. Corporate Information

Sambandam Spinning Mills Limited ("the investee company/the Company") is a listed Public Company domiciled in India and is incorporated under the provisions of the Companies Act 2013 as applicable in India and its shares are listed on the Bombay Stock Exchange (BSE). The registered office headquartered in Salem, India, The Company is principally engaged in production of cotton yarn.

2. Basis of preparation of financial statements

Compliance with Indian Accounting Standards (Ind AS):

The financial statements of the Company have been prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the revised schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The Ind AS Financial Statements were approved for issue by the Board of Directors on 26th May 2019.

3. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Sale of Goods

Revenue from sale of products is recognized when the goods are despatched or appropriated as per the terms sales at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured. Revenue is reduced for estimated customer returns, commissions, rebates and discounts, and other similar allowances.

Rendering of Services

Revenue from services is recognized in accordance with the specific terms of contract on performance when the collectability of the resulting receivable is reasonably assured.

Income from energy generated

Revenue from energy generated through windmills is recognized based on the contractual rates with the customers.

Other operating revenues

Other operating revenues comprise of income from ancillary activities incidental to the operations of the company and is recognized when the right to receive the income is established as per the terms of the contract.



Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

4. Other Income

Other Income comprises of Dividend, Interest and rental income and are accounted on accrual basis.

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

5. Foreign currency transactions

Foreign currency transactions (including booking/cancellation of forward contracts) are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency, other than those covered by forward exchange contracts, are translated at year end foreign exchange rates. Exchange differences arising on settlements are recognized in the Statement of Profit and Loss. In case of forward exchange contracts which are entered into hedge the foreign currency risk of a receivable/payable recognized in these financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Statement of Profit and loss. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and loss.

6. Employee benefits

(i) Short term employee benefit obligations are estimated and provided for. A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date;

(ii) Retirement Benefit plans and Post-employment benefits

Payments to defined contribution plans i.e., Company's contribution to provident fund, superannuation fund and other funds and employee state insurance are determined under the relevant schemes and/or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

For defined benefit plans i.e. Company's liability towards gratuity (funded), other retirement/ terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are comprised of:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.



Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

7. Property, Plant and Equipment Cost :

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is Rs.10000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds Rs.10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Depreciation/amortization :

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used:

Particulars	Depreciation
Plant and machinery (Continuous process Plant)	Over its useful life of 18 years as Technically assessed
Wind energy convertors	Over its useful life of 18 years as Technically assessed

De-recognition :

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

8. Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its estimated recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.



Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

9. Inventories

Inventories (other than process waste) are stated at lower of cost and net realisable value.

Cost of raw materials, stores, spares and consumables comprises cost of purchases and includes taxes and duties and is net of eligible credits under applicable schemes.

Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis.

Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale

The cost for the said purpose is determined as follows:

- (i) in the case of stores and spare parts, the weighted average cost (net of credit, if any),
- (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, without deduction of the adjustment made for power generated through wind energy converters and adjusted against the cost of power purchased from state electricity board.
- (iii) Process waste is valued at net realizable value.

Provision is made for obsolete, slow moving and damaged items of inventory, if any.

10. Government grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which they accrue.

11. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

12. Research and development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss as and when incurred. Capital expenditure on research and development, where the same represents cost of Property, Plant and Equipment, if any, is given the same accounting treatment as applicable to other capital expenditure.

13. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax :

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted



Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

Deferred Tax :

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

14. Provisions and contingencies

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

15. Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets :

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.



Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

Classification of financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition :

- (i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the "Other Income".

The Company has not designated any debt instruments as fair value through other comprehensive income.

- (ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g. any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the "Other Income".

Investments in equity instruments of subsidiaries, joint ventures and associates

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27. At transition date, the Company has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition of financial assets :

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).



Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

Financial liabilities and equity instruments :

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value through profit or loss) at the higher of:

the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and

the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

**Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)*****Derivative financial instruments :***

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss.

As of the transition date, the Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting :

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) are included in the initial measurement of the cost of the non-financial asset or non-financial liability.



Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

16. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied for the first time certain amendments to the standards, which are effective for annual periods beginning on or after 1st April, 2018. The nature and impact of each amendment is described below:

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with this customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company adopted Ind AS 115 using the full retrospective method of adoption. Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires relevant disclosures.

17. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing flows. The cash flows from operating, investing and financing activities of the Company are segregated.

18. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

19. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares)

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.



Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2019 (Contd.)

20. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires the Company's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the Ind AS financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) and recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The following are the critical judgments and estimations that have been made by the Management in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws / emission norms and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessment, made adequate provision in the books.

Taxation

Tax expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profit and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

Provisions

The management makes judgments based on experience regarding the level of provision required to account for potentially uncollectible receivables using information available at the Balance Sheet date. Provisions so created are based on management assessment of the receivable balances after communication with the respective debtors and are created on the receivable balances net off against related brokerage dues outstanding.

Provisions for litigation and contingencies are determined based on evaluations made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgments around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgments involved in such estimations, the provisions are sensitive to the actual outcome in future periods.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.6.



Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

(Rs. in Lakhs)

34. Basis of Consolidation

34.1 The Consolidated Financial Statements relate to Sambadam Spinning Mills Limited ("the Investee Company") and its Associates.

34.2 Principles of Consolidation

- a. The Consolidated Financial Statements have been prepared in accordance with Ind AS 28 "Investment in Associates and Joint Ventures" prescribed under Section 133 of the Companies Act, 2013. The Financial Statements of Associates used in the consolidation are drawn upto the same reporting date as of the investee Company i.e., year ended March 31, 2019.
- b. The following Associates company is considered in the consolidated financial statements using equity method.

S. No.	Name of the Associate	Nature of Business	Country of Incorporation	% of ownership interest	
				31-03-2019	31-03-2018
1.	SPMM Health Care Services Private Limited	Health care services	India	49.75%	49.75%
2.	Salem IVF Centre Private Limited	Health care services	India	27.73%	27.73%

34.3 Additional Information, required under Schedule III to the Companies Act, 2013 of entity consolidated as Associates

S. No.	Name of the Entity	Net Assets		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As a % of Consolidated Net Assets	Amount (Rs. lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. lakhs)
1.	Investee Company Sambadam Spinning Mills Limited Associate (Investment as per equity method)	99.09%	9288.61	97.33%	447.97	100%	(54.07)	96.98%	393.90
2.	SPMM Health Care Services Private Limited	1.34% (0.43%)	125.8 (40.18)	2.67%	12.27	-	-	3.02%	12.27
3.	Salem IVF Centre Private Limited	100%	9374.23	100.00%	460.24	100%	(54.07)	100.00%	406.17
	Subtotal								
	Add/(Less) : Effect of intercompany adjustments/eliminations	-	-	-	-	-	-	-	-
	Total	100%	9374.23	100.00%	460.24	100%	(54.07)	100.00%	406.17



Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

35. Income taxes relating to continuing operations

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	285.84	724.11
In respect of the earlier year	76.53	—
	<u>362.37</u>	<u>724.11</u>
Deferred tax		
In respect of the current year	(263.00)	(725.00)
	<u>(263.00)</u>	<u>(725.00)</u>
Total income tax expense recognised in the current year relating to continuing operations	<u>99.37</u>	<u>(0.89)</u>
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit / (Loss) before tax from continuing operations	<u>547.34</u>	<u>344.05</u>
Income tax expense calculated at 27.82% (2017-18: 33.063%)	152.27	113.76
Others	(52.90)	(114.65)
Income tax expense recognised in Statement of profit and loss (relating to continuing operations)	<u>99.37</u>	<u>(0.89)</u>

The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2017-18 =33.063 %) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

c) Income tax recognised in other comprehensive income

Current tax	20.84	0.89
Total income tax recognised in other comprehensive income	<u>20.84</u>	<u>0.89</u>

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss, depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Movement of deferred tax expense during the year ended March 2018-19 (Rs. in lakhs)

Particulars	Opening balance	Recognised in statement of profit and loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	(1,552.05)	255.71	(1,296.34)
Provision for compensated absences	72.05	7.29	79.34
Unused tax credit (MAT credit entitlement) *	419.33	(220.53)	198.80
	<u>(1,060.67)</u>	<u>42.47</u>	<u>(1,018.20)</u>

Movement of deferred tax expense during the year ended March 2017-18 (Rs. in lakhs)

Particulars	Opening balance	Recognised in statement of profit and loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	(2,285.19)	733.14	(1,552.05)
Provision for compensated absences	80.19	(8.14)	72.05
Unused tax credit (MAT credit entitlement) *	996.61	(577.27)	419.34
	<u>(1,208.39)</u>	<u>147.73</u>	<u>(1,060.66)</u>

* Adjusted against current tax provision for the respective years.


Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
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36. Retirement benefit plans
Defined contribution plans

In accordance with Indian law, eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary.

The total expense recognised in Statement of profit and loss of Rs.101.17 lakhs (for the year ended March 31, 2018: Rs.96.87 lakhs)

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions to a funded Company gratuity scheme administered by the SBI Life Insurance Company Limited.

Company's liability towards gratuity (funded), other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Gratuity

The principal assumptions used for the purposes of the actuarial valuations were as follows.

Discount rate(s)	7.65%	7.70%
Expected rate(s) of salary increase	5.00%	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Current service cost	26.19	26.98
Net interest expense	11.61	27.49
Components of defined benefit costs recognised in Statement of profit and loss	37.80	54.47



Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

36. Retirement benefit plans continued..

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(44.33)	(14.64)
Actuarial (gains)/losses arising from experience adjustments	108.70	9.24
Return on plan assets (excluding amounts included in net interest expense)	10.54	2.76
Components of defined benefit costs recognised in other comprehensive income	74.91	(2.64)
Total	112.71	51.83

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in Statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	456.50	404.62
Fair value of plan assets	219.92	229.82
Net liability arising from defined benefit obligation - Funded	236.58	174.80

The above provisions are reflected under 'Current Financial Liabilities - Others (Refer note. 23) to the Standalone Ind AS Financial Statements.

Movements in the present value of the defined benefit obligation in the current year were as follows:

Opening defined benefit obligation	404.62	379.26
Current service cost	26.19	26.98
Interest cost	28.57	27.49
Plan amendments : vested portion at end of period (past service)	-	20.86
Plan amendments : non vested portion at end of period (past service)	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(44.33)	(14.64)
Actuarial (gains)/losses arising from experience adjustments	108.70	9.24
Benefits paid	67.24	44.57
Closing defined benefit obligation	456.51	404.62

Movements in the fair value of the plan assets in the current year were as follows:

Opening fair value of plan assets	229.82	257.34
Interest Income	16.96	19.82
Return on plan assets (excluding amounts included in net interest expense)	(10.54)	(2.76)
Contributions	50.92	-
Benefits paid	67.24	44.57
Others	-	-
Closing fair value of plan assets	219.92	229.83

The Company funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was Rs. 21.68 lakhs (2017-18: Rs.19.82 lakhs)

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

1. Gratuity

If the discount rate is 50 basis points higher/ lower, the defined benefit obligation would

Decrease by	497.58	442.54
Increase by	415.41	370.83

If the expected salary is 50 basis points higher/ lower, the defined benefit obligation would

Decrease by	414.24	371.11
Increase by	491.29	441.68


Notes annexed to and forming part of the Consolidated Ind AS Financial Statements
36. Retirement benefit plans continued..

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
<p>The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.</p> <p>Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.</p> <p>There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.</p> <p>The Company expects to make a contribution of Rs. 253.71 lakhs (as at March 31, 2018: Rs.459.23 lakhs) to the defined benefit plans during the next financial year.</p> <p>The average duration of the benefit obligation as at March 31, 2019 is 27.30 years (as at March 31, 2018: 26.12 years).</p>		
Compensated Balances		
The principal assumptions used for the purposes of the actuarial valuations were as follows.		
Discount rate(s)	7.65%	7.72%
Expected rate(s) of salary increase	5.00%	6.50%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		
Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:		
Current service cost	3.21	3.31
Net interest expense	18.14	16.97
Actuarial (gains)/losses arising during the period	2.45	(14.47)
Components of defined benefit costs recognised in Statement of profit and loss	23.80	5.81
The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in Statement of profit and loss.		
The rereasurement of the net defined benefit liability is included in other comprehensive income.		
The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Present value of defined benefit obligation	258.89	235.07
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation - Unfunded	<u>258.89</u>	<u>235.07</u>
The above provisions are reflected under 'Current Financial Liabilities - Others [Refer note 23].		
Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	235.07	229.27
Current service cost	3.21	3.31
Interest cost	18.14	16.97
Actuarial (gains)/losses arising during the period	2.45	(14.47)
Benefits paid	-	-
Closing defined benefit obligation	258.87	235.08
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	-	-
Interest Income	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
Contributions	-	-
Benefits paid	-	-
Others	-	-
Closing fair value of plan assets	-	-

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.



Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

Particulars	Year ended March 31, 2019 Rs. in Lakhs	Year ended March 31, 2018 Rs. in Lakhs
37. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	10.79	8.33
From discontinued operations	-	-
Total basic earnings per share	<u>10.79</u>	<u>8.33</u>
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit / (Loss) for the year attributable to owners of the Company	460.24	355.34
Earnings used in the calculation of basic earnings per share	460.24	355.34
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-	-
Others	-	-
Earnings used in the calculation of basic earnings per share from continuing operations	<u>460.24</u>	<u>355.34</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>42,64,600</u>	<u>42,64,600</u>

38. Financial Instruments**Capital management**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities, and other long-term/short-term borrowings.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 15 and 20 offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Gearing Ratio :		
Debt	7,208.56	6,358.20
Less: Cash and bank balances	86.13	283.07
Net debt	7,122.43	6,075.13
Total equity	9,317.57	8,997.54
Net debt to total equity ratio	0.76	0.68
Categories of Financial Instruments:		
a. <u>Measured at amortised cost:</u>		
Cash and bank balances	86.13	283.07
Trade Receivables	3,435.42	4,528.00
Loans	516.00	550.00
Others	987.81	843.43
b. <u>Mandatorily measured at fair value through profit or loss (FVTPL):</u>		
Investments	227.78	227.51
Derivative instruments	-	-


Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
Financial liabilities		
a. <u>Measured at amortised cost:</u>		
Borrowings	7,208.56	6,358.20
Trade Payables	2,119.59	3,576.63
Others	814.14	789.94
b. <u>Mandatorily measured at fair value through profit or loss (FVTPL):</u>		
Derivative instruments	-	-

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Company. The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at floating interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2019 would decrease/increase by Rs.42.18 lakhs (March 31, 2018: decrease/increase by Rs. 45.69lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of some of the Company's investments in available-for-sale securities exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

Equity price sensitivity analysis

The fair value of equity instruments as at March 31, 2019 was Rs. 1.80 lakhs (March 31, 2018: Rs.1.53 lakhs). A 5% change in prices of equity instruments held as at March 31, 2019 would result in a impact of Rs 0.03lakhs (March 31, 2018: Rs0.08 lakhs) on equity.

Offsetting related disclosures:

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.


Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
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Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables :

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2019				
Trade payables	2,119.59	–	–	2,119.59
Other financial liabilities	1,382.67	–	–	1,382.67
Borrowings (including interest accrued thereon upto the reporting date)	5,832.49	1,376.07	–	7,208.56
	<u>9,334.75</u>	<u>1,376.07</u>	<u>–</u>	<u>10,710.82</u>
March 31, 2018				
Trade payables	3,576.63	–	–	3,576.63
Other financial liabilities	1,408.07	–	–	1,408.07
Borrowings (including interest accrued thereon upto the reporting date)	4,763.29	1,594.91	–	6,358.20
	<u>9,747.99</u>	<u>1,594.91</u>	<u>–</u>	<u>11,342.90</u>


Notes annexed to and forming part of the Consolidated Ind AS Financial Statements
39. Related party disclosure
a) List of related parties :

Name of the Related Party	Relationship
SPMM Health Care Services Private Limited	Associate
Salem IVF Centre Private Limited	Associate
Kandagiri Spinning Mills Limited	Enterprises in which KMP or their relatives have a significance influence
Sambandam Siva Textiles Private Limited	Enterprises in which KMP or their relatives have a significance influence
S. Palaniandi Mudaliar Charitable Trust	Enterprises in which KMP or their relatives have a significance influence
Sambandam Spinning Mills Gratuity Trust	Enterprises in which KMP or their relatives have a significance influence
S. Devarajan - Chairman and Managing Director	Key managerial personnel (KMP)
S. Jegarajan - Joint Managing Director	Key managerial personnel (KMP)
S. Dinakaran - Joint Managing Director	Key managerial personnel (KMP)
D. Niranjan Kumar - Chief Financial Officer	Key managerial personnel (KMP)
S. Natarajan - Company Seceratory	Key managerial personnel (KMP)
D. Anupama	Relative of KMP
J. Sakthivel - Chief Technical Officer	Relative of KMP
D. Sudharsan - Non Executive Director	Relative of KMP
S. Kandaswarna	Relative of KMP
D. Manjula	Relative of KMP
D. Minusakthipriya	Relative of KMP
J. Ramya	Relative of KMP
D. Rathipriya	Relative of KMP
S. Saradhamani	Relative of KMP
V. Valarnila	Relative of KMP

Notes : As per sec 149(6) of Companies Act, 2013 independent directors are not considered as KMP. Also considering the roles & functions of independent director stated under schedule IV of Companies Act 2013 they have not been disclosed as KMP for the purpose of disclosure requirement as per IndAS 24 Related Party.

c) Details of Transactions with Related Parties :
(Rs. in Lakhs)

Name of Related Party	Nature of Transaction	2018 - 19	2017 - 18
Salem IVF Centre Private Limited	Rent received	9.00	9.00
	Security deposit - Rent	4.50	4.50
	Rent receivable at the end of the year	3.73	3.47
Kandagiri Spinning Mills Limited	Intercompany loan given	50.00	50.00
	Intercompany loan received back	84.00	-
	Sale of products and services	0.57	45.11
	Purchase of goods	222.39	-
	Interest received on the above loan	71.08	71.36
	Interest accrued on the above loan	-	25.70
	Balance outstanding at the end of the year	516.00	550.00
Sambandam Siva Textiles Private Limited	Sale of wind power	120.64	158.29
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	13.74	7.92
	Employee welfare expenses payable	2.09	0.47
Sambandam Spinning Mills Gratuity Trust	Contribution paid	40.68	-
S. Devarajan Chairman and Managing Director	Interest Payment	0.32	1.56
	Interest Payment-HUF	0.36	0.36
	Dividend Payment	8.20	17.99
	Dividend Payment-HUF	0.92	1.84
	Remuneration	66.00	48.00
	Fixed deposits repaid	10.00	-
	Balances outstanding - Fixed deposits-HUF	3.00	-
	Balances outstanding - Fixed deposits	-	10.00



Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

39. Related party disclosure continued..

(Rs. in Lakhs)

Name of Related Party	Nature of Transaction	2018 - 19	2017 - 18
S. Jegarajan - Joint Managing Director	Interest Payment	0.65	0.12
	Interest Payment-HUF	0.12	0.12
	Dividend Payment	8.88	17.76
	Dividend Payment-HUF	0.58	1.16
	Remuneration	63.30	45.60
	Fixed deposits received	10.00	-
	Balances outstanding - Fixed deposits-HUF	1.00	1.00
	Balances outstanding - Fixed deposits	10.00	-
S. Dinakaran - Joint Managing Director	Interest Payment	13.85	13.80
	Interest Payment-HUF	2.16	1.94
	Dividend Payment	7.52	15.04
	Dividend Payment-HUF	0.58	1.16
	Remuneration	63.30	19.20
	Fixed deposits received	10.00	-
	Balances outstanding - Fixed deposits-HUF	1.00	18.25
	Balances outstanding - Fixed deposits	10.00	110.00
D. Niranjan Kumar Chief Financial Officer	Interest Payment	1.02	1.02
	Dividend Payment	0.12	0.23
	Remuneration	22.50	18.00
	Balances outstanding - Fixed deposits	9.00	9.00
S. Natarajan - Company Seceratory	Remuneration	12.00	12.00
D. Anupama	Interest Payment	1.38	1.38
	Dividend Payment	0.01	0.02
	Balances outstanding - Fixed deposits	12.50	12.50
	Rent paid	4.22	4.07
	Rent advance paid	3.00	3.00
J. Sakthivel - Chief Technical Officer	Remuneration	22.50	18.00
	Dividend Payment	0.30	0.60
S. Kandaswarna	Interest Payment	0.24	0.24
	Dividend Payment	Rs. 100 Only	Rs.200 Only
	Balances outstanding - Fixed deposits	2.00	2.00
D. Manjula	Interest Payment	2.72	1.53
	Dividend Payment	0.61	1.22
	Fixed deposits received	9.75	-
	Balances outstanding - Fixed deposits	27.25	17.50
D. Minusakthipriya	Interest Payment	1.66	1.32
	Dividend Payment	0.08	0.16
	Fixed deposits received	2.25	-
	Balances outstanding - Fixed deposits	15.75	13.50
J. Ramya	Interest Payment	-	-
	Dividend Payment	0.53	1.06
	Balances outstanding - Fixed deposits	-	-
D. Rathipriya	Interest Payment	2.80	2.80
	Dividend Payment	0.83	1.66
	Balances outstanding - Fixed deposits	25.50	25.50
S. Saradhamani	Interest Payment	0.24	0.24
	Dividend Payment	2.02	4.05
	Balances outstanding - Fixed deposits	2.00	2.00
V. Valarnila	Interest Payment	1.20	1.43
	Dividend Payment	0.74	1.49
	Fixed deposits received	3.00	-
	Balances outstanding - Fixed deposits	10.00	13.00



Notes annexed to and forming part of the Consolidated Ind AS Financial Statements							(Rs. in Lakhs)	
40. Details of non current borrowings								
Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest		
a. Secured Borrowings								
i. Term loans from banks								
State Bank of India TL 5	48 monthly installment of Rs 18.75 lakhs each (2019-20 Rs 300 lakhs, 2020-21 Rs 300 lakhs and 2021-22 Rs 225 lakhs)	As at March 31, 2019 As at March 31, 2018	525.00 825.00	300.00 300.00	825.00 1,125.00	12.30 12.05		
Karnataka Bank TL 5	48 monthly instalment of Rs 8 lakhs each, 10 monthly instalment of Rs 7.70 lakhs each and two monthly instalment of Rs 7.50 lakhs each (2019-20 Rs 96 lakhs, 2021-22 Rs 93 lakhs and 2022-23 Rs 15 lakhs)	As at March 31, 2019 As at March 31, 2018	204.00 300.00	96.00 96.00	300.00 396.00	10.90 13.15		
HDFC Bank bus loan		As at March 31, 2019 As at March 31, 2018	— —	— 6.14	— 6.14	— 10.01		
HDFC Bank car loan	19 monthly instalments 2019-20 Rs 5.12 lakhs and 2020-21 Rs 1.35 lakhs)	As at March 31, 2019 As at March 31, 2018	1.35 6.46	5.12 5.89	6.47 12.35	10.01 10.01		
HDFC Bank car loan	Monthly instalments 2019-20 Rs 16.78 lakhs and 2020-21 Rs 17.91 lakhs) 2021-22 Rs 24.75 lakhs)	As at March 31, 2019	42.66	16.78	59.43	10.01		
Subtotal		As at March 31, 2019 As at March 31, 2018	773.01 1,131.46	417.90 408.03	1,190.91 1,539.49	— —		
ii. Term loans from others								
Kotak Mahindra Prime Limited car loan		As at March 31, 2019 As at March 31, 2018	— —	— 0.12	— 0.12	— 9.90		
Subtotal		As at March 31, 2019 As at March 31, 2018	— —	— 0.12	— 0.12	— —		
Total Secured Borrowings		As at March 31, 2019 As at March 31, 2018	773.01 1,131.46	412.90 408.15	1,190.91 1,539.61	— 13.15		
b. Unsecured Borrowings								
Fixed deposits	Repayable in 2019-20 Rs.157.65 lakhs 2020-21 Rs.294.05 lakhs 2021-22 Rs.309.01 lakhs	As at March 31, 2019 As at March 31, 2018	603.06 463.45	157.65 233.90	760.71 697.35	— 11to12		



Notes annexed to and forming part of the Consolidated Ind AS Financial Statements
40. Details of non current borrowings

Notes :

1. Term loans aggregating to Rs.1125 lakhs (2018: Rs.1521 lakhs,) are secured by a first charge on pari passu basis on all Property, Plant and equipment and second charge on pari passu basis on all current assets.
2. Term loans from banks aggregating to Rs.65.90 lakhs (2018 Rs.18.49 lakhs) are secured by hypothecation of certain busses and cars.
3. Term loan from Kotak Mahindra Prime Ltd of Rs.NIL lakhs (2018: Rs.0.11 lakhs,) is secured by hypothecation of car.
4. All the above loans are guaranteed by four directors.

Details of current borrowings

(Rs. in Lakhs)

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
i. Cash credit facilities State Bank of India	on demand	As at March 31, 2019 As at March 31, 2018	-	2,943.86 2,792.64	2,943.86 2,792.64	11.30 /12.30 11.2/12
Karnataka Bank	on demand	As at March 31, 2018 As at March 31, 2018	-	740.89 728.84	740.89 728.84	11.00 12.75
Axis Bank	on demand	As at March 31, 2019 As at March 31, 2018	-	521.71 508.93	521.71 508.93	12.00 12.10
Canara Bank	on demand	As at March 31, 2019 As at March 31, 2018	-	950.13 732.88	950.13 732.88	11.50 12.75
Total Cash credit facilities	On demand	As at March 31, 2019 As at March 31, 2018	-	5,156.59 4,763.29	5,156.59 4,763.29	-

Notes :

1. Cash credit/ short term loans/ Buyer's credit are secured by a first charge on the Company's current assets and by a second charge on the Company's Property, Plant and equipment excluding the charges
2. All the above loans are guaranteed by four directors.



Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
41. Operating lease arrangements		
Company as lessee		
Leasing arrangements		
Operating leases relate to leases of land and building with lease term ranging upto 3 years.		
Payments recognised as an expense		
Rent Expense	8.31	8.15
	<u>8.31</u>	<u>8.15</u>

Non-cancellable operating lease commitments	31.03.2019 Rupees	31.03.2018 Rupees
Not later than 1 year	8.31	6.12
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-

42. Contingent liabilities and Capital Commitments**Contingent liabilities**

a) Claims against the Company not acknowledged as debt

(i) Sales Tax	-	12.01
(ii) Service Tax	-	8.06
(iii) ESI	34.35	34.35
(iv) Other (self generation tax / cross subsidy charges etc.)	457.41	416.77
	<u>491.76</u>	<u>471.19</u>

These have been disputed by the Company on account of issues of applicability and classification.

Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.

b) Customer bills discounted with bankers	205.67	-
c) Capital Commitments		
Capital Commitments (net of advances) not provided for	869.58	869.58
	<u>869.58</u>	<u>869.58</u>

The outflow in respect of the above is not practicable to ascertain in view of the uncertainties involved.

43. CSR Expenditure:

Particulars	2018-19	2017-18
(a) Gross amount required to be spent by the company during the year	9.16	10.26
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	9.23	4.07
(c) Amount unspent as at the year end	-	6.19

44. Based on and to the extent of information available with the Company under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	49.86	-
(ii) Interest accrued and due to suppliers under MSMED Act, on the above amount as at the end of the year	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.


Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
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45. During the financial year 2017-18 the Company's management has identified embezzlement of funds by an employee of the company whose services have since been terminated. The above has also been intimated to BSE Limited and necessary disclosures made under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015 vide letter dated November 21, 2017.

Pending the recovery procedures, suitable adjustments/provisions have been made in the earlier year, to the financial statements and a sum of (i) Rs.250 lakhs has been considered recoverable and (ii) Rs.283.01 lakhs has been provided for, and reflected as extraordinary item of the earlier year.

46. Auditor's Remuneration :

Particulars	2019	2018
1. Statutory audit	6.00	5.00
2. Taxation matters	-	-
3. Other services	-	-

47. Net Debt Reconciliation

Particulars	March 31, 2019	March 31, 2018
1. Cash and Cash equivalents	6.41	118.36
2. Liquid investments	60.48	56.00
3. Current Borrowings	(5,256.94)	(4,763.29)
4. Non current borrowings	(1,376.07)	(1,594.91)
Net Debt	(6,566.12)	(6,183.84)

Particulars	Other Assets		Liabilities from financing activities			Total
	Cash and Bank overdraft	Liquid Investments	Finance lease Obligations	Non current borrowings	Current Borrowings	
Net debt as at March 31, 2018						(6,183.84)
Cash Flows	(111.95)	4.48	-	218.84	(493.65)	(382.28)
Interest expense	826.15	-	-	-	-	826.15
Interest paid	(826.15)	-	-	-	-	(826.15)
Net debt as at March 31, 2019	(111.95)	4.48	-	218.84	(493.65)	(6,566.12)

48. The Company's primary segment is identified as business segment based on nature of products, risk, returns and internal reporting business systems the company is principally engaged in a single business segment viz. cotton yarn.


Notes annexed to and forming part of the Consolidated Ind AS Financial Statements
49. Disclosure as required under section 186(4) of the Companies Act, 2013:

Particulars	As at March 31, 2019	As at March 31, 2018	Purpose
i. Loans outstanding Kandagiri Spinning Mills Limited	516.00	550.00	Funding for operations
ii. Investments (Refer note 3)	227.78	227.51	
iii. Guarantees	-	-	

50. Revenue from contract with customers (Ind AS 115)
a) Disaggregated revenue information (Rs. in Lakhs)

Particulars	March 31, 2019*
Type of goods and service	
Sale of products	
Yarn	20,108.72
Fabric sales	67.13
Process waste	612.85
Revenue from services	
Yarn testing charges	8.15
Yarn conversion charges	0.05
Other operating revenues	152.96
Total revenue from contract with customers	20,949.88
India	20,949.88
Outside India	-
Total revenue from contract with customers	20,949.88

Timing of revenue recognition (Rs. in Lakhs)

Particulars	March 31, 2019*	
	At a point in time	Over a period of time
Sale of products and other operating income	20,949.88	-
Less : Rebates and discounts	-	-
Total revenue from contract with customers	20,949.88	-

b) Contract balance (Rs. in Lakhs)

Particulars	March 31, 2019*
Trade receivables	3,435.42
Contract assets / Liabilities	-

Trade receivables are non-interest bearing and are generally on approval terms

c) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price (Rs. in Lakhs)

Particulars	March 31, 2019*
Revenue as per contracted price	20,949.88
Adjustments:-	
Rebates and discounts	-
Revenue from contract with customers	20,949.88

* Pursuant to transitional provisions in Ind AS 115, the relevant disclosures for the comparative period are not disclosed


Notes annexed to and forming part of the Consolidated Ind AS Financial Statements

Particulars	31.03.2019 Rs. in Lakhs	31.03.2018 Rs. in Lakhs
d) Changes in accounting policy-on account of adoption of Ind AS 115		
<p>The Company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the company recognised the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings as at 1 April, 2018. Comparative prior has not been adjusted. The Company has applied the revenue standard only to contracts that are not completed as at the date of initial application. The impact on account of applying the erstwhile Ind AS 18 Revenue instead of Ind AS 115 Revenue from Contracts with customers on the financial results of the company for the year ended March 31, 2019 and other adjustments as at March 31, 2019 on adoption of Ind AS 115 is Nil.</p>		
51. Associates		
Details of associates		
Aggregate information of associates		
The Group's share of profit (loss) from continuing operations	12.27	10.39
The Group's share of post-tax profit (loss) from discontinued operations		
The Group's share of total comprehensive income	12.27	10.39
Aggregate carrying amount of the Group's interests in these associates	128.80	113.53
Unrecognised share of losses of associates		
The unrecognised share of loss of associates for the year consequent to investment being nil under equity accounting	21.89	19.94
Cumulative share of loss of associates	29.14	27.03
52. Previous year figures have been regrouped / reclassified / amended wherever necessary to conform to current year classification.		

For and on behalf of the board

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration no.008282S

S. Krishnan - Partner

Membership No. 26452

Salem

May 26, 2019

S. Devarajan

Chairman and Managing Director

DIN : 00001910

S. Dinakaran

Joint Managing Director

DIN : 00001932

S. Natarajan

Company Secretary

D. Niranjankumar

Chief Financial Officer



CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES





CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES





CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES





CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES



SAMBANDAM SPINNING MILLS LIMITED



Registered Office : KAMARAJ NAGAR COLONY, SALEM – 636 014
Corporate Identity Number (CIN) : L17111TZ1973PLC000675
Website : www.sambandam.com, Email : corporate@sambandam.com
Tel : 0427 2240790 Fax : 0427 2240169

PROXY FORM

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

Name of the Member(s) :

Registered Address :

E-mail Id :

Folio No..... DP ID No Client ID No

I / We, being the Member(s) of Sambandam Spinning Mills Limited, holding Shares hereby appoint

1. Name:E-mail Id

Address:

.....Signature..... or failing him

2. Name:E-mail Id

Address:

.....Signature..... or failing him

3. Name:E-mail Id

Address:

.....Signature..... or failing him

as my / our proxy to attend for me/us and on my / our behalf at the Forty Fifth Annual General Meeting of the Company held at the Sambandam Spinning Mills Limited at Kamaraj Nagar Colony. Salem – 636 014 on Sunday, the 11th August, 2019 at 10.45 a.m and at adjournment thereof in respect of such resolutions as are indicated below: (Please turn to next page)



SAMBANDAM SPINNING MILLS LIMITED

Registered Office : KAMARAJ NAGAR COLONY, SALEM – 636 014
Corporate Identity Number (CIN) : L17111TZ1973PLC000675

Attendance Slip

(To be presented at the entrance of the venue of the AGM)

I hereby record my presence at the Forty Fifth Annual General Meeting of the Company held at the Sambandam Spinning Mills Limited at Kamaraj Nagar Colony. Salem – 636 014 on Sunday, the 11th August, 2019 at 10.45 a.m and any adjournment thereof

Folio No / DP ID No / Client ID No

Name of the Member Signature.....

Name of the Proxy holder Signature.....

1. Only Member / Proxy holder can attend the Meeting.
2. Member / Proxy holder should bring the AGM notice and the Annual Report for reference at the meeting

Please put a tick (✓) mark at the appropriate column against the respective Resolutions to record your assent (Yes) or your dissent (No). If you leave the 'Yes' or 'No' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner he / she thinks appropriate.

Sl. No.	Resolutions	Type of Resolution	No. of Shares Held	Yes	No
1.	ADOPTION OF FINANCIAL STATEMENTS	ORDINARY			
2.	DECLARATION OF DIVIDEND	ORDINARY			
3.	REMUNERATION OF STATUTORY AUDITORS	ORDINARY			
4.	APPOINTMENT OF SRI D.SUDHARSAN DIRECTOR RETIRING BY ROTATION	ORDINARY			
5.	APPOINTMENT OF MRS. ANNAPOORANI VENUGOPALAN AS NON EXECUTIVE INDEPENDENT WOMAN DIRECTOR	ORDINARY			
6.	RE-APPOINTMENT OF SRI S.GNANASEKHARAN AS NON EXECUTIVE INDEPENDENT DIRECTOR	SPECIAL			
7.	RE-APPOINTMENT OF SRI KAMESHWAR M. BHAT AS NON EXECUTIVE INDEPENDENT DIRECTOR	SPECIAL			
8.	RATIFICATION OF REMUNERATION PAYABLE TO THE COST AUDITORS	ORDINARY			
9.	ACCEPTANCE OF FIXED DEPOSITS FROM MEMBERS OF THE COMPANY	ORDINARY			

Place :

Date :

Signed this day of August 2019

Signature of Member

Signature of Proxy holder(s)

(Signature of Member)

Affix Re.1 Revenue Stamp

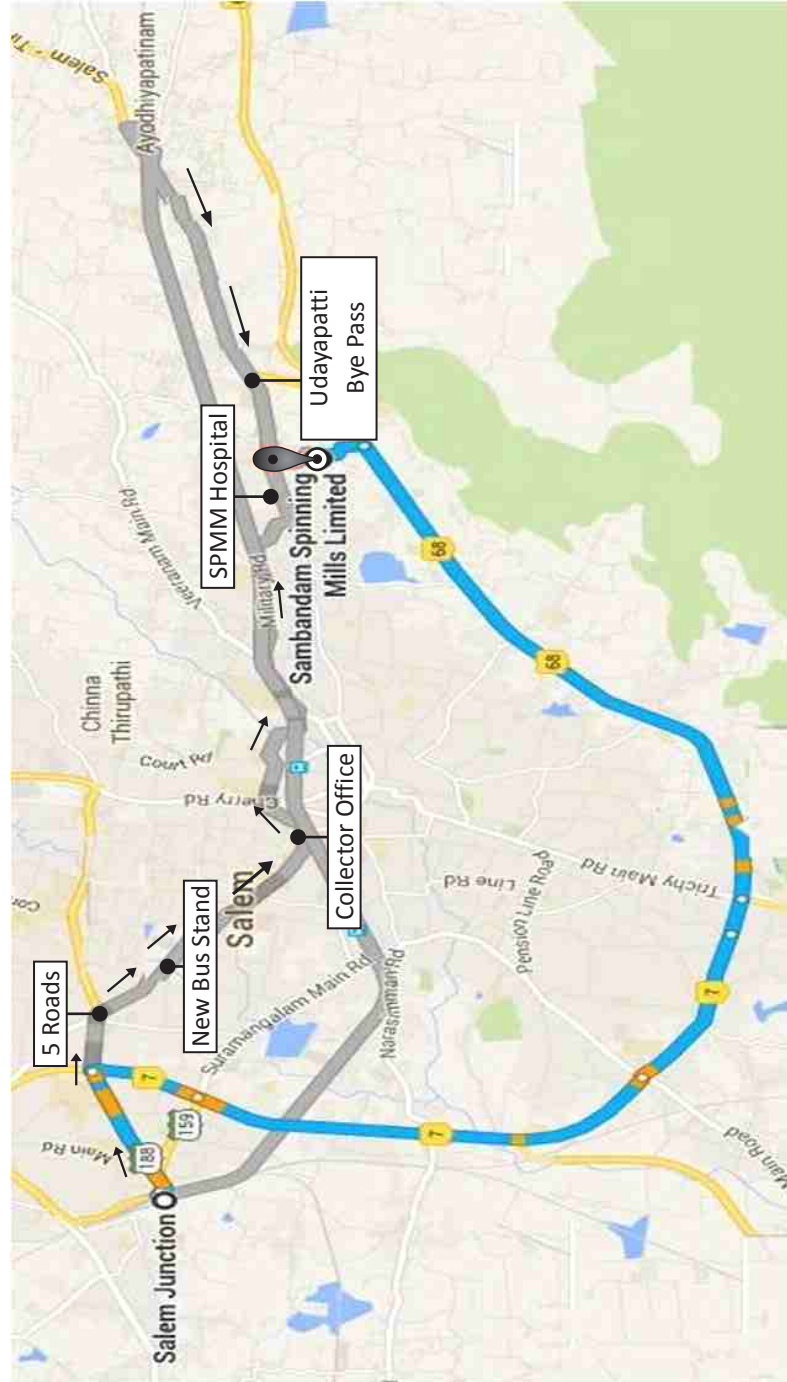
Note: This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 10.45 am on 09.08.2019.

Note [Proxy] :

- 1) This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 10.45 am on 09.08.2019.
- 2) Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by appropriate Resolutions / Authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- 3) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member is entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 days advance notice in writing is given to the Company.



AGM Venue
 Sambandam Spinning Mills Limited,
 Registered Office, Kamaraj Nagar Colony,
 Salem - 636 014.



PRODUCT SPECTRUM

SSML Melange Collection

- Regular Melange Yarn
- Colour Melange Yarn
- 100% Cotton Melange Yarn
- 100% Viscose & Polyester Blended Melange Yarn
- Tri Blended Melange Yarn
- Neppy Yarn
- Fancy Slub Melange Yarn
- Multi Colour Neppy Yarn
- Dyed Cellulosic Yarn
- Snow Marl Yarn
- Streaky Effect Yarn
- Injection Slub Yarn
- Mosaic Yarn
- Jaspe Yarn
- Rainbow Yarn
- Tricolor Vario Syro Yarn

100% COTTON

Ne 20^s to 80^s

- Auto Coned Usterized Yarn
- Siro Cleared Contamination Controlled Yarn
- Carded / Combed Weaving & Knitting Yarn
- Double / Multiply - TFO Yarn
- BCI / CMI A Certified Yarn
- Pima / Giza / Ultima High End use Yarn

Our Value Added Products

- GOTS, GRS & OCS Certified Organic Yarn
- OEKO Tex Certified Yarn
- Elite Compact Yarn
- White Guaranteed - Australian / Pima Yarn
- Combed Gassed Mercerized Yarn (CGM)
- Gassed Yarn
- Fancy Slub Yarn
- Multi Count / Multi Slub Yarn

Tailor-made Solution to blend with any Fibres and Count



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website : www.sambandam.com Corporate Identity No. L17111TZ1973PLC000675