

**SAMBANDAM
SPINNING
MILLS LIMITED**



Mélange™



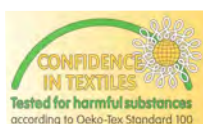
***SPINNING TOWARDS
EXCELLENCE ...***

46th Annual Report
2019 - 2020



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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. Gnanashekar - Independent Director Kameshwar M.Bhat - Independent Director Dr.V Sekar - Independent Director D.Balasundaram - Independent Director Dr.R.Ramarathnam - Independent Director - upto 11.08.2019 V.Annapoorani - Independent Director
Chief Financial Officer	P. Boopalan (With effect from 03.06.2019)
Chief Marketing Officer	D. Niranjana Kumar (With effect from 01.06.2019)
Chief Technical Officer	J. Sakthivel
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 Catholic Syrian Bank
Registered Office	Mill Premises, 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. Unit IV : Udayapatti P.O., Salem - 636 140, 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 sixth Annual General Meeting (AGM) of the members of the Company is convened to be held on **WEDNESDAY the 23rd September 2020** at 10.45 AM through Video Conferencing (VC) or Other Audio Visual means (OVAM) 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 2020 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 : REMUNERATION TO STATUTORY AUDITOR

No.2 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) who were appointed at the 44th Annual General Meeting held on 11.08.2018 to hold the post of statutory auditors till the financial year 2021-22, be and is hereby fixed at Rs.6,00,000/- (rupees six lakhs only)excluding out of pocket expenses that may be incurred by them in connection with the audit and applicable GST, for the financial year 2020-21.”

Item : APPOINTMENT OF RETIRING DIRECTOR

No.3 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. S.Jegarajan(DIN 00018565), Director retiring by rotation at this AGM, be and is hereby re-appointed as a executive director of the Company liable to retire by rotation

SPECIAL BUSINESS

Item RATIFICATION OF FEES PAYABLE TO COST AUDITOR

No.4 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 2021 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.5 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 : August 19, 2020

NOTES :

1. Explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Items No 4 and 5 of the Notice to be transacted at the AGM is annexed hereto.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 17.09.2020 to 23.09.2020, (both days inclusive) for determining the entitlement of the shareholders for e voting .
3. 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 16.09.2020 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 16.09.2020, 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 Phone no. 044 40020728, 40020738 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

4. 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.
5. 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.
6. As per the provisions of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of consecutive 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 31 st Mar 2020 on the website of the Company (www.sambandam.com). Shareholders can ascertain the status of their unclaimed amounts from the websites, and write to the Company immediately to claim that amount.



7. 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 excepting transfers.
8. Additional information in respect of the Director seeking reappointment at the AGM is furnished here under which forms part of the Notice.
9. 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.
10. 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 46th AGM. The Company has engaged the services of National Security Depository Limited (NSDL) for this purpose.

Instructions for members for e-voting :-

- (i) THE CUT OFF DATE FOR THE PURPOSE OF E-VOTING HAS BEEN FIXED AS 16.09.2020. MEMBERS HOLDING SHARES AS ON THIS CUT OFF DATE SHOULD ENDEAVOUR TO CAST THEIR VOTES.
- (ii) VOTING RIGHTS OF SHAREHOLDERS SHALL BE IN PROPORTION TO THEIR SHAREHOLDINGS IN THE COMPANY AS ON THE CUT OFF DATE i.e. 16.09.2020
- (iii) 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.
- (iv) The Scrutinizer will ascertain the result after the conclusion of voting date and at the AGM by the following Process:
 - a) First unblock the votes cast through e-Voting;
 - b) Prepare a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, and submit it to the Chairman.
 - c) The Scrutinizer's Report as above would be made soon after the conclusion of AGM and in any event not later than two days from the conclusion of the Meeting.
- (v) 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 19.09.2020 and ends at 5.00 p.m. on 22.09.2020. 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 i.e. 16.09.2020 may cast their vote electronically. At the end of this period, the remote e-voting facility will be disabled by NSDL.

11. 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 21.08.2020. Those who acquire the Company's shares subsequently and continue to hold the shares till the cut off date i.e. 16.09.2020 may contact the RTA, Cameo Corporate Services to obtain their pass word for casting their vote by e-voting. AGM Notice and the Annual Report will be uploaded in the Company's Website www.sambandam.com.



12. NSDL e-Voting System – For Remote e-voting and e-voting during 46 th AGM

- a) In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
- b) Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
- c) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- d) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
- e) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system on the date of the AGM will be provided by NSDL.
- f) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.sambandam.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
- g) AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on 19-09.2020 at 09:15 A.M. and ends on 22-09-2020, at 05:00P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.



3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***.

5. Your password details are given below:
- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - b) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.
 - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsd.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.



Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to bksoffice@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any grievances connected with facility for e-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compoundm Senapati Bapat Marg, Lower Parel Mumbai 400 013. Email : evoting@nsdl.co.in Tel : 91 22 2499 4545 / 1800-222-990.

13. Process for those shareholders whose email IDs are not registered with the depositories for procuring user ID and password and registration of e mail IDs for e-voting for the resolutions set out in this notice :

In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Corporate@sambandam.com

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Corporate@sambandam.com

14. THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.



15. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number with client Id / folio number, email id, mobile number to cs@sambandam.com or corporate@sambandam.com from 16.09.2020 to 18.09.2020 The same will be replied by the company suitably.

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 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 16th September 2020.
- 17 **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.
- 18 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.
- 19 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.
- 20 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.
- 21 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FOR ITEMS No. 4 and 5

Item RATIFICATION OF THE REMUNERATION PAYABLE TO COST AUDITORS

- No.4** The Board of directors at their meeting held on 28.06.2020 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 2020-21 . 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.5 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 S.Jegarajan
DIN	00018565
Date of birth	17-10-1951
Date of Appointment	01-04-2005
Qualification	Matriculate
Expertise in Specific Functional areas	At present he is the Joint Managing Director of Sambandam Spinning Mills Limited. Also he is a director in several companies. He is well conversant with the textile industry and has more than two decades of experience in the field of textiles.
Directorship in other Companies	1. Sambandam Siva Textiles Private Limited, Salem 2. SPMM Health Care Services Private Limited, Salem 3. Sambandam Textiles Private Limited
Committee Membership in other Companies	NIL
No. of shares in the Company	483909
Inter-se relationship with any other directors	He is related to the CMD Sri S.Devarajan and Sri S.Dinakaran Joint Managing Director of the Company
Number of Board meetings attended during the FY 2019-20	Attended 5 (five) out of 5 Board Meetings held during the year
Terms and conditions of reappointment	Reappointment of Sri S. Jegarajan, Executive Director, liable to retire by rotation
Remuneration last drawn	Rs 6,75,000 per month
Remuneration sought to be paid	Rs 6,75,000 per month, 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 Annual General Meeting.

Place : Salem
Date : August 19, 2020

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



SAMBANDAM SPINNING MILLS LIMITED

1. BOARD'S REPORT WITH MANAGEMENT DISCUSSION AND ANALYSIS

Your directors have pleasure in presenting the 46 th Annual Report together with the Audited Accounts for the year ended March 31 , 2020 (the year).

1 Performance highlights	2019 - 20	2018 - 19
	(Rupees in Lakhs)	
Revenue from Operations		
Direct exports	217	362
Merchandise exports	211	136
Domestic Sales	18573	20332
Wind Turbine Generator Power sold to third party	116	120
Sub Total	19117	20950
Other income	105	144
Total Revenue from Operations	19222	21094
Profit		
Gross profit [Profit before interest, depreciation & Tax]	2046	2388
Cash profit [Profit before depreciation & Tax]	1214	1562
Profit before tax [PBT]	276	547
Less : Provision for Current Tax	131	362
Provision for Deferred Tax	(83)	(263)
Profit after tax [PAT]	227	448

2 DIVIDEND

Due to Covid 19 pandemic in India , it has become necessary to preserve resources and with a view to conserve and improve the resources of the company , your Directors have not recommended any dividend for the year ended 31.03.2020

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)

	19-20	18-19	change	change%
a. Debtors turnover ratio	4.96	6.10	(1.14)	(18.75%)
b. Inventory turnover ratio	3.48	4.59	(1.11)	(24.23%)
c. Interest coverage ratio	2.46	2.89	(0.43)	(14.92%)
d. Current ratio	1.05	1.01	0.04	4.33%
e. Debt equity ratio*	0.32	0.21	0.11	50.31%
f. Operating profit margin %	10.70%	11.40%	(0.70%)	
g. Net profit margin %	1.19%	2.14%	(0.95%)	

* Debt Equity ratio change is more than 25% due to availment of fresh term loan from the bank.

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

	19-20	18-19	change%
Return on net worth	2.43%	4.82%	(2.39%)

There is decrease in "Return on net worth "when compared to previous year as stated above ,due to decrease in revenue from operations resulting in decrease in net profit during the year



a) INDUSTRY PERFORMANCE

It has been a water shed year that will go down in the annals of global history for the COVID 19 pandemic outbreak and its impact on the social ,economic and political environment of the world. Despite the turbulence in the spinning industry and the whole supply chain and its environment and various challenges, your company was able to sail through the financial year 2019-20 with a near satisfactory performance, demonstrating its resilience .

The indian economy exhibited signs of a slow down during the early part of the year with GDP growth declining to 4.8 percent in H1 of 2019-20 bogged down with muted demand in core sectors. Signs of revival were evident from November 2019 to January 2020, which however could not sustain due to the pandemic outbreak and the resultant lockdown which brought all economic activity to a standstill halt situation.

The overall performance for fiscal 2019-20 will be weighed down by the tepid volumes and weak earnings seen in the first half of the fiscal. This is the likely scenario even though the industry has gradually recovered from the slowdown.

According to corporate sector ratings, the Indian cotton spinning industry's performance has been severely constrained and is being adversely impacted by the demand slowdown, unfavourable raw material prices and rising funding requirements.

"While export volumes have seen some uptick in recent months, as against the sharp de-growth witnessed between May-September 2019, they remain lower than the levels seen in the preceding fiscal."

The other findings include the likelihood of cotton prices to remain below the minimum support price level till March 2021 on expectations of a bumper crop production in cotton year 2020 (India's cotton year starts in October and ends in September) yarn prices and contribution levels continuing to tread lower than the 2019-20 levels even though yarn prices have started moving up; increase in working capital debt levels by ~15 per cent year on year, reflecting the inventory build-up amid shortfall in earnings; and limited capacity additions envisaged over the next 12 months.

Industry spinners are likely to register a revenue de-growth of around 6 per cent, with both volumes and realisations having come under pressure in H1 FY20-21. Key reasons for the same are weak export demand amid increasing competition from other producing countries and sluggishness in domestic consumption levels.

Higher domestic raw material costs, with Indian cotton prices trading at a premium to international cotton also contributed to the loss of export competitiveness. Buoyed by the improvement in exports witnessed since October 2019, the survey indicates that the industry pins its hopes on a continued gradual recovery in cotton yarn exports over the coming quarters, aided by the softening of domestic cotton prices.

While most industry participants expect operating profitability to contract by around 300 bps in the current fiscal, some respondents anticipate higher correction, reflective of the difficult times being faced by the sector.

The fall so far has been steeper for companies which had stocked and carried over higher-cost cotton in the current fiscal. While the domestic cotton prices have reduced from July 2019, the decline in yarn prices has been sharper, resulting in contribution levels adjusted for cotton stock held falling in Q2 FY20-21.

Cotton and yarn prices are likely to remain range-bound at around ₹ 110-115/Kg and ₹ 195-205/Kg respectively in H2 FY20-21. As a result, the spinners expect average contribution levels for the fiscal to be at ₹ 80/Kg (with contribution likely to improve to around ₹ 82-85/Kg in H2 FY2020 as against FY2019 levels of ₹ 95/Kg)

The survey findings also highlight that the working-capital debt levels of spinners have increased, because of a pile-up in yarn stocks and some elongation in the receivables cycle owing to the tepid demand conditions.

Many Industry players expect average utilisation of fund-based limits to be at around 90% in FY20-21, higher from the 75 per cent levels seen in the last fiscal. On the back of these adverse developments, coupled with average capacity utilisation levels in the industry falling by around 500 bps to 82 per cent in H1 FY20-21, a vast majority of the companies have indicated that no capacity expansion is being planned over the next 12 months.



The credit profile of spinners has weakened in the recent quarters, with earnings from operations and liquidity position facing pressures in H1 FY20-21 amid rising debt levels. The scenario is similar to FY 2011-12, when cotton prices fell sharply, resulting in high inventory losses and tight cash flows for spinners. The impact on debt-coverage metrics and liquidity is expected to be more adverse for leveraged companies that have undertaken a sizeable debt-funded capital expansion in recent years and have higher repayments scheduled.

Future Outlook :

In the Last month of FY 19-20, the covid 19 pandemic developed rapidly in to a global crisis, forcing government to enforce lock downs of all economic activities across the country. For the company, the focus immediately shifted to ensuring the health and the well being of all the employees, and on minimising disruption of sales and services for all our customers. From the centralised model consisting of work places set in one centralised location, the switch to work from home wherever possible for employees was deployed. As of 31 st mar 2020, work from home was enabled to close to 50% of office employees to work remotely and securely .This response has reinforced customer confidence in Sambandam spinning mills Ltd., and many of them have expressed their appreciation and gratitude for keeping their business running under most challenging conditions.

Although there are uncertainties due to the pandemic and the momentum lost in the last quarter of the FY 19-20, the strong balance sheet position, sustained profitability and inherent resilience of the business model position ,has enabled the company and the company has got enough strength to navigate the challenges ahead and retain market share.

Indian cotton yarn industry is likely to witness a decline in revenue and moderation in profit margins in the short-term due to weak demand and shutting of manufacturing units following the COVID-19 pandemic.

Following shutdown of manufacturing units and weak downstream demand in both domestic and export markets expected in the near-term, the cotton yarn industry is staring at extremely challenging next two quarters...

The Indian cotton spinning industry, which was already facing multiple headwinds such as low demand, unfavourable duty structure and fluctuating cotton fibre prices, is now confronted with yet another challenge in the form of COVID-19 pandemic. Indian cotton fibre prices remained firm, especially in the first quarter of FY20-21, contrary to the international cotton prices, which made domestic cotton yarn spinners less attractive in the export market.

The demand for textile products abroad and domestic sales have come down to a grinding halt due to the panic situation created by the COVID-19 outbreak. Due to the lockdown, all sorts of textile-related factories are closed and it is tough to guess when those will be allowed to open. Workers have been running here and there amid all sorts of confusion. The business community is scared on account of cash crunch, supply chain disturbance and manpower-related issues.

Volumes may come down, but will not disappear. Once life is back to normal, people are expected to shop as a feel-good element after months of lockdown and depression. All machinery manufacturers have also suspended operations. Neither are they in a position to manufacture machines, nor are customers in a position to accept delivery. Even after machinery manufacturing starts, customers will take a couple of months to accept the delivery. Some of the new challenges are safety, lack of supply and demand in addition to liquidity crunch.

The industry may take a much longer time to recover after the lockdown. It may take a minimum of four to six months to see businesses back to normal, as estimates of direct losses are difficult to make now and it is also tough to foresee the issues that will crop up later.

The Clothing Manufacturers Association of India (CMAI), which foresees an economic disaster, said most apparel companies in the country would face a drop of 30 per cent in their sales and profitability, and the industry would see an unemployment level of 10-15 per cent. If the pandemic continues, working capital shortage will not permit companies to pay taxes, repay bank loans and other statutory dues, it said.



Trade bodies across India, including the Tiruppur Exporters' Association (TEA), The Cotton Textiles Export Promotion Council of India (TEXPROCIL) and the Confederation of Indian Textile Industry (CITI), have requested the government for urgent policy intervention for the textile and apparel sector by offering a relief package, moratorium on loan repayments for the next fiscal and exempting all raw materials and intermediaries from anti-dumping duty and basic customs duty.

b) COMPANY'S PERFORMANCE

During the year the company has purchased plant and machinery from the other company KSML and thereby created capacity expansion to the extent of 27000 spindles and it shall be functioning as Unit IV of SSML.

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.191.20 crores as against Rs.209.50 crores recorded in the previous year. Your Company's performance was reasonable when compared to other companies operating in same geographical location.

Your Company's Wind Turbine Generators (WTGs) recorded generation of electric power of the value of Rs.1148.98 lakhs during the year. Additionally the company has ventured in for purchasing the electricity from the open market through power exchanges at competitive rates.

Bank interest rates remained high during the year, However management has exercised strict control on inventory and thus could maintain the interest costs.

In spite of many challenges company is focused 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) 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.

Also the company had implemented risk mitigation actions in many areas that were identified during the year. In the current year's review, these and other prospective risks were evaluated and some more were added to the list for action. Due to the COVID 19 pandemic, additional risks due to the pandemic have also been identified and measures have been put in place to mitigate them, like thermal screening of all employees on a daily basis and detailed safety, health and sanitation protocols at all locations to prevent spread of infection.

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>

d) 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.

e) 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 ISO 45001 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.



f) HUMAN RESOURCES MANAGEMENT

The commitment and drive of the team of people in the company has enabled it to make many improvements over the years. Continued investment in training and development programmes across functions has enabled identification of potential leaders. These people can be developed for future strategic roles and participation in the growth of the company.

Succession planning for senior and critical positions has become an area of focus for the company. The senior management with the help of the Board, will work on identifying key resources internally for some roles and also work on bringing in expertise from outside for others.

Our people are our strength and they have stood with the company through many ups and downs. This has again been evidenced during this current pandemic period, when the company had to put in place many restrictions and implement protocols for safety. The participation and ownership of our people in working with local governments as also within the company to ensure health and safety has been satisfactory. This has enabled us to effectively manage operations under the current restricted conditions.

The 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 deutes 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.

g) 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 a Committee for addressing issues related to women and during the financial year 2019-20, there were no complaints received on sexual harassment.

h) COST AUDIT

Audit Committee at the Audit Committee Meeting held on 28th June 2020, have recommended 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 2020. On the recommendation of the Audit Committee, Board of Directors of the Company at their meeting held on 28.06.2020, 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 2020-21 and the resolution for ratification of the remuneration payable to the Cost Auditor for the year 2020-21 is placed before the members for ratification at the 46th Annual General Meeting of the Company scheduled to be held on 23.09.2020.

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 2020-21. The Cost Auditor has submitted to the Board of Directors his report for the year 2019-20 after duly certifying the cost records. Cost Audit Report for the year 2019-20 is submitted to MCA in XBRL format in time.

i) BOARD MEETINGS :

During the year under review Five 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.



j) 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 Independent Director Mr. Kameshwar Bhat and Mr. S.Gnanasekaran were , reappointed as 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.

- i. As per Rule 8(5)(iiiia) of companies rule –Directors Report – a statement regarding opinion of the Board with regard to integrity ,expertise and experience of the independent directors as appointed above is stated below .
- ii. The Board is of the Opinion is that Mr.S.Gnansekaran (Independent Director) is fully seasoned and fully calibered experienced professional, and is a man of integrity. 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.,
- iii. The Board is of the Opinion is that Mr.Kameshwar Bhat (Independent Director) is a seasoned and fully calibered experienced professional, and is a man of integrity. He is financial consultant and partner in KMB associates LLP. He has over 25 years of experience in banking, financial services and retail operational management. He retired in the position of Assistant General Manager of Karnataka Bank Ltd.,
- iv. During the year Independent Director Dr.R.Ramarathnam (DIN 02175098) has resigned from the board with effect from 11.08.2019. As per the resignation letter submitted by Non-Executive Independent Director Dr. R. Ramarathnam to the Company, the reason for his resignation from the Board is only due to his other pre-occupied business affairs. The Board appreciates his valuable service during his tenure.

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.

Declaration on adherence to the Code of Conduct.

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board members and senior management personnel of the Company have confirmed adherence to the Code of Conduct of Sambandam Spinning Mills Ltd., Limited for the financial year ended March 31, 2020.

k) 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:

- in the preparation of the annual accounts for the financial year 2019-20, the applicable accounting standards Ind AS have been followed and there are no material departures;
- 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;
- 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;
- they have prepared the annual accounts on a going concern basis;
- 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
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



l) 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.

m) 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.

n) 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>.

During the year, ordinary resolutions were passed through postal ballot on 15.02.2020, in accordance with provisions of SEBI (LODR) Regulations, 2015, for purchase of plant and machinery from company Kandagiri spinning mills Ltd and to take on lease the land and building from the same company.

o) 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.

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) Funds were made available for the effective functioning of the Company.
- (b) Employees were Recruited in key areas like HR, Marketing, Finance, Production and other operational areas of the Company and provided adequate training.

Current year Observations and proposed actions based on current year observation

- (ii) The following actions required to be taken based on current year's observations
To start running Unit IV and make it operational

p) FAMILIARIZATION PROGRAMME OF THE INDEPENDENT DIRECTORS

The Company has formulated a familiarisation programme for Independent Directors with the objective of making them familiar with their role, rights and responsibilities, nature of the industry, business model and compliance management. The details of the programme have been uploaded on the Company's website www.sambandam.com.



- (i) All the Independent Directors have given the declarations pursuant to Section 149(7) of the Act, affirming that they meet the criteria of independence as provided in Sub Section (6).
- (ii) In the opinion of the Board all the Independent Directors fulfill the conditions for being appointed as Independent Director as specified in the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iii) No Independent Director has resigned from the Directorship of the Company before the expiry of the term of appointment during the financial year ended March 31, 2020.
- (iv) All Independent Directors have registered under the "Independent Director's Databank" as maintained by Indian Institute of Corporate Affairs and the details are furnished hereunder :

q) **DEPOSITS**

Rs. in lakhs

Following are the details of deposits covered under Chapter V of the Companies Act 2013:	Share holders	Directors	Total
i. Deposits Accepted during the year (2019-20)	34.45	172.50	206.95
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 outstanding at the end of the year	564.16	304.50	868.66

Company has duly complied with the provisions of Section 73 of the Companies Act, 2013 read with relevant rules with respect to fixed deposits.

r) **INDUSTRY ASSOCIATIONS**

Sri S. Dinakaran, Joint Managing Director of the Company is a member of the Yarn Committee of the Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai and as director in 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.

s) **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 of that Company

This Company has recorded total revenue of Rs. 445.70 Lakhs and profit after tax (PAT) of Rs. 6.22 Lakhs during the year ended 31.3.2020 as against Rs. 457.27 Lakhs Revenue and Rs. 24.65 Lakhs PAT recorded in the previous year 2018-19.

Salem IVF Centre Pvt. Ltd. – 26.88% investment in the share capital of that Company.

This Company has recorded a revenue of Rs. 307.15 lakhs and a profit of Rs. 1.03 lakhs during the year as against the revenue of Rs. 231.63 lakhs and loss Rs. 35.94 lakhs the previous Year 2018 - 2019.

Highlights of performance of Associate Companies

SPMM Health Care Services Pvt Ltd., There is a marginal decrease in revenue by 2.52 % on operations during 19-20 when compared to 18-19. Accordingly Profit after tax has also decreased, and this is due to increase in operational expenditure in 19-20 when compared to 18-19.

Salem IVF Centre Pvt Ltd., revenue from operations has increased by 32.61% from operations during 19-20 when compared to 18-19. and the company has earned a profit during the year due to increase in revenue.

t) **CHANGES OR COMMITMENTS AFTER THE YEAR END ON 31.3.2020**

Because of the pandemic Covid 19 prevailed across the country, the company had to temporarily suspend its manufacturing and other operations for two months (from last week of March 2020 till third week of May 2020) due to government directive on covid 19 pandemic and therefore revenue generation by sales has become NIL during this period. Based on RBI circular to Banks on 27.3.2020 for supporting the companies in terms of credit availability, our company bankers have lent a temporary loan to our company titled as "Covid 19 loan" repayable on demand. The company has received a temporary loan (Covid 19 loan) from the company's bankers to the tune of Rs 4.37 crores exclusively for mitigating the expenditure of payment to creditors and fixed expenses of the company during the April to June 2020 (Lock down period) and this has become material in terms of repayment commitment required by the company to the bankers. This material change of NIL revenue and commitment to the bankers on repayment of loan shall impact the financial position of the Company between the close of the financial year on 31.3.2020 and the date of this report.



u) 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 2019-20 as compared to the previous year (2018-19): (Median Remuneration : Rs.1,20,000 in 2019-20)

Name of whole-time Directors and KMP	Remuneration in 2019-20 Rs. lakhs	Remuneration in 2018-19*** Rs. lakhs	% increase in 2019-20	Ratio to Median Remn.	Ratio of 2019-20 Remuneration to	
					Revenue	Net Profit
Mr. S.Devarajan, Chairman and Managing Director	84.00	66.00	27.27%	68.86	0.44%	30.47%
Mr. S.Jegarajan, Joint Managing Director	81.00	63.30	27.96%	66.40	0.42%	29.38%
Mr. S.Dinakaran, Joint Managing Director	54.00	36.60	47.54%	44.27	0.28%	19.59%
Mr. S.Natarajan, Company Secretary	13.00	12.00	8.3%	10.66	0.07%	4.72%
Mr. P.Boopalan, Chief Financial Officer	20.00	NA**	NA	16.39	0.10%	7.26%
Mr. D.Niranjan Kumar, Chief Marketing Officer	27.00	22.50	20%	22.13	0.14%	9.79%
Mr. J.Sakthivel, Chief Technical Officer	27.00	22.50	20%	22.13	0.14%	9.79%

*** The remuneration in FY 18-19 first six months was with old remuneration and second six months was with changed remuneration

** CFO joined from June 2019 and figs for 18-19 is Not applicable
Percentage increase in the remuneration of all employees in 2019-20 : 7.10 %

Name of Non-executive Directors	# Sitting fees in 2019-20 Rs. lakhs	# Sitting fees in 2018-19 Rs. lakhs
Mr. D.Sudharsan	-	0.50

Name of Independent Directors	# Sitting fees in 2019-20 Rs. lakhs	# Sitting fees in 2018-19 Rs. lakhs
Dr. R.Ramarathnam	0.40**	2.35
Dr. V.Sekar	4.15	3.00
Mr. D.Balasundaram	3.90	2.35
Mr. S.Gnanashekar	4.15	3.00
Mr. Kameshwar M Bhat	4.15	3.00
Smt. Annapoorani Venugopalan	0.90	0.25

** Dr.R.Ramarathnam Independent Director resigned from the board w.e.f 11.08.2019

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

(iii) Number of permanent employees on the rolls of the Company : 976

(iv) 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 2020-21 before the members' 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 50 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 chairman of the Audit Committee at his e- mail id KAMESHWARMBHAT@GMAIL.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 consecutive 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 2019-20, transfer of Unclaimed final Dividend of the year 2011-12 was not applicable since no dividend was declared for the financial year 11-12.



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 13-14, to IEPF authority. Shareholders who have not claimed their dividend of the year 13- 14 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
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
18-19	11.08.2019	10.08.2026

11 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

12 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 may 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

13 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, Catholic Syrian Bank and the State and Central Government departments for their support, and look forward to their continued support in future.

Salem
June 28, 2020

S. Devarajan
Chairman & Managing Director
DIN : 00001910



FORM AOC - 1
PART "A": SUBSIDIARIES

ANNEXURE - I

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	
		31-03-2020	31-03-2019	31-03-2020	31-03-2019
1.	Latest audited Balance Sheet Date	31-03-2020	31-03-2019	31-03-2020	31-03-2019
2.	Date on which the associate or JV was associated or acquired Shares of Associate held by the Company on the year end:	10-09-2003	10-09-2003	17-11-2014	17-11-2014
3.	Number of Shares Amount of Investment in Associates (Rs.) Extent of Holding %	19,90,000 1,99,00,000 49.75%	19,90,000 1,99,00,000 49.75%	7,04,060 70,40,600 26.88%	7,04,060 70,40,600 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)	128.89	125.79	(31.64)	(35.06)
7.	Profit / (Loss) for the year (Rs. in lakhs) Profit/(Loss) attributable to the Shareholding (Rs.in lakhs)	6.22 3.09	24.65 12.26	1.03 0.28	(35.64) (9.88)

- 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
June 28, 2020

For and on behalf of the Board

S. Devarajan Chairman & Managing Director
DIN : 00001910

S. Dinakaran Joint Managing Director
DIN : 00001932

S. Natarajan Company Secretary

P. Boopalan Chief Financial Officer

FORM NO. AOC-2

ANNEXURE - II

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

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

- Details of contracts or arrangements or transactions not at arm's length basis : NIL
- Details of material contracts or arrangement or transactions at arm's length basis (as on 31.03.2020):



Particulars	Details of contract /arrangements / transactions	Details of contract /arrangements / transactions
a) Name of the related party and nature of relationship	# M/s Kandagiri Spinning Mills Limited Relationship: Sri S. Devarajan is Chairman of Kandagiri Spinning Mills Limited	# M/s Kandagiri Spinning Mills Limited Relationship: Sri S. Devarajan is Chairman of Kandagiri Spinning Mills Limited
b) Nature of Contract /arrangements / transactions	Purchase of Plant and Machinery of Unit-I of Kandagiri Spinning Mills Limited	Taking Lease of land, building, other infrastructural facilities of Unit-I of Kandagiri Spinning Mills Limited and for receiving management and supervision services
c) Salient terms of the contracts or arrangements or transactions including the value, if, any	Rs. 18.16 crore plus applicable GST	Payment of lease of land and building for a period of six years at lease rent of not more than Rs. 15 lakhs per month plus applicable GST (with a lease rent deposit of Rs. 15 lakhs) and the following; a) Infrastructure charges for receiving infrastructural facilities in the leased premises of not more than Rs. 1 lakh per month plus applicable GST; b) Management and supervision fees for receiving management and supervision services for carrying out the business activity in leased premises of not more than Rs. 5 lakhs per month plus applicable GST
d) Date of approval by the Board	Though the above related party transaction is at arms length basis, on the recommendation and approval of Audit Committee and Board at their respective meetings held on 05.01.2020, Company obtained shareholders approval vide Postal Ballot resolution dt. 15.02.2020	Company obtained shareholders approval vide Postal Ballot resolution dt. 15.02.2020
e) Amount paid as advances, if, any	Nil	Nil
f) Date of execution	16.03.2020	Lease deed executed on 16.03.2020, but the lease is operational only from 01.06.2020.

On account of resignation of Chairman Sri S. Devarajan from the Board of Kandagiri Spinning Mills Limited on 18.06.2020, Kandagiri Spinning Mills Limited is ceased to be a related party w.e.f 18.06.2020

NOTE :

During the FY 2019-20, the Company entered into transactions with Related Parties which were in the ordinary course of business and at Arm's Length pricing basis and are repetitive in nature. The Audit Committee granted omnibus approval for these transactions and the same was reviewed by the Audit Committee and the Board of Directors. Details of above related party transactions pursuant to the provisions of section 188 of the Companies Act, 2013 read with relevant rules along with material related party transactions under SEBI Regulations and the other related party transactions (which are of repetitive nature and does not fall under the purview of disclosure under Form AOC – 2) carried out during the FY 2019-20 by the Company are given under Note 40 of the Notes to the Standalone financial statements under AS-18 disclosures. There were no material significant transactions with the Directors or their relatives or the management that had any potential conflict with the interest of the company. All details relating to the financial and commercial transactions where the Directors had a potential interest were provided to the board, and the interested Directors neither participated in the discussion, nor did they vote on such matters.

Salem
June 28, 2020

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 P.Boopalan, 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 2019-20 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 19-20.

Salem
June 28, 2020

P. Boopalan
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**

			2019-20	2018-19
(i)	Purchased units*	'000 KWH	23862	23858
	Total cost	Rs. lakhs	1437	1950
	Cost/unit	Rs.	6.02	8.17
	*net of units generated thro' wind energy converters			
(ii)	Own generation			
1)	Through diesel generator			
	Generated units	'000 KWH	14.00	15.00
	Units per litre of diesel	KWH	2.80	2.96
	Cost/unit	Rs.	24.01	20.88
2)	Through steam turbine/generator		-	-



3)	Through Wind energy converters Generated units(fed to TNEB Grid) '000 KWH		16261	16891
	Cost/unit*	Rs.	2.76	2.67
	*Cost includes maintenance charges, interest and depreciation			
2.	Coal		-	-
3.	Furnace oil		-	-
4.	Others		-	-
(b)	Consumption per unit of production			
	Production (yarn)	Kgs. lakhs	74.90	83.05
	Consumption of electricity	'000 KWH	40138	40764
	Consumption per kg. of Yarn	KWH	5.36	4.91
B.	Technology absorption and research and development		-	-
C.	Foreign exchange earnings and outgo			
(a)	Activities relating to exports			
	Yarn exports (including merchandise exports)	Rs. lakhs	428.52	498.46
(b)	Total Foreign exchange used and earned			
1)	CIF value of Imports			
	Capital goods*	Rs. lakhs	-	-
	Spares for Capital goods*	Rs. lakhs	63.16	-
	Raw materials – cotton*	Rs. lakhs	638.72	390.12
	*exclusive of net exchange difference			
2)	Other expenditure in foreign currency			
	Travel	Rs. lakhs	1.00	1.48
	Interest	Rs. lakhs	-	-
	Other matters	Rs. lakhs	7.41	4.66
3)	Foreign exchange earned			
	Yarn export	Rs. lakhs	217.08	362.44
	Freight recovery	Rs. lakhs	-	-
Salem			For and on behalf of the Board	
June 28, 2020			S. Devarajan	
			Chairman and Managing Director	
			DIN : 00001910	
ANNEXURE - V				
Brief outline of the Company's CSR policy, programs undertaken during the year and reference to the web-link to the CSR policy.				
Sambandam Spinning Mills Ltd. (SSML) has been upholding the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. Promoters of the Company believe that social responsibility is not just a corporate obligation that has to be carried out, but it is one's dharma. Therefore, philanthropic endeavour is a reflection of the Company's spiritual conscience and this provides a way to discharge its responsibilities to various sections of the society.				
SSML has been carrying out Corporate Social Responsibility (CSR) activities for a long time through the SPMM Charitable Trust, and the Trust for Mentally Challenged Children, which are registered autonomous charitable trusts, in the field of Education and Healthcare, while also pursuing CSR activities for the benefit of the community in and around Salem.				



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. GNANASHEKARAN	-	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.598.71 lakhs
- 3 Prescribed CSR Expenditure (two per cent of Rs.598.71 lakhs) - Rs.11.97 lakhs
- 4 Details of CSR spent during the financial year :

(i) Livelihood enhancement of differently abled - Provision of artificial limbs	-	Rs.3,53,440
(ii) Promote Education (Item (ii) of Schedule VII of the Companies Act 2013)	-	Rs. -
(iii) Promote sanitation	-	Rs. -
(iv) Eradication of hunger, poverty and malnutrition	-	Rs. -
- 5 Total amount spent during the financial year 2019-20 - Rs.3,53,440
- 6 Amount unspent, if any 8.44 lakhs



14. 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 6,00,000	-	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 3,00,000	Rs.3,53,440	Rs 15,35,990	Rs 3,53,440
3	Promote Education	Item No(ii) of under Sch. VII of the Comp. Act 2013	Book Festival	Rs 2,97,000	-	Rs 6,06,951	-
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 7,40,590	-
6	Eradication hunger, poverty and malnutrition	Item No (i) of under Sch. VII of the Comp. Act 2013	Salem	-	-	Rs 1,00,073	-
		Total		Rs 11,97,000	Rs 3,53,440	Rs 36,40,354	Rs 3,53,440

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

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. The balance unspent amount of Rs 8.44 lacs is earmarked towards project expenditure during FY 20-21 relating to health care activities (as specified /mentioned in the companies act of 2013 –schedule VII under promoting health care including preventive health care) which is not in the ordinary course of business, by purchase of a specific equipment for the above said project ,to be executed through the health care hospital through which diagnostic services and activities shall be rendered for ailing poor people and can be provided free of cost or at concessional price to exclusively poor patients and people coming from in and around the local area, thereby the society and the poor people can be benefited.

Salem
June 28, 2020

P. Boopalan
Chief Financial Officer

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., ACMA., 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 2020

[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 electronically 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 2020 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 2020, 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, except the below mentioned events, having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

- a. During the year, the Company, with the requisite approval of the shareholders, had
 - (a) purchased the plant and machinery consisting of 27,212 spindles
 - (b) taken on lease the land and building [Unit – I] situated at Udayapatti, Salem and
 - (c) entered into agreements for availing various infrastructure facilities and management & supervision facilities from M/s. Kandagiri Spinning Mills Limited [CIN: L17111TZ1976PLC000762] to augment its installation and production capacity.

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

Place : Trichy
Date : 22-06-2020

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN:A000672B000366721

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., ACMA., ACS.,

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

**ANNEXURE TO SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020
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 electronically 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 : 22-06-2020

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN:A000672B000366721

**B.K. SUNDARAM & ASSOCIATES**

COMPANY SECRETARIES.

B. KALYANASUNDARAM,

B.Com., ACMA., ACS.,

OFFICE : 30, PANDAMANGALAM AGRAHARAM, WORIUUR, TRICHY-620003.

PHONE: 0431-2761590.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI**(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

- We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. SAMBANDAM SPINNING MILLS LIMITED having CIN: L17111TZ1973PLC000675 and having registered office at MILL PREMISES, P.B. NO. 1, KAMARAJ NAGAR, SALEM - 636014 (hereinafter referred to as 'the Company'), produced to us by the Company electronically for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below as on the date of Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the company by the Securities and Exchange Board of India and/or the Registrar of Companies or such other authorities under the Ministry of Corporate Affairs, New Delhi.

Sl. No.	Name of the Director as per DIN	DIN	Date of appointment in the Company
1.	Devarajan Sambandam	00001910	01-04-2005
2.	Dinakaran Sambandam	00001932	01-04-2005
3.	Jegarajan Sambandam	00018565	01-04-2005
4.	Sudharsan Devarajan	00018546	01-04-2005
5.	Subramaniam Gnanashekar	06796817	14-02-2014
6.	Kameshwar Bhat	06951906	28-09-2014
7.	Balasundaram Doraisami	07800844	06-05-2017
8.	Sekar Venkatesan	03128187	25-03-2017
9.	Annapoorani Venugopalan	08276668	11-11-2018

- It is the responsibility of the Board of Directors of the Company to ensure the eligibility for the appointments of Directors and their continuance as Directors on the Board. Our responsibility is to express an opinion on the matter of non-disqualification of Directors in the Board..

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

Place : Trichy
Date : 22-06-2020

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN: A000672B000366741



B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.

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

B. KALYANASUNDARAM,
B.Com., ACMA., ACS.,

SECRETARIAL COMPLIANCE REPORT OF
M/s. SAMBANDAM SPINNING MILLS LIMITED,
KAMARAJ NAGAR, P.B. NO.1, SALEM 636014
(CIN: L17111TZ1973PLC000675) for the year ended 31-03-2020

We have examined:

- all the documents and records made available to us electronically and explanation provided by M/s. **SAMBANDAM SPINNING MILLS LIMITED**, ("the listed entity"),
- the filings/ submissions made by the listed entity to the Stock Exchanges,
- website of the listed entity,

for the year ended 31-03-2020 in respect of compliance with the provisions of :

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), the Rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The SEBI Regulations and the circulars/ guidelines issued thereunder which are relevant and applicable to the review period viz. Financial Year ended 31st March 2020 to the Company, are listed hereunder : -

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003;
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealings with client;

SECRETARIAL COMPLIANCE REPORT OF
M/s. SAMBANDAM SPINNING MILLS LIMITED

Based on the above examination, we hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.
- The listed entity has maintained requisite records under the provisions of the above Regulations and circulars/ guidelines issued there under in so far as it appears from our examination of those records.
- No action was taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.
- The Secretarial Compliance Report for the financial year ended 31-03-2019 did not contain any observation detailing the action to be taken.

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

(B.KALYANASUNDARAM)
COMPANY SECRETARY

ACS NO. A672. CP. NO. 2209
UDIN: A000672B000366730

Place : Trichy
Date : 22-06-2020

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., ACMA., ACS.,

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

**ANNEXURE TO SECRETARIAL COMPLIANCE REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020
OF
M/s. SAMBANDAM SPINNING MILLS LIMITED**

1. Maintenance of records with reference to the SEBI Act, SCRA and Regulations thereunder 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 electronically and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Compliance Report. 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, Regulations and occurrence of events.

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

Place : Trichy
Date : 22-06-2020

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN : A000672B000366730



ANNEXURE - VII

FORM NO. MGT-9

**EXTRACT OF ANNUAL RETURN
as at the financial year ended on 31st March 2020**

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

I. REGISTRATION AND OTHER DETAILS:

- 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	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	26.88%	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	2072820	0	2072820	48.61	2094615	0	2094615	49.12	0.51
b) Bodies Corp.	0	0	0	0	0	0	0	0	0
c) Any other	0	0	0	0	0	0	0	0	0
Sub - Total (A) (1):-	2072820	0	2072820	48.61	2094615	0	2094615	49.12	0.51
(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)	2072820	0	2072820	48.61	2094615	0	2094615	49.12	0.51
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	22923	1800	24723	0.58	24392	1800	26192	0.61	0.03
b) Individuals									
i. Individual shareholders holding nominal share capital in upto or Rs. 1 lakh	568325	89143	657468	15.42	518862	81352	600214	14.07	(1.37)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1131734	133060	1264794	29.66	1167340	133060	1300400	30.49	0.83
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Any other									
Clearing Members	50	0	50	0	10	0	10	0	0
Hindu Undivided Families	156241	11	156252	3.66	155465	11	155476	3.65	(0.02)
Non resident Indians	5967	0	5967	0.14	5167	0	5167	0.12	(0.02)
IEPF	29538	0	29538	0.69	29538	0	29538	0.69	0.00
Sub - Total (B) (2):-	1914778	224014	2138792	50.15	1900774	216223	2116997	49.64	(0.51)
Total Shareholding (B) = (B) (1) + (B) (2)	1967766	224014	2191780	51.39	1953762	216223	2169985	50.88	(0.51)
C. Share held by custodian for GDR's and ADR's	0	0	0	0	0	0	0	0	0
Total (A) + (B) + (C)	4040586	224014	4264600	100.00	4048377	216223	4264600	100.00	0



ii). Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year 01-04-2019			Shareholding at the end of the year 31-03-2020			% 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 DEVARAJAN	473942	11.1133	- Nil -	521419	12.2267	- Nil -	1.1134
2	S JEGARAJAN	454536	10.6583	- Nil -	483909	11.3471	- Nil -	0.6888
3	S DINAKARAN	386269	9.0575	- Nil -	415544	9.7440	- Nil -	0.6865
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	88760	2.0813	- Nil -	88760	2.0813	- Nil -	-
7	S DEVARAJAN (HUF)	45895	1.0762	- Nil -	-	-	- Nil -	(1.0762)
8	RATHIPRIYA D	41580	0.9750	- Nil -	41580	0.9750	- Nil -	-
9	D SENTHILNATHAN	61940	1.4524	- Nil -	81180	1.9036	- Nil -	0.4512
10	V VALARNILA	37160	0.8713	- Nil -	37160	0.8713	- Nil -	-
11	D MANJULA	30540	0.7161	- Nil -	30540	0.7161	- Nil -	-
12	S DINAKARAN (HUF)	28975	0.6794	- Nil -	-	-	- Nil -	(0.6794)
13	S JEGARAJAN (HUF)	28975	0.6794	- Nil -	-	-	- Nil -	(0.6794)
14	J RAMYA	26540	0.6223	- Nil -	26540	0.6223	- Nil -	-
15	PARAMESWARI JEGARAJAN	22300	0.5229	- Nil -	22575	0.5294	- Nil -	0.0065
16	J SAKTHIVEL	14800	0.3470	- Nil -	14800	0.3470	- Nil -	-
17	N USHA	14250	0.3341	- Nil -	14250	0.3341	- Nil -	-
18	D NIRANJANKUMAR	5800	0.1360	- Nil -	5800	0.1360	- Nil -	-
19	D MINUSAKTHIPRIYA	4000	0.0937	- Nil -	4000	0.0937	- Nil -	-
20	S. SIVAKUMAR	6928	0.1624	- Nil -	6928	0.1624	- Nil -	-
21	R SELVARAJAN	2640	0.0619	- Nil -	2640	0.0619	- Nil -	-
22	D ANUPAMA	3220	0.0755	- Nil -	3220	0.0755	- Nil -	-
23	A SARAYU	200	0.0046	- Nil -	200	0.0046	- Nil -	-
	TOTAL	2072820	48.6052	-	2094615	49.1163	-	0.5111

iii). Change in Shareholding of Promoters

Sl. No.	Name	No. of Shares at the beginning (01-04-19)		Date	Increase / (Decrease) in shares holding	Reason	Cumulative Share holding during the year 01-04-19 to 31-03-20	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	S. Jegarajan	454536	10.66	19.07.2019	+98	Purchase of Shares	454536	10.66
				27.09.2019	+100	Purchase of Shares	454734	10.66
				22.11.2019	+5000	Transfer by inheritance	459734	10.78
				03.01.2020	+100	Purchase of Shares	459834	10.78
				24.01.2020	+23975	Transfer by inheritance	483809	11.35
				06.03.2020	+100	Purchase of Shares	483909	11.35
2	S. Devarajan	473942	11.11	26.04.2019	+1230	Purchase of Shares	475172	11.14
				05.07.2019	+102	Purchase of Shares	475274	11.14
				22.11.2019	+5000	Transfer by inheritance	480274	11.26
				31.12.2019	+250	Purchase of Shares	480524	11.27
				24.01.2020	+40895	Transfer by inheritance	521419	12.23



Sl. No.	Name	No. of Shares at the beginning (01-04-19)		Date	Increase / (Decrease) in shares holding	Reason	Cumulative Share holding during the year 01-04-19 to 31-03-20	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
3	S. Dinakaran	386269	9.06	26.04.2019	+100	Purchase of Shares	386369	9.06
				05.07.2019	+100	Purchase of Shares	386469	9.06
				22.11.2019	+1000	Transfer by inheritance	387469	9.08
				03.01.2020	+100	Purchase of Shares	387569	9.08
				24.01.2020	+27975	Transfer by inheritance	415544	9.74
4	D. Senthilnathan	61940	1.45	18.10.2019	+19240	Purchase of Shares	81180	1.90
5	Parameswari Jegarajan	22300	0.52	19.07.2019	+19240	Purchase of Shares	22400	0.52
				27.09.2019	+100	Purchase of Shares	22475	0.53
				14.02.2020	+75	Purchase of Shares	22525	0.53
				20.03.2020	+50	Purchase of Shares	22575	0.53

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

Sl. No.	Name	No. of Shares at the beginning (01-04-19)		Date	Increase/ Decrease in shares holding	Reason	Cumulative Share holding at the year end 31-03-20	
		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	01-04-2019	0	Nil Movement during the year	136518	3.20
2	Sanjeev Vinodchandra Parekh	118896	2.79	01-04-2019	0	Nil Movement during the year	118896	2.79
3	Samir Jitendra Javeri	115000	2.69	01-04-2019	0	Nil Movement during the year	115000	2.69
4	N. Porkodi	61880	1.45	01-04-2019	0	Nil Movement during the year	61880	1.45
5	Chandrika Vinodchandra Parekh and Vinodchandra Mansukhlal Parekh	61351	1.44	01-04-2019	0	Nil Movement during the year	61351	1.44
6	General Insurance Corporation India	52988	1.24	01-04-2019	0	Nil Movement during the year	52988	1.24
7	S. Santhi	48020	1.13	01-04-2019	0	Nil Movement during the year	48020	1.13
8	Pranav Kumarpal Parekh and Sanjeev Vinodchandra Parekh	47165	1.10	01-04-2019	0	Nil Movement during the year	47165	1.10
9	Rekha Shailesh Shah and Shailesh Ramniklal Shah	46000	1.08	01-04-2019	0	Nil Movement during the year	46000	1.08
10	Sangita Kumarpal Parekh and Sanjeev Vinodchandra Parekh	42404	1.99	01-04-2019	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 01-04-2019		Cumulative Shareholding during the year		Shareholding at the end of the year 31-03-2020	
		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
1	At the Beginning of the year : Sri S.DEVARAJAN, Chairman & Managing Director	473942	11.11	47477	1.11	521419	12.23
2	Sri S.JEGARAJAN, Joint Managing Director	454536	10.65	29373	0.69	483909	11.34
3	Sri S.DINAKARAN, Joint Managing Director	386269	9.05	29275	0.69	415544	9.74
4	Sri D.SUDHARSAN, Director	88760	2.08	0	0.00	88760	2.08
5	Sri D.NIRANJAN KUMAR, Chief Marketing Officer	5800	0.13	0	0.00	5800	0.13
	Total	1409307	33.02	106125	2.49	1515432	35.52
	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	# 106125	2.49
	At the End of the year					1515432	35.52

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	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
Change in Indebtedness during the financial year				
☞ Addition	1454.52	963.50	34.35	2452.47
☞ Reduction	(540.83)	(791.00)	(99.00)	(1430.83)
Net Change	913.69	172.50	(64.55)	1021.64
Indebtedness at the end of the financial year				
i) Principal Amount	7261.32	304.50	564.16	8129.98
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	7261.32	304.50	564.16	8129.98

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.50,40,000/-	Rs.48,00,000/-	Rs.30,00,000/-	128.40
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.33,60,000/-	Rs.33,00,000/-	Rs.24,00,000/-	90.60
	(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.84,00,000/-	Rs.81,00,000/-	Rs.54,00,000/-	219.00
	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**	Mrs. Anna poorani Venugopalan	
	Fee for attending Audit committee meeting	Rs. 2,40,000	Rs. 2,40,000	Rs. 2,40,000	Rs. 2,40,000	Rs. 40,000	Rs. 40,000	Rs. 10,40,000
	Fee for attending Nomination and Remuneration committee meeting	Rs. 25,000	Rs. 25,000	Rs. 25,000	-	-	-	Rs. 75,000
	Fee for attending Separate Independent Director Meeting	Rs. 25,000	Rs. 25,000	Rs. 25,000	Rs. 25,000	-	-	Rs. 1,00,000
	Fee for attending Board Meeting:	Rs. 1,25,000	Rs. 1,25,000	Rs. 1,25,000	Rs. 1,25,000	-	Rs. 50,000	Rs. 5,50,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	Rs. 4,15,000	Rs. 4,15,000	Rs. 4,15,000	Rs. 3,90,000	Rs. 40,000	Rs. 90,000	Rs. 17,65,000

2. Other Non-Executive Directors	Sri. D.Sudharsan	Total Amount
Fee for attending Board meeting	Rs. 50,000	Rs. 50,000
Commission	Nil	Nil
Others	Nil	Nil
Total (2)	Rs. 50,000	Rs. 50,000
Overall Ceiling as per the Act	Rs.1 lakh per meeting	

** Dr. R.Ramarathnam Independent Director resigned from the board w.e.f 11.08.2019

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

Rs. in Lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		Company Secretary	Chief Financial Officer**	Chief Financial Officer**	Chief Technical Officer	Chief Marketing Officer	
		S.Natarajan	D.Niranjan Kumar	P.Boopalan	J.Sakthivel	D.Niranjan Kumar	
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.13.00	Rs. 4.50	Rs.20.00	Rs.27.00	Rs.22.50	Rs.87.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total	Rs.13.00	Rs. 4.50	Rs.20.00	Rs.27.00	Rs.22.50	Rs.87.00

** CFO. D. Niranjan Kumar- Remuneration for April 2019 and May 2019

** CFO. P. Boopalan Remuneration from June 2019 to March 2020

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
June 28, 2020For 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, vendors 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, 2020, the Company has nine Directors. Out of nine Directors, three (i.e.34 percent) are Executive Directors, one (i.e.11 percent) are Non-Executive Directors, and five (i.e. 55 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, One Independent Director Dr.R .Ramarathnam has resigned from the board of directors due to his other business commitments and has expressed his inability to continue as Director in our company .Accordingly his resignation was accepted by the Board of directors on 11.08.2019.

(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, 2020 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 (Promoter)	Relative of Sri S.Jegarajan, Sri S.Dinakaran, Sri D.Sudharsan
Sri S. Jegarajan	Joint Managing Director (Promoter)	Relative of Sri S.Devarajan and Sri S.Dinakaran
Sri S. Dinakaran	Joint Managing Director (Promoter)	Relative of Sri S.Devarajan and Sri S.Jegarajan
Sri D. Sudharsan	Non – Executive Director (Promoter)	Relative of Sri S.Devarajan
Smt. Annapoorani Venugopalan	Independent Director	Nil
Sri S.Gnanashekar	Independent Director	Nil
Sri Kameshwar M. Bhat	Independent Director	Nil
Dr. V. Sekar	Independent Director	Nil
Dr. R. Ramarathnam***	Independent Director	Nil
Sri D.Balasundaram	Independent Director	Nil

Note : *** Independent Director Dr. R. Ramarathnam resigned from the Board w.e.f.11.08.2019.

(vi) Five 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 26, 2019, August 11, 2019, November 10, 2019, January 05, 2020 and February 09, 2020. 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, 2020, 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 2020	Whether attended last AGM held on 11.08.2019	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)	5	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 2020	Whether attended last AGM held on 11.08.2019	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)	5	Yes	-	-	-	-	1. Sambandam Siva Textiles Private Limited (Director) 2. SPM Health Care Services Private Limited (Director) 3. Sambandam Textiles Private Limited (Director)
Sri S. Dinakaran	Joint Managing Director Executive (Promoter)	5	Yes	-	1	-	-	1. Sambandam Siva Textiles Private Limited (Managing Director) 2. Sambandam Investment & Leasing Limited, (Director) 3. SPM 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)	2	Yes	-	-	-	-	1. Sambandam Siva Textiles Private Limited (Joint Managing Director) 2. SPM Health Care Services Private Limited (Director)
Dr. R. Ramarathnam (Resigned w.e.f. 11.08.2019)	Independent Director	Nil	No	-	-	-	-	1. Dalmia Electrodyn Technologies Private Limited, (Director) 2. Westcott Electricals Private Limited (Director) 3. Universal Electro Dynamics Private Limited (Chairman) 4. Go Green Enterprises Private Limited (Director) 5. Basil Energetics Private Limited (Director)
Smt. Annapoorani Venugopalan	Independent Director	2	Yes	-	-	-	-	-
Sri S. Gnanashekar	Independent Director	5	Yes	-	2	2	-	1. Kandagiri Spinning Mills Limited, (Director) 2. Annai Infra Developers Limited (Director)
Sri Kameshwar M. Bhat	Independent Director	5	Yes	-	1	-	1	1. Kandagiri Spinning Mills Limited, (Director) 2. KMB Associates, LLP (Designated Partner)
Dr. V. Sekar	Independent Director	5	Yes	-	1	-	1	1. Kandagiri Spinning Mills Limited (Director)
Sri D. Balasundaram	Independent Director	5	Yes	-	1	-	1	1. Kandagiri Spinning Mills Limited (Director)



(viii) Details of equity shares of the Company held by the Directors as on March 31, 2020 are given below

Name of the Director	Categories of Director	No. of equity shares held
Sri S. Devarajan	Chairman and Managing Director Executive (Promoter)	5,21,419
Sri S. Jegarajan	Joint Managing Director Executive (Promoter)	4,83,909
Sri S. Dinakaran	Joint Managing Director Executive (Promoter)	4,15,544
Sri D.Sudharsan	Non – Executive Director (Promoter)	88,760
Smt. Annapoorani Venugopalan	Independent Director	Nil
Sri S.Gnanashekar	Independent Director	Nil
Sri Kameshwar M. Bhat	Independent Director	Nil
Dr. V. Sekar	Independent Director	Nil
Sri D.Balasundaram	Independent Director	Nil

The Company has not issued any convertible instruments.

(viii) 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 was held on 20.04.2019 and 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 20.04.2019. 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.

(ix) 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.



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

S. No.	Name of the Director	skills/expertise/competencies					
		General Administration and Management	Finance	Technical	HR	Sales and marketing	Governance, Compliance and Legal
1.	Sri S. Devarajan	√	√	√	√	√	√
2.	Sri S. Jegarajan	√	√	√	√	√	√
3.	Sri S. Dinakaran	√	√	√	√	√	√
4.	Sri D.Sudharsan	√	√	√	√	√	√
5.	Smt. Annapoorani Venugopalan	√	√	—	√	—	√
6.	Sri S. Gnanashekar	√	√	—	√	√	√
7.	Sri Kameshwar M. Bhat	√	√	—	√	√	√
8.	Dr. V. Sekar	√	√	—	√	√	√
9.	Sri. D. Balasundaram	√	—	√	√	√	√

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, 2020 comprises of four members viz., Sri. Kameshwar M. Bhat Independent Director as Chairman, Independent Directors, Sri S. Gnanashekar, Dr. V. Sekar, 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 six 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 April 20, 2019, May 25, 2019, August 10, 2019, November 09, 2019, January 05, 2020 and February 08, 2020. 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	6 of 6
Sri S. Gnanashekar	Member	6 of 6
Dr. V. Sekar	Member	6 of 6
Dr. R. Ramarathnam**	Member	1 of 3
Sri D. Balasundaram	Member	6 of 6

** Dr. R. Ramarathnam has resigned from the board effective from 11.8.2019

**(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, 2020 comprises of three members viz., Sri Kameshwar M Bhat, Independent Director as Chairman and Sri S. Gnanashekarana and Dr.V.Sekar, Independent Directors as Members.

(c) Meetings and Attendance

During the year one Nomination and Remuneration Committee Meetings were held on 26.05.2019

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	1 of 1
Sri S. Gnanashekarana	Member	1 of 1
Dr. V. Sekar	Member	1 of 1

(d) Performance Evaluation criteria for Independent directors

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

- a. Qualifications
- b. Experience
- c. Knowledge & Competency
- d. Fulfillments of functions
- e. Ability to function as a team
- f. Initiative
- g. Availability and Attendance
- h. Commitment
- j. Integrity
- k. Independence
- l. 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 2019-20 is applicable. Company has spent Rs.3.53 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, 2020 comprises of five members viz., Sri S.Devarajan, Chairman and Managing Director as Chairman, Sri S. Gnanashekarana, Independent Director, Sri S. Jegarajan, Joint Managing Director, Sri S.Dinakara, Joint Managing Director, Sri D.Sudharsana, Non-Executive Director as Members.

**(c) Meetings and Attendance**

During the year three CSR Meeting was held on 26.05.2019, 10.11.2019 and on 13.03.2020. 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	3 of 3
Sri S. Gnanashekarana	Member	3 of 3
Sri S. Jegarajan	Member	3 of 3
Sri S. Dinakaran	Member	3 of 3
Sri D. Sudharsan	Member	2 of 3

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

Stakeholders' Relationship Committee as on March 31, 2020 comprises of three members viz., Sri S.Gnanashekarana, 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 2019-2020 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	50	50	Nil

(c) Complaints

SEBI requires all listed companies to process investor complaints in a centralised web based complaint system called 'SEBI Complaints Redress System (SCORES). All complaints received from Shareholders of listed companies are posted in this system. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there were no complaints on our Company posted at SCORES site.

(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 2019-2020.

(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 sitting fee 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 2019-20 are as follows.

Name of the Director	Sitting fees (#) Rs. Lakhs
Sri S. Devarajan	–
Sri S. Jegarajan	–
Sri S. Dinakaran	–
Sri D. Sudharsan	0.50
Sri S. Gnanashekaran	4.15
Sri Kameshwar M Bhat	4.15
Dr. V. Sekar	4.15
Dr. R. Ramarathnam	0.40
Sri D. Balasundaram	3.90
Smt. Annapoorani Venugopalan	0.90

Details of Remuneration to Managing Director

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, Chairman and Managing Director

Salary : Rs. 4.20 lakhs p.m, Allowance & Perquisites : Rs.2.80 lakhs p.m

Sri S. Jegarajan, Joint Managing Director

Salary : Rs.4.00 lakhs p.m, Allowance & Perquisites : Rs.2.75 lakhs p.m

Sri S. Dinakaran, Joint Managing Director

Salary : Rs.2.50 lakhs p.m, Allowance & Perquisites : Rs.2.00 lakhs p.m

Details of remuneration received by CMD and JMD's during the financial year 2019-20 as follows

S. No.	Name of the Director	Salary	Perquisites	Total remuneration (Rs. lakhs)
1.	Sri S. Devarajan	50.40	33.60	84.00
2.	Sri S. Jegarajan	48.00	33.00	81.00
3.	Sri S. Dinakaran	30.00	24.00	54.00

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 2019-20.

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
45th AGM - 2019	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	August 11, 2019 at 10.45 a.m.
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.



- (b) Special Resolutions for appointment of managerial personnel have been passed in the Annual General Meetings held in 2018 and two special resolutions(for reappointment of two Independent Directors after expiry of the initial term of five years)were passed at the AGM held during the year 2019.

(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. 05.01.2020 :

- (i) Approval for purchase of Plant and Machinery from M/s Kandagiri Spinning mills Limited (Related Party) – Ordinary Resolution
- (ii) Approval for taking on lease of Land, Building, other infrastructural facilities from M/s Kandagiri Spinning mills Limited (Related Party) and for availing management and supervision services from M/s Kandagiri Spinning mills Limited (Related Party) – Ordinary 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 17.01.2020 at 9.00 a.m. and ended on 15.02.2020 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 17.02.2020 that all the resolutions contained in the postal ballot notice dt. 05.01.2020 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 15.02.2020. 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 purchase of Plant and Machinery from M/s Kandagiri Spinning mills Limited (Related Party) – Ordinary Resolution	Postal Ballot	55	1,18,993		2	51	–
		E-Voting	83	12,83,156		3	180	–
		Total	138	14,02,149	99.98	5	231	0.02

Item. No.	Resolution	Mode of Voting	Voted For			Voted Against		
			No. of Members	No. of Votes	Vote (%)	No. of Members	No. of Votes	Vote (%)
2.	Approval for taking on lease of Land, Building, other infrastructural facilities from M/s Kandagiri Spinning mills Limited (Related Party) and for availing management and supervision services from M/s Kandagiri Spinning mills Limited (Related Party) – Ordinary Resolution	Postal Ballot	57	1,19,043		1	1	–
		E-Voting	83	12,83,156		3	180	–
		Total	140	14,02,199	99.98	4	181	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 46th Annual General Meeting to be held

Day : Wednesday
 Date : 23.09.2020
 Time : 10.45 a.m.
 Venue : Through Video Conferencing (VC) or Other Audio Visual Means (OVAM) / Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem 636014

(b) Financial Year : 1st April, 2019 to 31st March, 2020.

(c) Dividend Payment Date : NA

(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 - 2019	104.90	91.10	39487.45	38460.25
May - 2019	95.00	76.70	40124.96	36956.10
Jun - 2019	91.35	80.80	40312.07	38870.96
Jul - 2019	90.00	68.55	40032.41	37128.26
Aug - 2019	76.65	67.10	37807.55	36102.35
Sep - 2019	87.80	70.50	39441.12	35987.80
Oct - 2019	78.80	62.70	40392.22	37415.83
Nov - 2019	66.25	55.00	41163.79	40014.23
Dec - 2019	63.80	52.95	41809.96	40135.37
Jan - 2020	76.50	58.00	42273.87	40476.55
Feb - 2020	76.95	61.75	41709.30	38219.97
Mar - 2020	68.60	50.00	39083.17	25638.90



(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, 2020, no share transfers/transmission was pending.

(j) **Distribution of Shareholding as on 31st March, 2020**

No. of Shares	Shareholders		No. of shares	
	Number	%	Number	%
Upto – 100	2310	76.35	162351	3.81
101 – 500	502	14.93	136344	3.20
501 – 1000	104	3.09	84140	1.97
1001 – 2000	69	2.05	106310	2.49
2001 – 3000	13	0.39	34243	0.80
3001 – 4000	20	0.60	69644	1.63
4001 – 5000	5	0.09	13942	0.33
5001 – 10000	23	0.68	168288	3.95
10001 and above	61	1.82	3489338	81.82
Total	3107	100.00	4264600	100.00

Shareholding pattern as on March 31, 2020

Sl. No.	Category	No. of Holders	No. of Shares	% to Paid up Capital
1.	Promoters	20	20,94,615	49.12
2.	Residents (Individuals / Clearing Members)	2,926	19,00,614	44.57
3.	HUF	107	1,55,476	3.65
4.	Financial Institutions / Insurance Co./ State Govt./	1	52,988	1.24
5.	Foreign Institutional Investors	0	0	0
6.	Non-Resident Indians / OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals / Foreign Port Folio Investor / corporate	21	5,167	0.12
7.	Corporate Bodies / Limited Liability Partnership	30	26,192	0.61
8.	IEPF	1	29,538	0.69
9.	Mutual Funds	0	0	0
10.	Trusts	0	0	0
11.	Banks	0	0	0
12.	Clearing Members	1	10	0
	Total	3,107	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, 2020 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	20,94,615	49.12%	20,94,615	49.12%
Others	2,16,223	5.07%	19,53,762	45.81%	21,69,985	50.88%
TOTAL	2,16,223	5.07%	40,48,377	94.93%	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.

Unit – IV Udayapatti P.O, Salem – 636 140.

Wind energy converters

Panangudi, Pazhavor and Parameshwarapuram villages.

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) There were no material significant transactions with the Directors or their relatives or the management that had any potential conflict with the interest of the company. All details relating to the financial and commercial transactions where the Directors had a potential interest were provided to the board, and the interested Directors neither participated in the discussion, nor did they vote on such matters.
- (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. 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, 2020. 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 2019-20 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 2019-20, 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.
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 2019-20.
- (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
- 13.** There are no shares lying in the demat suspense account/unclaimed suspense account as on 31.3.2020



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, 2020.

Salem
June 28, 2020

S. Devarajan
Chairman and Managing Director
DIN: 00001910

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of Sambandam Spinning Mills Limited

1. We have examined the compliance of conditions of Corporate Governance by Sambandam Spinning Mills Limited ("the Company"), for the year ended on March 31, 2020, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuing compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purposes of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2020.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Chennai
June 28, 2020

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

S.Krishnan – Partner
Membership No.26452
UDIN : 20026452AAAABB9772

**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 Financial Statements of **SAMBANDAM SPINNING MILLS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, 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 financial Statements, including a summary of the 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 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, 2020, its profit including other comprehensive income, its cash flow and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone 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 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 standalone 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 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 financial statements of the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone 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 financial statements section of our 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 financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our opinion on the accompanying standalone financial statements.

A. Adoption of Ind AS 116 Leases**Key Audit Matter Description**

As described in Note 42 to the standalone financial statements, the Company has adopted Ind AS 116 Leases in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit.

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liability is initially measured by discounting future lease payments during the lease term as per contract/arrangement. Adoption of the standard involves significant judgments and estimates including, determination of the discount rates and the lease term.



Response to Key Audit Matter

Principal Audit Procedures

Our audit procedure on adoption of IndAS 116 include:

- a. Assessed and tested new processes and controls in respect of the lease accounting standard (IndAS 116);
- b. Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business.
- c. Involved of our persons to evaluate the reasonableness of the discount rates applied in determining the lease liabilities;
- d. Transition as at 1st April 2019:
Assessed and found, there are no transitional impact as at 1st April, 2019.
- e. On a statistical sample, we performed the following procedures:
Assessed the key terms and conditions of each lease with the underlying lease contracts; and
Evaluated computation of lease liabilities and challenged the key estimates such as discount rate and the lease term.
- f. Assessed and tested the presentation and disclosures relating to Ind AS 116.

B. Revenue Recognition

Key Audit Matter Description

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

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 IndAS 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:

- g. We assessed whether the policy of recognizing revenue was in line with Ind AS – 115.
- h. 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.
- i. 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.
- j. 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.
- k. 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.
- l. We tested journal entries on a sample basis to identify any unusual or irregular items.
- m. We also considered the adequacy of the disclosures in Company's standalone financial statements in relation to IndAS 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 IndAS 115 and timing of revenue recognition.

**Emphasis of Matter**

We draw your attention to Note 52 of the financial statements which explains the uncertainties and the management's assessment of the potential impact due to lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation and consequently the Company's results are highly dependent upon future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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 financial statements and our auditor's report thereon.

Our opinion on the standalone 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 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 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 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 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, as 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 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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 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 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 financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 financial statements for the year ended March 31, 2020 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 Act, based on our audit 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 Statement of Cash Flows and the Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the Internal Financial Controls Over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of 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 Auditors) Rule 2014, as amended in our opinion and the to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone 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, 2020.
 - 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. 08282S

S.Krishnan - Partner
Membership No. 26452
UDIN : 20026452AAAAAX7342

Date : June 28, 2020
Place : Chennai



“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 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. The Company has not granted any loans, secured or unsecured to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. The loan granted to a company in the previous year, has been repaid within the due date.
 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.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, incometax, 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 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

S. Krishnan – Partner
Membership no.26452
UDIN 20026452AAAAAX7342

Chennai
June 28, 2020

“ANNEXURE 2” to the Independent Auditor’s Report of even date on the Standalone 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”)

We have audited the internal financial controls over financial reporting of Sambandam Spinning Mills Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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**

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.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Opinion

In our opinion, 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chennai
June 28, 2020

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

S. Krishnan – Partner
Membership no. 26452
UDIN 20026452AAAAAX7342



Standalone Balance Sheet as at March 31, 2020

Particulars	Note No.	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
ASSETS			
Non current assets			
Property, plant and equipment	1	11,408.47	10,403.89
Capital work in progress		2.63	10.39
Right-of-use assets	2	793.85	-
Intangible assets	3	0.04	0.04
Financial assets			
Investments	4	175.00	227.78
Loans	5	0.00	516.00
Other financial asset	6	419.17	418.73
Advance tax assets (net)	7	25.04	62.10
Other non-current assets	8	278.98	303.03
Total non-current assets		13,103.20	11,941.96
Current assets			
Inventories	9	5,500.06	4,565.72
Financial assets			
Trade receivables	10	3,858.60	3,435.42
Cash and cash equivalents	11a	9.34	6.41
Other Bank balances	11b	84.24	79.72
Other financial assets	12	594.40	569.08
Other current assets	13	653.97	237.81
Total current assets		10,700.61	8,894.16
Total assets		23,803.81	20,836.12
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	427.55	427.55
Other equity	15	8,941.09	8,861.06
Total equity		9,368.64	9,288.61
Non-current liabilities			
Financial liabilities			
Borrowings	16	2,268.72	1,376.07
Lease liabilities	17	685.42	-
Other non current liabilities	18	30.09	30.27
Long term Provisions	19	301.22	278.15
Deferred tax liabilities (Net)	20	952.20	1,018.20
Other non current liabilities	21	11.35	11.35
Total non-current liabilities		4,249.00	2,714.04
Current liabilities			
Financial liabilities			
Borrowings	22	5,171.18	5,256.94
Lease liabilities	23	106.37	-
Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	24	220.13	49.86
(b) total outstanding dues of trade payables other than micro enterprises and small enterprises	24	3,024.64	2,069.73
Provisions	25	6.33	7.03
Other financial liabilities	26	1,556.67	1,382.67
Other current liabilities	27	100.85	67.24
Total current liabilities		10,186.17	8,833.47
Total equity and liabilities		23,803.81	20,836.12

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

June 28, 2020

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

P. Boopalan

Chief Financial Officer


Standalone Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note No.	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Income			
Revenue from operations	28	19,117.59	20,949.86
Other income	29	104.54	144.44
Total income		<u>19,222.13</u>	<u>21,094.30</u>
Expenses			
Cost of materials consumed	30	10,690.00	13,309.39
Changes in inventories of finished goods and work-in- progress	31	215.21	(949.75)
Employee benefits expense	32	3,001.90	2,802.78
Finance cost	33	831.58	826.15
Depreciation and amortization expense	34,1,2,3	938.24	1,014.93
Other expenses	35	3,269.53	3,543.46
Total Expenses		<u>18,946.46</u>	<u>20,546.96</u>
Profit before exceptional items and tax		275.67	547.34
Tax expense :			
Current tax - current year		131.20	285.84
- earlier year		-	76.53
Deferred tax		(83.00)	(263.00)
Income tax expense		48.20	99.37
Profit for the period from continuing operations		227.47	447.97
Other comprehensive income			
Other comprehensive income not to reclassified to profit or loss in subsequent periods		-	-
Re-measurement gains/(losses) on defined benefit plans		(61.82)	(74.91)
Tax effect		(17.20)	(20.84)
Other comprehensive income		(44.62)	(54.07)
Total comprehensive income for the year		182.85	393.90
Earning per share (Face value Rs.10 per share)			
'-Basic and diluted (Rs.) Refer note no. 37		5.33	10.50

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

June 28, 2020

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

P. Boopalan

Chief Financial Officer


Standalone Statement of cash flows for the year ended March 31, 2020

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Cash Flows from Operating Activities		
Profit Before Tax	275.67	547.34
Adjustments for :		
Depreciation	938.24	1,014.93
Interest Expense	831.58	829.66
Interest Income	(86.49)	(98.44)
Unrealised Exchange Fluctuation	(9.02)	(6.60)
Dividend income	(0.05)	(0.04)
Net gain or loss arising on financial asset mandatorily measured at FVTPL	(1.24)	(0.27)
Loss / (Profit) on sale of property, plant and equipments	8.34	(25.45)
Operating profit before working capital changes	1,957.03	2,261.13
Adjustments for changes in :		
Inventories	(934.35)	(832.67)
Trade receivables	(423.18)	1,092.58
Non current and financial Assets	(30.31)	(25.37)
Other non-current and current assets	24.05	(101.66)
Trade payables	822.53	(1,457.04)
Non current and current financial liabilities	1,035.22	477.15
Other non-current and current liabilities	33.61	(35.10)
Other non-current and current provisions	22.36	26.19
	2,506.96	1,405.22
Income Tax paid	(59.95)	(175.30)
Net Cash Flow from Operating Activities (A)	2,447.01	1,229.92
Cash Flows from Investing Activities		
Payments for acquisition of property, plant and equipment	(2,389.41)	(360.83)
Movement in Right of use of assets	(799.58)	-
Proceeds from sale of property, plant and equipment	141.33	138.30
Interest received	86.49	98.44
Dividend received	0.05	0.04
Sale/(Purchase) of Long term investments	51.54	-
	(2,909.58)	(124.05)
Cash Flows from Financing Activities		
Finance cost paid	(831.58)	(829.66)
Dividends Paid	(102.82)	(102.82)
Refund of Inter corporate deposit	516.00	-
Proceeds from long term borrowings	1,402.10	87.96
Repayments of long term borrowings	(518.20)	(373.30)
Net Cash Flow from Financing Activities (C)	(465.50)	(1,217.82)
NET CASH INFLOW / (OUTFLOW) (A+B+C)	2.93	(111.95)
Opening Cash and Cash Equivalents (D)	6.41	118.36
Closing Cash and Cash Equivalents (E)	9.34	6.41
NET INCREASE/ (DECREASE) IN CASH (E-D)	2.93	(111.95)

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 and on behalf of the board

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration no.008282S

S. Krishnan - Partner

Membership No. 26452

Salem

June 28, 2020

S. Devarajan

Chairman and Managing Director

DIN : 00001910

S. Natarajan

Company Secretary

S. Dinakaran

Joint Managing Director

DIN : 00001932

P. Boopalan

Chief Financial Officer



Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share Capital

(Rs. in Lakhs)

		Balance at the End of March 31, 2019	Changes in equity share capital during the year	Balance as on March 31, 2020
Equity share capital		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, 2018	539.09	4,464.67	3,566.22	8,569.98
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
Profit for the year	–	–	227.47	227.47
Other Comprehensive income	–	–	(44.62)	(44.62)
Total Comprehensive income for the year	–	–	182.85	182.85
Dividend including tax thereon	–	–	(102.82)	(102.82)
Balance at the end of March 31, 2020	539.09	4,464.67	3,937.33	8,941.09

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
June 28, 2020

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

P. Boopalan
Chief Financial Officer



Notes to the Standalone Financial Statements for the year ended March 31, 2020											
1. PROPERTY, PLANT AND EQUIPMENT (PPE)											
(Rs. in Lakhs)											
2019 - 2020	Gross Carrying Amount(Cost/deemed cost)					Depreciation / amortisation			Net Carrying Amount		
	31.03.2019	Additions	Deletions	31.03.2020	31.03.2019	Charge for the year	Disposal	31.03.2020	31.03.2020		
Freehold land	2,212.16	-	-	2,212.16	-	-	-	-	2,212.16		
Buildings	3,230.84	21.79	-	3,252.63	405.14	135.35	-	540.49	2,712.14		
Plant and Equipment	5,947.10	2,010.61	200.28	7,757.43	1,720.18	561.68	55.04	2,226.82	5,530.61		
Wind Energy Converters	1,742.32	-	-	1,742.32	815.55	192.03	-	1,007.58	734.74		
Furniture and Fixtures	4.73	1.36	-	6.09	4.60	0.14	-	4.74	1.35		
Vehicles	303.65	26.34	9.96	320.03	118.59	37.70	5.53	150.76	169.27		
Office equipment	37.37	26.66	-	64.03	10.22	5.61	-	15.83	48.20		
Total	13,478.17	2,086.76	210.24	15,354.69	3,074.28	932.51	60.57	3,946.22	11,408.47		

2018 - 2019											
(Rs. in Lakhs)											
2018 - 2019	Gross Carrying Amount(Cost/deemed cost)					Depreciation			Net Carrying Amount		
	01.04.2018	Additions	Deletions	31.03.2019	01.04.2018	Charge for the year	Disposal	31.03.2019	31.03.2020		
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	4,226.93		
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	13,478.18	2,059.35	1,014.93	-	3,074.28	10,403.89		

Note :

1. Amount of contractual commitments for acquisition of property, plant and equipment, refer note no. 43.
2. For details of assets given as security against borrowings, refer note no. 41.



Notes to the Standalone Financial Statements for the year ended March 31, 2020

2. Right of use of Assets

2019 - 2020	Gross Carrying Amount(Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2020
	31.03.2019	Additions	Deletions	31.03.2020	31.03.2019	Charge for the year	Disposal	
Description								
Land and buildings	-	799.58	-	799.58	-	5.73	-	793.85
Total	-	799.58	-	799.58	-	5.73	-	793.85

(Rs. in Lakhs)

2018 - 2019	Gross Carrying Amount(Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2019
	01.04.2018	Additions	Deletions	31.03.2019	01.04.2018	Charge for the year	Disposal	
Description								
Land and buildings	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

3. Intangible assets

2019 - 2020	Gross Carrying Amount(Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2020
	31.03.2019	Additions	Deletions	31.03.2020	31.03.2019	Charge for the year	Disposal	
Description								
Computer Software-acquired	0.48	-	-	0.48	0.44	-	-	0.04
Total	0.48	-	-	0.48	0.44	-	-	0.04

(Rs. in Lakhs)

2018 - 2019	Gross Carrying Amount(Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2019
	01.04.2018	Additions	Deletions	31.03.2019	01.04.2018	Charge for the year	Disposal	
Description								
Computer Software-acquired	0.48	-	-	0.48	0.44	-	-	0.04
Total	0.48	-	-	0.48	0.44	-	-	0.04

Note :

1. Amount of contractual commitments for acquisition of property, plant and equipment, refer note no. 43.



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
4. Non current financial asset - Investments		
Unquoted		
Investments in Equity instruments		
Associates		
19,90,000 (2019 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	153.71	153.71
7,04,060 (2019 : 7,04,060) Equity shares of Rs.10 each in Salem IVF Centre Private Limited	70.44	70.41
Others		
1,330 (2019 : 1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	0.56	1.80
1,07,500 (2019 : 1,07,500) Equity shares of Rs.10 each in Sambandam Investment and Leasing Limited	20.73	20.73
Nil (2019 : 1,66,500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	-	51.54
	<u>245.41</u>	<u>298.19</u>
Less : Provision for diminution in value towards Salem IVF Centre Private Limited	70.41	70.41
	<u>175.00</u>	<u>227.78</u>
a. # represents quoted investments		
Aggregate value of quoted investments (at fair value)	0.56	1.80
Aggregate market value of quoted investments	0.56	1.80
Aggregate value of unquoted investments	244.85	296.39
Aggregate value of impairment in value of investments	70.41	70.41
b. Investments are fully paid-up unless otherwise stated		
5. Non current financial asset - Loans		
Unsecured and considered good		
Intercompany Loan to related party	-	516.00
	<u>-</u>	<u>516.00</u>
6. Non current - Other financial asset		
Unsecured and considered good		
Security deposits		
with related parties	3.00	3.00
with others	416.19	412.52
Employee advances	-	3.21
	<u>419.19</u>	<u>418.73</u>
7. Non current - Advance tax assets (net)		
Advance income tax (net of provisions)	25.04	62.10
	<u>25.04</u>	<u>62.10</u>
8. Other non current assets		
(Unsecured, considered good)		
Capital advances	45.99	71.89
Balances with TNEB authorities, Sales tax (paid under protest)	232.99	231.14
	<u>278.98</u>	<u>303.03</u>



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
9. Inventories		
Raw materials	2,642.16	1,479.75
Work-in-progress	1,595.52	1,449.36
Finished goods - Yarn	1,243.44	1,604.81
Stores and spares	18.94	31.80
	<u>5,500.06</u>	<u>4,565.72</u>
Note :		
1. Goods in transit included above are as follows		
Raw materials	64.70	27.88
2. Cost of materials consumed during the year, refer note no.30		
3. For details of assets given as securities for borrowings, refer note no. 41.		
10. Trade receivables		
Unsecured, considered good		
Trade receivables		
- Related parties	3.13	-
- Others	3,855.47	3,435.42
	<u>3,858.60</u>	<u>3,435.42</u>
11a. Cash and cash equivalents		
Balances with banks-current accounts	5.12	4.19
Cash on hand	4.22	2.22
	<u>9.34</u>	<u>6.41</u>
11b. Bank balances other than above		
Unclaimed dividend accounts (earmarked)	9.20	8.24
Liquid assets deposits #	65.13	60.48
Deposits with Banks held as margin money #	9.91	11.00
	<u>84.24</u>	<u>79.72</u>
# represents deposits with original maturity of more than 3 months and less than 12 months		
12. Current Financial Assets - Others		
Unsecured considered good, unless otherwise stated		
Amount recoverable from employee (Refer note 46)		
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	22.66	3.80
Interest subsidy receivable	289.76	289.76
Export incentive receivable	2.17	1.01
Employee advances	4.14	3.03
Rent receivable - from related party	2.85	3.74
- from others	0.63	-
Other receivable	22.19	17.74
	<u>594.40</u>	<u>569.08</u>



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
13. Other current assets		
Unsecured considered good		
Prepaid expenses	106.63	110.04
Supplier advances	157.43	62.80
Balance with government authorities-GST input credit	389.22	64.97
Accrued income on windmills	0.69	-
	653.97	237.81
14. Equity		
Authorised share capital		
50,00,000 equity shares (March 31, 2019 50,00,000) of Rs. 10 each with voting rights	500.00	500.00
Issued share capital		
42,86,400 equity shares (March 31, 2019 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, 2019 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	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			
	2020	%	2019	%
Equity shares with voting rights				
S. Jegarajan	4,83,909	11.35	4,54,536	10.65
S. Devarajan	5,21,419	12.23	4,73,942	11.11
S. Dinakaran	4,15,544	9.74	3,86,269	9.05

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, 2020 is Rs. Nil (2019 : Nil).


Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
15. Other equity		
Securities premium - Note A	539.09	539.09
General reserve - Note B	4,464.67	4,464.67
Retained earnings - Note C	3,937.33	3,857.30
	<u>8,941.09</u>	<u>8,861.06</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.		
16. Non current - Financial liabilities - Borrowings		
Secured Borrowings		
Term loan from banks	1,647.56	773.01
Unsecured Borrowings		
Fixed deposits from directors and shareholders	621.16	603.06
	<u>2,268.72</u>	<u>1,376.07</u>
Note :		
1. Refer note 26 for current maturities of non current borrowings		
2. Refer note. 41 for security and terms of borrowings		
3. Refer note 40 for deposits from related parties.		
17. Non current Financial liabilities - Lease liabilities		
Lease liability on account of land and building lease from related party	685.42	-
	<u>685.42</u>	<u>-</u>
Note :		
1. Refer note 23 for current maturities of lease liability		
2. Refer note. 42 for disclosure under Ind As 116		
3. Refer note 40 for lease liabilities from related parties		
18. Non current Financial liabilities - others		
Security deposits		
from related parties	4.50	4.50
from others	25.59	25.77
	<u>30.09</u>	<u>30.27</u>
19. Non current liabilities - Provisions		
Provision for employee benefits		
Compensated absences	301.22	278.15
	<u>301.22</u>	<u>278.15</u>



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Movement in provision for compensated absences is as follows: (refer 19 & 25)	Opening	Closing
31.03.2020	285.19	307.55
31.03.2019	258.99	285.19
	Additions (net of utilisation)	
	22.36	
	26.20	
20. Deferred tax liability (net)		
Deferred tax liability	1,220.56	1,296.34
Deferred tax assets	86.56	79.34
	1,134.00	1,217.00
Unused tax credits (MAT credit entitlement)	181.80	198.80
Net deferred tax liability	952.20	1,018.20
Note : refer note. 36 for details of deferred tax liability and asset		
21. Other non current liabilities		
Deferred government grant(EPCG)	11.35	11.35
	11.35	11.35
22. Current financial liabilities - borrowings		
Secured borrowings - from banks		
Cash credit facilities	5,171.18	5,156.59
Unsecured Borrowings		
Inter Corporate Loan	-	100.35
	5,171.18	5,256.94
23. Current financial liabilities - Lease liabilities		
Lease liability on account of land and building lease from related party	106.37	-
	106.37	-
Note :		
1. Refer note. 42 for disclosure under Ind As 116		
2. Refer note 40 for lease liabilities from related parties		
24. Current financial liabilities - trade payables		
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	220.13	49.86
(b) total outstanding dues of trade payables other than micro enterprises and small enterprises	3,024.64	2,069.73
	3,244.77	2,119.59
25. Current provisions		
Provision for employee benefits - Compensated absences	6.33	7.03
	6.33	7.03
26. Other Current financial liabilities		
Current maturities of long-term debts	690.08	575.55
Interest accrued and not due on borrowings	-	-
Interest accrued and due on borrowings	23.09	11.47
Unclaimed Dividends	9.20	8.24
Contribution to Gratuity Fund	363.01	253.71
Accrued expenses/liabilities	444.30	514.32
Employee payables	26.99	19.38
	1,556.67	1,382.67
Note : 1. Refer note.41 for security and terms of borrowings		



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
27. Other Current liabilities		
Advance from customers	69.28	48.89
Statutory liabilities	31.57	18.35
	<u>100.85</u>	<u>67.24</u>
28. Revenue from operations		
Sale of products		
Yarn	18,570.48	20,108.72
Fabric sales	66.63	67.13
Process waste	347.01	612.85
	<u>18,984.12</u>	<u>20,788.70</u>
Revenue from services		
Yarn testing charges	1.50	8.15
Yarn conversion charges	-	0.05
	<u>1.50</u>	<u>8.20</u>
Other operating revenues		
Power generated by wind energy converters (net of captive consumption)	115.68	120.64
Scrap sales	12.51	27.25
Export incentives	3.78	5.07
	<u>131.97</u>	<u>152.96</u>
	<u>19,117.59</u>	<u>20,949.86</u>
29. Other income		
Interest income from		
Loans	63.48	71.08
Others	23.02	27.36
Dividend income from Non-current investments	0.05	0.04
Profit on sale of assets	-	25.45
Other non-operating income		
Rent received	10.53	10.44
Certification charges	5.69	3.20
Hank yarn obligation charges received	2.82	-
Net gain or loss arising on financial asset mandatorily measured at FVTPL	(1.24)	0.27
Foreign exchange gain (net)	0.19	6.60
	<u>104.54</u>	<u>144.44</u>
30. Cost of materials consumed		
Cotton, viscose, modaal	10,574.17	13,289.43
Others	115.83	19.96
	<u>10,690.00</u>	<u>13,309.39</u>
31. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	1,243.44	1,604.81
Work-in-progress	1,595.52	1,449.36
	<u>2,838.96</u>	<u>3,054.17</u>
Opening 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>
Net change in inventories	<u>215.21</u>	<u>(949.75)</u>
32. Employee benefits expense		
Salaries, wages and bonus	2,599.40	2,530.76
Contribution to provident, gratuity and other funds	169.39	138.97
Welfare expenses	233.11	133.05
	<u>3,001.90</u>	<u>2,802.78</u>



Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
33. Finance costs		
Interest on borrowings	836.66	829.66
Interest on lease liability	3.73	-
Other borrowing costs - premium on forward contracts	(8.81)	(3.51)
	<u>831.58</u>	<u>826.15</u>
34. Depreciation and amortisation expense		
Property, plant and equipment		
Buildings	135.35	135.39
Plant and machinery	561.68	569.97
Wind energy converters	192.03	271.84
Furniture and fittings	0.14	0.10
Office equipments	5.61	3.63
Vehicles	37.70	34.00
Sub Total (A)	<u>932.51</u>	<u>1,014.93</u>
Right of Use of Asset		
Land and Buildings	5.73	-
Sub Total (B)	<u>5.73</u>	<u>-</u>
Intangible assets		
Computer software - acquired	-	-
Sub Total (C)	<u>-</u>	<u>-</u>
Total (A + B + C)	<u>938.24</u>	<u>1,014.93</u>
Refer note 1, 2 and 3 on property, plant and equipments, Right to use asset and intangible assets		
35. Other expenses		
Cotton dyeing charges	322.09	191.92
Fabric conversion charges	1.20	16.71
Yarn doubling and reeling charges	13.33	11.90
Yarn mercirising charges	47.22	53.41
Yarn sizing charges	-	6.76
Consumption of stores and spares	326.20	256.06
Power and fuel-net	1,437.63	1,953.52
Rent	8.52	8.31
Repairs and maintenance - Buildings	13.53	27.85
- Plant and machinery	269.94	220.89
Insurance	16.98	13.83
Rates and taxes	38.01	31.83
Packing and forwarding chages	177.03	162.87
Printing and stationery	12.32	8.26
Brokerage and commission on sales	182.73	194.88
Legal and Professional charges	33.82	40.27
Travel and vehicle upkeep expenses	220.21	216.85
Premium on hank yarn obligation	-	15.85
Donation and charity	0.10	0.37
Expenditure on corporate social responsibility (refer note no.44)	3.53	9.23
Loss on sale of property, plant and equipment	8.34	-
Bad debts	2.46	-
Bank and other financial charges	61.99	28.35
Miscellaneous expenses	72.35	73.54
	<u>3,269.53</u>	<u>3,543.46</u>



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020

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):

These financial statements (the 'financial statements') have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Except for the changes below, the Company has consistently applied accounting policies to all periods.

- i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. There were no long-term leases entered into by the Company prior to April 1, 2019 and hence Ind AS 116 has become applicable only to new contracts entered into by the Company during the year.
- ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- iii) Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.
- iv) Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020 (Contd...)

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.

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 28-06-2020.

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 dispatched 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 and the credit granted by the regulatory authorities to the said customers for units generated.

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 income 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)



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020 (Contd...)

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 Standalone Financial Statements for the year ended March 31, 2020 (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. Leases

The Company's leased asset primarily consists of lease of land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 01, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020 (Contd...)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in the future lease payments arising from a change in an index rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

9. 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.

10. 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.

11. 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.

12. 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.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020 (Contd...)

13. 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.

14. 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.

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.

15. 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.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020 (Contd...)

16. 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.

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 flow; 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 AS27. 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).



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020 (Contd...)

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.

Impairment of financial assets

A financial asset is regarded as credit impaired or subject to significant increase in credit risk, 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). The Company uses simplified approach for expected credit loss and on a case to case basis.

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 costs 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 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 IndAS 109; and
- ❖ the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020 (Contd...)*****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.

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 IndAS 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.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020 (Contd...)

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 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.

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.

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 judgments, 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.

**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2020 (Contd...)****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

The expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profits 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 recognised 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 period.

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 Level1 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.

Estimation of uncertainty relating to COVID-19 pandemic

The Company has considered internal and external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact of COVID-19 on the financial statements. Based on projections of the Company's performance, management does not anticipate any challenge in the Company's ability to continue as a going concern or meeting its financial obligations. The Company expects to fully recover the carrying amount of trade receivables, and other assets. The Company has additionally, on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment and investments at the year-end in accordance with the requirements of Ind AS 36 – Impairment of Assets. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements. The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.



Notes annexed to and forming part of the Standalone Financial Statements

36. Income taxes relating to continuing operations

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	131.20	285.84
In respect of the earlier year	—	76.53
	<u>131.20</u>	<u>362.37</u>
Deferred tax		
In respect of the current year	(83.00)	(263.00)
	<u>(83.00)</u>	<u>(263.00)</u>
Total income tax expense recognised in the current year relating to continuing operations	<u>48.20</u>	<u>99.37</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>275.67</u>	<u>547.34</u>
Income tax expense calculated at 27.82% (2018-19: 27.82%)	76.69	152.27
Others	(28.49)	(52.90)
Income tax expense recognised in Statement of profit and loss (relating to continuing operations)	<u>48.20</u>	<u>99.37</u>

The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2018-19 = 27.82%) 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	(17.20)	(20.84)
Total income tax recognised in other comprehensive income	<u>(17.20)</u>	<u>(20.84)</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 31, 2020 (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	(1,296.34)	+75.78	(1,220.56)
Provision for compensated absences	79.34	+7.22	86.56
Unused tax credit (MAT credit entitlement) *	198.80	(17.00)	181.80
	<u>(1,018.20)</u>	<u>66.00</u>	<u>(952.20)</u>

Movement of deferred tax expense during the year ended March 31, 2019 (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>

* Adjusted against current tax provision for the respective years.


Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
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37. 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.121.91 lakhs (for the year ended March 31, 2019:Rs.101.17 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)	6.81%	7.65%
Expected rate(s) of salary increase	5.00%	5.00%

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	29.38	26.19
Net interest expense	18.10	11.61
Components of defined benefit costs recognised in Statement of profit and loss	47.48	37.80



Notes annexed to and forming part of the Standalone Financial Statements

37. Retirement benefit plans continued

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 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	38.80	(44.33)
Actuarial (gains)/losses arising from experience adjustments	22.29	108.70
Return on plan assets (excluding amounts included in net interest expense)	0.72	10.54
Components of defined benefit costs recognised in other comprehensive income	61.81	74.91
Total	109.29	112.71

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	529.91	456.50
Fair value of plan assets	186.44	219.92
Net liability arising from defined benefit obligation - Funded	343.47	236.58

The above provisions are reflected under 'Current Financial Liabilities-Others(Refer note 26) to the Standalone Financial Statements.

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

Opening defined benefit obligation	456.50	404.62
Current service cost	29.38	26.19
Interest cost	33.01	28.57
Plan amendments : vested portion at end of period (past service)	-	-
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	38.80	(44.33)
Actuarial (gains)/losses arising from experience adjustments	22.29	108.70
Benefits paid	(50.07)	(67.27)
Closing defined benefit obligation	529.91	456.51

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

Opening fair value of plan assets	219.92	229.82
Interest Income	14.91	16.96
Return on plan assets (excluding amounts included in net interest expense)	(0.72)	(10.54)
Contributions	-	50.92
Benefits paid	50.07	64.27
Others	2.40	-
Closing fair value of plan assets	186.44	219.92

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 24.16 (2018-19:Rs.21.68 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	583.86	497.58
Increase by	484.30	415.41

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

Decrease by	482.67	414.24
Increase by	584.75	491.29


Notes annexed to and forming part of the Standalone Financial Statements
37. Retirement benefit plans continued

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
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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.

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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

The Company expects to make a contribution of Rs 343.47 lakhs (as at March 31, 2019 : Rs.253.71 lakhs) to the defined benefit plans during the next financial year.

The average duration of the benefit obligation as at March 31, 2020 is 15.38 years (as at March 31, 2019: 27.30 years)

Compensated Balances

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

Discount rate(s)	6.72%	7.65%
Expected rate(s) of salary increase	5.00%	5.00%

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	5.29	3.21
Net interest expense	19.80	18.14
Actuarial (gain)/losses arising during the period	3.44	2.45

Components of defined benefit costs recognised in statement of profit and loss 28.53 23.80

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	287.43	258.89
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation - Unfunded	<u>287.43</u>	<u>258.89</u>

The above provisions are reflected under 'Current Financial Liabilities –Others(Refer note 19)

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

Opening defined benefit obligation	258.89	235.07
Current service cost	5.29	3.21
Interest cost	19.80	18.14
Actuarial (gains)/losses arising during the period	3.44	2.45
Benefits paid	-	-
Closing defined benefit obligation	<u>287.43</u>	<u>258.89</u>

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	<u>-</u>	<u>-</u>

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 Financial Statements

Particulars	Year ended March 31, 2020 Rs. in Lakhs	Year ended March 31, 2019 Rs. in Lakhs
38. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	5.33	10.50
From discontinued operations	-	-
Total basic earnings per share	<u>5.33</u>	<u>10.50</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	227.47	447.97
Earnings used in the calculation of basic earnings per share	227.47	447.97
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>227.47</u>	<u>447.97</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	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Gearing Ratio :		
Debt	8,129.98	7,208.56
Less: Cash and bank balances	93.58	86.13
Net debt	8,036.40	7,122.43
Total equity	9,368.64	9,288.61
Net debt to total equity ratio	0.86	0.76
Categories of Financial Instruments:		
a. Measured at amortised cost:		
Cash and bank balances	93.98	86.13
Trade Receivables	3,858.60	3,435.42
Loans	-	516.00
Others	1,946.14	987.81
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Investments	175.00	227.78
Derivative instruments	-	-


Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Financial liabilities		
a. <u>Measured at amortised cost:</u>		
Borrowings	8,129.98	7,208.56
Trade Payables	3,244.77	2,119.59
Others	872.92	814.14
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, 2020 would decrease/increase by Rs.49.53 lakhs (March 31, 2019: decrease/increase by Rs.42.18 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, 2020 was Rs.1.20 (March 31, 2019: Rs.1.80 lakhs). A 5% change in prices of equity instruments held as at March 31, 2020 would result in an impact of Rs 0.05 on equity (March 31, 2019: Rs.0.03 lakhs).

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 Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 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, 2020				
Trade payables	3,244.77	–	–	3,244.77
Other financial liabilities	1,556.67	–	–	1,556.67
Borrowings (including interest accrued thereon upto the reporting date)	<u>5,171.18</u>	<u>2,611.43</u>	<u>342.71</u>	<u>8,125.32</u>
	<u>9,972.62</u>	<u>2,611.43</u>	<u>342.71</u>	<u>12,926.76</u>
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)	<u>5,832.49</u>	<u>1,376.07</u>	–	<u>7,208.56</u>
	<u>9,334.75</u>	<u>1,376.07</u>	<u>–</u>	<u>10,710.82</u>


Notes annexed to and forming part of the Standalone Financial Statements
40. 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)
S. Natarajan - Company Seceratory	Key managerial personnel (KMP)
P. Boopalan - Chief Financial Officer (from 01.06.2019)	Key managerial personnel (KMP)
D. Sudharsan - Non Executive Director	Relative of KMP
D. Niranjn Kumar - Chief Financial Officer (upto 31.05.2019)	Key managerial personnel (KMP) (upto 31.05.2019)
Chief Marketing Officer (from 01.06.2019 onwards)	Relative of KMP (from 01.06.2019)
J. Sakthivel - Chief Technical Officer	Relative of KMP
D. Anupama	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
Parameshwari Jegarajan	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 Ind AS 24 Related Party.

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

Name of Related Party	Nature of Transaction	2019 - 20	2018 - 19
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	2.85	3.73
Kandagiri Spinning Mills Limited	Intercorporate loan given	-	50.00
	Intercorporate loan received back	516.00	84.00
	Sale of products and services	0.22	0.57
	Purchase of goods	-	222.39
	Interest received on intercorporate loan	59.37	71.08
	Balance outstanding at the end of the year (intercorporate loan)	-	516.00
	Purchase of Plant & Machinery	1,816.00	-
	Balance outstanding at the end of the year (Purchase of Plant & Machinery)	302.65	-
Sambandam Siva Textiles Private Limited	Sale of wind power	115.68	120.64
	Sale of Milk	8.50	-
	Sale of Waste Cotton	6.63	-
	Amount receivable at the end of the year	2.25	-
	Sale of Hank Yarn Obligation	1.07	-



Notes annexed to and forming part of the Standalone Financial Statements

Name of Related Party	Nature of Transaction	2019 - 20	2018 - 19
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	9.84	13.74
	Employee welfare expenses payable	0.30	2.09
Sambandam Spinning Mills Gratuity Trust	Contribution paid	–	40.68
S. Devarajan Chairman and Managing Director	Interest Payment	1.62	0.32
	Dividend Payment	9.39	8.20
	Remuneration	84.00	66.00
	Fixed deposits received	120.00	–
	Fixed deposits repaid	120.00	10.00
	Balances outstanding - Fixed deposits	–	–
S. Devarajan - HUF	Interest Payment - HUF	0.36	0.36
	Dividend Payment - HUF	0.92	0.92
	Balances outstanding - Fixed deposits - HUF	3.00	3.00
S. Jegarajan - Joint Managing Director	Interest Payment	4.97	0.65
	Dividend Payment	9.09	8.88
	Remuneration	81.00	63.30
	Fixed deposits received	377.00	10.00
	Fixed deposits repaid	194.50	–
	Balances outstanding - Fixed deposits	192.50	10.00
S. Jegarajan - HUF	Interest Payment - HUF	0.12	0.12
	Dividend Payment - HUF	0.58	0.58
	Balances outstanding - Fixed deposits - HUF	1.00	1.00
S. Dinakaran - Joint Managing Director	Interest Payment	17.59	13.85
	Dividend Payment	7.52	7.52
	Remuneration	54.00	36.60
	Fixed deposits received	423.00	10.00
	Fixed deposits repaid	433.00	–
	Balances outstanding - Fixed deposits	110.00	120.00
S. Dinakaran - HUF	Interest Payment - HUF	2.16	2.16
	Dividend Payment - HUF	0.58	0.58
	Balances outstanding - Fixed deposits - HUF	18.25	18.25
D. Niranjana Kumar Chief Marketing Officer (as CFO upto 31.05.2019 and as CMO from 01.06.2019)	Interest Payment	1.02	1.02
	Dividend Payment	0.12	0.12
	Remuneration	27.00	22.50
	Balances outstanding - Fixed deposits	9.00	9.00
P. Boopalan - Chief Financial Officer	Remuneration	20.00	–
S. Natarajan - Company Seceratory	Remuneration	13.00	12.00
D. Anupama	Interest Payment	1.38	1.38
	Dividend Payment	0.06	0.01
	Balances outstanding - Fixed deposits	12.50	12.50
	Rent paid	4.43	4.22
	Rent advance paid	3.00	3.00



Notes annexed to and forming part of the Standalone Financial Statements

Name of Related Party	Nature of Transaction	2019 - 20	2018 - 19
J. Sakthivel - Chief Technical Officer	Remuneration	27.00	22.50
	Dividend Payment	0.30	0.30
S. Kandaswarna	Interest Payment	0.24	0.24
	Dividend Payment	Rs. 100 Only	Rs.100 Only
	Balances outstanding - Fixed deposits	2.00	2.00
D. Manjula	Interest Payment	3.82	2.72
	Dividend Payment	0.61	0.61
	Fixed deposits received	9.00	9.75
	Balances outstanding - Fixed deposits	36.25	27.25
D. Minusakthipriya	Interest Payment	1.88	1.66
	Dividend Payment	0.08	0.08
	Fixed deposits received	1.00	2.25
	Balances outstanding - Fixed deposits	16.75	15.75
J. Ramya	Interest Payment	-	-
	Dividend Payment	0.53	0.53
	Balances outstanding - Fixed deposits	-	-
D. Rathipriya	Interest Payment	2.80	2.80
	Dividend Payment	0.83	0.83
	Balances outstanding - Fixed deposits	25.50	25.50
S. Saradhamani	Interest Payment	0.24	0.24
	Dividend Payment	2.02	2.02
	Balances outstanding - Fixed deposits	2.00	2.00
V. Valarnila	Interest Payment	1.10	1.20
	Dividend Payment	0.74	0.74
	Fixed deposits received	-	3.00
	Balances outstanding - Fixed deposits	10.00	10.00
D. Sudharsan	Dividend Payment	1.78	1.78
ParameshwariJegarajan	Interest Payment	0.36	-
	Dividend Payment	0.45	0.45
	Fixed deposits received	-	3.00
	Balances outstanding - Fixed deposits	3.00	3.00



Notes annexed to and forming part of the Standalone Financial Statements						
(Rs. in Lakhs)						
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	22 monthly installment of Rs.25 lakhs each (2020-21 Rs.300 lakhs and 2021-22 Rs.250 lakhs)	As at March 31, 2020 As at March 31, 2019	250.00 525.00	300.00 300.00	550.00 825.00	12.85 12.30
Karnataka Bank TL 5	14 monthly installment of Rs. 8 lakhs each, 10 monthly installment of Rs. 7.70 lakhs each and two monthly installments of Rs. 7.50 lakhs each (2020-21 Rs.96 lakhs, 2021-22 Rs.93 lakhs and 2022-23 Rs. 15 lakhs)	As at March 31, 2020 As at March 31, 2019	107.55 204.00	96.00 96.00	203.55 300.00	11.40 10.90
CSB Bank TL 1	3 monthly installments of Rs.8.33 lakhs, 12 monthly installments of Rs.18.74 lakhs, 12 monthly installments of Rs.25 lakhs, 12 monthly installments of Rs.26.67 lakhs, 12 monthly installments of Rs.33.33 lakhs (2020-21 Rs.25 lakhs, 2021-22 Rs.225 lakhs 2022-23 Rs.300 lakhs, 2023-24 Rs.320 lakhs, 2024-25 Rs.400 lakhs)	As at March 31, 2020 As at March 31, 2019	1245.00 -	25.00 -	1270.00 -	12.15 -
HDFC Bank Car loan	7 monthly installments (2020-21 Rs. 1.35 lakhs)	As at March 31, 2020 As at March 31, 2019	- 1.35	1.35 5.12	1.35 6.47	10.01 10.01
HDFC Bank Car loan	Monthly installments (2020-21 Rs.15.66 lakhs, 2021-22 Rs.27.06 lakhs)	As at March 31, 2020 As at March 31, 2019	27.06 42.66	15.66 16.78	42.73 59.44	10.01 10.01
HDFC Bank Car loan	Monthly installments (2020-21 Rs.4.18 lakhs, 2021-22 Rs 4.56 lakhs, 2022-23 Rs.4.97 lakhs)	As at March 31, 2020	17.95	4.56	22.51	9.50
Sub Total		As at March 31, 2020 As at March 31, 2019	1,647.56 773.01	442.58 417.90	2,090.14 1,190.91	- -



Notes annexed to and forming part of the Standalone Financial Statements
41. Details of non current borrowings

Particulars	Particulars of repayment	Year	(Rs. in Lakhs)			Rate of interest
			Non current	Current Maturities	Total	
ii Secured Borrowings						
b. Unsecured Borrowings						
Fixed deposits	Shareholders – Repayable on 2020-21 Rs.247.50 lakhs, 2021-22 Rs.244.41 lakhs, 2022-23 Rs.92.25 lakhs,					
Directors-						
	2021-22 Rs.150.00 lakhs, 2022-23 Rs.154.50 lakhs,	As at March 31, 2020 As at March 31, 2019	621.16 603.06	247.50 157.65	868.66 760.71	11to12 11to12

Notes :

- Term loans aggregating to Rs.2023.55 lakhs (2019: Rs.1125 lakhs,) are secured by a first charge on paripassu basis on all Property, Plant and equipments and second charge on paripassu basis on all current assets.
- Term loans from banks aggregating to Rs.66.58 lakhs (2019 Rs.65.90 lakhs) are secured by hypothecation of certain cars.
- All the above loans are guaranteed by fourdirectors.

Details of current borrowings

Particulars	Particulars of repayment	Year	(Rs. in Lakhs)			rate of interest
			Non current	Current Maturities	Total	
a. Secured Borrowings						
1. Cash Credit facilities						
State Bank of India	on demand	As at March 31, 2020 As at March 31, 2019	- -	2,950.86 2,943.86	2,950.86 2,943.86	11.30 11.30/ 12.30
Karnataka Bank	on demand	As at March 31, 2020 As at March 31, 2019	- -	824.81 740.89	824.81 740.89	11.00 11.00
Axis Bank	on demand	As at March 31, 2020 As at March 31, 2019	- -	374.29 521.71	374.29 521.71	12.00 12.00
Canara Bank	on demand	As at March 31, 2020 As at March 31, 2019	- -	1,021.22 950.13	1,021.22 950.13	11.50 11.50
Total Cash credit facilities	On demand	As at March 31, 2020 As at March 31, 2019	- -	5,171.18 5,156.59	5,171.18 5,156.59	- -

Notes :

- Cash Credit facilities are secured by a first charge on the Company's current assets and by a second charge on the Company's Property, Plant and equipments excluding the charges.
- All the above loans are guaranteed by four directors.


Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
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42. Lease

The Company has adopted IND AS 116 Leases with effect from 1st April, 2019. The lease arrangements subsisting as on that date and eligible for recognition as right of use of assets under IND AS 116 is disclosed in Note No.2 All other lease arrangements as on that date were either Low value asset or short term leases and the lease rentals recognised as on expenses in the statement of Profit and loss. The following are the disclosures in terms of INDAS 116 :

Payments recognised as expense for the Non-cancellable lease :
Non-cancellable lease commitments

Maturity analysis of future lease payments :

Not later than 1 year	8.52	8.31
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-

Rental payment for which exemption is availed under IND AS 116
Particulars

Lease asset for low value asset	-	-
Short term leases	-	-

Other disclosures

Particulars	Notes No.	31.03.2020
a. Carrying value of right of use of (ROU) asset	2	793.85
b. Depreciation charge for ROU asset	34	5.73
c. Interest expense on lease liability	33	3.73
d. Total cashflow during the year for leases	-	-
e. Additional to ROU (Other than upon transition)	2	799.58
f. Lease commitments for short term leases	23	106.37
g. Lease liability outstanding	17	685.42

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than that the company cannot provide the leased as security for its borrowings etc, nor can it be subleased without the permission of the lessor.

The lease payment are discounted using the company's incremental borrowing rate @ 11% being the rate that the company would have to pay to borrow funds necessary to obtain as asset of similar value to ROU asset in a similar economic environment with similar terms, security and conditions.

The company has applied modified retrospective approach in adopting the new standard and accordingly, the balance of lease liability and Right of use assets as at March 31, 2020 are not comparable with previous year balances.

Company as lessee
Leasing arrangements

Operating leases relate to land and building with lease term ranging from 11 months to 15 years.


Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
43. Contingent liabilities and Capital Commitments		
Contingent liabilities		
a) Claims against the Company not acknowledged as debt		
(i) ESI	33.81	34.35
(ii) Others (self generation tax / cross subsidy charges to TNEB etc.)	518.67	457.41
	552.48	491.76

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 judgment / decisions pending with various forums / authorities.

b) Customer bills discounted with bankers	53.60	205.67
c) Capital Commitments		
Capital Commitments (net of advances) not provided for	869.58	869.58
	869.58	869.58

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

44. CSR Expenditure:

Particulars	2019-20	2018-19
(a) Gross amount required to be spent by the company during the year	11.97	9.16
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	3.53	9.23
(c) Amount unspent as at the year end	8.44	-

45. 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	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	220.13	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.

46. 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.



Notes annexed to and forming part of the Standalone Financial Statements

47. Auditor's Remuneration :

Particulars	March 31, 2020	March 31, 2019
1. Statutory audit	6.00	6.00
2. Taxation matters	-	-
3. Other services	-	-

48. Net Debt Reconciliation

Particulars	March 31, 2020	March 31, 2019
1. Cash and Cash equivalents	9.34	6.41
2. Liquid investments	65.13	60.48
3. Current Borrowings	(5,171.18)	(5,256.94)
4. Non current borrowings	(2,268.72)	(1,376.07)
Net Debt	(7,365.43)	(6,566.12)

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, 2019						(6,566.12)
Cash Flows	2.93	4.65	-	(892.65)	85.76	(799.31)
Interest expense	831.58	-	-	-	-	831.58
Interest paid	(831.58)	-	-	-	-	(831.58)
Net debt as at March 31, 2020	2.93	4.65	-	(892.65)	85.76	(7,365.43)

49. 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. manufacture and sale of cotton yarn.

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

Particulars	As at March 31, 2020	As at March 31, 2019	Purpose
i. Loans outstanding Kandagiri Spinning Mills Limited	-	516.00	Funding for operations
ii. Investments (Refer note 3)	175.00	227.78	
iii. Guarantees	-	-	

51. Revenue from contract with customers (Ind AS 115)

a) Disaggregated revenue information

(Rs. in Lakhs)

Particulars	March 31, 20120	March 31, 2019
Type of goods and service		
Sale of products		
Yarn	18,570.48	20,108.72
Fabric sales	66.63	67.13
Process waste	347.01	612.85
Revenue from services		
Yarn testing charges	1.50	8.15
Yarn conversion charges	-	0.05
Other operating revenues	131.87	152.96
Total revenue from contract with customers	19,117.59	20,949.88
India	18,900.51	20,587.44
Outside India	217.08	362.44
Total revenue from contract with customers	19,117.59	20,949.88



Notes annexed to and forming part of the Standalone Financial Statements

Timing of revenue recognition

(Rs. in Lakhs)

Particulars	March 31, 2020		March 31, 2019	
	At a point in time	Over a period of time	At a point in time	Over a period of time
Sale of products and other operating income	19,117.59	–	20,949.88	–
Less : Rebates and discounts	–	–	–	–
Total revenue from contract with customers	19,117.59	–	20,949.88	–

b) Contract balance

(Rs. in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Trade receivables	3,858.60	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, 2020	March 31, 2019
Revenue as per contracted price	19,117.59	20,949.88
Adjustments:-		
Rebates and discounts	–	–
Revenue from contract with customers	19,117.59	20,949.88

52) COVID 19

In assessing the recoverability of assets, the Company has considered internal and external information up to the date of approval of these financial statements. The Company has performed sensitivity analysis on the assumption used and base on current estimates expects the carrying amount of the assets will be recovered. Given the uncertainty caused by COVID 19, the final impact on the Company's assets in future may differ from that estimated as at the date of approval of financial statements.

53. 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
June 28, 2020

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

P. Boopalan
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 Financial Statements of **SAMBANDAM SPINNING MILLS LIMITED** ("Investee Company/the Company") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2020, 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 the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 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, 2020, their consolidated profit including other comprehensive income, their consolidated cash flow and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated 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 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 consolidated 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 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 financial statements of the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated 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 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 financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our opinion on the accompanying consolidated financial statements.

A. Adoption of Ind AS 116 Leases
Key Audit Matter Description

As described in Note 43 to the consolidated financial statements, the Company has adopted Ind AS 116 Leases in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit.

Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liability is initially measured by discounting future lease payments during the lease term as per contract/arrangement. Adoption of the standard involves significant judgments and estimates including, determination of the discount rates and the lease term.



Response to Key Audit Matter

Principal Audit Procedures

Our audit procedure on adoption of Ind AS 116 include:

- a. Assessed and tested new processes and controls in respect of the lease accounting standard (Ind AS 116);
- b. Assessed the Company's evaluation on the identification of leases based on the contractual agreements and our knowledge of the business.
- c. Involved of our persons to evaluate the reasonableness of the discount rates applied in determining the lease liabilities;
- d. Transition as at 1st April 2019:
Assessed and found, there are no transitional impact as at 1st April, 2019.
- e. On a statistical sample, we performed the following procedures:
Assessed the key terms and conditions of each lease with the underlying lease contracts; and
Evaluated computation of lease liabilities and challenged the key estimates such as discount rate and the lease term.
- f. Assessed and tested the presentation and disclosures relating to Ind AS 116.

B. Revenue Recognition

Key Audit Matter Description

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

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:

- g. We assessed whether the policy of recognizing revenue was in line with Ind AS – 115.
- h. 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.
- i. 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.
- j. 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.
- k. 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.
- l. We tested journal entries on a sample basis to identify any unusual or irregular items.
- m. We also considered the adequacy of the disclosures in Company's standalone 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.

**Emphasis of Matter**

We draw your attention to Note 53 of the consolidated financial statements which explains the uncertainties and the management's assessment of the potential impact due to lock-downs and other restrictions and conditions related to the COVID-19 pandemic situation and consequently the Company's results are highly dependent upon future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

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 financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 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 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 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 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 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, as amended. The respective Board of Directors of the Company and 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 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 financial statements, the respective Board of Directors of the Company and its associates are 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 respective Board of Directors of the Company and its associates are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 and its associates 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 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ✍ Obtain sufficient appropriate audit evidence regarding the financial results of the associates to express an opinion on the consolidated annual financial results. We are responsible for the direction, supervision and performance of the audit of financial information of such entity included in the consolidated annual financial results of which we are the independent auditors. For the other entities included in consolidated annual financial results, 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 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 financial statements for the year ended March 31, 2020 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

The consolidated annual financial results include the share of net profit after tax of Rs.3.09 lakhs and loss of Rs.4.37 lakhs for the year ended March 31, 2020 and for the period from January 1, 2020 to March 31, 2020 respectively, as considered in the consolidated annual financial results, in respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated annual financial results, in so far it relates to the amounts and disclosures included in respect of these associates, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Annual Financial Results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.



Report on Other Legal and Regulatory Requirements

2. 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 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 by the Company 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 Other Comprehensive Income, the consolidated Statement of Cash Flows and the consolidated Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Investee company and its associates as on March 31, 2020 taken on record by the Board of Directors of the investee company and its associates, none of the directors is disqualified as on March 31, 2020 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 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. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanation given to us, the remuneration paid by the Company and its associates to its directors during the year is in accordance with the provisions of section 197 of 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 Auditors) Rule 2014, as amended in our opinion and to the best of our information and according to the explanations 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 Company and its associates has disclosed the impact of pending litigations on its financial position in its consolidated financial Statements.
 - ii. The company and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020.
 - 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. 08282S

S. Krishnan - Partner
Membership No. 26452
UDIN : 20026452AAAAAY1906

Place : Chennai
Date : June 28, 2020



“ANNEXURE 1” to the Independent Auditor's Report of even date on the Consolidated 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”)

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, 2020 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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 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

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.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company and its associates 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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.

Chennai
June 28, 2020

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

S. Krishnan – Partner
Membership no.26452
UDIN 20026452AAAAAY1906



Consolidated Balance Sheet as at March 31, 2020

Particulars	Note No.	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
ASSETS			
Non current assets			
Property, plant and equipment	1	11,408.47	10,403.89
Capital work in progress		2.63	10.39
Right-of-use assets	2	793.85	—
Intangible assets	3	0.04	0.04
Financial assets			
Investments	4	150.18	199.87
Loans	5	0.00	516.00
Other financial asset	6	419.19	418.73
Advance tax assets (net)	7	25.04	62.10
Other non-current assets	8	278.98	303.03
Total non-current assets		13,078.38	11,914.05
Current assets			
Inventories	9	5,500.06	4,565.72
Financial assets			
Trade receivables	10	3,858.60	3,435.42
Cash and cash equivalents	11a	9.34	6.41
Other Bank balances	11b	84.24	79.72
Other financial assets	12	594.40	569.08
Other current assets	13	653.97	237.81
Total current assets		10,700.61	8,894.16
Total assets		23,778.99	20,808.21
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	427.55	427.55
Other equity	15	8,916.27	8,833.15
Total equity		9,343.82	9,260.70
Non-current liabilities			
Financial liabilities			
Borrowings	16	2,268.72	1,376.07
Lease liabilities	17	685.42	—
Other non current liabilities	18	30.09	30.27
Long term Provisions	19	301.22	278.15
Deferred tax liabilities (Net)	20	952.20	1,018.20
Other non current liabilities	21	11.35	11.35
Total non-current liabilities		4,249.00	2,714.04
Current liabilities			
Financial liabilities			
Borrowings	22	5,171.18	5,256.94
Lease liabilities	23	106.37	—
Trade payables			
(a) total outstanding dues of micro enterprises and small enterprises	24	220.13	49.86
(b) total outstanding dues of trade payables other than micro enterprises and small enterprises	24	3,024.64	2,069.73
Provisions	25	6.33	7.03
Other financial liabilities	26	1,556.67	1,382.67
Other current liabilities	27	100.85	67.24
Total current liabilities		10,186.17	8,833.47
Total equity and liabilities		23,778.99	20,808.21

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

June 28, 2020

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

P. Boopalan

Chief Financial Officer


Consolidated Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Note No.	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Income			
Revenue from operations	28	19,117.59	20,949.86
Other income	29	104.54	144.44
Total income		<u>19,222.13</u>	<u>21,094.30</u>
Expenses			
Cost of materials consumed	30	10,690.00	13,309.39
Changes in inventories of finished goods and work-in- progress	31	215.21	(949.75)
Employee benefits expense	32	3,001.90	2,802.78
Finance cost	33	831.58	826.15
Depreciation and amortization expense	34,1,2,3	938.24	1,014.93
Other expenses	35	3,269.53	3,543.46
Total Expenses		<u>18,946.46</u>	<u>20,546.96</u>
Profit before share of profit of associates and tax		275.67	547.34
Share of profit of associates		3.09	12.27
Profit before tax		<u>278.76</u>	<u>559.61</u>
Tax expense :			
Current tax - current year		131.20	285.84
- earlier year		-	76.53
Deferred tax		<u>(83.00)</u>	<u>(263.00)</u>
Income tax expense		<u>48.20</u>	<u>99.37</u>
Profit for the period from continuing operations		<u>230.56</u>	<u>460.24</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		(61.82)	(74.91)
Tax effect		(17.20)	(20.84)
Other comprehensive income		<u>(44.62)</u>	<u>(54.07)</u>
Total comprehensive income for the year		<u>185.94</u>	<u>406.17</u>
Earning per share (Face value Rs.10 per share)			
¹-Basic and diluted (Rs.) Refer note no. 39		5.41	10.79

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

June 28, 2020

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

P. Boopalan

Chief Financial Officer



Consolidated Statement of cash flows for the year ended March 31, 2020

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Cash Flows from Operating Activities		
Profit Before Tax	278.76	559.61
Adjustments for :		
Share of profits of associates	(3.09)	(12.27)
Depreciation	938.24	1,014.93
Interest Expense	831.58	829.66
Interest Income	(86.49)	(98.44)
Unrealised Exchange Fluctuation	(9.02)	(6.60)
Dividend income	(0.05)	(0.04)
Net gain or loss arising on financial asset mandatorily measured at FVTPL	(1.24)	(0.27)
Loss / (Profit) on sale of property, plant and equipments	8.34	(25.45)
Operating profit before working capital changes	1,957.03	2,261.13
Adjustments for changes in :		
Inventories	(934.35)	(832.67)
Trade receivables	(423.18)	1,092.58
Non current and financial Assets	(30.31)	(25.37)
Other non-current and current assets	24.05	(101.66)
Trade payables	822.53	(1,457.04)
Non current and current financial liabilities	1,035.22	477.15
Other non-current and current liabilities	33.61	(35.10)
Other non-current and current provisions	22.36	26.19
	2,506.96	1,405.22
Income Tax paid	(59.95)	(175.30)
Net Cash Flow from Operating Activities (A)	2,447.01	1,229.92
Cash Flows from Investing Activities		
Payments for acquisition of property, plant and equipment	(2,389.41)	(360.83)
Movement in Right of use of assets	(799.58)	-
Proceeds from sale of property, plant and equipment	141.33	138.30
Interest received	86.49	98.44
Dividend received	0.05	0.04
Sale/(Purchase) of Long term investments	51.54	-
	(2,909.58)	(124.05)
Cash Flows from Financing Activities		
Finance cost paid	(831.58)	(829.66)
Dividends Paid	(102.82)	(102.82)
Refund of Inter corporate deposit	516.00	-
Proceeds from long term borrowings	1,402.10	87.96
Repayments of long term borrowings	(518.20)	(373.30)
Net Cash Flow from Financing Activities (C)	(465.50)	(1,217.82)
NET CASH INFLOW / (OUTFLOW) (A+B+C)	2.93	(111.95)
Opening Cash and Cash Equivalents (D)	6.41	118.36
Closing Cash and Cash Equivalents (E)	9.34	6.41
NET INCREASE/ (DECREASE) IN CASH (E-D)	2.93	(111.95)

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

June 28, 2020

S. Devarajan

Chairman and Managing Director

DIN : 00001910

S. Natarajan

Company Secretary

S. Dinakaran

Joint Managing Director

DIN : 00001932

P. Boopalan

Chief Financial Officer


Consolidated Statement of Changes in Equity for the year ended March 31, 2020
A. Equity share Capital

(Rs. in Lakhs)

		Balance at the End of March 31, 2019	Changes in equity share capital during the year	Balance as on March 31, 2020
Equity share capital		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, 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	460.17
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
Profit for the year	–	–	230.56	230.56
Other Comprehensive income	–	–	(44.62)	(44.62)
Total Comprehensive income for the year	–	–	185.94	185.94
Dividend including tax thereon	–	–	(102.82)	(102.82)
Balance at the end of March 31, 2020	539.09	4,464.67	3,912.51	8,916.27

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
June 28, 2020

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

P. Boopalan
Chief Financial Officer



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2020											
(Rs. in Lakhs)											
2019 - 2020	Gross Carrying Amount (Cost/deemed cost)					Depreciation				Net Carrying Amount	
	31.03.2019	Additions	Deletions	31.03.2020	31.03.2019	Charge for the year	Disposal	31.03.2020	31.03.2020	31.03.2020	
Description											
Freehold land	2,212.16	-	-	2,212.16	-	-	-	-	2,212.16		
Buildings	3,230.84	21.79	-	3,252.63	405.14	135.35	-	540.49	2,712.14		
Plant and Equipment	5,947.10	2,010.61	200.28	7,757.43	1,720.18	561.68	55.04	2,226.82	5,530.61		
Wind Energy Converters	1,742.32	-	-	1,742.32	815.55	192.03	-	1,007.58	734.74		
Furniture and Fixtures	4.73	1.36	-	6.09	4.60	0.14	-	4.74	1.35		
Vehicles	303.65	26.34	9.96	320.03	118.59	37.70	5.53	150.76	169.27		
Office equipment	37.37	26.66	-	64.03	10.22	5.61	-	15.83	48.20		
Total	13,478.17	2,086.76	210.24	15,354.69	3,074.28	932.51	60.57	3,946.22	11,408.47		

2018 - 2019	Gross Carrying Amount (Cost/deemed cost)					Depreciation				Net Carrying Amount	
	01.04.2018	Additions	Deletions	31.03.2019	01.04.2018	Charge for the year	Disposal	31.03.2019	31.03.2020	31.03.2020	
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	4,226.93		
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	13,478.18	2,059.35	1,014.93	-	3,074.28	10,403.89		

Note :

1. Amount of contractual commitments for acquisition of property, plant and equipment; refer note no. 44.
2. For details of assets given as security against borrowings; refer note no. 42.



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2020

2. Right of use of Assets

2019 - 2020	Gross Carrying Amount(Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2020
	31.03.2019	Additions	Deletions	31.03.2020	31.03.2019	Charge for the year	Disposal	
Description								
Land and buildings	-	799.58	-	799.58	-	5.73	-	793.85
Total	-	799.58	-	799.58	-	5.73	-	793.85

(Rs. in Lakhs)

2018 - 2019	Gross Carrying Amount(Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2019
	31.03.2018	Additions	Deletions	31.03.2019	31.03.2018	Charge for the year	Disposal	
Description								
Land and buildings	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

3. Intangible assets

2019 - 2020	Gross Carrying Amount(Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2020
	31.03.2019	Additions	Deletions	31.03.2020	31.03.2019	Charge for the year	Disposal	
Description								
Computer Software-acquired	0.48	-	-	0.48	0.44	-	-	0.04
Total	0.48	-	-	0.48	0.44	-	-	0.04

(Rs. in Lakhs)

2018 - 2019	Gross Carrying Amount(Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2019
	31.03.2018	Additions	Deletions	31.03.2019	31.03.2018	Charge for the year	Disposal	
Description								
Computer Software-acquired	0.48	-	-	0.48	0.44	-	-	0.04
Total	0.48	-	-	0.48	0.44	-	-	0.04

(Rs. in Lakhs)

Note :

- Amount of contractual commitments for acquisition of property, plant and equipment, refer note no. 44.



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

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
4. Non current financial asset - Investments		
Unquoted		
Investments in Equity instruments		
Associates		
19,90,000 (2019 : 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	70.11	73.20
Carrying value of investment	<u>128.89</u>	<u>125.80</u>
7,04,060 (2019 : 7,04,060) Equity shares of Rs.10 each in Salem IVF Centre Private Limited		
Cost of acquisition	70.41	70.41
Less Group share of loss	70.41	70.41
Carrying value of investment	<u>-</u>	<u>-</u>
Others		
1,330 (2019 : 1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	0.56	1.80
1,07,500 (2019 : 1,07,500) Equity shares of Rs.10 each in Sambandam Investment and Leasing Limited	20.73	20.73
Nil (2019 : 1,66,500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	-	51.54
	<u>150.18</u>	<u>199.87</u>
a. # represents quoted investments		
Aggregate value of quoted investments (at fair value)	0.56	1.80
Aggregate market value of quoted investments	0.56	1.80
Aggregate value of unquoted investments	149.62	198.07
b. Investments are fully paid-up unless otherwise stated		
5. Non current financial asset - Loans		
Unsecured and considered good		
Intercompany Loan to related party	-	516.00
	<u>-</u>	<u>516.00</u>
6. Non current - Other financial asset		
Unsecured and considered good		
Security deposits		
with related parties	3.00	3.00
with others	416.19	412.52
Employee advances	-	3.21
	<u>419.19</u>	<u>418.73</u>
7. Non current - Advance tax assets (net)		
Advance income tax (net of provisions)	25.04	62.10
	<u>25.04</u>	<u>62.10</u>
8. Other non current assets		
(Unsecured, considered good)		
Capital advances	45.99	71.89
Balances with TNEB authorities, Sales tax (paid under protest)	232.99	231.14
	<u>278.98</u>	<u>303.03</u>



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

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
9. Inventories		
Raw materials	2,642.16	1,479.75
Work-in-progress	1,595.52	1,449.36
Finished goods - Yarn	1,243.44	1,604.81
Stores and spares	18.94	31.80
	<u>5,500.06</u>	<u>4,565.72</u>
Note :		
1. Goods in transit included above are as follows		
Raw materials	64.70	27.88
2. Cost of materials consumed during the year, refer note no.30		
3. For details of assets given as securities for borrowings, refer note no. 42.		
10. Trade receivables		
Unsecured, considered good		
Trade receivables		
- Related parties	3.13	-
- Others	3,855.47	3,435.42
	<u>3,858.60</u>	<u>3,435.42</u>
11a. Cash and cash equivalents		
Balances with banks-current accounts	5.12	4.19
Cash on hand	4.22	2.22
	<u>9.34</u>	<u>6.41</u>
11b. Bank balances other than above		
Unclaimed dividend accounts (earmarked)	9.20	8.24
Liquid assets deposits #	65.13	60.48
Deposits with Banks held as margin money #	9.91	11.00
	<u>84.24</u>	<u>79.72</u>
# represents deposits with original maturity of more than 3 months and less than 12 months		
12. Current Financial Assets - Others		
Unsecured considered good, unless otherwise stated		
Amount recoverable from employee (Refer note 47)		
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	22.66	3.80
Interest subsidy receivable	289.76	289.76
Export incentive receivable	2.17	1.01
Employee advances	4.14	3.03
Rent receivable - from related party	2.85	3.74
- from others	0.63	-
Other receivable	22.19	17.74
	<u>594.40</u>	<u>569.08</u>



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

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
13. Other current assets		
Unsecured considered good		
Prepaid expenses	106.63	110.04
Supplier advances	157.43	62.80
Balance with government authorities-GST input credit	389.22	64.97
Accrued income on windmills	0.69	-
	653.97	237.81
14. Equity		
Authorised share capital		
50,00,000 equity shares (March 31, 2019 50,00,000) of Rs. 10 each with voting rights	500.00	500.00
Issued share capital		
42,86,400 equity shares (March 31, 2019 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, 2019 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	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			
	2020	%	2019	%
Equity shares with voting rights				
S. Jegarajan	4,83,909	11.35	4,54,536	10.65
S. Devarajan	5,21,419	12.23	4,73,942	11.11
S. Dinakaran	4,15,544	9.74	3,86,269	9.05

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, 2020 is Rs. Nil (2019 : Nil).



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

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
15. Other equity		
Securities premium - Note A	539.09	539.09
General reserve - Note B	4,464.67	4,464.67
Retained earnings - Note C	3,912.51	3,829.39
	<u>8,916.27</u>	<u>8,833.15</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.		
16. Non current - Financial liabilities - Borrowings		
Secured Borrowings		
Term loan from banks	1,647.56	773.01
Unsecured Borrowings		
Fixed deposits from - related parties		
Fixed deposits from directors and shareholders	621.16	603.06
	<u>2,268.72</u>	<u>1,376.07</u>
Note :		
1. Refer note 26 for current maturities of non current borrowings		
2. Refer note. 42 for security and terms of borrowings		
3. Refer note 41 for deposits from related parties.		
17. Non current Financial liabilities - Lease liabilities		
Lease liability on account of land and building lease from related party	685.42	-
	<u>685.42</u>	<u>-</u>
Note :		
1. Refer note 23 for current maturities of lease liability		
2. Refer note. 43 for disclosure under IndAs 116		
3. Refer note 41 for lease liabilities from related parties		
18. Non current Financial liabilities - others		
Security deposits		
from related parties	4.50	4.50
from others	25.59	25.77
	<u>30.09</u>	<u>30.27</u>
19. Non current liabilities - Provisions		
Provision for employee benefits		
Compensated absences	301.22	278.15
	<u>301.22</u>	<u>278.15</u>



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

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Movement in provision for compensated absences is as follows: (refer 19 & 25)	Opening	Additions (net of utilisation) Closing
31.03.2020	285.19	22.36
31.03.2019	258.99	26.20
20. Deferred tax liability (net)		
Deferred tax liability	1,220.56	1,296.34
Deferred tax assets	86.56	79.34
	<u>1,134.00</u>	<u>1,217.00</u>
Unused tax credits (MAT credit entitlement)	181.80	198.80
Net deferred tax liability	<u>952.20</u>	<u>1,018.20</u>
Note : refer note. 37 for details of deferred tax liability and asset		
21. Other non current liabilities		
Deferred government grant (EPCG)	11.35	11.35
	<u>11.35</u>	<u>11.35</u>
22. Current financial liabilities - borrowings		
Secured borrowings - from banks		
Cash credit facilities	5,171.18	5,156.59
Unsecured Borrowings		
Inter Corporate Loan	-	100.35
	<u>5,171.18</u>	<u>5,256.94</u>
23. Current financial liabilities - Lease liabilities		
Lease liability on account of land and building lease from related party	106.37	-
	<u>106.37</u>	<u>-</u>
Note :		
1. Refer note. 43 for disclosure under IndAs 116		
2. Refer note 41 for lease liabilities from related parties		
24. Current financial liabilities - trade payables		
Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises	220.13	49.86
(b) total outstanding dues of trade payables other than micro enterprises and small enterprises	3,024.64	2,069.73
	<u>3,244.77</u>	<u>2,119.59</u>
25. Current provisions		
Provision for employee benefits - Compensated absences	6.33	7.03
	<u>6.33</u>	<u>7.03</u>
26. Other Current financial liabilities		
Current maturities of long-term debts	690.08	575.55
Interest accrued and not due on borrowings	-	-
Interest accrued and due on borrowings	23.09	11.47
Unclaimed Dividends	9.20	8.24
Contribution to Gratuity Fund	363.01	253.71
Accrued expenses/liabilities	444.30	514.32
Employee payables	26.99	19.38
	<u>1,556.67</u>	<u>1,382.67</u>
Note : 1. Refer note. 42 for security and terms of borrowings		
27. Other Current liabilities		
Advance from customers	69.28	48.89
Statutory liabilities	31.57	18.35
	<u>100.85</u>	<u>67.24</u>



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

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
28. Revenue from operations		
Sale of products		
Yarn	18,570.48	20,108.72
Fabric sales	66.63	67.13
Process waste	347.01	612.85
	<u>18,984.12</u>	<u>20,788.70</u>
Revenue from services		
Yarn testing charges	1.50	8.15
Yarn conversion charges	-	0.05
	<u>1.50</u>	<u>8.20</u>
Other operating revenues		
Power generated by wind energy converters (net of captive consumption)	115.68	120.64
Scrap sales	12.51	27.25
Export incentives	3.78	5.07
	<u>131.97</u>	<u>152.96</u>
	<u>19,117.59</u>	<u>20,949.86</u>
29. Other income		
Interest income from		
Loans	63.48	71.08
Others	23.02	27.36
Dividend income from Non-current investments	0.05	0.04
Profit on sale of assets	-	25.45
Other non-operating income		
Rent received	10.53	10.44
Certification charges	5.69	3.20
Hank yarn obligation charges received	2.82	-
Net gain or loss arising on financial asset mandatorily measured at FVTPL	(1.24)	0.27
Foreign exchange gain (net)	0.19	6.60
	<u>104.54</u>	<u>144.44</u>
30. Cost of materials consumed		
Cotton, viscose, modal	10,574.17	13,289.43
Others	115.83	19.96
	<u>10,690.00</u>	<u>13,309.39</u>
31. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	1,243.44	1,604.81
Work-in-progress	1,595.52	1,449.36
	<u>2,838.96</u>	<u>3,054.17</u>
Opening 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>
Net change in inventories	<u>215.21</u>	<u>(949.75)</u>
32. Employee benefits expense		
Salaries, wages and bonus	2,599.40	2,530.76
Contribution to provident, gratuity and other funds	169.39	138.97
Welfare expenses	233.11	133.05
	<u>3,001.90</u>	<u>2,802.78</u>



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

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
33. Finance costs		
Interest on borrowings	836.66	829.66
Interest on lease liability	3.73	-
Other borrowing costs - premium on forward contracts	(8.81)	(3.51)
	<u>831.58</u>	<u>826.15</u>
34. Depreciation and amortisation expense		
Property, plant and equipment		
Buildings	135.35	135.39
Plant and machinery	561.68	569.97
Wind energy converters	192.03	271.84
Furniture and fittings	0.14	0.10
Office equipments	5.61	3.63
Vehicles	37.70	34.00
Sub Total (A)	<u>932.51</u>	<u>1,014.93</u>
Right of Use of Asset		
Land and Buildings	5.73	-
Sub Total (B)	<u>5.73</u>	<u>-</u>
Intangible assets		
Computer software - acquired	-	-
Sub Total (C)	<u>-</u>	<u>-</u>
Total (A + B + C)	<u>938.24</u>	<u>1,014.93</u>
Refer note 1, 2 and 3 on property, plant and equipments, Right to use asset and intangible assets		
35. Other expenses		
Cotton dyeing charges	322.09	191.92
Fabric conversion charges	1.20	16.71
Yarn doubling and reeling charges	13.33	11.90
Yarn mercirising charges	47.22	53.41
Yarn sizing charges	-	6.76
Consumption of stores and spares	326.20	256.06
Power and fuel-net	1,437.63	1,953.52
Rent	8.52	8.31
Repairs and maintenance - Buildings	13.53	27.85
- Plant and machinery	269.94	220.89
Insurance	16.98	13.83
Rates and taxes	38.01	31.83
Packing and forwarding chages	177.03	162.87
Printing and stationery	12.32	8.26
Brokerage and commission on sales	182.73	194.88
Legal and Professional charges	33.82	40.27
Travel and vehicle upkeep expenses	220.21	216.85
Premium on hank yarn obligation	-	15.85
Donation and charity	0.10	0.37
Expenditure on corporate social responsibility (refer note no.43)	3.53	9.23
Loss on sale of property, plant and equipment	8.34	-
Bad debts	2.46	-
Bank and other financial charges	61.99	28.35
Miscellaneous expenses	72.35	73.54
	<u>3,269.53</u>	<u>3,543.46</u>



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020

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):

These financial statements (the 'financial statements') have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Except for the changes below, the Company has consistently applied accounting policies to all periods.

- i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. There were no long-term leases entered into by the Company prior to April 1, 2019 and hence Ind AS 116 has become applicable only to new contracts entered into by the Company during the year.
- ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- iii) Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.
- iv) Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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.

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 28-06-2020.

3. Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate, the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired. The Company discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the investment becomes a subsidiary, the Company accounts for its investment in accordance with Ind AS 103 'Business Combination'. When the Company retains an interest in the former associate and the retained interest is a financial asset, the Company measures it at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest is included in the determination of the gain or loss on disposal of the associate



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

4. 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 dispatched 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 and the credit granted by the regulatory authorities to the said customers for units generated.

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.

5. Other Income

Other Income comprises of Dividend, Interest income 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).

6. 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.

7. 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;



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

(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.

8. 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

**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)****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.

9. Leases

The Company's leased asset primarily consists of lease of land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 01, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in the future lease payments arising from a change in an index rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

10. 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.

11. 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.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd.)

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.

12. 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.

13. 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.

14. 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.

15. Income Tax

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.

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.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd..)

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.

16. 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.

17. 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.

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.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd..)

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 flow; 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 As27. 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 de recognises 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.

Impairment of financial assets

A Financial asset is regarded as credit impaired or subject to significant increase in credit risk, 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). The Company uses simplified approach for expected credit loss and on a case to case basis.

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.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd..)

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 costs 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 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 derecognizes 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.

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.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd..)

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 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.

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.

18. 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.

**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd..)****19. 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.

20. 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.

21. 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 judgments, 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

The expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profits 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.

**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2020 (Contd..)**

Deferred income tax assets are recognised 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 period.

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.

Estimation of uncertainty relating to COVID-19 pandemic

The Company has considered internal and external sources of information including credit reports, economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact of COVID-19 on the financial statements. Based on projections of the Company's performance, management does not anticipate any challenge in the Company's ability to continue as a going concern or meeting its financial obligations. The Company expects to fully recover the carrying amount of trade receivables, and other assets. The Company has additionally, on a prudent basis, assessed existence of any indication of impairment of carrying values of property, plant and equipment and investments at the year-end in accordance with the requirements of Ind AS 36 – Impairment of Assets. Based on such assessment, management is confident that no indications of impairment of carrying values of property, plant and equipment and investments exist as on the date of approval of these financial statements. The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these standalone financial statements and the Company will continue to closely monitor any material changes to future economic conditions.



Notes annexed to and forming part of the Consolidated Financial Statements

36. Basis of Consolidation (Rs. in Lakhs)

36.1 The Consolidated Financial Statements relate to Sambadam Spinning Mills Limited ("the Investee Company") and its Associates.

36.2 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, 2020.

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	
				31-03-2020	31-03-2019
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	26.88%	27.73%

36.3 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)	98.97%	9368.64	98.66%	227.47	100%	(44.62)	98.34%	182.85
2.	SPMM Health Care Services Private Limited	1.36% (0.33%)	128.89 (31.64)	1.34%	3.09	-	-	1.66%	3.09
3.	Salem IVF Centre Private Limited	100%	9465.89	100.00%	230.56	100%	(44.62)	100.00%	185.94
	Subtotal								
	Add/(Less) : Effect of intercompany adjustments/eliminations	-	-	-	-	-	-	-	-
	Total	100%	9465.89	100.00%	230.56	100%	(44.62)	100.00%	185.94



Notes annexed to and forming part of the Consolidated Financial Statements

37. Income taxes relating to continuing operations

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	131.20	285.84
In respect of the earlier year	—	76.53
	<u>131.20</u>	<u>362.37</u>
Deferred tax		
In respect of the current year	(83.00)	(263.00)
	<u>(83.00)</u>	<u>(263.00)</u>
Total income tax expense recognised in the current year relating to continuing operations	<u>48.20</u>	<u>99.37</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>275.67</u>	<u>547.34</u>
Income tax expense calculated at 27.82% (2018-19: 27.82%)	76.69	152.27
Others	(28.49)	(52.90)
Income tax expense recognised in Statement of profit and loss (relating to continuing operations)	<u>48.20</u>	<u>99.37</u>

The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2018-19 = 27.82%) 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	(17.20)	(20.84)
Total income tax recognised in other comprehensive income	<u>(17.20)</u>	<u>(20.84)</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 31, 2020 (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	(1,296.34)	+75.78	(1,220.56)
Provision for compensated absences	79.34	+7.22	86.56
Unused tax credit (MAT credit entitlement) *	198.80	(17.00)	181.80
	<u>(1,018.20)</u>	<u>66.00</u>	<u>(952.20)</u>

Movement of deferred tax expense during the year ended March 31, 2019 (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>

* Adjusted against current tax provision for the respective years.


Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
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38. 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.121.91 lakhs (for the year ended March 31, 2019:Rs.101.17 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)	6.81%	7.65%
Expected rate(s) of salary increase	5.00%	5.00%

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	29.38	26.19
Net interest expense	18.10	11.61
Components of defined benefit costs recognised in Statement of profit and loss	47.48	37.80



Notes annexed to and forming part of the Consolidated Financial Statements

38. Retirement benefit plans continued

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 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	38.80	(44.33)
Actuarial (gains)/losses arising from experience adjustments	22.29	108.70
Return on plan assets (excluding amounts included in net interest expense)	0.72	10.54
Components of defined benefit costs recognised in other comprehensive income	61.81	74.91
Total	109.29	112.71

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	529.91	456.50
Fair value of plan assets	186.44	219.92
Net liability arising from defined benefit obligation - Funded	343.47	236.58

The above provisions are reflected under 'Current Financial Liabilities-Others (Refer note 26) to the Standalone Financial Statements.

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

Opening defined benefit obligation	456.50	404.62
Current service cost	29.38	26.19
Interest cost	33.01	28.57
Plan amendments : vested portion at end of period (past service)	-	-
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	38.80	(44.33)
Actuarial (gains)/losses arising from experience adjustments	22.29	108.70
Benefits paid	(50.07)	(67.27)
Closing defined benefit obligation	529.91	456.51

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

Opening fair value of plan assets	219.92	229.82
Interest Income	14.91	16.96
Return on plan assets (excluding amounts included in net interest expense)	(0.72)	(10.54)
Contributions	-	50.92
Benefits paid	50.07	64.27
Others	2.40	-
Closing fair value of plan assets	186.44	219.92

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 24.16 (2018-19:Rs.21.68 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	583.86	497.58
Increase by	484.30	415.41

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

Decrease by	482.67	414.24
Increase by	584.75	491.29


Notes annexed to and forming part of the Consolidated Financial Statements
38. Retirement benefit plans continued

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
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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.

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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

The Company expects to make a contribution of Rs 343.47 lakhs (as at March 31, 2019 : Rs.253.71 lakhs) to the defined benefit plans during the next financial year.

The average duration of the benefit obligation as at March 31, 2020 is 15.38 years (as at March 31, 2019: 27.30 years)

Compensated Balances

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

Discount rate(s)	6.72%	7.65%
Expected rate(s) of salary increase	5.00%	5.00%

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	5.29	3.21
Net interest expense	19.80	18.14
Actuarial (gain)/losses arising during the period	3.44	2.45

Components of defined benefit costs recognised in statement of profit and loss 28.53 23.80

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	287.43	258.89
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation - Unfunded	<u>287.43</u>	<u>258.89</u>

The above provisions are reflected under 'Current Financial Liabilities – Others (Refer note 19)

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

Opening defined benefit obligation	258.89	235.07
Current service cost	5.29	3.21
Interest cost	19.80	18.14
Actuarial (gains)/losses arising during the period	3.44	2.45
Benefits paid	-	-
Closing defined benefit obligation	<u>287.43</u>	<u>258.89</u>

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	<u>-</u>	<u>-</u>

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 Financial Statements

Particulars	Year ended March 31, 2020 Rs. in Lakhs	Year ended March 31, 2019 Rs. in Lakhs
39. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	5.41	10.79
From discontinued operations	-	-
Total basic earnings per share	<u>5.41</u>	<u>10.79</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	227.47	447.97
Earnings used in the calculation of basic earnings per share	227.47	447.97
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>227.47</u>	<u>447.97</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>

40. 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	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Gearing Ratio :		
Debt	8,129.98	7,208.56
Less: Cash and bank balances	93.58	86.13
Net debt	8,036.40	7,122.43
Total equity	9,368.64	9,288.61
Net debt to total equity ratio	0.86	0.76
Categories of Financial Instruments:		
a. Measured at amortised cost:		
Cash and bank balances	93.98	86.13
Trade Receivables	3,858.60	3,435.42
Loans	-	516.00
Others	1,946.14	987.81
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Investments	175.00	227.78
Derivative instruments	-	-


Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
Financial liabilities		
a. <u>Measured at amortised cost:</u>		
Borrowings	8,129.98	7,208.56
Trade Payables	3,244.77	2,119.59
Others	872.92	814.14
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, 2020 would decrease/increase by Rs.49.53 lakhs (March 31, 2019: decrease/increase by Rs.42.18 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, 2020 was Rs.1.20 (March 31, 2019: Rs.1.80 lakhs). A 5% change in prices of equity instruments held as at March 31, 2020 would result in an impact of Rs 0.05 on equity (March 31, 2019: Rs.0.03 lakhs).

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 Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 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, 2020				
Trade payables	3,244.77	–	–	3,244.77
Other financial liabilities	1,556.67	–	–	1,556.67
Borrowings (including interest accrued thereon upto the reporting date)	<u>5,171.18</u>	<u>2,611.43</u>	<u>342.71</u>	<u>8,125.32</u>
	<u>9,972.62</u>	<u>2,611.43</u>	<u>342.71</u>	<u>12,926.76</u>
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)	<u>5,832.49</u>	<u>1,376.07</u>	–	<u>7,208.56</u>
	<u>9,334.75</u>	<u>1,376.07</u>	<u>–</u>	<u>10,710.82</u>


Notes annexed to and forming part of the Consolidated Financial Statements
41. 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)
S. Natarajan - Company Seceratory	Key managerial personnel (KMP)
P. Boopalan - Chief Financial Officer (from 01.06.2019)	Key managerial personnel (KMP)
D. Sudharsan - Non Executive Director	Relative of KMP
D. Niranjana Kumar - Chief Financial Officer (upto 31.05.2019)	Key managerial personnel (KMP) (upto 31.05.2019)
Chief Marketing Officer (from 01.06.2019 onwards)	Relative of KMP (from 01.06.2019)
J. Sakthivel - Chief Technical Officer	Relative of KMP
D. Anupama	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
Parameshwari Jegarajan	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 Ind AS 24 Related Party.

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

Name of Related Party	Nature of Transaction	2019 - 20	2018 - 19
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	2.85	3.73
Kandagiri Spinning Mills Limited	Intercorporate loan given	-	50.00
	Intercorporate loan received back	516.00	84.00
	Sale of products and services	0.22	0.57
	Purchase of goods	-	222.39
	Interest received on intercorporate loan	59.37	71.08
	Balance outstanding at the end of the year (intercorporate loan)	-	516.00
	Purchase of Plant & Machinery	1,816.00	-
Balance outstanding at the end of the year (Purchase of Plant & Machinery)	302.65	-	
Sambandam Siva Textiles Private Limited	Sale of wind power	115.68	120.64
	Sale of Milk	8.50	-
	Sale of Waste Cotton	6.63	-
	Amount receivable at the end of the year	2.25	-
	Sale of Hank Yarn Obligation	1.07	-



Notes annexed to and forming part of the Consolidated Financial Statements

Name of Related Party	Nature of Transaction	2019 - 20	2018 - 19
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	9.84	13.74
	Employee welfare expenses payable	0.30	2.09
Sambandam Spinning Mills Gratuity Trust	Contribution paid	–	40.68
S. Devarajan Chairman and Managing Director	Interest Payment	1.62	0.32
	Dividend Payment	9.39	8.20
	Remuneration	84.00	66.00
	Fixed deposits received	120.00	–
	Fixed deposits repaid	120.00	10.00
	Balances outstanding - Fixed deposits	–	–
S. Devarajan - HUF	Interest Payment - HUF	0.36	0.36
	Dividend Payment - HUF	0.92	0.92
	Balances outstanding - Fixed deposits - HUF	3.00	3.00
S. Jegarajan - Joint Managing Director	Interest Payment	4.97	0.65
	Dividend Payment	9.09	8.88
	Remuneration	81.00	63.30
	Fixed deposits received	377.00	10.00
	Fixed deposits repaid	194.50	–
	Balances outstanding - Fixed deposits	192.50	10.00
S. Jegarajan - HUF	Interest Payment - HUF	0.12	0.12
	Dividend Payment - HUF	0.58	0.58
	Balances outstanding - Fixed deposits - HUF	1.00	1.00
S. Dinakaran - Joint Managing Director	Interest Payment	17.59	13.85
	Dividend Payment	7.52	7.52
	Remuneration	54.00	36.60
	Fixed deposits received	423.00	10.00
	Fixed deposits repaid	433.00	–
	Balances outstanding - Fixed deposits	110.00	120.00
S. Dinakaran - HUF	Interest Payment - HUF	2.16	2.16
	Dividend Payment - HUF	0.58	0.58
	Balances outstanding - Fixed deposits - HUF	18.25	18.25
D. Niranjana Kumar Chief Marketing Officer (as CFO upto 31.05.2019 and as CMO from 01.06.2019)	Interest Payment	1.02	1.02
	Dividend Payment	0.12	0.12
	Remuneration	27.00	22.50
	Balances outstanding - Fixed deposits	9.00	9.00
P. Boopalan - Chief Financial Officer	Remuneration	20.00	–
S. Natarajan - Company Seceratory	Remuneration	13.00	12.00
D. Anupama	Interest Payment	1.38	1.38
	Dividend Payment	0.06	0.01
	Balances outstanding - Fixed deposits	12.50	12.50
	Rent paid	4.43	4.22
	Rent advance paid	3.00	3.00



Notes annexed to and forming part of the Consolidated Financial Statements

Name of Related Party	Nature of Transaction	2019 - 20	2018 - 19
J. Sakthivel - Chief Technical Officer	Remuneration	27.00	22.50
	Dividend Payment	0.30	0.30
S. Kandaswarna	Interest Payment	0.24	0.24
	Dividend Payment	Rs. 100 Only	Rs.100 Only
	Balances outstanding - Fixed deposits	2.00	2.00
D. Manjula	Interest Payment	3.82	2.72
	Dividend Payment	0.61	0.61
	Fixed deposits received	9.00	9.75
	Balances outstanding - Fixed deposits	36.25	27.25
D. Minusakthipriya	Interest Payment	1.88	1.66
	Dividend Payment	0.08	0.08
	Fixed deposits received	1.00	2.25
	Balances outstanding - Fixed deposits	16.75	15.75
J. Ramya	Interest Payment	-	-
	Dividend Payment	0.53	0.53
	Balances outstanding - Fixed deposits	-	-
D. Rathipriya	Interest Payment	2.80	2.80
	Dividend Payment	0.83	0.83
	Balances outstanding - Fixed deposits	25.50	25.50
S. Saradhamani	Interest Payment	0.24	0.24
	Dividend Payment	2.02	2.02
	Balances outstanding - Fixed deposits	2.00	2.00
V. Valarnila	Interest Payment	1.10	1.20
	Dividend Payment	0.74	0.74
	Fixed deposits received	-	3.00
	Balances outstanding - Fixed deposits	10.00	10.00
D. Sudharsan	Dividend Payment	1.78	1.78
ParameshwariJegarajan	Interest Payment	0.36	-
	Dividend Payment	0.45	0.45
	Fixed deposits received	-	3.00
	Balances outstanding - Fixed deposits	3.00	3.00



Notes annexed to and forming part of the Consolidated Financial Statements						
42. Details of non current borrowings						
Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	(Rs. in Lakhs)
						Rate of interest
a. Secured Borrowings						
i. Term loans from banks						
State Bank of India TL 5	22 monthly installment of Rs.25 lakhs each (2020-21 Rs.300 lakhs and 2021-22 Rs.250 lakhs)	As at March 31, 2020 As at March 31, 2019	250.00 525.00	300.00 300.00	550.00 825.00	12.85 12.30
Karnataka Bank TL 5	14 monthly installment of Rs. 8 lakhs each, 10 monthly installment of Rs.7.70 lakhs each and two monthly installments of Rs.7.50 lakhs each (2020-21 Rs.96 lakhs, 2021-22 Rs.93 lakhs and 2022-23 Rs. 15 lakhs)	As at March 31, 2020 As at March 31, 2019	107.55 204.00	96.00 96.00	203.55 300.00	11.40 10.90
CSB Bank TL 1	3 monthly installments of Rs.8.33 lakhs, 12 monthly installments of Rs.18.74 lakhs, 12 monthly installments of Rs.25 lakhs, 12 monthly installments of Rs.26.67 lakhs, 12 monthly installments of Rs.33.33 lakhs (2020-21 Rs.25 lakhs, 2021-22 Rs.225 lakhs 2022-23 Rs.300 lakhs, 2023-24 Rs.320 lakhs, 2024-25 Rs.400 lakhs)	As at March 31, 2020 As at March 31, 2019	1245.00 -	25.00 -	1270.00 -	12.15 -
HDFC Bank Car loan	7 monthly installments (2020-21 Rs. 1.35 lakhs)	As at March 31, 2020 As at March 31, 2019	- 1.35	1.35 5.12	1.35 6.47	10.01 10.01
HDFC Bank Car loan	Monthly installments (2020-21 Rs.15.66 lakhs, 2021-22 Rs.27.06 lakhs)	As at March 31, 2020 As at March 31, 2019	27.06 42.66	15.66 16.78	42.73 59.44	10.01 10.01
HDFC Bank Car loan	Monthly installments (2020-21 Rs.4.18 lakhs, 2021-22 Rs 4.56 lakhs, 2022-23 Rs.4.97 lakhs)	As at March 31, 2020	17.95	4.56	22.51	9.50
Sub Total		As at March 31, 2020 As at March 31, 2019	1,647.56 773.01	442.58 417.90	2,090.14 1,190.91	- -



Notes annexed to and forming part of the Consolidated Financial Statements
42. Details of non current borrowings

Particulars	Particulars of repayment	Year	(Rs. in Lakhs)		
			Non current	Current Maturities	Total
ii Secured Borrowings					
b. Unsecured Borrowings					
Fixed deposits	Shareholders – Repayable on 2020-21 Rs.247.50 lakhs, 2021-22 Rs.244.41 lakhs, 2022-23 Rs.92.25 lakhs,				
Directors-					
	2021-22 Rs.150.00 lakhs, 2022-23 Rs.154.50 lakhs,	As at March 31, 2020 As at March 31, 2019	621.16 603.06	247.50 157.65	868.66 760.71
					11to12 11to12

Notes :

- Term loans aggregating to Rs.2023.55 lakhs (2019: Rs.1125 lakhs,) are secured by a first charge on paripassu basis on all Property, Plant and equipments and second charge on paripassu basis on all current assets.
- Term loans from banks aggregating to Rs.66.58 lakhs (2019 Rs.65.90 lakhs) are secured by hypothecation of certain cars.
- All the above loans are guaranteed by fourdirectors.

Details of current borrowings

Particulars	Particulars of repayment	Year	(Rs. in Lakhs)		
			Non current	Current Maturities	Total
a. Secured Borrowings					
1. Cash Credit facilities					
State Bank of India	on demand	As at March 31, 2020 As at March 31, 2019	– –	2,950.86 2,943.86	11.30 11.30/ 12.30
Karnataka Bank	on demand	As at March 31, 2020 As at March 31, 2019	– –	824.81 740.89	11.00 11.00
Axis Bank	on demand	As at March 31, 2020 As at March 31, 2019	– –	374.29 521.71	12.00 12.00
Canara Bank	on demand	As at March 31, 2020 As at March 31, 2019	– –	1,021.22 950.13	11.50 11.50
Total Cash credit facilities	On demand	As at March 31, 2020 As at March 31, 2019	– –	5,171.18 5,156.59	– –

Notes :

- Cash Credit facilities are secured by a first charge on the Company's current assets and by a second charge on the Company's Property, Plant and equipments excluding the charges.
- All the above loans are guaranteed by four directors.


Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
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43. Lease

The Company has adopted IND AS 116 Leases with effect from 1st April, 2019. The lease arrangements subsisting as on that date and eligible for recognition as right of use of assets under IND AS 116 is disclosed in Note No.2 All other lease arrangements as on that date were either Low value asset or short term leases and the lease rentals recognised as on expenses in the statement of Profit and loss. The following are the disclosures in terms of INDAS 116 :

Payments recognised as expense for the Non-cancellable lease :
Non-cancellable lease commitments

Maturity analysis of future lease payments :

Not later than 1 year	8.52	8.31
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-

Rental payment for which exemption is availed under IND AS 116
Particulars

Lease asset for low value asset	-	-
Short term leases	-	-

Other disclosures

Particulars	Notes No.	31.03.2020
a. Carrying value of right of use of (ROU) asset	2	793.85
b. Depreciation charge for ROU asset	34	5.73
c. Interest expense on lease liability	33	3.73
d. Total cashflow during the year for leases	-	-
e. Additional to ROU (Other than upon transition)	2	799.58
f. Lease commitments for short term leases	23	106.37
g. Lease liability outstanding	17	685.42

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than that the company cannot provide the leased as security for its borrowings etc, nor can it be subleased without the permission of the lessor.

The lease payment are discounted using the company's incremental borrowing rate @ 11% being the rate that the company would have to pay to borrow funds necessary to obtain as asset of similar value to ROU asset in a similar economic environment with similar terms, security and conditions.

The company has applied modified retrospective approach in adopting the new standard and accordingly, the balance of lease liability and Right of use assets as at March 31, 2020 are not comparable with previous year balances.

Company as lessee
Leasing arrangements

Operating leases relate to land and building with lease term ranging from 11 months to 15 years.


Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2020 Rs. in Lakhs	31.03.2019 Rs. in Lakhs
44. Contingent liabilities and Capital Commitments		
Contingent liabilities		
a) Claims against the Company not acknowledged as debt		
(i) ESI	33.81	34.35
(ii) Others (self generation tax / cross subsidy charges to TNEB etc.)	518.67	457.41
	552.48	491.76

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 judgment / decisions pending with various forums / authorities.

b) Customer bills discounted with bankers	53.60	205.67
c) Capital Commitments		
Capital Commitments (net of advances) not provided for	869.58	869.58
	869.58	869.58

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

45. CSR Expenditure:

Particulars	2019-20	2018-19
(a) Gross amount required to be spent by the company during the year	11.97	9.16
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	3.53	9.23
(c) Amount unspent as at the year end	8.44	-

46. 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	(Rs. in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	220.13	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.

47. 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.



Notes annexed to and forming part of the Consolidated Financial Statements

48. Auditor's Remuneration :

Particulars	March 31, 2020	March 31, 2019
1. Statutory audit	6.00	6.00
2. Taxation matters	-	-
3. Other services	-	-

49. Net Debt Reconciliation

Particulars	March 31, 2020	March 31, 2019
1. Cash and Cash equivalents	9.34	6.41
2. Liquid investments	65.13	60.48
3. Current Borrowings	(5,171.18)	(5,256.94)
4. Non current borrowings	(2,268.72)	(1,376.07)
Net Debt	(7,365.43)	(6,566.12)

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, 2019						(6,566.12)
Cash Flows	2.93	4.65	-	(892.65)	85.76	(799.31)
Interest expense	831.58	-	-	-	-	831.58
Interest paid	(831.58)	-	-	-	-	(831.58)
Net debt as at March 31, 2020	2.93	4.65	-	(892.65)	85.76	(7,365.43)

50. 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. manufacture and sale of cotton yarn.

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

Particulars	As at March 31, 2020	As at March 31, 2019	Purpose
i. Loans outstanding Kandagiri Spinning Mills Limited	-	516.00	Funding for operations
ii. Investments (Refer note 4)	175.00	227.78	
iii. Guarantees	-	-	

52. Revenue from contract with customers (Ind AS 115)

a) Disaggregated revenue information

(Rs. in Lakhs)

Particulars	March 31, 20120	March 31, 2019
Type of goods and service		
Sale of products		
Yarn	18,570.48	20,108.72
Fabric sales	66.63	67.13
Process waste	347.01	612.85
Revenue from services		
Yarn testing charges	1.50	8.15
Yarn conversion charges	-	0.05
Other operating revenues	131.87	152.96
Total revenue from contract with customers	19,117.59	20,949.88
India	18,900.51	20,587.44
Outside India	217.08	362.44
Total revenue from contract with customers	19,117.59	20,949.88



Notes annexed to and forming part of the Consolidated Financial Statements

Timing of revenue recognition

(Rs. in Lakhs)

Particulars	March 31, 2020		March 31, 2019	
	At a point in time	Over a period of time	At a point in time	Over a period of time
Sale of products and other operating income	19,117.59	–	20,949.88	–
Less : Rebates and discounts	–	–	–	–
Total revenue from contract with customers	19,117.59	–	20,949.88	–

b) Contract balance

(Rs. in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Trade receivables	3,858.60	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, 2020	March 31, 2019
Revenue as per contracted price	19,117.59	20,949.88
Adjustments:-		
Rebates and discounts	–	–
Revenue from contract with customers	19,117.59	20,949.88

53. COVID 19

In assessing the recoverability of assets, the Company has considered internal and external information up to the date of approval of these financial statements. The Company has performed sensitivity analysis on the assumption used and base on current estimates expects the carrying amount of the assets will be recovered. Given the uncertainty caused by COVID 19, the final impact on the Company's assets in future may differ from that estimated as at the date of approval of financial statements.

54. Associates

Details of associates

Aggregate information of associates

The Group's share of profit (loss) from continuing operations	3.09	12.27
The Group's share of post-tax profit (loss) from discontinued operations	3.09	12.27
The Group's share of total comprehensive income	–	–
Aggregate carrying amount of the Group's interests in these associates	128.89	125.80
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
Cumulative share of loss of associates	31.62	31.62

55. 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

June 28, 2020

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

P. Boopalan

Chief Financial Officer

Product Spectrum

Tailormade solutions to blend with any fibres and count



SSML Melange Collection

- Regular Melange Yarn
- Colour Melange Yarn
- 100% Cotton Melange Yarn
- 100% Viscose & Polyester Blended Melange Yarn
- 100% Bamboo & Bamboo Blended Melange Yarn
- Tri Blended Melange Yarn
- Grindle / Jaspe Yarn
- Neppy Yarn
- Fancy Slub Melange Yarn
- Multi Colour Neppy Yarn
- Dope Dyed - VSF / Modal Yarns
- Injection / Dual Injection Slub Yarn
- Snow Marl Yarn
- Streaky Effect Yarn
- Mosaic Yarn
- Rainbow Yarn
- Tricolor Vario Syro Yarn

100% Cotton

Ne 20s to 80s

- Auto Coned Usterized Yarn
- Siro Cleared Contamination Controlled Yarn
- Carded / Combed Weaving & Knitting Yarn
- Double & Multiply - TFO Yarn
- White Guaranteed - Australian / Pima Yarn
- Pima / Giza / Ultima High End use Yarn

Our Value Added Products

- GOTS, OCS & GRS Certified Organic Yarn
- OEKO Tex Certified Yarn
- BCI / CMIA Certified Yarn
- Combed Gassed Mercerized Yarn (CGM)
- Compact Yarn
- Gassed Yarn
- Fancy Slub Yarn
- Elitwist Yarn
- Recycled Fibre Yarn
- Melange Yarn Fabrics
- Lycra/Core Spun Yarn
- Grey Woven Fabrics

Best Sources. Guaranteed Quality.



Our Commitment to Quality

