



SAMBANDAM SPINNING MILLS LIMITED



47th
Annual Report
2020 - 2021



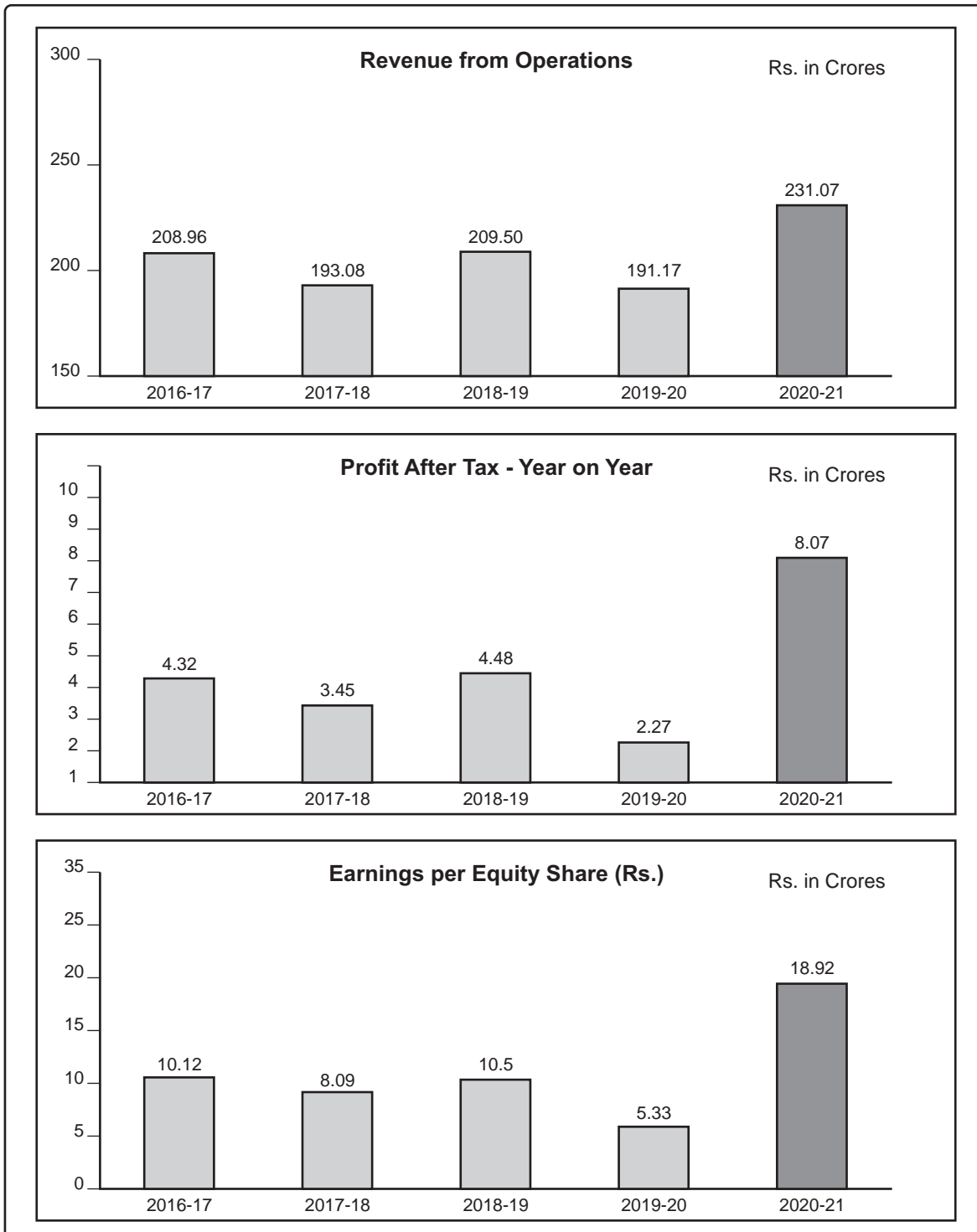
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Board of Directors	S. Devarajan - Chairman and Managing Director S. Jegarajan - Joint Managing Director S. Dinakaran - Joint Managing Director D. Sudharsan - Non Executive Director S. Gnanashekar - Independent Director Kameshwar M.Bhat - Independent Director Dr.V Sekar - Independent Director D.Balasundaram - Independent Director V.Annapoorani - Independent Director
Chief Financial Officer	P. Boopalan
Chief Marketing Officer	D. Niranjana Kumar
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 The South Indian Bank CSB 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 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

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Forty seventh Annual General Meeting (AGM) of the members of the Company will be held **at 10.45 AM - IST on Saturday 25th September 2021** through video conferencing (VC)/Other Audit visual means (OAVM) 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 2021 together with the Statement of Profit and Loss, cash flow statement and notes to accounts for the year ended as on that date and the Reports of the Directors and the Auditors thereon be and are hereby received, considered and adopted.”

Item DECLARATION OF DIVIDEND

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

“RESOLVED THAT dividend of Rs 4 (Rs four) per equity share of rupees 10 (Ten) each be and is hereby declared for the financial year ended 31st March 2021 to those shareholders whose names appear in the Register of Members as on 18th September 2021.

Item REMUNERATION TO STATUTORY AUDITOR

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

RESOLVED that the remuneration of the statutory auditors M/s. R. Sundararajan and Associates, Chartered accountants (firm registration no.08282S) be and is hereby fixed at Rs.8,00,000/- (Rupees eight lakhs) excluding out of pocket expenses that may be incurred by them in connection with the audit and applicable GST.”for conducting statutory audit for the financial year 2021-2022 and to give their report thereon.

Item : RE-APPOINTMENT OF RETIRING DIRECTOR

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

RESOLVED THAT pursuant to the provisions of Section 152 (6) 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.Dinakaran, (DIN 00001932), Director retiring by rotation at this AGM and being eligible who has offered himself for reappointment, be and is hereby re-appointed as a Executive Director of the Company.



SPECIAL BUSINESS

Item RATIFICATION OF FEES PAYABLE TO COST AUDITOR

No.5 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 2022 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 REAPPOINTMENT OF SRI S.DEVARAJAN, CHAIRMAN AND MANAGING DIRECTOR

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Qualification of Director) Rules 2014, and including any amendment thereto or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded for reappointment of Sri S.Devarajan, (DIN 00001910) as Chairman and Managing Director of the Company, though he has crossed seventy years of age, for a period of three years from 1.10.2021 to 30.09.2024 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

- (a) Basic Salary Rs.7,00,000/- per month,
- (b) Perquisites and allowances as under not exceeding Rs.3,00,000/- per month.

(i) Company's contribution to provident fund; (ii) Payment of Gratuity and other retirement benefits; (iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave being allowed; (iv) Maintenance of residential accommodation, gas, water, electricity and power, furnishings and utility allowance; (v) reimbursement of medical expenses incurred in India and abroad for self and family including, in case of medical treatment abroad, air fare, boarding and lodging for patient and attendant; (vi) leave travel assistance and allowance; (vii) membership fees for clubs, including admission and life membership; (viii) hospitalisation and accident insurance; (ix) cost of insurance cover against the risk of any financial liability or loss because of any error of judgment; (x) free use of Company's car with driver for Company's work as well as for personal purpose along with driver, (xi) telephone, tele-fax and other communication facilities at Company's cost.

Valuation of perquisites: Perquisites shall be valued as per the Income Tax Rules, wherever applicable and at actual cost to the Company in other cases.

The Company's contribution to provident fund as per para (b)(i) above, payment of gratuity as per para (b)(ii) above and encashment of leave at the end of the tenure as per para (b)(iii) above shall not however be included in the computation of perquisites for the purpose of the ceiling.

“RESOLVED FURTHER THAT Sri S.Devarajan, Chairman and Managing Director will draw the remuneration as stated above even in the absence of or inadequacy of profit in any financial year

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, to give effect to this resolution”.



Item REAPPOINTMENT OF SRI S.JEGARAJAN, JOINT MANAGING DIRECTOR

No.7 To consider, and if thought fit, to pass with or without modification, the following Resolution, as a SPECIAL RESOLUTION :

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Qualification of Director) Rules 2014, and including any amendment thereto or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded for reappointment of Sri S.Jegarajan, (DIN 00018565) as Joint Managing Director of the Company, though he will be crossing seventy years of age during his tenure, for a period of three years from 1.10.2021 to 30.09.2024 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

- (a) Basic Salary Rs.6,80,000/- per month,
- (b) Perquisites and allowances as under not exceeding Rs.2,90,000/- per month.

(i) Company's contribution to provident fund; (ii) Payment of Gratuity and other retirement benefits; (iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave being allowed; (iv) Maintenance of residential accommodation, gas, water, electricity and power, furnishings and utility allowance; (v) reimbursement of medical expenses incurred in India and abroad for self and family including, in case of medical treatment abroad, air fare, boarding and lodging for patient and attendant; (vi) leave travel assistance and allowance; (vii) membership fees for clubs, including admission and life membership; (viii) hospitalisation and accident insurance; (ix) cost of insurance cover against the risk of any financial liability or loss because of any error of judgment; (x) free use of Company's car with driver for Company's work as well as for personal purpose along with driver, (xi) telephone, tele-fax and other communication facilities at Company's cost.

Valuation of perquisites : Perquisites shall be valued as per the Income Tax Rules, wherever applicable and at actual cost to the Company in other cases.

Company's contribution to provident fund as per para (b)(i) above, payment of gratuity as per para (b)(ii) above and encashment of leave at the end of the tenure as per para (b)(iii) above shall not however be included in the computation of perquisites for the purpose of the ceiling.

"RESOLVED FURTHER THAT Sri S.Jegarajan, Joint Managing Director will draw the remuneration as stated above even in the absence of or inadequacy of profit in any financial year.

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

Item REAPPOINTMENT OF SRI S.DINAKARAN, JOINT MANAGING DIRECTOR

No.8 To consider, and if thought fit, to pass with or without modification, the following Resolutions, as a ORDINARY RESOLUTION :

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Qualification of Director) Rules 2014, and including any amendment thereto or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded for reappointment of Sri S.Dinakaran, (DIN 00001932) as Joint Managing Director of the Company, for a period of three years from 1.10.2021 to 30.09.2024 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

- (a) Basic Salary Rs.3,80,000 per month,
- (b) Perquisites and allowances as under not exceeding Rs.2,40,000/- per month.



(i) Company's contribution to provident fund; (ii) Payment of Gratuity and other retirement benefits; (iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave being allowed; (iv) Maintenance of residential accommodation, gas, water, electricity and power, furnishings and utility allowance; (v) reimbursement of medical expenses incurred in India and abroad for self and family including, in case of medical treatment abroad, air fare, boarding and lodging for patient and attendant; (vi) leave travel assistance and allowance; (vii) membership fees for clubs, including admission and life membership; (viii) hospitalisation and accident insurance; (ix) cost of insurance cover against the risk of any financial liability or loss because of any error of judgment; (x) free use of Company's car with driver for Company's work as well as for personal purpose along with driver, (xi) telephone, tele-fax and other communication facilities at Company's cost.

Valuation of perquisites : Perquisites shall be valued as per the Income Tax Rules, wherever applicable and at actual cost to the Company in other cases. Company's contribution to provident fund as per para (b)(i) above, payment of gratuity as per para (b)(ii) above and encashment of leave at the end of the tenure as per para (b)(iii) above shall not however be included in the computation of perquisites for the purpose of the ceiling.

"RESOLVED FURTHER THAT Sri S.Dinakaran, Joint Managing Director will draw the remuneration as stated above even in the absence of or inadequacy of profit in any financial year

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

Item REAPPOINTMENT OF Dr.V.SEKAR AS A NON-EXECUTIVE INDEPENDENT DIRECTOR.

No.9 To consider and if deemed fit to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION

"RESOLVED that, pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Dr.V.Sekar (DIN:03128187), who was appointed as an Independent Director of the Company, to hold office till the conclusion of the 47 th Annual General Meeting to be held in 2021 , and being eligible for one more term, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of consecutive five years from 25th September 2021, ie., from the conclusion of 47 th AGM up to the conclusion of 52 nd AGM of the company (both dates inclusive)"

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

Item REAPPOINTMENT OF SRI.D.BALASUNDARAM AS A NON-EXECUTIVE INDEPENDENT DIRECTOR

No.10 To consider and if deemed fit to pass, with or without modification(s), the following Resolution as a SPECIAL RESOLUTION

"RESOLVED that, pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Sri.D.Balasundaram (DIN:07800844), who was appointed as an Independent Director of the Company, to hold office till the conclusion of the 47 th Annual General Meeting to be held in 2021 , and being eligible for one more term, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of consecutive five years from 25th September 2021, ie., from the conclusion of 47 th AGM up to the conclusion of 52 nd AGM of the company (both dates inclusive)"

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



Item APPOINTMENT OF SRI. J.SAKTHIVEL AS A WHOLE TIME DIRECTOR

No.11 To consider, and if thought fit, to pass with or without modification, the following Resolutions, as a ORDINARY RESOLUTIONS :

"RESOLVED THAT Mr. J.Sakthivel, having DIN 09241285 and who was appointed as an additional director of the Company by the Board of directors with effect from 20.8.2021 and who ceases to hold office under section 161 of the Companies Act, 2013 on the date of this meeting, be and is hereby appointed as whole time Director Technical of the Company liable to retire by Rotation."

FURTHER RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Qualification of Director) Rules 2014, and including any amendment thereto or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded for appointment of Sri J.Sakthivel (DIN 09241285) as whole time Director-Technical, from this 47th AGM for a period of three years on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

- (a) Basic Salary Rs.3,00,000/- per month,
- (b) Perquisites and allowances as under not exceeding Rs.1,00,000/ per month.

(i) Company's contribution to provident fund; (ii) Payment of Gratuity and other retirement benefits; (iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave being allowed; (iv) Maintenance of residential accommodation, gas, water, electricity and power, furnishings and utility allowance; (v) reimbursement of medical expenses incurred in India and abroad for self and family including, in case of medical treatment abroad, air fare, boarding and lodging for patient and attendant; (vi) leave travel assistance and allowance; (vii) membership fees for clubs, including admission and life membership; (viii) hospitalisation and accident insurance; (ix) cost of insurance cover against the risk of any financial liability or loss because of any error of judgment; (x) free use of Company's car with driver for Company's work as well as for personal purpose along with driver, (xi) telephone, tele-fax and other communication facilities at Company's cost.

Valuation of perquisites : Perquisites shall be valued as per the Income Tax Rules, wherever applicable and at actual cost to the Company in other cases.

Company's contribution to provident fund as per para (b)(i) above, payment of gratuity as per para (b)(ii) above and encashment of leave at the end of the tenure as per para (b)(iii) above shall not however be included in the computation of perquisites for the purpose of the ceiling.

"RESOLVED FURTHER THAT Sri J.Sakthivel Director Technical will draw the remuneration as stated above even in the absence of or inadequacy of profit in any financial year.

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

Item APPOINTMENT OF SRI. D.NIRANJAN KUMAR AS A WHOLE TIME DIRECTOR

No.12 To consider, and if thought fit, to pass with or without modification, the following Resolutions, as a ORDINARY RESOLUTIONS :

"RESOLVED THAT Mr. D.NIRANJAN KUMAR, having DIN 09241514 and who was appointed as an additional director of the Company by the Board of directors with effect from 20.8.2021 and who ceases to hold office under section 161 of the Companies Act, 2013 on the date of this meeting, be and is hereby appointed as whole time director of the Company liable to retire by rotation."

FURTHER RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Companies (Appointment and Qualification of Director) Rules 2014, and including any amendment thereto or re-enactment thereof for the time being in force, consent of the Company be and is hereby accorded for appointment of Sri D.Niranjan Kumar (DIN09241514) as whole time Director-Marketing from this 47 th AGM for a period of three years on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.



- (a) Basic Salary Rs.3,00,000/- per month,
 (b) Perquisites and allowances as under not exceeding Rs.1,00,000/ per month.

(i) Company's contribution to provident fund; (ii) Payment of Gratuity and other retirement benefits; (iii) Leave with full pay as per the rules of the Company with encashment of unavailed leave being allowed; (iv) Maintenance of residential accommodation, gas, water, electricity and power, furnishings and utility allowance; (v) reimbursement of medical expenses incurred in India and abroad for self and family including, in case of medical treatment abroad, air fare, boarding and lodging for patient and attendant; (vi) leave travel assistance and allowance; (vii) membership fees for clubs, including admission and life membership; (viii) hospitalisation and accident insurance; (ix) cost of insurance cover against the risk of any financial liability or loss because of any error of judgment; (x) free use of Company's car with driver for Company's work as well as for personal purpose along with driver, (xi) telephone, tele-fax and other communication facilities at Company's cost.

Valuation of perquisites : Perquisites shall be valued as per the Income Tax Rules, wherever applicable and at actual cost to the Company in other cases.

Company's contribution to provident fund as per para (b)(i) above, payment of gratuity as per para (b)(ii) above and encashment of leave at the end of the tenure as per para (b)(iii) above shall not however be included in the computation of perquisites for the purpose of the ceiling.

"RESOLVED FURTHER THAT Sri D.Niranjana Kumar Director Marketing will draw the remuneration as stated above even in the absence of or inadequacy of profit in any financial year

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

Item : APPOINTMENT OF SRI S.BHASKARAN AS INDEPENDENT DIRECTOR

No.13 To consider, and if thought fit, to pass with or without modification, the following Resolution, as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri S. Bhaskaran holding DIN 09241221, who was appointed as Additional Director (Non-Executive, Independent) of the Company by the Board of Directors who retires pursuant to sec161 at this AGM and being eligible offers himself for reappointment be and is hereby re-appointed as Non-Executive Independent Director for completing a full term of first five years from the date of his original appointment ie., 14 th August 2021,

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

Item ACCEPTANCE OF FIXED DEPOSITS FROM MEMBERS OF THE COMPANY

No.14 To consider, and if thought fit, to pass with or without modification, the following Resolutions, as an ORDINARY RESOLUTIONS :

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, 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 14, 2021

**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.5 to 14 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 19.09.2021 to 25.09.2021, (both days inclusive) for determining the entitlement of the shareholders for voting and for the dividend for year ended 31st March 2021

In the case of shareholders opting for NECS/ECS, the dividend would in the normal course be credited to their respective accounts. Shareholders must inform the RTA in writing, if they hold shares in physical form (Share Certificate) and to their Depository Participants if they hold shares in DEMAT Form (Electronic Form) furnishing the Bank A/c details attaching a cancelled cheque leaf of that Bank Account for ensuring direct credit of the Dividend to their Bank Account.

Effective April 1, 2020, dividend income will be taxable in the hands of shareholders. Hence the Company is required to deduct tax at source [TDS] from the amount of dividend paid to shareholders at the prescribed rates. Further no tax shall be deducted on the dividend payable to a resident individual shareholders if the total amount of dividend to be received from the Company during the Financial Year 2020-21 does not exceed 5,000/-. Shareholders may note that in case PAN is not updated with the Depository Participant/Register of the Company, the tax will be deducted at a higher rate of 20%.

- 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 10.09.2021 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 10.09.2021, so that the dividend warrants could be sent to their Bank A/c / present address. Members are also advised to intimate the details of their bank account to enable electronic remittance of dividend warrants. This would help to avoid fraudulent encashment of dividend warrants. In case of shareholders holding shares in physical form, all intimations for recording change of address, bank mandate, or nominations and for redress of any grievance are to be sent to Cameo Corporate Services Limited, at 'Subramanian Building', No.1, Club House Road, Chennai – 600 002 who are the Registrars and Share Transfer Agents (RTA) of the Company. In case of persons holding shares in Demat form, all such intimations should be sent to their respective Depository Participants (DPs).

Members can also submit their grievances

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

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

The NECS compliant account number is required to be intimated to your Depository Participant (in case your shares are in Demat mode) or to the Company's RTA, M/s Cameo Corporate Services Limited, (in case your shares are in physical mode) for effecting the dividend payment direct to your bank account through the NECS mode. All such intimations, with a cheque leaf of that Bank A/c have to be done before 10.09.2021. Members are encouraged to use the electronic platforms for receiving dividends.



- 5 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.
- 6 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.
- 7 As per the provisions of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India.
- Pursuant to the provisions of the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st Mar 2021 on the website of the Company (www.sambandam.com). Shareholders can ascertain the status of their unclaimed amounts from these websites, and write to the Company immediately to claim that amount.
- 8 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
- 9 Additional information in respect of the Director seeking appointment / reappointment at the AGM is furnished here under which forms part of the Notice.
- 10 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.
- 11 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 47th AGM. The Company has engaged the services of National Securities Depository Limited (NSDL) for this purpose.
- 12 Instructions for members for e-voting :-**
- (i) THE CUT OFF DATE FOR THE PURPOSE OF E-VOTING AND DIVIDEND HAS BEEN FIXED AS 18-09-2021. MEMBERS HOLDING SHARES AS ON THIS CUT OFF DATE SHOULD ENDEAVOUR TO CAST THEIR VOTES IN ANY ONE OF THE TWO MODES.
- (ii) VOTING RIGHTS OF SHAREHOLDERS SHALL BE IN PROPORTION TO THEIR SHAREHOLDINGS IN THE COMPANY AS ON THE CUT OFF DATE i.e. 18-09-2021



- (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.
- (iv) The Scrutinizer will ascertain the result after the conclusion of voting 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 favour 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 three 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 21.09.2021 and ends at 5.00 p.m. on 24.09.2021. 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. 18.09.2021 may cast their vote electronically. At the end of this period, the remote e-voting facility will be disabled by CDSL.

- 13** 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 27.08.2021. Those who acquire the Company's shares subsequently and continue to hold the shares till the cut off date i.e. 18.09.2021 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.

14 NSDL e-Voting System – For Remote e-voting

1. 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 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting 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. Accordingly physical attendance of members has been dispensed with and the facility of appointment of proxy by members will not be available for the AGM and hence the proxy form and attendance slip are not annexed to this notice.
2. 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 there at and cast their votes through e-voting.



3. 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.
4. 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.
5. 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, May 05, 2020, January 13, 2021 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 as well as venue voting on the date of the AGM will be provided by NSDL.
6. 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 website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. 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, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 2/2021 dated January 13, 2021.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on 21.09.2021 at 9:15 A.M. and ends on 24.09.2021 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. 18.09.2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 18.09.2021.

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: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:



Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
<p>Important note : Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.</p>	



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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

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 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP 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.nsdl.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. Password details for shareholders other than Individual shareholders 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.
 - c) 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.nsdl.com.
 - b) [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on www.evoting.nsdl.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 etc.
 - 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.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. 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 bkksoffice@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 “” option available on www.evoting.nsdl.com to reset the password
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Soni Singh Assistant Manager E mail id – evoting@nsdl.co.in, Contact No : 1800 102 0990; 1800 22 4430 at evoting@nsdl.co.in

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:

1. 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.



2. 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. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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 by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member 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.
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.
5. Members who would like to express their views / ask questions during the meeting, may register themselves as a speaker by sending their request from their registered email address mentioning their name, demat account number / folio number, email id, mobile number to cs@sambandam.com from September 18, 2021 (9.15 a.m. IST) to September 20, 2021 (5.00 p.m. IST). Those members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.



- 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 18 th September 2021.
- 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 at least 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 NSDL immediately after the declaration of result and shall also be immediately forwarded to the Stock Exchange where the Company's shares are listed.

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.5 to 14

Item RATIFICATION OF THE REMUNERATION PAYABLE TO COST AUDITOR

No.5 The Board of directors at their meeting held on 26.06.2021 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 2021-22. Board of directors has accepted the recommendation of the Audit committee and approved his 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 : Explanatory Statement for items No. 6,7,8 – Reappointment of CMD and JMDs :

The Nomination and Remuneration Committee, at its meeting held on 14th Aug 2021, recommended reappointment of Sri S.Devarajan, Chairman and Managing Director, Sri S.Jegarajan and Sri S. Dinakaran Joint Managing Directors for a further period of three years from 1-10-2021 to 30-09-2024 and for payment of increased remuneration as stated in the respective resolutions.

Board of Directors of the Company is of the opinion that Sri S.Devarajan, Chairman and Managing Director, Sri S.Jegarajan and Sri S.Dinakaran Joint Managing Directors are fit and proper persons to hold the said office and that payment of remuneration to them as stated in the Resolutions are in the interest of the Company.

The members of the Company had at the 44st Annual General Meeting held on 11.8.2018 appointed Sri S.Jegarajan as Joint Managing Director of the Company for a period of three years w.e.f 01.10.18. Further, at the 44th AGM held on 11.8.2018 the members had accorded their, approval to the payment of remuneration to JMD during his tenure effective.

Section 196 of the Companies Act, 2013 (Act) inter-alia provides that no company shall appoint or continue the employment of any person as Managing Director, who has attained the age of 70 years, unless his appointment is approved by a special resolution. During his present tenure, Sri S.Jegarajan will be attaining the age of 70 years on 17.10.2021. His re-appointment as JMD is being approved by the shareholders in this meeting under item no. 7, it is intended to seek approval of the members to comply with the relevant provisions of the Act.

Sri S.Jegarajan is a promoter and Joint Managing Director of the Company and having over 35 years experience in textile industry.



His current term of appointment as a Joint Managing Director of the Company will expire on 30.09.2021. He has excellent grasp and thorough knowledge and experience of not only commerce and technology but also of general management, his knowledge of various aspects relating to the Company's affairs and long business experience, the Board of Directors is of the opinion, for smooth and efficient running of the business, the services of Sri S.Jegarajan should be available to the Company for a further period of three years with effect from 01.10.2021.

In terms of Section II (A) (ii) of Part II of Schedule V of the Companies Act, 2013, the Company can pay up to Rs.10,00,000 lakhs per month to each whole time director by way of salary, perquisites and allowances, provided, the shareholders' approval by way of special resolution is obtained for payment of managerial remuneration for a period not exceeding three years. Accordingly, three resolutions at the Items No.6,7,8 are placed before the shareholders.

Item Explanatory statement for Re-appointment of Dr.V.Sekar as a Non-Executive Independent Director

No.9 Dr.V.Sekar was appointed as a Non- Executive Independent Director of the Company by the members at the 43rd AGM of the Company held on 12th August, 2017 for a period of five consecutive years commencing from the date of 43rd AGM of the Company till the conclusion of the 47th AGM of the Company.

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

Taking into consideration, his Professional qualification and expert knowledge in Banking, Finance related matters and his contribution to the Company and based on the performance evaluation of the Independent Director and as per the recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr.V.Sekar, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, the Board of Directors at their Meeting held on 14th Aug 2021, has recommended for reappointment of Dr.V.Sekar as a Non-Executive Independent Director for a second term of five consecutive years effective as set out in the meeting notice.

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

Accordingly, the Board recommends passing of this Special Resolution by the shareholders as set out under Item No : 9 of the Notice.

Details of the director as required under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the table that follows.

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

Item Explanatory statement for Re-appointment of Sri S.Balasundaram as a Non-executive Independent Director

No.10 Sri S.Balasundaram was appointed as a Non- Executive Independent Director of the Company by the members at the 43rd AGM of the Company held on 12th August, 2017 for a period of five consecutive years commencing from the date of 43rd AGM of the Company till the conclusion of the 47th AGM of the Company.

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



Taking into consideration, his Professional qualification and expert knowledge in Technical and Quality and material related matters and his contribution to the Company and based on the performance evaluation of the Independent Director and as per the recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri S.Balasundaram, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, the Board of Directors at their Meeting held on 14th Aug 2021, has recommended for reappointment of Sri S.Balasundaram as a Non-Executive Independent Director for a second term of five consecutive years effective as set out in the meeting notice.

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

Accordingly, the Board recommends passing of this Special Resolution by the shareholders as set out under Item No : 10 of the Notice.

Details of the director as required under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given in the table that follows.

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

Item Explanatory Statement on appointment of whole time Director - Technical

No.11 The board is considering candidature of present senior employee Chief Technical Officer Mr.J.Sakthivel can be elevated and appointed as Whole time "Director Technical " The board suggested for bringing him in "Board of directors' considering his expertise in respective domain and long range planning to have a board expansion cum succession planning.

Mr. J Sakthivel, having DIN 09241285 was appointed an additional director of the Company with effect from 20.8.2021 by the Board of directors of the Company. According to the provisions of section 161 of the Companies Act, 2013, he may hold office as director only upto the date of the ensuing Annual General Meeting.

Mr. J.Sakthivel is not disqualified from being appointed as Director in terms of section 164(2) of the Companies Act, 2013 and has complied with the requirements of obtaining Directors Identification Number in terms of section 153 of the said Act. The Board considers that it is desirable that the Company should avail itself of his services and recommend to pass necessary resolution as an Ordinary Resolution. Except, Mr. S.Jegarajan Joint managing Director, no other directors, key managerial personnel or their relatives of the Company are concerned or interested in the proposed resolution

item Explanatory Statement on appointment of whole time Director - Marketing

No.12 The board is considering candidature of present senior employee Chief Marketing Officer Mr.D.Niranjan Kumar, can be elevated and appointed as "Director Marketing" The board suggested for bringing him in "Board of directors' considering his expertise in respective domain and long range planning to have a board expansion cum succession planning.

Mr. D.Niranjan Kumar, having DIN 09241514 was appointed an additional director of the Company with effect from 20.8.2021 by the Board of directors of the Company. According to the provisions of section 161 of the Companies Act, 2013, he may hold office as director only upto the date of the ensuing Annual General Meeting.

Mr. D.Niranjan Kumar is not disqualified from being appointed as Director in terms of section 164(2) of the Companies Act, 2013 and has complied with the requirements of obtaining Directors Identification Number in terms of section 153 of the said Act. The Board considers that it is desirable that the Company should avail itself of his services and recommend to pass necessary resolution as an Ordinary Resolution. Except, Mr. S.Dinakaran Joint managing Director no other directors, key managerial personnel or their relatives of the Company are concerned or interested in the proposed resolution.


Item Explanatory Statement on appointment of Mr. S. Bhaskaran Non Executive Independent Director

No.13 Mr. S. Bhaskaran holding DIN 09241221 aged about 61 years is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 14.08.2021. Mr. S. Bhaskaran is a graduate from Madras University and CAIIB I & II and MBA Finance and has three decades of experience in Banking sector and brings with him decades of banking and operational expertise in various banking activities and has offered his candidature to become as "Independent Director". He has accomplished a brilliant career of 37 years highlighted by truly outstanding achievements. Mr. S. Bhaskaran is not a Director in any other Company in India. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is proposed to be appointed as a Non-Executive Independent Director for completing a full term of first five consecutive years from the date of his original appointment ie 14 th August 2021. The Company has obtained a declaration for his independency from Mr. S. Bhaskaran and in the opinion of the Board, Mr. S. Bhaskaran fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. S. Bhaskaran as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. S. Bhaskaran as an Independent Director, for the approval by the shareholders of the Company. Except Mr. S. Bhaskaran, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested. This Explanatory Statement may also be regarded as a disclosure under Regulation 26(5) of the SEBI Listing Regulations with the Stock Exchange.

Pursuant to explanatory statement as required under schedule V proviso, of Companies Act 2013, following information are provided with respect to the resolutions passed under item 6,7,8,11,12 of this notice.

I General Information

- (1) Nature of the industry : Textile
 (2) Date of commencement of Commercial Production : June 1974
 (3) In case of new companies, expected date of commencement of activity : Existing Company hence not applicable
 (4) Financial Performance : Financial Highlights (Rs. lakhs)

	2020 – 21	2019 - 20
Share Holders' funds	10,084.78	9,343.82
Non-Current Liabilities	4,657.67	4,249.00
Current Liabilities	12,208.28	10,186.17
Non-Current Assets	11,829.88	13,053.34
Income	23,139.02	19,222.13
Expenses	22,097.70	18,946.46
Profit / (Loss) before tax	1,041.32	275.67
Profit / (Loss) after tax	807.04	227.47
Earnings per Equity Share (Face value Rs.10) basic and diluted (in Rs.)	18.92	5.33
Total Capital Employed	14,762.52	13,617.64
Profit before Interest and Depreciation	3313.62	2045.00
Retained earnings	736.21	227.47
Dividend proposed (%)	40%	Nil

- (5) Foreign investments or Collaborators, if any : No Foreign Investment; No Collaboration
- | | | |
|--|------|------|
| | N.A. | N.A. |
|--|------|------|



II Information about the appointees :

(a) Background Details :

- (1) Sri S.Devarajan, 74 years of age, is a Graduate in Science. He became the Managing Director of the Company on October 23, 2002 and has been leading the Company since then. He has been director in various Companies and has four decades of experience in the field of textiles and finance.
- (2) Sri S.Jegarajan, 70 years of age, is a Matriculate. He became the Joint Managing Director of the Company on October 23, 2002 and has been leading the Company since then. He has been director in various Companies and has more than three decades of experience in the field of textiles.
- (3) Sri S.Dinakaran, 64 years of age, is a Graduate in Arts. He became the Joint Managing Director of the Company on October 23, 2002 and has been leading the Company since then. He has been director in various Companies and has more than three decades of experience in the field of textiles.
- (4) Sri. J.Sakthivel 35 years of age is a graduate in B.Tech (textile technology) and a post graduate in International marketing. Initially he joined the company as GM operations and then elevated to Chief Technical Officer and has 10 yrs experience in leading various technical functions in the company.
- (5) Sri.D.Niranjan Kumar 34 years of age is MBA in Marketing and finance and has nearly 10 years experience in marketing and sales in addition to having handled finance function during start of his career.

(b) Past Remuneration :

- (1) For Sri S.Devarajan, Rs.7,00,000/- per month inclusive of perquisites such as House rent allowance, Medical reimbursement, gas, water and electricity, encashment, gratuity, club subscriptions and other usual perquisites.
- (2) For Sri S.Jegarajan, Rs.6,75,000/- per month inclusive of perquisites such as House rent allowance, Medical reimbursement, gas, water and electricity, leave encashment, gratuity, club subscriptions and other usual perquisites.
- (3) For Sri S.Dinakaran, Rs.4,50,000/- per month.
- (4) For Sri.J.Sakthivel: Rs 2,25,000/-per month
- (5) For Sri.D.Niranjan Kumar : Rs 2,25,000/ month

(c) Recognition or award : Nil

(d) Job profile

- (1) As Chairman and Managing director Sri S.Devarajan is in charge of the management of the affairs of the Company.
- (2) As Joint Managing director Sri S.Jegarajan, is assisting the Chairman and Managing Director in the management of the affairs of the Company.
- (3) As Joint Managing director Sri S. Dinakaran, is assisting the Chairman and Managing Director in the management of the affairs of the Company.
- (4) As Director Technical Sri S. Sakthivel is assisting the Chairman and Managing Director in the management of the affairs of the Company.
- (5) As Joint Managing director Sri D.Niranjan Kumar, is assisting the Chairman and Managing Director in the management of the affairs of the Company.

(e) His suitability

- (1) Experience of Sri S.Devarajan, for the last 46 years as Director of Sambandam Spinning Mills Limited and for the past 19 years as Managing Director of the Company makes him ideally suitable for the said position.
- (2) Experience of Sri S.Jegarajan, in the field of administration for the last 43 years in the Company makes him ideally suitable for the said position.



- (3) Experience of Sri S.Dinakaran, in the field of Marketing, Production and Administration for the past 39 years in the Company makes him ideally suitable for the said position.
- (4) Experience of Sri J.Sakthivel in the field of Production and Research and development for the past 10 years in the Company makes him ideally suitable for the said position.
- (5) Experience of Sri D.Niranjan Kumar in the field of Marketing, Production and Administration for the past 10 years in the Company makes him ideally suitable for the said position.

(f) Remuneration proposed

- (1) Rs.10,00,000 per month inclusive of perquisites and other terms as stated in the Proposed Resolution for Sri S. Devarajan.
- (2) Rs.9,70,000 per month inclusive of perquisites and other terms as stated in the Resolution for Sri S. Jegarajan.
- (3) Rs.6,20,000 per month inclusive of perquisites and other terms as stated in the Resolution for Sri S. Dinakaran.
- (4) Rs.4,00,000 per month inclusive of perquisites and other terms as stated in the Resolution for Sri J.Sakthivel.
- (5) Rs.4,00,000 per month inclusive of perquisites and other terms as stated in the Resolution for Sri D.Niranjan Kumar.

(g) Comparative remuneration profile with respect to industry :

In the range of Rs.80 to 200 lakhs/ per year

(h) Pecuniary relationship with the Company or relationship with the managerial personnel if any :

- (1) Sri S. Devarajan holds 5,21,419 equity shares of Rs.10 each in the and he is related to Sri S.Jegarajan and Sri S.Dinakaran, Sri D.Sudharsan (son)
- (2) Sri S. Jegarajan holds 4,83,909 equity shares of Rs.10 each in the and he is related to Sri S. Devarajan and Sri S. Dinakaran (brothers) and Sri J.Sakthivel (son), Director-Technical.
- (3) Sri S. Dinakaran holds 4,15,544 equity shares of Rs.10 each in the Company and he is related to Sri S.Devarajan and Sri S.Jegarajan (brothers) and Sri D.Niranjan Kumar (son), Director-Marketing.
- (4) Sri. J.Sakthivel holds 14,800 equity shares of Rs 10 each in the company and he is related to Sri S.Jegarajan Joint managing Director
- (6) Sri.D.Niranjan Kumar holds 5,800 equity shares of Rs 10 each in the company and he is related to Sri S.Dinakaran Joint managing Director

No other Directors, Key Managerial Personnel or their relatives are related to any of the aforesaid directors.

Directorship in other Companies :

- | | | | |
|-----|----------------------|---|---|
| (a) | Sri S.Devarajan | – | Sambandam Siva Textiles P. Ltd. – Chairman
SPMM Health Care Services P. Ltd.- Chairman
Sambandam Dairy Ltd. - Director
Sambandam Textiles P. Ltd. - Director
Sambandam Fabrics P. Ltd. – Director
Salem IVF Centre P. Ltd. – Managing Director |
| (b) | Sri S.Jegarajan | – | SPMM Health Care Services P. Ltd.- Director
Sambandam Textiles P. Ltd. - Director
Sambandam Siva Textiles P. Ltd. - Director |
| (c) | Sri S.Dinakaran | – | Sambandam Siva Textiles P. Ltd. - Managing Director
SPMM Health Care Services P. Ltd.- Director
Sambandam Dairy Ltd. - Director
Sambandam Textiles P. Ltd. - Director
Confederation of Indian Textile Industry, Mumbai - Director |
| (d) | Sri J.Sakthivel | – | Nil |
| (e) | Sri D.Niranjan Kumar | – | Nil |

**Other information :****Reason for inadequate profits if any, steps taken for improvement and expected increase in productivity**

The company has earned profit for the year 20-21 and thus this item is not applicable

The above explanatory statements together with the accompanying notice is to be treated as an abstract of the change in the terms of remuneration payable to Sri S.Devarajan, Chairman and Managing Director, Sri S.Jegarajan, Joint Managing Director and Sri S.Dinakaran, Joint Managing Director of the Company. The Notice together with this statement is to be treated as suitable disclosure under Reg. 34 SEBI (LODR.) regulation

Pursuant to section 102 of Companies Act 2013, Details of Director seeking appointment / re-appointment in tabulated below:

Name of the Director	Sri S. Devarajan	Sri S. Jegarajan	Sri S. Dinakaran
DIN	00001910	00018565	00001932
Date of Birth	12-09-1949	17-10-1951	08-03-1957
Date of Appointment	01-04-2005	01-04-2005	01-04-2005
Qualification	Graduate in Science	Matriculate	Graduate in Arts
Expertise in Specific Functional area	At present he is the Chairman and Managing Director of Sambandam Spinning Mills Limited and Chairman of SPMM Health Care Services Private Limited. Also he is a director in several companies and a member in Share transfer committee in our company. He is well conversant with the textile industry and has more than Four decades of experience in the field of textiles.	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 three decades of experience in the field of textiles.	At present he is the Managing Director of Sambandam Siva Textiles Private Limited and 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 Dairy Limited 2. Sambandam Siva Textiles Private Limited 3. SPMM Health Care Services Private Ltd 4. Sambandam Textiles Private Limited 5. Sambandam Fabrics Private Limited 6. Salem IVF Centre Private Limited	1. Sambandam Siva Textiles Private Limited 2. SPMM Health Care Services Private Ltd 3. Sambandam Textiles Private Limited	1. Sambandam Siva Textiles Private Limited 2. Sambandam Dairy Limited 3. SPMM Health Care Services Private Ltd 4. Sambandam Textiles Private Limited 5. Confederation of Indian Textile Industry
Committee Membership in other Companies	NIL	NIL	NIL
No. of shares in the Company	5,21,419	4,83,909	4,15,544
Inter-se relationship with other directors	He is related to Sri S. Jegarajan JMD, Sri S. Dinakaran JMD, Sri. D. Sudharsan Director of the Company	He is related to Sri S. Devarajan CMD, Sri S. Dinakaran JMD, Sri J. Sakthivel Director Technical of the Company	He is related to Sri S. Devarajan CMD, Sri S. Jegarajan JMD, Sri D. Niranjana Kumar Director Marketing of the Company
Number of Board Meetings attended during the year	Attended 4 (four) out of 4 meetings	Attended 4 (four) out of 4 meetings	Attended 4 (four) out of 4 meetings



Name of the Director	Sri J.Sakthivel	Sri D.Niranjana Kumar	Sri S. Bhaskaran
DIN	09241285	09241514	09241221
Date of Birth	09-01-1986	04-08-1987	10-05-1960
Date of Appointment	20-08-2021	20-08-2021	14-08-2021
Qualification	1) B.Tech (Textile Technology), Bapuji Institute of Engineering & Technology, Karnataka. 2) M.Sc. International Marketing, From U.K. 3) M.B.A, (From Indian Institute of Business Management) Delhi. 4) PGDBA (From Indian Institute of Business Management) Delhi.	1) B.B.A (Bachelor of Business Administration) 2) Diploma in Human Resource Management 3) M.B.A. in Marketing and Finance From U.K.	B.Sc (Mathematics), CAIIB I & II, MBA (Finance)
Expertise in Specific Functional area	As General Manager – Technical for one year period till 31-03-2014. 7 years in Senior position as Chief Technical Officer (CTO) from 01-04-2014 in Sambandam Spinning Mills Limited and continuing now	As General Manager – Finance for one year period till 31-03-2014. 5 years in Senior position as Chief Financial Officer (CFO) from 01-04-2014 to 31-05-2019. 2 years in Senior position as Chief Marketing Officer (CMO) from 01-06-2019 and continuing now	He is Financial Consultant. He has over of 37 years of experience in Senior Position General Manager in Banking, Financial Services and Retail Operations Management. He retired in the position of General Manager from State Bank of India.
Directorship in other Companies	NIL	NIL	NIL
Committee Membership in other Companies	NIL	NIL	NIL
No. of shares in the Company	14,800	5,800	NIL
Inter-se relationship with other directors	He is related to Mr. S.Jegarajan, JMD (Joint Managing Director) of the Company	He is related to Mr. S.Dinakaran, JMD (Joint Managing Director) of the Company	NIL
Number of Board Meetings attended during the year	Not applicable	Not applicable	Not applicable



Name of the Director	Dr. V.Sekar	Mr. D.Balasundaram
DIN	03128187	07800844
Date of Birth	05-02-1956	25-06-1958
Date of Appointment	25-03-2017	06-05-2017
Qualification	M.A, L.L.B, PGDBA, CAIIB, MBA, M.Phil,Ph.D	M.Tech (Textiles Engineering)
Expertise in Specific Functional area	He has four decades of experience in top management Industrial Finance, banking, Law, Industrial Management and Industrial Administration.	He has three decades experience in Textile Engineering and related field. He has exposure in world class management systems.
Directorship in other Companies	NIL	NIL
Committee Membership in other Companies	NIL	NIL
No. of shares in the Company	NIL	NIL
Inter-se relationship with other directors	NIL	NIL
Number of Board Meetings attended during the year	Attended 4 (four) out of 4 meetings	Attended 4 (four) out of 4 meetings

Item Explanatory Statement for Acceptance of Fixed Deposits From Members of the Company

No 14 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. None of the directors, Key Managerial Personnel or their relatives is interested or concerned in the resolution except to the extent of deposits made by them and their relatives.

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. It is further declared with reference to the proviso to sub-section 2 of Section 102 of the Companies Act, 2013 that the proposed resolutions do not have any bearing with the business of any other Company. The documents relating to the subject matters under special business are open for inspection by the shareholders during office hours on all working days during business hours at the Registered Office of the Company till the date of the ensuing Annual General Meeting.

Place : **Salem**
Date : **August 14, 2021**

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



SAMBANDAM SPINNING MILLS LIMITED

BOARD'S REPORT TO THE MEMBERS

Your directors have pleasure in presenting the 47 th Annual Report together with the Audited Accounts for the year ended March 31, 2021.

1 Performance highlights	2020 - 21	2019 - 20
	(Rupees in Lakhs)	
Revenue from Operations		
Direct exports	494	217
Merchandise exports	-	211
Domestic Sales	22507	18576
Wind Turbine Generator Power sold to third party	106	116
Sub Total	23107	19120
Other income	32	102
Total Revenue from Operations	23139	19222
Profit		
Profit [Profit before interest, depreciation & Tax]	3314	2045
Cash profit [Profit before depreciation & Tax]	2289	1214
Profit before tax [PBT]	1041	276
Less : Provision for Current Tax	386	131
Provision for Deferred Tax	(152)	(83)
Profit after tax [PAT]	807	227

2 DIVIDEND

The Directors have recommended a dividend of Rs 4.00 (four) per share (40% on the Face value of Rs 10 each) for the year ended 31st March 2021 absorbing a sum of Rs 170,58,400 for the approval of the share holders at the ensuing 47 th Annual General Meeting. Effective April 1, 2020, Pursuant to the Income-tax Act, 1961 read with the Finance Act, 2020. Dividend income is taxable in the hands of the shareholder and the Company is required to deduct tax at source from such dividend at the prescribed rates. Hence the Company is required to deduct tax at source [TDS] from the amount of dividend paid to shareholders at the prescribed rates. Further no tax shall be deducted on the dividend payable to a resident individual shareholders if the total amount of dividend to be received from the Company for the Financial Year 2020-21 does not exceed 5,000/-. Shareholders may note that in case PAN is not updated with the Depository Participant/Register of the Company, the tax will be deducted at a higher rate of 20%.

3 MANAGEMENT DISCUSSION AND ANALYSIS

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

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

	20-21	19-20	change	change%
a. Debtors turnover ratio	5.87	4.96	0.91	18.38%
b. Inventory turnover ratio*	2.38	3.48	(1.10)	(31.55%)
c. Interest coverage ratio**	3.22	2.46	0.76	30.84%
d. Current ratio	1.24	1.06	0.18	17.90%
e. Debt equity ratio***	0.40	0.32	0.08	25.00%
f. Operating profit margin %	14.34%	10.70%	3.64%	
g. Net profit margin %	3.49%	1.19%	2.30%	

* Inventory turnover ratio is less in 20-21 due to higher inventory at year end.

** Interest coverage ratio is better due to increased EBIDTA in 20-21.

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



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

	20-21	19-20	change%
Return on net worth	7.99%	2.43%	5.56%

a. INDUSTRY PERFORMANCE

The year 20-21 has been the most challenging year in our lifetimes. What started as a promising year for our industry quickly turned into a difficult one. COVID-19 pandemic brought the entire world to a standstill, equitably affecting markets and supply chains globally. Consumer purchase of textile and apparel were hit badly due to the global lockdowns and economic recession. The global apparel consumption is estimated to have shrunk by 22% in 2020 which has a cyclical effect on the entire supply chain. However, 2021 looks brighter given the onset of vaccination drives, growth in e-commerce sales of apparel, and resumption of global supply chains.

In the first quarter of FY 20-21, 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. 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. Indian cotton yarn industry has witnessed a decline in revenue and moderation in profit margins during Q1 and Q2 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 during first two quarters of 20-21, the cotton yarn industry was staring at extremely challenging during the 3rd and 4th quarter.

b. COMPANY'S PERFORMANCE

The Company has focussed to produce more value added count and in order to meet the quality requirement of value added counts, more volume of high quality cotton has been procured when the prices were cheaper. This strategy has helped the Company to procure diversified varieties of cotton across the country and to quote competitive prices for our yarn, which helped to improve the operating margin in the last quarter of the financial year 2020-21.

The gross production volume has increased to 95.75 Lakhs Kgs during the financial year 2020-21 as against 81.75 Lakhs Kgs of last year.

Despite the adverse conditions prevailed during first 6 months of the financial year under review due to Covid-19 pandemic, there is no slowdown in Company's focus on new product development, innovation and cost-effective production. The sale volume for the FY 2020-21 stood at 89.92 Lakh Kgs as compared to 75.86 Lakh Kgs of last year. The sale value of yarn has increased to Rs 223.37 Crores during the FY 2020-21 as compared to Rs 185.70 Crores of last year. The overall revenue from operation has gone up by 21% during the FY 2020-21 of Rs 231.07 Crores from Rs 191.17 Crores of last year. The Company was able to overcome the challenges posed by pandemic by continuous engagement with the Customers, and very few contracts were cancelled during this challenging period, and there was some deferment in the delivery schedule, which has been subsequently shipped successfully.

The Company's quality of yarn in value added segment has been well appreciated by the customers and the Company is receiving very good volume of orders for value added counts.

During the year the company has started operating its Unit IV (with 27,000 spindles) from June 2021 consisting of spinning plant and machinery which was purchased from the other company named Kandhagiri spinning mills ltd during the month march FY 19-20 and thereby the expanded capacity is put to use fully and it is functioning as Unit IV of SSML and hence turnover has increased during the year and is likely to increase further.



In Q1 20-21 the company could not operate for 53 days due to Covid pandemic and due to lock down situation in the country and so company could operate with minimum resources due to partial release of lock down in various stages subsequently .However uncertainties prevailed for quite some time thereafter even after partial release of lock down. Thus in Q1 and Q2 there was loss. However during Q3 lock down situation improved drastically and in spite of the difficulties encountered, company could manage to exceed market expectation on supplies due to pent up demand (pipe line was dry after the lock down period) and hence the yarn market is translated from buyers' market to sellers' market. The product mix were suitably adjusted to suit to consumer need ,to maximize the productivity and thus Q3 and Q4 resulted in profit, off setting the loss of Q1 and Q2. Moreover employees were very cooperative during the lock down period and adopted quickly to changing conditions.

The wind mills have generated 181.52 lakh units as against 183.76 lakh units during the previous year.

Also Wind Turbine Generators (WTGs) recorded generation of electric power of the value of Rs 1136.23 lakhs during the year as against Rs1148.98 lakhs in previous year.

c. PROSPECTS FOR THE CURRENT YEAR:

The company is poised for innovative measures such as investments on cost reduction projects, solar power projects, additional equipment purchase of Auto coner and its ancillary equipment and this will enhance the revenue and profitability. The company is contemplating for funding such measures through bank borrowings and by internal accruals.

Further, the scale of operations of the company is presently modest. However company's recent focus into manufacturing value added products (Compacted Yarn), is expected to improve the margins

Sambandam Spinning Mills Limited's operations are working capital intensive as the raw material availability is seasonal and as reflected by high inventory and receivable days which are in line with general industry trend as the raw material availability is seasonal. During this period the company has to procure raw material required for the entire year. i.e.till next season leading to large working capital requirements which are reflected in the high inventory holding days of around ~5 months as on 31 Mar 2021. However, the elongated inventory and receivables holding period are partially offset by the longer payment terms of around 3-4 months the company enjoys with suppliers, due to the longstanding relationships. Hence, the associated risks are mitigated to a certain degree.

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 necessary Internal Control Systems in place which is commensurate with the size, scale, and complexity of its operations. Your Company is continuously making improvements in internal control systems keeping in view the increasing level of activities. Independent team of Internal Auditors are carrying out internal audits and advising the management on strengthening of internal control systems. The reports are periodically discussed internally. Significant audit observations and corrective actions thereon are presented to the Audit committee then and there.

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



f) HUMAN RESOURCES MANAGEMENT

Your Company effectively used the lockdown period and work-from home processes to impart knowledge and talent development programmes through digital means and the training milestones were achieved across all layers of management.

Your Company has a favourable environment at work place and has formulated and implemented various welfare measures for the employees. The Company gives utmost importance of training and deposes its work force in various work related courses including behavioural skills, soft skills, etc.

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

g) DISCLOSURE ON ANTI SEXUAL HARASSMENT POLICY 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 2020-21, 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

h) COST AUDIT

Audit Committee at the Audit Committee Meeting held on 26 th June 2021, board of directors have approved the appointment of M/s.K.M.Krishnamurthy & Co., (Firm Reg No 102198 Cost Accountants for audit of cost accounts of the Company. In accordance with the provisions of the Companies Act 2013 and the Rules framed there under, Cost Audit for the Company is applicable for the financial year commencing from 1st April 2021. On the recommendation of the Audit Committee, Board of Directors of the Company at their meeting held on 26.06.2021, 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 2021-22 and the resolution for ratification of the remuneration payable to the Cost Auditor for the year 2021-22 is placed before the members for ratification at the 47th Annual General Meeting of the Company scheduled to be held on 25.09.2021.

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 2021-22. The Cost Auditor has submitted to the Board of Directors his report for the year 2020-21 after duly certifying the cost records.

i) BOARD MEETINGS :

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

j) DIRECTORS

During the year 20-21 there was no change in no of directors. However during the current year 21-22 the Board of Directors are recommending re-appointment / appointment of new directors as mentioned under resolution items 6 to 13 of notice of 47 th AGM to shareholders.

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 Annual Return as provided under Section 92(3) of the Act, Under Serial No. 9 of this Report.



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, 2021.

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:

- a) in the preparation of the annual accounts for the financial year 2020-21, the applicable accounting standards IndAS have been followed and there are no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- c) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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>



o) BOARD EVALUATION

During the year under review, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance at Board Meetings and General Meetings; participation in Board proceedings; independence and candidness shown at meetings; clarity and objectiveness in expressing views at meetings; awareness of governance code, compliance requirements, risk framework, etc. interactions with other Directors / Senior Management during and outside meetings; keenness to continuously familiarize with the industry and the Company etc.

Your Company has in place a Policy relating to selection, remuneration and evaluation of Directors and Senior Management.. The said Policy is available on the website of the Company www.sambandam.com

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. Observation of Board evaluation carried out for the year 20-21

All performance parameters as per SEBI circular have been full filled

ii. Previous year 19-20 observations and action taken

1. Started running Unit IV and made it operational in 20-21.

iii. Proposed actions based on current year observations

1. To aim to achieve a turnover of around Rs 300 crores
2. To aim for EBIDTA of 20 %
3. To aim to implement Integrated accounting package SAP
4. Adequate manpower to fill the gap if any

p) FAMILIARIZATION PROGRAMME OF THE INDEPENDENT DIRECTORS

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

r) DEPOSITS

The following are the details of deposits (accepted from the shareholders) covered under Chapter V of the Act

- i. Deposits at the beginning of the year on 01st April, 2020: Rs 564.16 lakhs
- ii. Deposits Accepted from shareholders during the year (2020-21): Rs 97.85 lakhs
- iii. Deposits repaid during the year (2020-21): Rs 56.20 lakhs
- iv. Deposits outstanding at the end of the financial year on 31st March, 2021: Rs 605.81 lakhs
- v. Remained unpaid or unclaimed as at the end of the year : NIL
- vi. Any default in repayment of deposits or payment of interest thereon during the year: NIL



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

The following are the details of deposits accepted from the Directors:

- i. Deposits at the beginning of the year on 01st April, 2020: Rs 304.50 lakhs
- ii. Deposits accepted from Directors during the year (2020-21): Rs 50.00 lakhs
- iii. Deposits repaid during the year (2020-21): Rs 352.00 lakhs
- iv. Deposits outstanding at the end of the financial year on 31st March, 2021: Rs 2.50 lakhs
- v. Remained unpaid or unclaimed as at the end of the year : NIL
- vi. Any default in repayment of deposits or payment of interest thereon during the year: NIL

r) INDUSTRY ASSOCIATIONS

Sri S. Dinakaran, Joint Managing Director of the Company is a special invitee in the Committee of Administration and Yarn Committee of the Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai. He is also a director in Confederation of Indian Textile Industry (CITI), Delhi. By virtue of the offices he holds, Sri S. Dinakaran has been representing to SIMA 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 399.83 Lakhs and profit after tax (PAT) of Rs 9.54 Lakhs during the year ended 31.3.2021 as against Rs 445.70 Lakhs Revenue and Rs 6.62 Lakhs PAT recorded in the previous year 2019-20.

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

This Company has recorded total revenue of Rs 241.49 lakhs and Loss of Rs 14.71 lakhs during the seventh year of its operations as against the revenue of Rs 307.15 lakhs and profit recorded Rs 1.03 lakhs the Previous Year 2019 - 2020.

HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES OR ASSOCIATE COMPANIES

SPMM Health Care Services Pvt Ltd., revenue decreased by 10.29% from operations during 20-21 when compared to 19-20. Also Profit after tax has increased by 53.22%, and this is due to operational efficiency in 20-21 when compared to 19-20.

Salem IVF Centre Pvt Ltd., revenue from operations has decreased by 21.38% from operations during 20-21 when compared to 19-20. Revenue has decreased and hence profit also decreased.

t) CHANGES OR COMMITMENTS AFTER THE YEAR END ON 31.3.2021

No material change or commitments affecting the financial position of the company has occurred between the close of the financial year on 31.3.2021 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 Marketing Officer, 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 2020-21 as compared to the previous year (2019-20):
(Median Remuneration : Rs.1,20,120 in 2020-21)

Name of whole-time Directors and KMP	Remuneration in 2020-21 Rs. lakhs	Remuneration in 2019-20 Rs. lakhs	% increase in 2020-21	Ratio to Median Remn.	Ratio of 2020-21 Remuneration to	
					Revenue	Net Profit
Mr. S.Devarajan, Chairman and Managing Director	84.00	84.00	Nil	69.93	0.36%	8.07%
Mr. S.Jegarajan, Joint Managing Director	81.00	81.00	Nil	67.43	0.35%	7.78%
Mr. S.Dinakaran, Joint Managing Director	54.00	54.00	Nil	44.96	0.23%	5.19%
Mr. S.Natarajan*, Company Secretary	12.10	13.00	Nil	10.07	0.05%	1.16%
Mr. P.Boopalan**, Chief Financial Officer	22.00	20.00	Nil	18.32	0.10%	2.11%
Mr. D.Niranjan Kumar, Chief Marketing Officer	27.00	27.00	Nil	22.48	0.12%	2.59%
Mr. J.Sakthivel, Chief Technical Officer	27.00	27.00	Nil	22.48	0.12%	2.59%

* The remuneration in FY 19-20 is for 12 months and 11 months only in 20-21

** The remuneration in FY 19-20 is for 10 months only and 11 months in 20-21

Name of Non-executive Directors	# Sitting fees in 2020-21 Rs. lakhs	# Sitting fees in 2019-20 Rs. lakhs
Mr. D.Sudharsan	-	0.25

Name of Independent Directors	# Sitting fees in 2020-21 Rs. lakhs	# Sitting fees in 2019-20 Rs. lakhs
Dr. V.Sekar	3.10	4.15
Mr. D.Balasundaram	2.85	3.90
Mr. S.Gnanashekar	3.10	4.15
Mr. Kameshwar M Bhat	3.10	4.15
Smt. Annapoorani Venugopalan	1.25	0.90

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 : **1208**

(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 2021-22 before the member's for approval.

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

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in note 49 to the notes to the financial statements.

6 VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

7 AUDIT COMMITTEE :

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

8 REPORTS OF STATUTORY AUDITORS AND SECRETARIAL AUDITORS

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

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

9 EXTRACT OF ANNUAL RETURN

In Accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, the copy of the Annual Return for the year ended 31-03-2021 has been placed on the website of the Company and web link of such Annual Return is <http://www.sambandam.com/results/2021-08-19-MGT-7-2020-21.pdf> or www.sambandam.com



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

Pursuant to the provisions of section 124 of the Companies Act, 2013, which came in to effect from 07.09.2016, the declared dividends which remained unpaid or unclaimed for a period of seven years, has to be transferred by the company to the Investor Education and Protection Fund (IEPF) established by the Central Government. During the year 2020-21, transfer of Unclaimed final Dividend of the year 2012-13 was not applicable since no dividend was declared for the financial year 12-13.

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 dividend and 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 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
13-14	28.09.2014	25.10.2021
14-15	27.09.2015	24.10.2022
15-16	06.08.2016	03.09.2023
16-17	12.08.2017	08.09.2024
17-18	11.08.2018	07.09.2025
18-19	11.08.2019	07.09.2026
19-20	Dividend not declared	Not applicable

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. Corporate Governance Report in Annexure - VII

11 CAUTIONARY NOTE

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

**12 ACKNOWLEDGEMENT**

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

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

Salem
August 14, 2021

For and on behalf of the Board
S. Devarajan
Chairman and 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	
		31-03-2021	31-03-2020	31-03-2021	31-03-2020
1.	Latest audited Balance Sheet Date	31-03-2021	31-03-2020	31-03-2021	31-03-2020
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 26.88%
4.	Description of how there is significant influence	Associate Company		Associate Company	
5.	Reason why the associate / joint venture is not consolidated	Not Applicable			
6.	Networth attributable to Shareholding as per latest audited Balance Sheet (Rs. in lakhs)	133.64	128.89	(35.59)	(31.64)
7.	Profit / (Loss) for the year (Rs. in lakhs) Profit/(Loss) attributable to the Shareholding (Rs.in lakhs)	9.54 4.75	06.22 3.09	(14.71) (3.95)	1.03 0.28

- 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.08282S

S. Krishnan - Partner
Membership No. 26452

Salem
August 14, 2021

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



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

1. Details of contracts or arrangements or transactions not at arm's length basis : **NIL**
2. Details of material contracts or arrangement or transactions at arm's length basis (as on 31.03.2021):

Particulars	Details of contract /arrangements / transactions
a) Name of the related party and nature of relationship	# M/s Kandagiri Spinning Mills Limited(KSML) Relationship: CMD S. Devarajan was Chairman of Kandagiri Spinning Mills Limited (KSML)
b) Nature of Contract /arrangements / transactions	Took Lease of land, building, other infrastructural facilities of Unit-I of that Company and for receiving management and supervision services from KSML.
c) Salient terms of the contracts or arrangements or transactions including the value, if, any	Took lease of land and building for a period of six years from June 2020 at lease rent of not less than Rs 15 lakhs per month plus applicable GST (with a lease rent deposit of Rs 15 lakhs) and the following; a) Charges for availing infrastructural facilities in the leased premises, not more than Rs1 lakh per month plus applicable GST; b) Fees for receiving management and supervision services for carrying out the business activity in leased premises at 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, because of the material nature, on the recommendation and approval of Audit Committee and Board at meetings held on 05.01.2020, Company obtained shareholders approval vide Postal Ballot resolution dt 15.02.2020
e) Amount paid as advances, if, any	One Month lease rental advance paid
f) Lease rent advance paid :	Rs 15 lakhs [Details given upto 18.06.2020, as explained in the remarks below under column (h)]
g) Date of execution	Lease deed executed on 16.03.2020, but the lease is operational only from 01.06.2020.
h) Remarks #	# On account of resignation of Sri S. Devarajan from the Board of the KSML Company on 18.06.2020, Kandagiri Spinning Mills Limited ceased to be a related party w.e.f 18.06.2020. Hence the transactions carried out with Kandagiri spinning Mills Limited on or after 18.06.2020 does not fall under related party transactions

NOTE :

During the FY 2020-21, 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 material 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 2020-21 by the Company are given in note 39 to the Notes to the Standalone financial statements under Ind AS 24 disclosures. There were no other materially significant transactions with Related Parties during the financial year 2020-21 which were in conflict with the interest of the Company

Salem
August 14, 2021

For and on behalf of the Board
S. Devarajan
Chairman & 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 2020-21 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 do not 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 20-21.

Salem
August 14, 2021

P. Boopalan
Chief Financial Officer

S. Devarajan
Chairman and 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		2020-21	2019-20
1. Electricity			
(i)	Purchased units*	'000 KWH	23943
	Total cost	Rs. lakhs	23862
	Cost/unit	Rs.	1815
			1437
			7.58
			6.02
*net of units generated thro' wind energy converters			
(ii)	Own generation		
1)	Through diesel generator		
	Generated units	'000 KWH	12.00
	Units per litre of diesel	KWH	14.00
	Cost/unit	Rs.	2.55
			2.80
			29.50
			24.01
2)	Through steam turbine/generator		-
3)	Through Wind energy converters		
	Generated units(fed to TNEB Grid) '000 KWH		17228
	Cost/unit*	Rs.	2.19
			16261
			2.76
*Cost includes maintenance charges, interest and depreciation			
2.	Coal		-
3.	Furnace oil		-
4.	Others		-
(b) Consumption per unit of production			
	Production (yarn) - net	Kgs. lakhs	90.72
	Consumption of electricity	'000 KWH	41183
	Consumption per kg. of Yarn	KWH	4.54
			74.90
			40138
			5.36
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	185.28
			428.52
(b) Total Foreign exchange used and earned			
1)	CIF value of Imports		
	Capital goods	Rs. lakhs	-
	Spares for Capital goods	Rs. lakhs	53.77
	Raw materials – cotton	Rs. lakhs	353.41
			638.72
*exclusive of net exchange difference			
2)	Other expenditure in foreign currency		
	Travel	Rs. lakhs	-
	Interest	Rs. lakhs	1.00
	Other matters	Rs. lakhs	-
			5.12
			7.41
3)	Foreign exchange earned		
	Yarn export(merchant exports)	Rs. lakhs	185.28
	Freight recovery	Rs. lakhs	-
			217.08
			-
Salem		For and on behalf of the Board	
August 14, 2021		S. Devarajan	
		Chairman and Managing Director	
		DIN : 00001910	

**ANNEXURE - V****CFO certification as required under Companies (CSR policy amended rules 2021) Rule 4 (CSR implementation) sub rule (5)**

To

The Board of Directors
Sambandam Spinning Mills Limited
P.B.No.1, Kamaraj Nagar
Salem - 636014

This is certify that an amount of Rs 16.75 lacs has been disbursed and utilised for CSR projects, as approved by the Board of Directors and monitored by the CSR Committee, during the period 20-21. This is towards purchase of a specific equipment namely two nos of Dialysis machines and its accessories ,that is executed through the health care facility at S.Palaniandi Mudaliar Charitable Trust (vide Registration No 1381 of 1975 under sec 12 A and 80G of income tax ,situated at 29,Cuddalore Main road ,Ammamet, salem 636003,)towards diagnostic service and activities rendered for ailing poor people and free of cost services are being provided to them or at concessional price to exclusive poor patients and people coming from in and around the local area ,thereby poor people are being benefited

The books of accounts and other records of CSR expenditure, as available with the company ,gives reasonable assurance about the utilisation of the funds disbursed by the company to S.Palaniandi Mudaliar Charitable Trust for undertaking approved CSR activities

Salem
June 26, 2021

P. Boopalan
Chief Financial Officer

CSR reporting under Companies (CSR policy amended rules 2021) Rule 8 (CSR Reporting) sub rule (1)**1. Brief outline on CSR Policy of the Company.**

The activities or projects that will be undertaken by the Company shall include one or more of the activities specified in CSR Policy. This policy encompasses the Company's philosophy for fulfilling its responsibility as a Corporate Citizen and lays down the guidelines and mechanism for carrying out socially useful activities/projects and programmes for welfare, sustainability and development of community at large.

The company has been carrying out Corporate Social Responsibility (CSR) activities for a long time through the S.Palaniandi Mudaliar 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.

The company seeks to improve 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.

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


2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	S.Devarajan	Chairman and Managing Director as Chairman	1 (one)	1 of 1
2.	S.Gnanasekharan	Independent Director as Member	1 (one)	1 of 1
3.	S.Jegarajan	Joint Managing Director as Member	1 (one)	1 of 1
4.	S.Dinakaran	Joint Managing Director as Member	1 (one)	1 of 1
5.	D.Sudharsan	Non-Executive Director as Member	1 (one)	Nil

3. Provide the web-link where Composition of CSR committee, CSR e web link <http://www.sambandam.com>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). – NOT APPLICABLE – since the CSR obligation amount is less than threshold Limit of Rs 1000 lakhs.
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1.	20-21	NIL	NIL
	Total	NIL	NIL

6. Average net profit of the company as per section 135(5). Rs389.02 lakhs
7. (a) Two percent of average net profit of the company as per section 135(5) Rs7.78 lakhs
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. -NIL-
(c) Amount required to be set off for the financial year, if any -NIL-
(d) Total CSR obligation for the financial year (7a+7b- 7c). Rs 7.78 lakhs
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
16.80 lakhs	-	-	-	-	-



(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Project duration.	(7) Amount allocated for the project (in Rs.).	(8) Amount spent in the current financial Year (in Rs.).	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	(10) Mode of Implementation - Direct (Yes/No).	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	-	-	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-	-

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

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (in Rs.).	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing agency.	
				State	District			Name	CSR Registration number
1.	Dialysis services & Activities	(i) Promoting Health Care including preventive Health Care	Yes	Tamilnadu	Salem	16.75 lakhs	Yes	-	NA
2.	Materials used in providing artificial limb	(i) Promoting Health Care including preventive Health Care	Yes	Tamilnadu	Salem	0.05 lakhs	Yes	-	NA
	TOTAL					16.80 lakhs			

- (d) Amount spent in Administrative Overheads of CSR -
 (e) Amount spent on Impact Assessment, if applicable -
 (f) Total amount spent for the Financial Year (8b+8c+8d+8e) 16.80 lakhs -
 (g) Excess amount for set off, if any Nil

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	7.78
(ii)	Total amount spent for the Financial Year	16.80
(iii)	Excess amount spent for the financial year [(ii)-(i)]*	9.02
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

* Note : The excess spent Amount is on account of shortfall of FY 19-20.



9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer	
1.	2017-18	–	4,06,801	–	–	–	6,18,986
2.	2018-19	–	9,23,113	–	–	–	Nil
3.	2019-20	–	3,53,440	–	–	–	8,43,993
	TOTAL	–	16,83,354	–	–	–	14,62,979

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project- Completed /Ongoing.
1.	–	–	–	–	–	–	–	–
	TOTAL	–	–	–	–	–	–	–

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details).**

Fresenius Dialysis machine with Blood Pressure monitoring - 2 Nos and its accessories

(a) Date of creation or acquisition of the capital asset(s). 12.02.2021

(b) Amount of CSR spent for creation or acquisition of capital asset. Rs 16.75 lakhs

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc

- Location : S.Palaniandi Mudaliar Charitable Trust, Cuddalore Main Road, Salem – 636 003

(d) Provide details of the capital asset(s) created or acquired (including complete address and location for the capital asset

- Location : S.Palaniandi Mudaliar Charitable Trust, Cuddalore Main Road, Salem – 636 003

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) : Nil

Salem
August 14, 2021

S.Dinakaran
Joint Managing Director
DIN : 00001932

S.Devarajan
Chairman and Managing Director
DIN : 00001910

P.Boopalan
Chief Financial Officer



ANNEXURE - VI

B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.

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

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

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

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

To

The Members

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 2021 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 2021, 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, 2018;
 - b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
 - c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that:

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

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

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

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

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

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

Place : Trichy
Date : 26-06-2021

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN : A000672C000511490
Peer Review Cert No.:1215/2021
ICSI Unique code: S1994TN013100

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 2021
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. The audit was conducted in accordance with applicable Standards issued by the Institute of Company Secretaries of India. 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 : 26-06-2021

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN : A000672C000511490
Peer Review Cert No.:1215/2021
ICSI Unique code: S1994TN013100



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)*

1. 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.
2. 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, 2021 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

3. 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 : 26-06-2021

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN : A000672C000511479
Peer Review Cert No.:1215/2021
ICSI Unique code: S1994TN013100



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 31-03-2021

We have examined:

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

for the year ended 31-03-2021 in respect of compliance with the provisions of :

- (i) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (ii) 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 2021 to the Company, are listed hereunder : -

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- (d) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003;
- (e) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- (f) 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;

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

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.
- (b) 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.
- (c) 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.
- (d) The Secretarial Compliance Report for the financial year ended 31-03-2020 did not contain any observation and hence there was no need to take action by the listed entity.

FOR B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES

(B.KALYANASUNDARAM)
COMPANY SECRETARY

ACS NO. A672. CP. NO. 2209

UDIN : A000672C000511481

Peer Review Cert No.:1215/2021

ICSI Unique code: S1994TN013100

Place : Trichy
Date : 26-06-2021

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, WORUIUR, TRICHY-620003.
PHONE:0431-2761590.

**ANNEXURE TO SECRETARIAL COMPLIANCE REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021
OF
M/s. SAMBANDAM SPINNING MILLS LIMITED**

1. Maintenance of records with reference to the SEBI Act, SCRA & Regulations thereunder and compliance of the policies framed by the Company with reference to the above regulations is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit regarding the compliance by the Listed entity only.
2. The audit was conducted in accordance with applicable Standards issued by the Institute of Company Secretaries of India. 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 : 26-06-2021

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN : A000672C000511481
Peer Review Cert No.:1215/2021
ICSI Unique code: S1994TN013100



ANNEXURE - VII

REPORT ON CORPORATE GOVERNANCE

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

1. A BRIEF STATEMENT ON THE COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Company's philosophy on corporate governance is outlined 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, 2021, the Company has nine Directors. Out of nine Directors, three (i.e.34 percent) are Executive Directors, one (i.e.11 percent) is Non-Executive Director, 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 Companies Act 2013.

(ii) Changes in Board of Directors

There is no change in Board of Directors during the year.

- (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, 2021 have been made by the Directors. Promoter Directors are related to each other. None of the Independent Director is related to each other. The details of directors and their relationship are given 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
Sri D.Balasundaram	Independent Director	Nil

(vi) Four Board Meetings were held through Other Audio Visual means during the year under review and the gap between two meetings did not exceed one hundred and twenty days or extended permitted days by Government. The said meetings were held on June 28, 2020, August 19, 2020, November 08, 2020 and February 07, 2021. 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, 2021, 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 2021	Whether attended last AGM held on 23.09.2020	No. of directorship in other Public limited Companies		No. of Committee positions held in other Public limited Companies		Directorship in other entities (Category of Directorship)
				Chairman	Member	Chairman	Member	
Sri S. Devarajan	Executive Chairman and Managing Director (Promoter)	4	Yes	-	1	-	-	1. Sambandam Dairy farm Limited, (formerly known as Investment & Leasing Limited, (Director) 2. Sambandam Siva Textiles Private Limited (Director) 3. SPMM Health Care Services Private Limited (Chairman) 4. Sambandam Textiles Private Limited (Director) 5. Sambandam Fabrics Private Limited (Director) 6. Salem IVF Centre Private Limited (MD)



Name of the Director	Categories of Director	No. of Board meetings attended during the FY 2021	Whether attended last AGM held on 23.09.2020	No. of directorship in other Public limited Companies		No. of Committee positions held in other Public limited Companies		Directorship in other entities (Category of Directorship)
				Chairman	Member	Chairman	Member	
Sri S. Jegarajan	Joint Managing Director Executive (Promoter)	4	Yes	-	-	-	-	1. Sambandam Siva Textiles Private Limited (Director) 2. SPMM Health Care Services Private Limited (Director) 3. Sambandam Textiles Private Limited (Director)
Sri S. Dinakaran	Joint Managing Director Executive (Promoter)	4	Yes	-	1	-	-	1. Sambandam Siva Textiles Private Limited (Managing Director) 2. Sambandam Dairy farm Limited, (formerly known as Investment & Leasing Limited, (Director) 3. SPMM Health Care Services Private Limited (Director) 4. Sambandam Textiles Private Limited (Director) 5. Confederation of Indian Textile Industry (Director)
Sri D. Sudharsan	Non-Executive Director	1	Yes	-	-	-	-	1. Sambandam Siva Textiles Private Limited (Joint Managing Director) 2. SPMM Health Care Services Private Limited (Director)
Smt. Annapoorani Venugopalan	Independent Director	4	Yes	-	-	-	-	-
Sri S. Gnanashekar	Independent Director	4	Yes	1	1	2	-	1. Kandagiri Spinning Mills Limited, (Director)
Sri Kameshwar M. Bhat	Independent Director	4	Yes	-	-	-	-	1. KMB Associates, LLP (Designated Partner)
Dr. V. Sekar	Independent Director	4	Yes	-	-	-	-	-
Sri D. Balasundaram	Independent Director	4	Yes	-	-	-	-	-



(viii) Details of equity shares of the Company held by the Directors as on March 31, 2021 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

(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.

Familiarization programme for the Independent directors was held on 20.06.2020 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 through Other Audio Visual means on 07.02.2021. 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. AnnapooraniVenugopalan	√	√	—	√	—	√
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 31 March, 2021 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.

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

(c) Meetings and Attendance

Audit Committee met four times through Other Audio Visual means during the year and the time gap between any two meetings did not exceed more than 120 days or extended permitted days by Government. Audit Committee meetings were held on June 28, 2020, August 19, 2020, November 08, 2020 and February 07, 2021. Attendance at the Audit Committee meetings held during the year is as follows:

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

**(ii) NOMINATION AND REMUNERATION COMMITTEE****(a) Brief description of terms of reference**

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

(b) Composition

The Nomination and Remuneration Committee as on March 31, 2021 comprises of three members viz., Sri Kameshwar M Bhat, Independent Director as Chairman and Sri S. Gnanashekar and Dr.V.Sekar, Independent Directors as Members.

(c) Meetings and Attendance

During the year one Nomination and Remuneration Committee Meeting was held through Other Audio Visual means on 07.02.2021 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. Gnanashekar	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 2020-21 is applicable. Company has spent Rs 16.80 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, 2021 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. Dinakaran, Joint Managing Director, Sri D. Sudharsan, Non-Executive Director as Members.

(c) Meetings and Attendance

During the year one CSR Meeting was held on 28.06.2020. 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	1 of 1
Sri S. Gnanashekarana	Member	1 of 1
Sri S. Jegarajan	Member	1 of 1
Sri S. Dinakaran	Member	1 of 1
Sri D. Sudharsan	Member	Nil

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

- (a) name of the non-executive director heading the committee ; S.Gnasekaran
 (b) name and designation of the compliance officer ; S.Natarajan
 (c) number of shareholders' complaints received during the financial year ; Nil
 (d) number of complaints not solved to the satisfaction of shareholders ; Nil
 (e) number of pending complaints. Nil

5. REMUNERATION OF DIRECTORS & AUDITORS

- (a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2020-2021.

- (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 2020-21 are as follows.

Name of the Director	Sitting fees (#) Rs. Lakhs
Sri S. Devarajan	–
Sri S. Jegarajan	–
Sri S. Dinakaran	–
Sri D. Sudharsan	0.25
Sri S. Gnanashekar	3.10
Sri Kameshwar M Bhat	3.10
Dr. V. Sekar	3.10
Sri D. Balasundaram	2.85
Smt. Annapoorani Venugopalan	1.25

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 is 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 2020-21 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 2020-21.

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	Mode	Special Resolutions Passed if any	Date & Time
46th AGM-2020	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	Through Audio visual means	Nil	September 23, 2020 at 10.45 a.m.
45th AGM-2019	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	Physical	Two Special Resolutions Passed	August 11, 2019 at 10.45 a.m.
44th AGM-2018	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	Physical	Three Special Resolutions Passed	August 11, 2018 at 10.45 a.m.



- (b) 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.

6. 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 the 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.

7. GENERAL SHARE HOLDER INFORMATION

(a) Details of 47th Annual General Meeting to be held

Day : Saturday
Date : 25.09.2021
Time : 10.45 a.m.

Venue : Annual General Meeting (AGM) to be conducted through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), pursuant to MCA circular dated 05.05.2020 read with circulars dated 08.04.2020 and 13.04.2020, and as amended further from time to time, without physical presence of Members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company – Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem 636014

- (b) **Financial Year** : 1st April, 2020 to 31st March, 2021.

- (c) **Dividend Payment Date** : commencing from 16th day from AGM date and will be completed within the statutory time limit,

- (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 - 2020	58.40	51.00	33887.25	27500.79
May - 2020	58.15	48.00	32845.48	29968.45
Jun - 2020	63.00	53.00	35706.55	32348.10
Jul - 2020	63.80	48.55	38617.03	34927.20
Aug - 2020	62.60	49.45	40010.17	36911.23
Sep - 2020	56.45	48.00	39359.51	36495.98
Oct - 2020	54.80	45.20	41048.05	38410.20
Nov - 2020	57.75	47.05	44825.37	39334.92
Dec - 2020	72.90	53.10	47896.97	44118.10
Jan - 2021	89.35	64.00	50184.01	46160.46
Feb - 2021	93.45	73.65	52516.76	46433.65
Mar - 2021	113.90	81.55	51821.84	48236.35



(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, 2021, no share transfers/transmission was pending.

(j) **Distribution of Shareholding as on 31st March, 2021**

No. of Shares	Shareholders		No. of shares	
	Number	%	Number	%
Upto – 100	2241	74.72	155794	3.65
101 – 500	481	16.04	132948	3.12
501 – 1000	98	3.27	78795	1.85
1001 – 2000	65	2.17	100963	2.37
2001 – 3000	11	0.37	28195	0.66
3001 – 4000	21	0.70	74083	1.74
4001 – 5000	3	0.10	13351	0.31
5001 – 10000	21	0.70	158523	3.72
10001 and above	58	1.93	3521948	82.58
Total	2999	100.00	4264600	100.00

Shareholding pattern as on March 31, 2021

Sl. No.	Category	No. of Holders	No. of Shares	% to Paid up Capital
1.	Promoters	21	21,56,442	50.57
2.	Residents (Individuals / Clearing Members HUF)	2,924	19,88,110	46.63
3.	Financial Institutions / Insurance Co./ State Govt./ Foreign Institutional Investors	1	52,988	1.24
4.	Non-Resident Indians / OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals / Foreign Port Folio Investor / corporate	0	0	0
5.	Corporate Bodies / Limited Liability Partnership	21	8,648	0.20
6.	IEPF	26	28,254	0.66
7.	Mutual Funds	1	29,538	0.69
8.	Trusts	0	0	0
9.	Banks	0	0	0
10.	Clearing Members	5	620	0.01
	Total	2,999	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, 2021 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	21,56,442	50.57%	21,56,442	50.57%
Others	1,54,043	3.61%	19,54,115	45.82%	21,08,158	49.43%
TOTAL	1,54,043	3.61%	41,10,557	96.39%	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 do not engage in hedging activities regularly, however hedging is done on a case to case basis depending on forex market volatility.**(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 for non-receipt of Annual Reports	:	investor@cameoindia.com & 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 e-mail: cs@sambandam.com
Website Address	:	www.sambandam.com
Email ID of Investor Grievance	:	cs@sambandam.com
Name of the Compliance Officer	:	Sri S.Natarajan, Company Secretary



8. OTHER 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, 2021. 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 Brick Work Ratings India Pvt Ltd., during the FY 2020-21 as given below:

S. No.	FACILITIES	RATINGS
1.	Long/Short -Term Bank Facilities	BWR BBB– Stable assigned
2.	Fixed Deposits	BWR FBBB– Stable assigned



(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) **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.

(n) 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.

9. There has been no instance of non-compliance of any requirement of Corporate Governance Report.

10. 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 2020-21.

(d) Separate posts of Chairman and CEO

The company has one "Chairman and 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.

11. 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

12. There are no shares lying in the demat suspense account/unclaimed suspense account as on 31.3.2021

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, 2021.

Salem
August 14, 2021

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, 2021, 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, 2021.
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.

For R. Sundararajan & Associates
Chartered Accountants
Firm Registration no.08282S

S.Krishnan – Partner
Membership No.26452
UDIN : 21026452AAAADC3835

Chennai
August 14, 2021



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, 2021, 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, 2021, 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, 2021. 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 out of report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone 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. Revenue Recognition

Key Audit Matter Description

Reference may be made to note 2(c) of significant accounting policies and note 27 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 and the impact of Ind AS 115 as key audit matters.

Response to Key Audit Matter

Principal Audit Procedures

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

- a. We assessed whether the policy of recognizing revenue was in line with Ind AS – 115.
- b. We performed procedures to assess the design and internal controls established by the management and tested the operating effectiveness of relevant controls related to the recognition of revenue.



- c. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- d. We have tested, on a sample basis, whether specific revenue transactions around the reporting date has been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes, customer acknowledgement/proof of acceptance and the terms of sales.
- e. We have also validated subsequent credit notes and sales returns up to the date of this Report to ensure the appropriateness and accuracy of the revenue recognition.
- f. We tested journal entries on a sample basis to identify any unusual or irregular items.
- g. We also considered the adequacy of the disclosures in Company's standalone financial statements in relation to Ind AS 115 and whether 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 51 of the standalone 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 and those charged with governance 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. Those 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, 2021 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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) The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
 - (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 – Refer Note 42 to the 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, 2021.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the company for the year ended March 31, 2021.

Date : June 26, 2021
Place : Chennai

For **R.Sundararajan & Associates**
Chartered Accountants
Firm Registration No. 08282S

S.Krishnan - Partner
Membership No. 26452
UDIN : 21026452AAAAACA4794



“ANNEXURE1” 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 (i) 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 and (ii) based on the records examined by us in respect of immovable property taken on lease and disclosed as Right of use of Asset in the financial statements, the lease agreement is 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 during the year 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.
 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 cost records with a view to determine whether they are accurate and complete.
 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, income tax, goods and service tax, customs duty, cess and other statutory dues were outstanding, at year end, for a period of more than six months from the date they became payable.
 - (c) According to the records of the company, the dues of employee state insurance and other statutory dues on account of any dispute are as follows:

Nature of dues	Disputed dues (Rs. lakhs)	Period to which the amount relates	Forum where the dispute is pending
Corporation tax	36.10	October 1998 - March 2021	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. The Company does not have any borrowings from Government or by way of debentures. In respect of the borrowings from State Bank of India and Karnataka Bank Limited, the company has opted for the moratorium under Covid-19 scheme for the amount of Rs.150 lakhs and Rs.48 lakhs respectively, due for repayment during the year. In view of the reschedulement there is no default in repayment of dues to any bank.
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 nor have we have been informed of any such case by the Management.
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. 08282S

S.Krishnan - Partner
Membership No. 26452
UDIN : 21026452AAAACA4794

Date : June 26, 2021
Place : Chennai

“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, 2021 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 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date : June 26, 2021
Place : Chennai

For **R.Sundararajan & Associates**
Chartered Accountants
Firm Registration No. 08282S
S.Krishnan - Partner
Membership No. 26452
UDIN : 21026452AAAAACA4794



Standalone Balance Sheet as at March 31, 2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
ASSETS			
Non current assets			
Property, plant and equipment	1	10,402.04	11,408.47
Capital work in progress		28.61	2.63
Right-of-use assets	2	675.55	793.85
Intangible assets	3	0.04	0.04
Financial assets			
Investments	4	175.33	175.00
Other financial asset	5	280.84	419.19
Other non-current assets	6	287.54	278.98
Total non-current assets		11,849.95	13,078.16
Current assets			
Inventories	7	9,710.50	5,500.06
Financial assets			
Trade receivables	8	3,939.10	3,858.60
Cash and cash equivalents	9a	9.92	9.34
Other Bank balances	9b	87.10	84.24
Other financial assets	10	583.95	594.40
Current tax assets (net)	11	-	25.04
Other current assets	12	790.28	653.97
Total current assets		15,120.85	10,725.65
Total assets		26,970.80	23,803.81
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	427.55	427.55
Other equity	14	9,677.30	8,941.09
Total equity		10,104.85	9,368.64
Non-current liabilities			
Financial liabilities			
Borrowings	15	2,782.29	2,268.72
Lease liabilities	16	584.51	685.42
Other non current liabilities	17	32.13	30.09
Long term Provisions	18	319.19	301.22
Deferred tax liabilities (Net)	19	928.20	952.20
Other non current liabilities	20	11.35	11.35
Total non-current liabilities		4,657.67	4,249.00
Current liabilities			
Financial liabilities			
Borrowings	21	5,275.80	5,171.18
Lease liabilities	22	109.10	106.37
Trade payables			
(a) total outstanding dues of micro and small enterprises	23	536.61	220.13
(b) total outstanding dues other than micro and small enterprises	23	3,796.63	3,024.64
Provisions	24	9.97	6.33
Other financial liabilities	25	2,255.92	1,556.67
Current tax liabilities (net)	11	46.23	-
Other current liabilities	26	178.02	100.85
Total current liabilities		12,208.28	10,186.17
Total equity and liabilities		26,970.80	23,803.81

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 26, 2021

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, 2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Income			
Revenue from operations	27	23,106.91	19,117.59
Other income	28	32.11	104.54
Total income		<u>23,139.02</u>	<u>19,222.13</u>
Expenses			
Cost of materials consumed	29	13,163.10	10,690.00
Changes in inventories of finished goods and work-in- progress	30	(69.94)	215.21
Employee benefits expense	31	2,950.92	3,001.90
Finance cost	32	1,029.62	831.58
Depreciation and amortization expense	33,1,2,3	1,242.68	938.24
Other expenses	34	3,781.32	3,269.53
Total Expenses		<u>22,097.70</u>	<u>18,946.46</u>
Profit before tax		1,041.32	275.67
Tax expense :			
Current tax - current year		386.28	131.20
Deferred tax		(152.00)	(83.00)
Income tax expense		<u>234.28</u>	48.20
Profit for the period from continuing operations		<u>807.04</u>	<u>227.47</u>
Other comprehensive income			
Other comprehensive income not to be reclassified to profit and loss			
Re-measurement gains/(losses) on defined employee benefit plans		(98.11)	(61.82)
Income tax relating to above		(27.28)	(17.20)
Other comprehensive income (net of tax)		<u>(70.83)</u>	<u>(44.62)</u>
Total comprehensive income for the year		<u>736.21</u>	<u>182.85</u>
Earning per share (Face value Rs.10 per share)			
'-Basic and diluted (Rs.) Refer note no. 37		18.92	5.33

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 26, 2021

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 Flow for the year ended March 31, 2021

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Cash Flows from Operating Activities		
Profit Before Tax	1,041.32	275.67
Adjustments for :		
Depreciation and amortisation expense	1,242.68	938.24
Finance cost	1,029.62	831.58
Interest Income	(14.05)	(86.49)
Unrealised Exchange Fluctuation	(11.36)	(9.02)
Dividend income	-	(0.05)
Lease payment	(150.00)	-
(Net gain) or loss arising on financial asset mandatorily measured at FVTPL	(0.34)	1.24
Loss / (Profit) on sale of property, plant and equipments	1.45	8.34
Operating profit before working capital changes	<u>3,139.32</u>	<u>1,959.51</u>
Adjustments for changes in :		
Inventories	(4,210.44)	(934.35)
Trade receivables	(80.50)	(423.18)
Non current and current financial assets	145.95	(30.31)
Other non-current and current assets	(144.86)	24.05
Trade payables	1,088.47	822.53
Non current and current financial liabilities	87.91	1,035.22
Other non-current and current liabilities	78.44	31.13
Other non-current and current provisions	21.61	22.36
Cash Generated from Operations	<u>125.90</u>	<u>2,506.96</u>
Income Tax paid	(160.72)	(59.95)
Net Cash Flow from Operating Activities (A)	<u>(34.82)</u>	<u>2,447.01</u>
Cash Flows from Investing Activities		
Payments for acquisition of property, plant and equipment	(172.10)	(2,389.41)
Movement in capital work in progress	(25.98)	-
Movement in Right of use of assets	-	(799.58)
Proceeds from sale of property, plant and equipment	50.42	141.33
Interest received	14.05	86.49
Dividend received	-	0.05
Sale/(Purchase) of Long term investments	-	51.54
Net cash flow from investing activities (B)	<u>(133.61)</u>	<u>(2,909.58)</u>
Cash Flows from Financing Activities		
Finance cost	(965.57)	(831.58)
Dividends Paid	-	(102.82)
Refund of Inter corporate deposit	-	516.00
Proceeds from working capital borrowings	104.63	14.59
Proceeds from non current borrowings	2,717.72	1,387.51
Repayments of non current borrowings	(1,687.77)	(518.20)
Net Cash Flow from Financing Activities (C)	<u>169.01</u>	<u>465.50</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<u>0.58</u>	<u>2.93</u>
Opening Cash and Cash equivalents at the beginning of the financial year (D)	9.34	6.41
Closing Cash and Cash equivalents at the end of the financial year (E)	9.92	9.34
Net increase/(decrease) in cash and cash equivalents (E-D)	<u>0.58</u>	<u>2.93</u>

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

As per our report of even date

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration No.08282S

S. Krishnan - Partner

Membership No. 26452

Salem

June 26, 2021

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


Standalone Statement of Changes in Equity for the year ended March 31, 2021
A. Equity share Capital

(Rs. in Lakhs)

		Balance at the End of March 31, 2020	Changes in equity share capital during the year	Balance as on March 31, 2021
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, 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
Profit for the year	–	–	807.04	807.04
Other Comprehensive income	–	–	(70.83)	(70.83)
Total Comprehensive income for the year	–	–	736.21	736.21
Dividend including tax thereon	–	–	–	–
Balance at the end of March 31, 2021	539.09	4,464.67	4,673.54	9,677.30

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 26, 2021

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 Ind AS Financial Statements for the year ended March 31, 2021											
(Rs. in Lakhs)											
2020 - 2021	Gross Carrying Amount (Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount		
	31.03.2020	Additions	Deletions	31.03.2021	31.03.2020	Charge for the year	Disposal	31.03.2021	31.03.2021	31.03.2021	
Description											
Freehold land	2,212.16	-	-	2,212.16	-	-	-	-	2,212.16		
Buildings	3,252.63	7.02	-	3,259.65	540.49	131.90	-	672.39	2,587.26		
Plant and Equipment	7,757.43	122.64	43.18	7,836.89	2,226.82	776.28	1.94	3,001.16	4,835.73		
Wind Energy Converters	1,742.32	-	-	1,742.32	1,007.58	183.34	-	1,190.92	551.40		
Furniture and Fixtures	6.09	-	-	6.09	4.74	0.21	-	4.95	1.14		
Vehicles	320.03	41.16	5.32	355.87	150.76	37.91	4.65	184.02	171.85		
Office equipment	64.03	1.28	-	65.31	15.83	6.98	-	22.81	42.50		
Total	15,354.69	172.10	48.50	15,478.29	3,946.22	1,136.62	6.59	5,076.25	10,402.04		

Notes to the Standalone Ind AS Financial Statements for the year ended March 31, 2020											
(Rs. in Lakhs)											
2019 - 2020	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount		
	01.04.2019	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		

Note :

1. Amount of contractual commitments for acquisition of property, plant and equipment - Refer Note No. 42
2. For details of asset given as security against borrowings - Refer Note No. 40



Notes to the Standalone Ind AS Financial Statements for the year ended March 31, 2021

2. Right of use of Assets

2020 - 2021	Gross Carrying Amount (Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2021
	31.03.2020	Additions	Deletions	31.03.2021	Charge for the year	Disposal	31.03.2021	
Land and buildings	799.58	-	12.24	787.34	5.73	-	111.79	675.55
Total	799.58	-	12.24	787.34	5.73	-	111.79	675.55

(Rs. in Lakhs)

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

3. Intangible assets

2020 - 2021	Gross Carrying Amount (Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2021
	31.03.2020	Additions	Deletions	31.03.2021	Charge for the year	Disposal	31.03.2021	
Computer Software-acquired	0.48	-	-	0.48	-	-	0.44	0.04
Total	0.48	-	-	0.48	-	-	0.44	0.04

(Rs. in Lakhs)

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

(Rs. in Lakhs)

Note :

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



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
4. Non current financial asset - Investments		
Unquoted		
Investments in Equity instruments		
Associates		
19,90,000 (2020 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	153.71	153.71
7,04,060 (2020 : 7,04,060) Equity shares of Rs.10 each in Salem IVF Centre Private Limited	70.41	70.41
Others		
1,463 (2020 : 1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	0.89	0.56
1,07,500 (2020 : 1,07,500) Equity shares of Rs.10 each in Sambandam Dairy Farm Limited (Previously known as Sambandam Investment and Leasing Limited)	20.73	20.73
	245.74	245.41
Less : Provision for diminution in value towards Salem IVF Centre Private Limited	70.41	70.41
	175.33	175.00
a. # represents quoted investments		
Aggregate value of quoted investments (at fair value)	0.89	0.56
Aggregate market value of quoted investments	0.89	0.56
Aggregate value of unquoted investments	244.85	244.85
Aggregate value of impairment in value of investments	70.41	70.41
b. Investments are fully paid-up unless otherwise stated		
5. Non current - Other financial asset		
Unsecured and considered good		
Security deposits with maturity of more than 12 months with related parties	3.00	3.00
with others	276.65	416.19
Employee advances	1.19	-
	280.84	419.19
6. Other non current assets		
Unsecured, considered good		
Capital advances	54.55	45.99
Balances with TNEB authorities, Sales tax (paid under protest)	232.99	232.99
	287.54	278.98
7. Inventories		
Raw materials	6,738.05	2,642.16
Work-in-progress	1,826.38	1,595.52
Finished goods - Yarn	1,082.52	1,243.44
Stores and spares	63.55	18.94
	9,710.50	5,500.06
Note :		
1. Goods in transit included above are as follows		
Raw materials	-	64.70
2. Cost of materials consumed during the year, refer note no.29		
8. Trade receivables		
Unsecured, considered good		
Trade receivables		
- Related parties	1.07	3.13
- Others	3,938.03	3,855.47
	3,939.10	3,858.60



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
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
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	
	2021	2020
	%	%
Equity shares with voting rights		
S. Devarajan	5,21,419	5,21,419
S. Jegarajan	4,83,909	4,83,909
S. Dinakaran	4,15,544	4,15,544
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, 2021 is Rs. Nil (2020 : Nil).		
14. Other equity		
Securities premium - Note A	539.09	539.09
General reserve - Note B	4,464.67	4,464.67
Retained earnings - Note C	4,673.54	3,937.33
	<u>9,677.30</u>	<u>8,941.09</u>
Refer Statement of Changes in Equity for additions/ deletions in each reserve.		
Notes :		
A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.		
B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.		
C. Revaluation reserve of Rs 27,07,94,401 transferred to Retained earnings on the transition date may not be available for distribution.		
15. Non current - Financial liabilities - Borrowings		
Secured Borrowings		
Term loan from banks	2,404.94	1,647.56
Unsecured Borrowings		
Fixed deposits from - related parties		
Fixed deposits from directors and shareholders	377.35	621.16
	<u>2,782.29</u>	<u>2,268.72</u>
Note :		
1. Refer note 25 for current maturities of non current borrowings		
2. Refer note 40 for security and terms of borrowings		
3. Refer note 39 for deposits from related parties		
16. Non current Financial liabilities - Lease liabilities		
Lease liability on account of land and building lease from related party	584.51	685.42
	<u>584.51</u>	<u>685.42</u>
Note :		
1. Refer note 22 for current maturities of lease liability		
2. Refer note 41 for disclosure under Ind AS 116		
3. Refer note 39 for lease liabilities from related parties		



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs	
17. Non current Financial liabilities - others			
Security deposits			
from related parties	4.50	4.50	
from others	27.63	25.59	
	<u>32.13</u>	<u>30.09</u>	
18. Non current liabilities - Provisions			
Provision for employee benefits			
Compensated absences	319.19	301.22	
	<u>319.19</u>	<u>301.22</u>	
Movement in provision for compensated absences is as follows: (refer 18 & 24)	Opening	Additions (net of utilisation)	Closing
31.03.2021	307.55	21.61	329.16
31.03.2020	285.19	22.36	307.55
19. Deferred tax liability (net)			
Deferred tax liability	1,068.55	1,220.56	
Deferred tax assets	86.55	86.56	
	<u>982.00</u>	<u>1,134.00</u>	
Unused tax credits (MAT credit entitlement)	53.80	181.80	
Net deferred tax liability	<u>928.20</u>	<u>952.20</u>	
Note : refer note. 35 for details of deferred tax liability and asset			
20. Other non current liabilities			
Deferred government grant(EPCG)	11.35	11.35	
	<u>11.35</u>	<u>11.35</u>	
21. Current financial liabilities - borrowings			
Secured borrowings - from banks			
Cash credit facilities	5,275.80	5,171.18	
	<u>5,275.80</u>	<u>5,171.18</u>	
Note : Refer note 40 for security and terms of borrowings			
22. Current financial liabilities - Lease liabilities			
Lease liability on account of land and building lease from related party	109.10	106.37	
	<u>109.10</u>	<u>106.37</u>	
Note :			
1. Refer note.41 for disclosure under Ind AS 116			
2. Refer note.39 for lease liabilities from related parties			
23. Current financial liabilities - trade payables			
Trade payables			
(a) total outstanding dues of micro and small enterprises (refer note no.44)	536.61	220.13	
(b) total outstanding dues of trade payables other than micro and small enterprises	3,796.63	3,024.64	
	<u>4,333.24</u>	<u>3,244.77</u>	
24. Current provisions			
Provision for employee benefits - Compensated absences	9.97	6.33	
	<u>9.97</u>	<u>6.33</u>	



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
25. Other Current financial liabilities		
Current maturities of long-term debts	1,205.26	690.08
Interest accrued and not due on borrowings	0.89	-
Interest accrued and due on borrowings	10.14	23.09
Unclaimed Dividends	9.16	9.20
Contribution to Gratuity Fund	394.74	363.01
Accrued expenses/liabilities	564.47	444.30
Employee payables	71.26	26.99
	<u>2,255.92</u>	<u>1,556.67</u>
Note : Refer note 40 for security and terms of borrowings		
26. Other Current liabilities		
Advance from customers	143.98	69.28
Statutory liabilities	34.04	31.57
	<u>178.02</u>	<u>100.85</u>
27. Revenue from operations		
Sale of products		
Yarn	22,337.52	18,570.14
Fabric sales	41.39	66.97
Process waste	605.08	347.01
	<u>22,983.99</u>	<u>18,984.12</u>
Revenue from services		
Yarn testing charges	-	1.50
Yarn conversion charges	8.85	-
	<u>8.85</u>	<u>1.50</u>
Other operating revenues		
Power generated by wind energy converters (net of captive consumption)	106.21	115.68
Scrap sales	4.78	12.51
Export incentives	3.08	3.78
	<u>114.07</u>	<u>131.97</u>
	<u>23,106.91</u>	<u>19,117.59</u>
28. Other income		
Interest income from		
Loans	-	63.48
Others	14.05	23.02
Dividend income from Non-current investments	-	0.05
Other non-operating income		
Rent received	10.66	10.53
Certification charges	7.06	5.69
Hank yarn obligation charges received	-	2.82
Net gain or loss arising on financial asset mandatorily measured at FVTPL	0.34	(1.24)
Foreign exchange gain (net)	-	0.19
	<u>32.11</u>	<u>104.54</u>
29. Cost of materials consumed		
Cotton, viscose, modaal	12,815.14	10,574.17
Others	347.96	115.83
	<u>13,163.10</u>	<u>10,690.00</u>
30. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	1,082.52	1,243.44
Work-in-progress	1,826.38	1,595.52
	<u>2,908.90</u>	<u>2,838.96</u>
Opening 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>
Net change in inventories	<u>(69.94)</u>	<u>215.21</u>



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
31. Employee benefits expense		
Salaries, wages and bonus	2,584.44	2,599.40
Contribution to provident, gratuity and other funds	92.60	169.39
Welfare expenses	273.88	233.11
	<u>2,950.92</u>	<u>3,001.90</u>
32. Finance costs		
Interest on borrowings	976.93	836.66
Interest on lease liability	64.05	3.73
Other borrowing costs - premium on forward contracts	(11.36)	(8.81)
	<u>1,029.62</u>	<u>831.58</u>
33. Depreciation and amortisation expense		
Property, plant and equipment		
Buildings	131.90	135.35
Plant and machinery	776.28	561.68
Wind energy converters	183.34	192.03
Furniture and fittings	0.21	0.14
Office equipments	6.98	5.61
Vehicles	37.91	37.70
Sub Total (A)	<u>1,136.62</u>	<u>932.51</u>
Right of Use of Asset		
Land and Buildings	106.06	5.73
Sub Total (B)	<u>106.06</u>	<u>5.73</u>
Intangible assets		
Computer software - acquired	-	-
Sub Total (C)	<u>-</u>	<u>-</u>
Total (A + B + C)	<u>1,242.68</u>	<u>938.24</u>
Refer note 1, 2 and 3 on property, plant and equipments, Right to use asset and intangible assets		
34. Other expenses		
Cotton dyeing charges	194.94	322.09
Fabric conversion charges	12.32	1.20
Yarn mercerising and doubling charges	14.91	60.55
Consumption of stores and spares	433.53	326.20
Power and fuel-net	1,818.50	1,437.63
Rent	9.39	8.52
Repairs and maintenance - Buildings	31.32	13.53
- Plant and machinery	302.53	269.94
Insurance	26.97	16.98
Rates and taxes	53.71	38.01
Packing and forwarding charges	219.84	177.03
Printing and stationery	7.31	12.32
Brokerage and commission on sales	236.97	182.73
Legal and Professional charges	46.46	33.82
Travel and vehicle upkeep expenses	209.47	220.21
Donation and charity	0.45	0.10
Directors' sitting fees	13.65	18.15
Expenditure on corporate social responsibility (refer note no.43)	16.80	3.53
Loss on sale of property, plant and equipment	1.45	8.34
Bad debts	-	2.46
Bank and other financial charges	72.84	61.99
Miscellaneous expenses	57.96	54.20
	<u>3,781.32</u>	<u>3,269.53</u>



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021

1. Corporate Information

Sambandam Spinning Mills Limited is a listed Public Company having its registered office in Mill Premises, Kamaraj Nagar Colony, Salem District – 636 014, Tamil Nadu State. The Company shares are listed on the Bombay Stock Exchange (BSE). The Company is into the business of manufacture of Yarn (cotton, synthetic etc) and fabric. The company has four manufacturing locations around Salem and has 12.35 MW Wind Energy Converters locations located in Tirunelveli District, Tamil Nadu State, which produce electricity for own consumption and for sale.

The Board of Directors approved the standalone financial statement for the year ended March 31, 2021 at their Board meeting held on 26th June 2021.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation of financial statements

(i) 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 Section 133 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except the following:

- Certain financial assets and liabilities that are measured at fair value.
- Defined benefit plans – plan assets measured at fair value.

(iii) New and amended standards adopted by the Company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020.

- Definition of material – amendments to Ind AS 1 and Ind AS 8
- Definition of business – amendments to Ind AS 103
- Covid-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly effect the current or future periods.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee(Rs), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end and exchange rates are generally recognized in the statement of profit and loss.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021 (Contd...)

c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, GST.

Sale of products

Timing of recognition – Revenue from sale of products is recognized when control of the products is transferred to customers based on the terms of sale. Revenue is recognised when collectability of the resulting receivable is reasonably assured.

Measurement of revenue -Revenue from sales is based on the price specified in the sales contracts.

A receivable is recognized when the goods are dispatched, delivered or upon formal customer acceptance depending on terms of contract with the customer.

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 recognised 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 recognised when the right to receive the income is established as per the terms of the contract.

d) Other income

Other income comprises of dividend, interest income and rental income 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).

e) Government grants

Grants from the government (including export incentives) are recognised at fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants are recognised in profit and loss account on a systematic basis over the periods in which they accrue. Income is deferred in case the Income is recognized in future periods.

f) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, The Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021 (Contd...)****Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against Current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

g) Leases**As a lessee:**

The Company recognizes a right-of-use asset (ROU) and a Corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU Assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the useful life of the asset or the balance lease term of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or , if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re-measured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset shall be separately presented in the Balance Sheet and Lease payments shall be classified as financing cash flows.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021 (Contd...)

h) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind As, the Company has elected to continue with the carrying value of all its property, plant and equipment cost of the Property, plant and equipment.

Depreciation/Amortisation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line basis at the rates arrived at based on the useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those specified in Schedule II to the Companies Act are used:

Asset Description	Life of the asset (in years)
Plant and equipment (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

The company follows the policy of charging depreciation on pro- rate basis on the assets acquired during the year. Leasehold assets are amortised over the period of lease or useful life whichever is less. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses on disposal are determined by comparing proceeds with the carrying amount.

i) Intangible assets

i) Recognition

Intangible assets are recognised only when future economic benefits arising out of the assets flow to the enterprise and are amortised over their useful life.

ii) Amortization methods and periods

The Company amortizes intangible assets on a straight line method over their estimated useful life not exceeding 5 years. Software is amortised over a period of three years.

j) Impairment of assets

Property, plant and equipment and intangible assets are tested for impairment annually whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets other than good will that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021 (Contd...)

k) 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.

l) Trade receivables

Trade receivables are recognised initially at fair value less provision for impairment.

m) Inventories

Raw materials and stores, work-in-progress, finished goods are stated at the lower of cost and net realizable value. Cost of raw materials comprise of cost of purchase. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the later being allocated on the basis of normal operating capacity. Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n) Investment in Associates

The investment in associates are carried in the financial statements at historical cost except when the investment is classified as held for sale in which case it is accounted for as non – current assets held for sale and discontinued operations.

Investments in associates carried at cost are tested for impairment in accordance with indAs 36. Any impairment loss reduces the carrying value of the investment.

o) Other investments and financial assets

i) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in Statement of profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the Acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021 (Contd...)

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost : Assets that are held for collection of contractual cash flows where those cash represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss : Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments :

The Company subsequently measures all equity investments (other than investment in subsidiary) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investment are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the other income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instrument. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by IndAS 109 financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iv) Derecognition of financial assets

A financial asset is derecognized only when

- The company has transferred the rights to receive cash flow from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial assets , but assumes a contractual obligation to pay cash flows to one or more recipients .

**Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021 (Contd...)**

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

p) Derivatives

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted at fair value through profit or loss and are included in profit and loss account.

q) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

r) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts which are unsecured are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

Other borrowings costs are expensed in the period in which they are incurred.

t) Provisions

Provisions for legal claims and returns are recognised when the company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expense.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021 (Contd...)

u) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an the unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity; and
- (b) Defined contribution plans such as provident fund.

Gratuity obligations

The liability or assets recognized in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are Recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss.

Defined contribution plans

The company pays provident fund contributions to publicly administered funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plan and the contributions are recognized as employee benefit expense when they are due.

(iv) Bonus plans

The Company recognizes a liability and an expense for bonuses. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.



Statement on Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2021 (Contd...)

v) Earning per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

w) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest two decimal places of lakhs as per the requirement of Schedule III, unless otherwise stated.

x) Critical estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

1. Estimation of defined benefit obligation
2. Useful lives of fixed assets

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

y) 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

35. Income taxes relating to continuing operations

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	386.28	131.20
In respect of the earlier year	—	—
	<u>386.28</u>	<u>131.20</u>
Deferred tax		
In respect of the current year	(152.00)	(83.00)
	<u>(152.00)</u>	<u>(83.00)</u>
Total income tax expense recognised in the current year relating to continuing operations	<u>234.28</u>	<u>48.20</u>
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	<u>1,041.32</u>	<u>275.67</u>
Income tax expense calculated at 27.82% (2019-20: 27.82%)	289.70	76.69
Others	96.58	(28.49)
Income tax expense recognised in Statement of profit and loss (relating to continuing operations)	<u>386.28</u>	<u>48.20</u>
The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2019-20 = 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	(27.28)	(17.20)
Total income tax recognised in other comprehensive income	<u>(27.28)</u>	<u>(17.20)</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, 2021 (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	(1,220.56)	+152.01	(1,068.55)
Provision for compensated absences and lease liability	86.56	(0.01)	86.55
Unused tax credit (MAT credit entitlement) *	181.80	(128.00)	53.80
	<u>(952.20)</u>	<u>24.00</u>	<u>(928.20)</u>

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>

* Adjusted against current tax provision for the respective years.


Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
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36. Retirement benefit plans
Defined contribution plans

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

The total expense recognised in Statement of profit and loss of Rs.111.57 lakhs (for the year ended March 31, 2020 : Rs.121.91 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 15days 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)	6.41%	7.81%
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	28.82	29.38
Net interest expense	24.90	18.09
Components of defined benefit costs recognised in Statement of profit and loss	53.72	47.47



Notes annexed to and forming part of the Standalone Financial Statements

36. Retirement benefit plans continued

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 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	(20.25)	38.80
Actuarial (gains)/losses arising from experience adjustments	(7.19)	22.29
Return on plan assets (excluding amounts included in net interest expense)	-	0.73
Components of defined benefit costs recognised in other comprehensive income	(27.44)	61.82
Total	26.28	109.29

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	522.49	529.91
Fair value of plan assets	209.08	186.44
Net liability arising from defined benefit obligation - Funded	313.41	343.47

The above provisions are reflected under 'Current Financial Liabilities-Others(Refer note 25) 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	529.91	456.50
Current service cost	28.82	29.38
Interest cost	34.34	33.01
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	20.25	38.80
Actuarial (gains)/losses arising from experience adjustments	(47.70)	22.29
Benefits paid	(61.79)	(50.07)
Closing defined benefit obligation	522.49	529.91

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

Opening fair value of plan assets	186.44	219.92
Interest Income	9.44	14.91
Return on plan assets (excluding amounts included in net interest expense)	-	(0.72)
Contributions	75.00	-
Benefits paid	61.79	50.07
Others	(0.01)	2.40
Closing fair value of plan assets	209.08	186.44

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 24.16lakhs (2019-20 : Rs.24.16 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 1 % higher / lower, the defined benefit obligation would

Decrease by	337.01	583.86
Increase by	294.00	484.30

If the expected salary is 1 % higher/lower, the defined benefit obligation would

Decrease by	294.38	482.67
Increase by	335.19	584.75


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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 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 313.41 lakhs (as at March 31, 2020:Rs.343.37 lakhs) to the defined benefit plans during the next financial year.

The average duration of the benefit obligation as at March 31, 2020 is 16.32 years (as at March 31, 2019: 15.84years)

Compensated Balances

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

Discount rate(s)	6.72%	6.72%
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	5.75	5.29
Net interest expense	19.32	19.10
Actuarial (gain)/losses arising during the period	(10.63)	3.44

Components of defined benefit costs recognised in statement of profit and loss 14.44 28.53

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	301.86	287.43
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation - Unfunded	<u>301.86</u>	<u>287.43</u>

The above provisions are reflected under 'Current Financial Liabilities – Others (Refer note 18)

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

Opening defined benefit obligation	287.43	258.89
Current service cost	5.75	5.29
Interest cost	19.32	19.80
Actuarial (gains)/losses arising during the period	(10.63)	3.44
Benefits paid	-	-
Closing defined benefit obligation	<u>301.86</u>	<u>287.43</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, 2021 Rs. in Lakhs	Year ended March 31, 2020 Rs. in Lakhs
37. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	18.92	5.33
From discontinued operations	-	-
Total basic earnings per share	<u>18.92</u>	<u>5.33</u>
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit for the year attributable to owners of the Company	807.04	227.47
Earnings used in the calculation of basic earnings per share	807.04	227.47
Profit 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>807.04</u>	<u>227.47</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 maximizing the return to stakeholders through the optimization 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 15,20 and 21 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	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Gearing Ratio :		
Debt	9,263.35	8,129.98
Less: Cash and bank balances	97.02	93.58
Net debt	9,166.33	8,036.40
Total equity	10,104.85	9,368.64
Net debt to total equity ratio	0.91	0.86
Categories of Financial Instruments:		
a. Measured at amortised cost:		
Cash and bank balances	97.02	93.98
Trade Receivables	3,939.10	3,858.60
Loans	-	-
Others	1,942.61	1,946.14
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Investments	175.33	175.00
Derivative instruments	-	-


Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Financial liabilities		
a. <u>Measured at amortised cost:</u>		
Borrowings	9,263.35	8,129.98
Trade Payables	4,333.24	3,244.77
Others	1,411.95	872.92
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 analyze 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 minimize 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, 2021 would decrease/increase by Rs.59.45 lakhs (March 31, 2020: decrease/increase by Rs.49.53 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, 2021 was Rs.175.33 lakhs (March 31, 2020: Rs.175.00 lakhs). A 5% change in prices of equity instruments held as at March 31, 2021 would result in an impact of Rs 0.85 on equity (March 31, 2020: Rs.0.05 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	31.03.2021 Rs. in Lakhs	31.03.2020 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, 2021				
Trade payables	4,333.24	–	–	4,333.24
Other financial liabilities	1,408.95	693.61	–	2,105.56
Borrowings (including interest accrued thereon upto the reporting date)	6,481.06	2,782.29	–	9,263.35
	<u>12,223.25</u>	<u>3,475.90</u>	<u>–</u>	<u>15,702.15</u>
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)	5,171.18	2,611.43	342.71	8,125.32
	<u>9,972.62</u>	<u>2,611.43</u>	<u>342.71</u>	<u>12,926.76</u>



Notes annexed to and forming part of the Standalone Financial Statements

39. Related party disclosure

a) List of related parties :

Name of the Related Party	Relationship
SPMM Health Care Services Private Limited	Associate
Salem IVF Centre Private Limited	Associate
Kandagiri Spinning Mills Limited	Enterprises in which KMP or their relatives have a significance influence (upto 18.06.2020) #
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 Dairy Farm Limited	Enterprises in which KMP or their relatives have a significance influence
Sambandam Fabrics Private Limited	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 Secretary	Key managerial personnel (KMP)
P. Boopalan - Chief Financial Officer	Key managerial personnel (KMP)
D. Sudharsan - Non Executive Director	Relative of KMP
D. Niranjan Kumar - Chief Financial Officer	Relative of KMP
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. Akcchaya	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	2020 - 21	2019 - 20
Salem IVF Centre Private Limited	Rent received	10.62	9.00
	Security deposit - Rent	4.50	4.50
	Rent receivable at the end of the year	5.17	2.85
Kandagiri Spinning Mills Limited (upto 18.06.2020) # (KSML)	Intercompany loan given	-	-
	Intercompany loan received back	-	516.00
	Sale of products and services	-	0.22
	Purchase of goods	-	-
	Interest received on intercompany loan	-	59.37
	Balance outstanding at the end of the year (intercompany loan)	-	-
	Purchase of Plant & Machinery	-	1,816.00
	Balance outstanding at the end of the year (Purchase of Plant & Machinery)	-	302.65
Payment of lease rent advance	15.00	-	
Sambandam Siva Textiles Private Limited	Sale of wind power	106.21	115.68
	Sale of Milk	7.20	8.50
	Sale of Waste Cotton	-	6.63
	Purchase of food for Company canteen purpose	21.20	17.97
	Amount receivable at the end of the year	2.33	3.28

Note : # On account of resignation of Sri S. Devarajan from the Board of the KSML Company on 18.06.2020, Kandagiri Spinning Mills Limited ceased to be a related party w.e.f 18.06.2020. Hence the transactions carried out with Kandagiri spinning Mills Limited on or after 18.06.2020 does not fall under related party transactions



Notes annexed to and forming part of the Standalone Financial Statements

Name of Related Party	Nature of Transaction	2020 - 21	2019 - 20
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	20.98	9.84
	Sale of Milk	1.21	–
	Employee welfare expenses payable	0.34	0.30
Sambandam Dairy Farm Limited	Sale of Cow	25.00	–
	Purchase of Milk	13.20	–
	Amount payable at the end of the year	0.80	–
Sambandam Fabrics Private Limited	Corporate Guarantee Received (Corporate Guarantee given to CSB Bank for availing Term loan of Rs.1490 lakhs). Sambandam Fabrics Private Limited land was given as security for availing the loan from CSB bank	1,490.00	–
Sambandam Spinning Mills Gratuity Trust	Contribution paid	75.00	–
S. Devarajan Chairman and Managing Director	Interest Payment	0.13	1.62
	Dividend Payment	–	9.39
	Remuneration	84.00	84.00
	Fixed deposits received	40.00	120.00
	Fixed deposits repaid	40.00	120.00
	Balances outstanding - Fixed deposits	–	–
S. Devarajan - HUF	Interest Payment - HUF	0.36	0.36
	Dividend Payment - HUF	–	0.92
	Balances outstanding - Fixed deposits - HUF	3.00	3.00
S. Jegarajan - Joint Managing Director	Interest Payment	3.70	4.97
	Dividend Payment	–	9.09
	Remuneration	81.00	81.00
	Fixed deposits received	9.00	377.00
	Fixed deposits repaid	199.50	194.50
	Balances outstanding - Fixed deposits	–	192.50
S. Jegarajan - HUF	Interest Payment - HUF	0.12	0.12
	Dividend Payment - HUF	–	0.58
	Balances outstanding - Fixed deposits - HUF	1.00	1.00
S. Dinakaran - Joint Managing Director	Interest Payment	1.83	17.59
	Dividend Payment	–	7.52
	Remuneration	54.00	54.00
	Fixed deposits received	19.00	423.00
	Fixed deposits repaid	128.50	433.00
	Balances outstanding - Fixed deposits	0.50	110.00
S. Dinakaran - HUF	Interest Payment - HUF	2.84	2.16
	Dividend Payment - HUF	–	0.58
	Fixed deposit – received-HUF	8.00	–
	Balances outstanding - Fixed deposits - HUF	26.25	18.25



Notes annexed to and forming part of the Standalone Financial Statements

Name of Related Party	Nature of Transaction	2020 - 21	2019 - 20
D. Niranjana Kumar Chief Marketing Officer	Dividend Payment	–	0.12
	Interest Payment	1.02	1.02
	Remuneration	27.00	27.00
	Balances outstanding - Fixed deposits	9.00	9.00
P. Boopalan - Chief Financial Officer	Remuneration	22.00	20.00
S. Natarajan - Company Secretary	Remuneration	12.10	13.00
D. Anupama	Interest Payment	1.38	1.38
	Dividend Payment	–	0.06
	Balances outstanding - Fixed deposits	12.50	12.50
	Rent paid	4.60	4.43
	Rent advance paid	3.00	3.00
J. Sakthivel - Chief Technical Officer	Remuneration	27.00	27.00
	Dividend Payment	–	0.30
S. Kandaswara	Interest Payment	0.24	0.24
	Dividend Payment	–	Rs.100 Only
	Balances outstanding - Fixed deposits	2.00	2.00
D. Manjula	Interest Payment	5.04	3.82
	Dividend Payment	–	0.61
	Fixed deposits received	12.00	9.00
	Balances outstanding - Fixed deposits	48.25	36.25
D. Minusakthipriya	Interest Payment	2.10	1.88
	Dividend Payment	–	0.08
	Fixed deposits received	2.00	1.00
	Balances outstanding - Fixed deposits	18.75	16.75
	Dividend Payment	–	16.75
D. Rathipriya	Interest Payment	2.80	2.80
	Dividend Payment	–	0.83
	Balances outstanding - Fixed deposits	25.50	25.50
S. Saradhamani	Interest Payment	0.24	0.24
	Dividend Payment	–	2.02
	Balances outstanding - Fixed deposits	2.00	2.00
V. Valarnila	Interest Payment	1.30	1.10
	Dividend Payment	–	0.74
	Fixed deposits received	2.50	–
	Balances outstanding - Fixed deposits	12.50	10.00
Parameshwari Jegarajan	Interest Payment	0.36	0.36
	Dividend Payment	–	0.45
	Fixed deposits received	–	3.00
	Balances outstanding - Fixed deposits	3.00	3.00
D. Sudharsan	Dividend Payment	–	1.78
V. Akchaya	Interest Payment	0.24	0.24
	Balances outstanding - Fixed deposits	2.00	2.00



Notes annexed to and forming part of the Standalone Financial Statements							(Rs. in Lakhs)	
40. Details of non-current/current borrowings								
Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	Rate of interest		
a. Secured Borrowings i. Term loans from banks State Bank of India TL 5	18 monthly instalment of Rs.25 lakhs each (2021-22 Rs.262.50 lakhs, 2022-23 Rs.112.50 lakhs)	As at March 31, 2021 As at March 31, 2020	112.50 250.00	262.50 300.00	375.00 550.00	13.65 12.85		
State Bank of India – Covid GECL 1	11 monthly instalment of Rs.14 lakhs each and 1 monthly instalment of Rs.14.68 lakhs (2021-22 Rs.168.68 lakhs)	As at March 31, 2021 As at March 31, 2020	– –	168.68 –	168.68 –	7.75 –		
State Bank of India – Covid GECL 2	48 monthly instalment of Rs.13.92 lakhs each (2021-22 Rs.27.83 lakhs, 2022-23 Rs.167.00 lakhs, 2023-24 Rs.167.00 lakhs, 2024-25 Rs.167.00 lakhs and 2025-26 Rs.139.17 lakhs)	As at March 31, 2021 As at March 31, 2020	640.17 –	27.83 –	668.00 –	7.65 –		
Karnataka Bank TL 5	7 monthly instalment of Rs.8 lakhs each, 10 monthly instalment of Rs.7.70 lakhs each and one monthly instalments of Rs.12.06 lakhs each (2021-22 Rs.94.50 and 2022-23 Rs.50.57 lakhs)	As at March 31, 2021 As at March 31, 2020	50.57 107.55	94.50 96.00	145.07 203.55	11.10 11.40		
Karnataka Bank – Covid DPN 1	48 monthly instalment of Rs.3.90 lakhs each (2021-22 Rs.7.79 lakhs, 2022-23 Rs.46.75 lakhs, 2023-24 Rs.46.75 lakhs, 2024-25 Rs.46.75 lakhs and 2025-26 Rs.38.96 lakhs)	As at March 31, 2021 As at March 31, 2020	179.21 –	7.79 –	187.00 –	8.96 –		
Canara Bank – Covid GECL1	11 monthly instalment of Rs.5.56 lakhs each, 1 monthly instalment of Rs.5.48 lakhs and 1 monthly instalment of Rs.5.58 lakhs (2021-22 Rs.66.64 lakhs, 2022-23 Rs.5.58 lakhs)	As at March 31, 2021 As at March 31, 2020	5.58 –	66.64 –	72.22 –	8.35 –		
Canara Bank – Covid GECL2	47 monthly instalment of Rs.4.00 lakhs each, 1 monthly instalment of Rs.5 lakhs (2021-22 Rs.8 lakhs, 2022-23 Rs.48 lakhs, 2023-24 Rs.48 lakhs, 2024-25 Rs.48 lakhs and 2025-26 Rs.41 lakhs)	As at March 31, 2021 As at March 31, 2020	185.00 –	8.00 –	193.00 –	7.95 –		



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		
CSB Bank TL 1	12 monthly instalments of Rs 19.67 lakhs, 12 monthly instalments of Rs.26.22 lakhs, 12 monthly instalments of Rs.27.97 lakhs, 11 monthly instalments of Rs.34.96 lakhs, 1 monthly instalment of Rs.34.95 lakhs (2021-22 Rs.235.99 lakhs, 2022-23 Rs.314.66 lakhs, 2023-24 Rs.335.64 lakhs, 2024-25 Rs.419.54 lakhs)	As at March 31, 2021 As at March 31, 2020	1,069.84 1,245.00	235.99 25.00	1,305.83 1,270.00	12.15 12.15		
CSB Bank TL 2	29 monthly instalments of Rs 6.12 lakhs, 1 monthly instalment of Rs.5.80 lakhs (2021-22 Rs.73.44 lakhs, 2022-23 Rs.73.44 lakhs, and 2023-24 Rs.36.40 lakhs)	As at March 31, 2021 As at March 31, 2020	109.84 -	73.44 -	183.28 -	12.15 -		
HDFC Bank - Car loan	7 monthly instalments (2020-21 Rs. 1.35 lakhs)	As at March 31, 2021 As at March 31, 2020	- -	- 1.35	- 1.35	10.01 10.01		
HDFC Bank - Car loan	Monthly instalments (2021-22 Rs.15.35 lakhs, 2022-23 Rs.7.22 lakhs and 2023-24 Rs.4.48 lakhs)	As at March 31, 2021 As at March 31, 2020	11.70 27.06	15.35 15.66	27.05 42.73	10.01 10.01		
HDFC Bank - Car loan	Monthly instalments (2021-22 Rs 4.56 lakhs, 2022-23 Rs.4.97 lakhs, 2023-24 Rs.5.42 lakhs and 2024-25 Rs.3.39 lakhs)	As at March 31, 2021 As at March 31, 2020	13.78 17.95	4.56 4.56	18.34 22.51	9.50 9.50		
HDFC Bank – car loan	Monthly instalments (2021-22 Rs.1.22 lakhs, 2022-23 Rs.1.32 lakhs, 2023-24 Rs.1.44 lakhs, 2024-25 Rs.1.56 lakhs and 2025-26 Rs.0.97)	As at March 31, 2021 As at March 31, 2020	5.26 -	1.22 -	6.51 -	8.70 -		
HDFC Bank – tempo loan	Monthly instalments (2021-22 Rs.7.80 lakhs, 2022-23 Rs.7.80 lakhs, 2023-24 Rs.7.80 lakhs, and 2024-25 Rs.5.86)	As at March 31, 2021 As at March 31, 2020	21.46 -	7.80 -	29.26 -	8.70 -		
Sub Total		As at March 31, 2021 As at March 31, 2020	2,404.94 1,647.56	974.30 442.58	3,379.24 2,090.14	- -		



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

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	(Rs. in Lakhs)	
						Rate of interest	
ii Secured Borrowings							
b. Unsecured Borrowings							
Fixed deposits	Shareholders – Repayable on 2021-22 Rs 230.86 lakhs, 2023-23 Rs 103.05 lakhs, 2023-24 Rs 271.90 lakhs, Directors- 2021-22 Rs 0.50 lakhs, 2022-23 Rs 0.00 lakhs, 2023-24 Rs 2.00 lakhs	As at March 31, 2021 As at March 31, 2020	377.35 621.16	230.96 247.50	608.31 868.66	10to12 11to12	

Notes :

- Term loans aggregating to Rs.3298.08lakhs (2020 : Rs.2023.55 lakhs,) are secured by a first charge on pari passu basis on all Property, Plant and Equipment and second charge on pari passu basis on all current assets.
- Term loans from banks aggregating to Rs.81.16 lakhs (2020 Rs.66.58 lakhs) are secured by hypothecation of certain cars.
- All the above loans are guaranteed by four directors.
- The figures of non current maturities/current maturities are arrived at after considering the moratorium availed due to covid-19 pandemic.
- TL 1 and TL 2 loans are secured by extending to CSB Bank Corporate Guarantee received from Kandagiri Spinning Mills Limited and Sambandam Fabrics private limited (Related party)

Details of current borrowings

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	(Rs. in Lakhs)	
						rate of interest	
a. Secured Borrowings							
1. Cash Credit facilities							
State Bank of India	on demand	As at March 31, 2021 As at March 31, 2020	– –	2,957.50 2,950.86	2,957.50 2,950.86	9.70 11.30	
Karnataka Bank	on demand	As at March 31, 2021 As at March 31, 2020	– –	830.15 824.81	830.15 824.81	9.70 11.00	
Axis Bank	on demand	As at March 31, 2021 As at March 31, 2020	– –	– 374.29	– 374.29	– 12.00	
Canara Bank	on demand	As at March 31, 2021 As at March 31, 2020	– –	970.98 1,021.22	970.98 1,021.22	11.00 11.50	
South Indian Bank	on demand	As at March 31, 2021 As at March 31, 2020	– –	517.17 –	517.17 –	10.65 –	
Total Cash credit facilities	On demand	As at March 31, 2021 As at March 31, 2020	– –	5,275.80 5,171.18	5,275.80 5,171.18	– –	

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 Equipment excluding the charges.
- All the above loans are guaranteed by four directors.


Notes annexed to and forming part of the Standalone Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
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41. 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	9.39	8.52
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.	31.03.2021	31.03.2020
a. Carrying value of right of use of (ROU) asset	2	675.55	793.85
b. Depreciation charge for ROU asset	33	106.06	5.73
c. Interest expense on lease liability	32	64.05	3.73
d. Total cashflow during the year for leases (Cash flow statement)	-	150.00	-
e. Additions to ROU (Other than upon transition)	2	(12.24)	799.58
f. Lease commitments for short term leases	22	109.10	106.37
g. Lease liability outstanding	1	584.51	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.

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
42. Contingent liabilities and Capital Commitments		
Contingent liabilities		
a) Claims against the Company not acknowledged as debt		
(i) ESI	33.81	33.81
(ii) Others (self generation tax / cross subsidy charges to TNEB and etc.)	565.78	518.67
	599.59	552.48

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	64.76	53.60
c) Capital Commitments		
Capital Commitments (net of advances) not provided for	1,187.00	869.58
d) Company has received corporate guarantee from Kandagiri Spinning Mills Limited and Sambandam Fabrics private limited to the extent of	1,490.00	-

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

43. CSR Expenditure:

Particulars	2020-21	2019-20
(a) Gross amount required to be spent by the company during the year	7.78	11.97
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above		
Contribution to S. Palaniandi Mudaliar Charitable Trust		
- On account of health care services	16.75	-
Amount spent directly by the company towards		
Artificial limb fitment project	0.05	3.53
(c) Amount unspent as at the year end	-	8.44

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

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	536.61	220.13
(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.

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

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



Notes annexed to and forming part of the Standalone Financial Statements

46. Auditor's Remuneration :

(Rs. in lakhs)

Particulars	March 31, 2021	March 31, 2020
1. Statutory audit	6.00	6.00
Cost audit	1.00	1.00
2. Taxation matters	-	-
3. Other services	-	-

47. Net Debt Reconciliation

(Rs. in lakhs)

Particulars	March 31, 2021	March 31, 2020
1. Cash and Cash equivalents	9.92	9.34
2. Liquid investments	50.00	65.13
3. Current Borrowings (including current maturities of non current borrowings)	(6,481.06)	(5,861.26)
4. Non current borrowings	(2,782.29)	(2,268.72)
Net Debt	(9,203.43)	(8,055.51)

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, 2020						(8,055.51)
Cash Flows	0.58	(15.13)	-	(513.57)	(619.80)	(1,147.92)
Interest expense	965.57	-	-	-	-	965.57
Interest paid	(965.57)	-	-	-	-	(965.57)
Net debt as at March 31, 2021	0.58	(15.13)	-	(513.57)	(619.80)	(9,203.43)

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

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

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	Purpose
i. Investments (Refer note 4)	175.33	175.00	Funding for operations
ii. Guarantees	-	-	

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

a) Disaggregated revenue information

(Rs. in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Type of goods and service		
Sale of products		
Yarn	22,337.52	18,570.14
Fabric sales	41.39	66.97
Process waste	605.08	347.01
Revenue from services		
Yarn testing charges	-	1.50
Yarn conversion charges	8.85	-
Other operating revenues	114.07	131.97
Total revenue from contract with customers	23,106.91	19,117.59
India	22,613.10	18,900.51
Outside India	493.81	217.08
Total revenue from contract with customers	23,106.91	19,117.59



Notes annexed to and forming part of the Standalone Financial Statements

Timing of revenue recognition

(Rs. in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	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	23,106.91	–	19,117.59	–
Less : Rebates and discounts	–	–	–	–
Total revenue from contract with customers	23,106.91	–	19,117.59	–

b) Contract balance

(Rs. in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Trade receivables	3,939.10	3,858.60
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, 2021	March 31, 2020
Revenue as per contracted price	23,106.91	19,117.59
Adjustments:-		
Rebates and discounts	–	–
Revenue from contract with customers	23,106.91	19,117.59

51. COVID 19

The company has considered the impact of COVID-19 pandemic on its business operations and financial statement based on its review of current indicators of future economic conditions and expects that the carrying amount of the assets will be recovered. However, the impact assessment of this pandemic is a continuous process given the uncertainties associated with its nature and duration. Accordingly, the company will continue to monitor any material changes to future economic conditions. There is no significant impact on its financial statements as at March 31, 2021.

52. 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.08282S

S. Krishnan - Partner

Membership No. 26452

Salem

June 26, 2021

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, 2021, 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, 2021, 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, 2021. 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. Revenue Recognition

Key Audit Matter Description

Reference may be made to note 2(c) of significant accounting policies and note 27 to the consolidated 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 and the impact of Ind AS 115 as key audit matters.

Response to Key Audit Matter

Principal Audit Procedures

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

- a. We assessed whether the policy of recognizing revenue was in line with Ind AS – 115.



- b. We performed procedures to assess the design and internal controls established by the management and tested the operating effectiveness of relevant controls related to the recognition of revenue.
- c. Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- d. We have tested, on a sample basis, whether specific revenue transactions around the reporting date has been recognised in the appropriate period by comparing the transactions selected with relevant underlying documentation, including goods delivery notes, customer acknowledgement / proof of acceptance and the terms of sales.
- e. We have also validated subsequent credit notes and sales returns up to the date of this Report to ensure the appropriateness and accuracy of the revenue recognition.
- f. We tested journal entries on a sample basis to identify any unusual or irregular items.
- g. We also considered the adequacy of the disclosures in Company's consolidated financial statements in relation to Ind AS 115 and whether 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 51 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, 2021 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.4.75 lakhs and Rs.3.09 lakhs for the year ended March 31, 2021 and for the year ended 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

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, 2021 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, 2021 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, 2021.
 - 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 26, 2021

"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, 2021 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 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 consolidated 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 two associates, is based on the corresponding reports of the auditors of such associate companies.

Chennai
June 26, 2021

For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration No : 08282S

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



Consolidated Balance Sheet as at March 31, 2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
ASSETS			
Non current assets			
Property, plant and equipment	1	10,402.04	11,408.47
Capital work in progress		28.61	2.63
Right-of-use assets	2	675.55	793.85
Intangible assets	3	0.04	0.04
Financial assets			
Investments	4	155.26	150.18
Other financial asset	5	280.84	419.19
Other non-current assets	6	287.54	278.98
Total non-current assets		11,829.88	13,053.34
Current assets			
Inventories	7	9,710.50	5,500.06
Financial assets			
Trade receivables	8	3,939.10	3,858.60
Cash and cash equivalents	9a	9.92	9.34
Other Bank balances	9b	87.10	84.24
Other financial assets	10	583.95	594.40
Current tax assets (net)	11	-	25.04
Other current assets	12	790.28	653.97
Total current assets		15,120.85	10,725.65
Total assets		26,950.73	23,778.99
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	427.55	427.55
Other equity	14	9,657.23	8,916.27
Total equity		10,084.78	9,343.82
Non-current liabilities			
Financial liabilities			
Borrowings	15	2,782.29	2,268.72
Lease liabilities	16	584.51	685.42
Other non current liabilities	17	32.13	30.09
Long term Provisions	18	319.19	301.22
Deferred tax liabilities (Net)	19	928.20	952.20
Other non current liabilities	20	11.35	11.35
Total non-current liabilities		4,657.67	4,249.00
Current liabilities			
Financial liabilities			
Borrowings	21	5,275.80	5,171.18
Lease liabilities	22	109.10	106.37
Trade payables			
(a) total outstanding dues of micro and small enterprises	23	536.61	220.13
(b) total outstanding dues other than micro and small enterprises	23	3,796.63	3,024.64
Provisions	24	9.97	6.33
Other financial liabilities	25	2,255.92	1,556.67
Current tax liabilities (net)	11	46.23	-
Other current liabilities	26	178.02	100.85
Total current liabilities		12,208.28	10,186.17
Total equity and liabilities		26,950.73	23,778.99

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 26, 2021

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, 2021

Particulars	Note No.	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Income			
Revenue from operations	27	23,106.91	19,117.59
Other income	28	32.11	104.54
Total income		<u>23,139.02</u>	<u>19,222.13</u>
Expenses			
Cost of materials consumed	29	13,163.10	10,690.00
Changes in inventories of finished goods and work-in- progress	30	(69.94)	215.21
Employee benefits expense	31	2,950.92	3,001.90
Finance cost	32	1,029.62	831.58
Depreciation and amortization expense	33,1,2,3	1,242.68	938.24
Other expenses	34	3,781.32	3,269.53
Total Expenses		<u>22,097.70</u>	<u>18,946.46</u>
Profit before share of profit of associates and tax		1,041.32	275.67
Share of profit of associates		4.75	3.09
		<u>1,046.07</u>	<u>278.76</u>
Tax expense :			
Current tax - current year		386.28	131.20
Deferred tax		(152.00)	(83.00)
Income tax expense		<u>234.28</u>	48.20
Profit for the year from continuing operations		<u>811.79</u>	<u>230.56</u>
Other comprehensive income			
Other comprehensive income not to be reclassified to profit and loss			
Re-measurement gains/(losses) on defined employee benefit plans		(98.11)	(61.82)
Income tax relating to above		(27.28)	(17.20)
Other comprehensive income (net of tax)		<u>(70.83)</u>	<u>(44.62)</u>
Total comprehensive income for the year		<u>740.96</u>	<u>185.94</u>
Earning per share (Face value Rs.10 per share)			
'-Basic and diluted (Rs.) Refer note No. 38		19.03	5.41

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 26, 2021

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 Flow for the year ended March 31, 2021

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Cash Flows from Operating Activities		
Profit Before Tax	1,046.07	278.76
Adjustments for :		
Share of profits of associates	(4.75)	(3.09)
Depreciation and amortisation expense	1,242.68	938.24
Finance cost	1,029.62	831.58
Interest Income	(14.05)	(86.49)
Unrealised Exchange Fluctuation	(11.36)	(9.02)
Dividend income	-	(0.05)
Lease payment	(150.00)	-
(Net gain) or loss arising on financial asset mandatorily measured at FVTPL	(0.34)	1.24
Loss / (Profit) on sale of property, plant and equipments	1.45	8.34
Operating profit before working capital changes	3,139.32	1,959.51
Adjustments for changes in :		
Inventories	(4,210.44)	(934.35)
Trade receivables	(80.50)	(423.18)
Non current and current financial assets	145.95	(30.31)
Other non-current and current assets	(144.86)	24.05
Trade payables	1,088.47	822.53
Non current and current financial liabilities	87.91	1,035.22
Other non-current and current liabilities	78.44	31.13
Other non-current and current provisions	21.61	22.36
Cash Generated from Operations	125.90	2,506.96
Income Tax paid	(160.72)	(59.95)
Net Cash Flow from Operating Activities (A)	(34.82)	2,447.01
Cash Flows from Investing Activities		
Payments for acquisition of property, plant and equipment	(172.10)	(2,389.41)
Movement in capital work in progress	(25.98)	-
Movement in Right of use of assets	-	(799.58)
Proceeds from sale of property, plant and equipment	50.42	141.33
Interest received	14.05	86.49
Dividend received	-	0.05
Sale/(Purchase) of Long term investments	-	51.54
Net cash flow from investing activities (B)	(133.61)	(2,909.58)
Cash Flows from Financing Activities		
Finance cost	(965.57)	(831.58)
Dividends Paid	-	(102.82)
Refund of Inter corporate deposit	-	516.00
Proceeds from working capital borrowings	104.63	14.59
Proceeds from non current borrowings	2,717.72	1,387.51
Repayments of non current borrowings	(1,687.77)	(518.20)
Net Cash Flow from Financing Activities (C)	169.01	465.50
Net increase/(decrease) in cash and cash equivalents (A+B+C)	0.58	2.93
Opening Cash and Cash equivalents at the beginning of the financial year (D)	9.34	6.41
Closing Cash and Cash equivalents at the end of the financial year (E)	9.92	9.34
Net increase/(decrease) in cash and cash equivalents (E-D)	0.58	2.93

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.08282S

S. Krishnan - Partner

Membership no.26452

Salem

June 26, 2021

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, 2021
A. Equity share Capital

(Rs. in Lakhs)

	Balance at the End of March 31, 2020	Changes in equity share capital during the year	Balance as on March 31, 2021
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, 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
Profit for the year	–	–	811.79	811.79
Other Comprehensive income	–	–	(70.83)	(70.83)
Total Comprehensive income for the year	–	–	740.96	740.96
Dividend including tax thereon	–	–	–	–
Balance at the end of March 31, 2021	539.09	4,464.67	4,653.47	9,657.23

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 26, 2021

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, 2021											
1. PROPERTY, PLANT AND EQUIPMENT (PPE)											
(Rs. in Lakhs)											
2020 - 2021	Gross Carrying Amount (Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount		
	31.03.2020	Additions	Deletions	31.03.2021	31.03.2020	Charge for the year	Disposal	31.03.2021	31.03.2021	31.03.2021	
Freehold land	2,212.16	-	-	2,212.16	-	-	-	-	2,212.16		
Buildings	3,252.63	7.02	-	3,259.65	540.49	131.90	-	672.39	2,587.26		
Plant and Equipment	7,757.43	122.64	43.18	7,836.89	2,226.82	776.28	1.94	3,001.16	4,835.73		
Wind Energy Converters	1,742.32	-	-	1,742.32	1,007.58	183.34	-	1,190.92	551.40		
Furniture and Fixtures	6.09	-	-	6.09	4.74	0.21	-	4.95	1.14		
Vehicles	320.03	41.16	5.32	355.87	150.76	37.91	4.65	184.02	171.85		
Office equipment	64.03	1.28	-	65.31	15.83	6.98	-	22.81	42.50		
Total	15,354.69	172.10	48.50	15,478.29	3,946.22	1,136.62	6.59	5,076.25	10,402.04		

2019 - 2020											
(Rs. in Lakhs)											
2019 - 2020	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount		
	01.04.2019	Additions	Deletions	31.03.2020	31.03.2019	Charge for the year	Disposal	31.03.2020	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		

Note :

1. Amount of contractual commitments for acquisition of property, plant and equipment - Refer Note No.43
2. For details of asset given as security against borrowings - Refer Note No.41



Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2021

2. Right of use of Assets

2020 - 2021	Gross Carrying Amount (Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2021
	31.03.2020	Additions	Deletions	31.03.2021	Charge for the year	Disposal	31.03.2021	
Land and buildings	799.58	-	12.24	787.34	5.73	-	111.79	675.55
Total	799.58	-	12.24	787.34	5.73	-	111.79	675.55

(Rs. in Lakhs)

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

3. Intangible assets

2020 - 2021	Gross Carrying Amount (Cost/deemed cost)				Amortisation			Net Carrying Amount 31.03.2021
	31.03.2020	Additions	Deletions	31.03.2021	Charge for the year	Disposal	31.03.2021	
Computer Software-acquired	0.48	-	-	0.48	-	-	0.44	0.04
Total	0.48	-	-	0.48	-	-	0.44	0.04

(Rs. in Lakhs)

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

(Rs. in Lakhs)

Note :

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



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
4. Non current financial asset - Investments		
Unquoted		
Investments in Equity instruments		
Associates		
19,90,000 (2020 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	199.00	199.00
Less Group share of loss	<u>(65.36)</u>	<u>(70.11)</u>
	133.64	128.89
7,04,060 (2020 : 7,04,060) Equity shares of Rs.10 each in Salem IVF Centre Private Limited	70.41	70.41
Less Group share of loss	<u>(70.41)</u>	<u>(70.41)</u>
	-	-
Others		
1,463 (2020 : 1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	0.89	0.56
1,07,500 (2020 : 1,07,500) Equity shares of Rs.10 each in Sambandam Dairy Farm Limited (Previously known as Sambandam Investment and Leasing Limited)	20.73	20.73
	<u>155.26</u>	<u>150.18</u>
a. # represents quoted investments		
Aggregate value of quoted investments (at fair value)	0.89	0.56
Aggregate market value of quoted investments	0.89	0.56
Aggregate value of unquoted investments	<u>154.37</u>	<u>149.62</u>
b. Investments are fully paid-up unless otherwise stated		
5. Non current - Other financial asset		
Unsecured and considered good		
Security deposits with maturity of more than 12 months with related parties	3.00	3.00
with others	276.65	416.19
Employee advances	1.19	-
	<u>280.84</u>	<u>419.19</u>
6. Other non current assets		
Unsecured, considered good		
Capital advances	54.55	45.99
Balances with TNEB authorities, Sales tax (paid under protest)	232.99	232.99
	<u>287.54</u>	<u>278.98</u>
7. Inventories		
Raw materials	6,738.05	2,642.16
Work-in-progress	1,826.38	1,595.52
Finished goods - Yarn	1,082.52	1,243.44
Stores and spares	63.55	18.94
	<u>9,710.50</u>	<u>5,500.06</u>
Note :		
1. Goods in transit included above are as follows		
Raw materials	-	64.70
2. Cost of materials consumed during the year, refer note No. 29	-	-
8. Trade receivables		
Unsecured, considered good		
Trade receivables		
- Related parties	1.07	3.13
- Others	3,938.03	3,855.47
	<u>3,939.10</u>	<u>3,858.60</u>



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
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
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	
	%	%
Equity shares with voting rights	2021	2020
S. Devarajan	5,21,419	5,21,419
S. Jegarajan	4,83,909	4,83,909
S. Dinakaran	4,15,544	4,15,544
	12.23	12.23
	11.35	11.35
	9.74	9.74
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, 2021 is Rs. Nil (2020 : Nil).		
14. Other equity		
Securities premium - Note A	539.09	539.09
General reserve - Note B	4,464.67	4,464.67
Retained earnings - Note C	4,653.47	3,912.51
	<u>9,657.23</u>	<u>8,916.27</u>
Refer Statement of Changes in Equity for additions/ deletions in each reserve.		
Notes :		
A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.		
B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.		
C. Revaluation reserve of Rs 27,07,94,401 transferred to Retained earnings on the transition date may not be available for distribution.		
15. Non current - Financial liabilities - Borrowings		
Secured Borrowings		
Term loan from banks	2,404.94	1,647.56
Unsecured Borrowings		
Fixed deposits from - related parties		
Fixed deposits from directors and shareholders	377.35	621.16
	<u>2,782.29</u>	<u>2,268.72</u>
Note :		
1. Refer Note 25 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		
16. Non current Financial liabilities - Lease liabilities		
Lease liability on account of land and building lease from related party	584.51	685.42
	<u>584.51</u>	<u>685.42</u>
Note :		
1. Refer Note 22 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		



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs	
17. Non current Financial liabilities - others			
Security deposits			
from related parties	4.50	4.50	
from others	27.63	25.59	
	<u>32.13</u>	<u>30.09</u>	
18. Non current liabilities - Provisions			
Provision for employee benefits			
Compensated absences	319.19	301.22	
	<u>319.19</u>	<u>301.22</u>	
Movement in provision for compensated absences is as follows: (refer 18 & 22)	Opening	Additions (net of utilisation)	Closing
31.03.2021	285.19	22.36	307.55
31.03.2020	258.99	26.20	285.19
19. Deferred tax liability (net)			
Deferred tax liability	1,068.55	1,220.56	
Deferred tax assets	86.55	86.56	
	<u>982.00</u>	<u>1,134.00</u>	
Unused tax credits (MAT credit entitlement)	53.80	181.80	
Net deferred tax liability	<u>928.20</u>	<u>952.20</u>	
Note : Refer Note 36 for details of deferred tax liability and asset			
20. Other non current liabilities			
Deferred government grant(EPCG)	11.35	11.35	
	<u>11.35</u>	<u>11.35</u>	
21. Current financial liabilities - borrowings			
Secured borrowings - from banks			
Cash credit facilities	5,275.80	5,171.18	
	<u>5,275.80</u>	<u>5,171.18</u>	
Note : Refer note 41 for security and terms of borrowings			
22. Current financial liabilities - Lease liabilities			
Lease liability on account of land and building lease from related party	109.10	106.37	
	<u>109.10</u>	<u>106.37</u>	
Note :			
1. Refer note.42 for disclosure under Ind AS 116			
2. Refer note.40 for lease liabilities from related parties			
23. Current financial liabilities - trade payables			
Trade payables			
(a) total outstanding dues of micro and small enterprises (refer note no.45)	536.61	220.13	
(b) total outstanding dues of trade payables other than micro and small enterprises	3,796.63	3,024.64	
	<u>4,333.24</u>	<u>3,244.77</u>	
24. Current provisions			
Provision for employee benefits - Compensated absences	9.97	6.33	
	<u>9.97</u>	<u>6.33</u>	



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
25. Other Current financial liabilities		
Current maturities of long-term debts	1,205.26	690.08
Interest accrued and not due on borrowings	0.89	-
Interest accrued and due on borrowings	10.14	23.09
Unclaimed Dividends	9.16	9.20
Contribution to Gratuity Fund	394.74	363.01
Accrued expenses/liabilities	564.47	444.30
Employee payables	71.26	26.99
	<u>2,255.92</u>	<u>1,556.67</u>
Note : Refer note 41 for security and terms of borrowings		
26. Other Current liabilities		
Advance from customers	143.98	69.28
Statutory liabilities	34.04	31.57
	<u>178.02</u>	<u>100.85</u>
27. Revenue from operations		
Sale of products		
Yarn	22,337.52	18,570.14
Fabric sales	41.39	66.97
Process waste	605.08	347.01
	<u>22,983.99</u>	<u>18,984.12</u>
Revenue from services		
Yarn testing charges	-	1.50
Yarn conversion charges	8.85	-
	<u>8.85</u>	<u>1.50</u>
Other operating revenues		
Power generated by wind energy converters (net of captive consumption)	106.21	115.68
Scrap sales	4.78	12.51
Export incentives	3.08	3.78
	<u>114.07</u>	<u>131.97</u>
	<u>23,106.91</u>	<u>19,117.59</u>
28. Other income		
Interest income from		
Loans	-	63.48
Others	14.05	23.02
Dividend income from Non-current investments	-	0.05
Other non-operating income		
Rent received	10.66	10.53
Certification charges	7.06	5.69
Hank yarn obligation charges received	-	2.82
Net gain or loss arising on financial asset mandatorily measured at FVTPL	0.34	(1.24)
Foreign exchange gain (net)	-	0.19
	<u>32.11</u>	<u>104.54</u>
29. Cost of materials consumed		
Cotton, viscose, modaal	12,815.14	10,574.17
Others	347.96	115.83
	<u>13,163.10</u>	<u>10,690.00</u>
30. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	1,082.52	1,243.44
Work-in-progress	1,826.38	1,595.52
	<u>2,908.90</u>	<u>2,838.96</u>
Opening 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>
Net change in inventories	<u>(69.94)</u>	<u>215.21</u>



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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
31. Employee benefits expense		
Salaries, wages and bonus	2,584.44	2,599.40
Contribution to provident, gratuity and other funds	92.60	169.39
Welfare expenses	273.88	233.11
	<u>2,950.92</u>	<u>3,001.90</u>
32. Finance costs		
Interest on borrowings	976.93	836.66
Interest on lease liability	64.05	3.73
Other borrowing costs - premium on forward contracts	(11.36)	(8.81)
	<u>1,029.62</u>	<u>831.58</u>
33. Depreciation and amortisation expense		
Property, plant and equipment		
Buildings	131.90	135.35
Plant and machinery	776.28	561.68
Wind energy converters	183.34	192.03
Furniture and fittings	0.21	0.14
Office equipments	6.98	5.61
Vehicles	37.91	37.70
Sub Total (A)	<u>1,136.62</u>	<u>932.51</u>
Right of Use of Asset		
Land and Buildings	106.06	5.73
Sub Total (B)	<u>106.06</u>	<u>5.73</u>
Intangible assets		
Computer software - acquired	-	-
Sub Total (C)	<u>-</u>	<u>-</u>
Total (A + B + C)	<u>1,242.68</u>	<u>938.24</u>
Refer note 1, 2 and 3 on property, plant and equipments, Right to use asset and intangible assets		
34. Other expenses		
Cotton dyeing charges	194.94	322.09
Fabric conversion charges	12.32	1.20
Yarn mercirising and doubling charges	14.91	60.55
Consumption of stores and spares	433.53	326.20
Power and fuel-net	1,818.50	1,437.63
Rent	9.39	8.52
Repairs and maintenance - Buildings	31.32	13.53
- Plant and machinery	302.53	269.94
Insurance	26.97	16.98
Rates and taxes	53.71	38.01
Packing and forwarding chages	219.84	177.03
Printing and stationery	7.31	12.32
Brokerage and commission on sales	236.97	182.73
Legal and Professional charges	46.46	33.82
Travel and vehicle upkeep expenses	209.47	220.21
Donation and charity	0.45	0.10
Directors' sitting fees	13.65	18.15
Expenditure on corporate social responsibility (Refer Note No.44)	16.80	3.53
Loss on sale of property, plant and equipment	1.45	8.34
Bad debts	-	2.46
Bank and other financial charges	72.84	61.99
Miscellaneous expenses	57.96	54.20
	<u>3,781.32</u>	<u>3,269.53</u>



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021

1. Corporate Information

Sambandam Spinning Mills Limited is a listed Public Company having its registered office in Mill Premises, Kamaraj Nagar Colony, Salem District – 636 014, Tamil Nadu State. The Company shares are listed on the Bombay Stock Exchange (BSE). The Company is into the business of manufacture of Yarn (cotton, synthetic etc) and fabric. The company has four manufacturing locations around Salem and has 12.35 MW Wind Energy Converters locations located in Tirunelveli District, Tamil Nadu State, which produce electricity for own consumption and for sale.

The Board of Directors approved the consolidated financial statement for the year ended March 31, 2021 at their Board meeting held on 26th June 2021.

2. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation of financial statements

(i) 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 Section 133 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except the following:

- Certain financial assets and liabilities that are measured at fair value.
- Defined benefit plans – plan assets measured at fair value.

(iii) New and amended standards adopted by the Company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2020.

- Definition of material – amendments to Ind AS 1 and Ind AS 8
- Definition of business – amendments to Ind AS 103
- Covid-19 related concessions – amendments to Ind AS 116
- Interest rate benchmark reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly effect the current or future periods.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee(Rs), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end and exchange rates are generally recognized in the statement of profit and loss.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021 (Contd...)

c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, GST.

Sale of products

Timing of recognition – Revenue from sale of products is recognized when control of the products is transferred to customers based on the terms of sale. Revenue is recognised when collectability of the resulting receivable is reasonably assured.

Measurement of revenue -Revenue from sales is based on the price specified in the sales contracts.

A receivable is recognized when the goods are dispatched, delivered or upon formal customer acceptance depending on terms of contract with the customer.

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 recognised 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 recognised when the right to receive the income is established as per the terms of the contract.

d) Other income

Other income comprises of dividend, interest income and rental income 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).

e) Government grants

Grants from the government (including export incentives) are recognised at fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants are recognised in profit and loss account on a systematic basis over the periods in which they accrue. Income is deferred in case the Income is recognized in future periods.

f) Income tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, The Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021 (Contd...)****Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against Current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

g) Leases**As a lessee:**

The Company recognizes a right-of-use asset (ROU) and a Corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU Assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the useful life of the asset or the balance lease term of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease Liabilities are re-measured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset shall be separately presented in the Balance Sheet and Lease payments shall be classified as financing cash flows.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021 (Contd...)

h) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The Carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind As, the Company has elected to continue with the carrying value of all its property, plant and equipment cost of the Property, plant and equipment.

Depreciation/Amortisation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line basis at the rates arrived at based on the useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those specified in Schedule II to the Companies Act are used:

Asset Description	Life of the asset (in years)
Plant and equipment (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

The company follows the policy of charging depreciation on pro- rate basis on the assets acquired during the year. Leasehold assets are amortised over the period of lease or useful life whichever is less. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses on disposal are determined by comparing proceeds with the carrying amount.

i) Intangible assets

i) Recognition

Intangible assets are recognised only when future economic benefits arising out of the assets flow to the enterprise and are amortised over their useful life.

ii) Amortization methods and periods

The Company amortizes intangible assets on a straight line method over their estimated useful life not exceeding 5 years. Software is amortised over a period of three years.

j) Impairment of assets

Property, plant and equipment and intangible assets are tested for impairment annually whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An Impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets other than good will that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021 (Contd...)

k) 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.

l) Trade receivables

Trade receivables are recognised initially at fair value less provision for impairment.

m) Inventories

Raw materials and stores, work-in-progress, finished goods are stated at the lower of cost and net realizable value. Cost of raw materials comprise of cost of purchase. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the later being allocated on the basis of normal operating capacity. Cost of inventories also include all other cost incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

n) Investment in Associates

The investment in associates are carried in the financial statements at historical cost except when the investment is classified as held for sale in which case it is accounted for as non – current assets held for sale and discontinued operations.

Investments in associates carried at cost are tested for impairment in accordance with indAs 36. Any impairment loss reduces the carrying value of the investment.

o) Other investments and financial assets

i) Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in Statement of profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the Acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021 (Contd...)

Debt instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost : Assets that are held for collection of contractual cash flows where those cash represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments :

The Company subsequently measures all equity investments (other than investment in subsidiary) at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investment are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the other income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instrument. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iv) Derecognition of financial assets

A financial asset is derecognized only when

- The company has transferred the rights to receive cash flow from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial assets , but assumes a contractual obligation to pay cash flows to one or more recipients .



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021 (Contd...)

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

p) Derivatives

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted at fair value through profit or loss and are included in profit and loss account.

q) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

r) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts which are unsecured are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

Other borrowings costs are expensed in the period in which they are incurred.

t) Provisions

Provisions for legal claims and returns are recognised when the company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provisions due to the passage of time is recognized as interest expense.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021 (Contd...)

u) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligations. Remeasurements as a result of the experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an the unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity; and
- (b) Defined contribution plans such as provident fund.

Gratuity obligations

The liability or assets recognized in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are Recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss.

Defined contribution plans

The company pays provident fund contributions to publicly administered funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plan and the contributions are recognized as employee benefit expense when they are due.

(iv) Bonus plans

The Company recognizes a liability and an expense for bonuses. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.



Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2021 (Contd...)

v) Earning per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

w) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest two decimal places of lakhs as per the requirement of Schedule III, unless otherwise stated.

x) Critical estimates and Judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

1. Estimation of defined benefit obligation
2. Useful lives of fixed assets

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

y) 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 consolidated 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

35. Basis of Consolidation (Rs. in Lakhs)

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

35.2 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, 2021.

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	
				31-03-2021	31-03-2020
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%	26.88%

35.3 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)	98.69%	10104.85	99.41%	807.04	100.00%	(70.83)	99.36%	736.21
2.	SPMM Health Care Services Private Limited	1.31%	133.64	0.59%	4.75	-	-	0.64%	4.75
3.	Salem IVF Centre Private Limited	-	-	-	-	-	-	-	-
	Subtotal	100.00%	10238.49	100.00%	811.79	100.00%	(70.83)	100.00%	740.96
	Add/(Less) : Effect of intercompany adjustments/eliminations	-	-	-	-	-	-	-	-
	Total	100.00%	10238.49	100.00%	811.79	100.00%	(70.83)	100.00%	740.96



Notes annexed to and forming part of the Consolidated Financial Statements

36. Income taxes relating to continuing operations

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	386.28	131.20
In respect of the earlier year	—	—
	<u>386.28</u>	<u>131.20</u>
Deferred tax		
In respect of the current year	(152.00)	(83.00)
	<u>(152.00)</u>	<u>(83.00)</u>
Total income tax expense recognised in the current year relating to continuing operations	<u>234.28</u>	<u>48.20</u>
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	<u>1,041.32</u>	<u>275.67</u>
Income tax expense calculated at 27.82% (2019-20: 27.82%)	289.70	76.69
Others	96.58	(28.49)
Income tax expense recognised in Statement of profit and loss (relating to continuing operations)	<u>386.28</u>	<u>48.20</u>
The tax rate used for the reconciliations above is the corporate tax rate of 27.82% (for FY 2019-20 = 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	(27.28)	(17.20)
Total income tax recognised in other comprehensive income	<u>(27.28)</u>	<u>(17.20)</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, 2021 (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	(1,220.56)	+152.01	(1,068.55)
Provision for compensated absences and lease liability	86.56	(0.01)	86.55
Unused tax credit (MAT credit entitlement) *	181.80	(128.00)	53.80
	<u>(952.20)</u>	<u>24.00</u>	<u>(928.20)</u>

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>

* Adjusted against current tax provision for the respective years.


Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 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.111.57 lakhs (for the year ended March 31, 2020 : Rs.121.91 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 15days 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)	6.41%	7.81%
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	28.82	29.38
Net interest expense	24.90	18.09
Components of defined benefit costs recognised in Statement of profit and loss	53.72	47.47



Notes annexed to and forming part of the Consolidated Financial Statements

37. Retirement benefit plans continued

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 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	(20.25)	38.80
Actuarial (gains)/losses arising from experience adjustments	(7.19)	22.29
Return on plan assets (excluding amounts included in net interest expense)	-	0.73
Components of defined benefit costs recognised in other comprehensive income	(27.44)	61.82
Total	26.28	109.29

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	522.49	529.91
Fair value of plan assets	209.08	186.44
Net liability arising from defined benefit obligation - Funded	313.41	343.47

The above provisions are reflected under 'Current Financial Liabilities-Others(Refer note 25) to the Consolidated Financial Statements.

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

Opening defined benefit obligation	529.91	456.50
Current service cost	28.82	29.38
Interest cost	34.34	33.01
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	20.25	38.80
Actuarial (gains)/losses arising from experience adjustments	(47.70)	22.29
Benefits paid	(61.79)	(50.07)
Closing defined benefit obligation	522.49	529.91

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

Opening fair value of plan assets	186.44	219.92
Interest Income	9.44	14.91
Return on plan assets (excluding amounts included in net interest expense)	-	(0.72)
Contributions	75.00	-
Benefits paid	(61.79)	(50.07)
Others	(0.01)	2.40
Closing fair value of plan assets	209.08	186.44

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 24.16lakhs (2019-20 : Rs.24.16 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 1 % higher / lower, the defined benefit obligation would

Decrease by	337.01	583.86
Increase by	294.00	484.30

If the expected salary is 1 % higher/lower, the defined benefit obligation would

Decrease by	294.38	482.67
Increase by	335.19	584.75


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

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 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 313.41 lakhs (as at March 31, 2020:Rs.343.37 lakhs) to the defined benefit plans during the next financial year.

The average duration of the benefit obligation as at March 31, 2020 is 16.32 years (as at March 31, 2019: 15.84years)

Compensated Balances

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

Discount rate(s)	6.72%	6.72%
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	5.75	5.29
Net interest expense	19.32	19.10
Actuarial (gain)/losses arising during the period	(10.63)	3.44

Components of defined benefit costs recognised in statement of profit and loss 14.44 28.53

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	301.86	287.43
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation - Unfunded	301.86	287.43

The above provisions are reflected under 'Current Financial Liabilities – Others (Refer note 18)

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

Opening defined benefit obligation	287.43	258.89
Current service cost	5.75	5.29
Interest cost	19.32	19.80
Actuarial (gains)/losses arising during the period	(10.63)	3.44
Benefits paid	-	-
Closing defined benefit obligation	301.86	287.43

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

Opening fair value of plan assets	-	-
Interest Income	-	-
Return on plan assets (excluding amounts included in net interest expense)	-	-
Contributions	-	-
Benefits paid	-	-
Others	-	-
Closing fair value of plan assets	-	-

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


Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	Year ended March 31, 2021 Rs. in Lakhs	Year ended March 31, 2020 Rs. in Lakhs
38. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	19.03	5.41
From discontinued operations	-	-
Total basic earnings per share	<u>19.03</u>	<u>5.41</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 for the year attributable to owners of the Company	807.04	227.47
Earnings used in the calculation of basic earnings per share	807.04	227.47
Profit 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>807.04</u>	<u>227.47</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>

39. 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 maximizing the return to stakeholders through the optimization 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 15,20 and 21 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	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Gearing Ratio :		
Debt	9,263.35	8,129.98
Less: Cash and bank balances	97.02	93.58
Net debt	9,166.33	8,036.40
Total equity	10,104.85	9,368.64
Net debt to total equity ratio	0.91	0.86
Categories of Financial Instruments:		
a. Measured at amortised cost:		
Cash and bank balances	97.02	93.98
Trade Receivables	3,939.10	3,858.60
Loans	-	-
Others	1,942.61	1,946.14
b. Mandatorily measured at fair value through profit or loss (FVTPL):		
Investments	175.33	175.00
Derivative instruments	-	-


Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
Financial liabilities		
a. <u>Measured at amortised cost:</u>		
Borrowings	9,263.35	8,129.98
Trade Payables	4,333.24	3,244.77
Others	1,411.95	872.92
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 analyze 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 minimize 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, 2021 would decrease/increase by Rs.59.45 lakhs (March 31, 2020: decrease/increase by Rs.49.53 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, 2021 was Rs.175.33 lakhs (March 31, 2020: Rs.175.00 lakhs). A 5% change in prices of equity instruments held as at March 31, 2021 would result in an impact of Rs 0.85 on equity (March 31, 2020: Rs.0.05 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	31.03.2021 Rs. in Lakhs	31.03.2020 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, 2021				
Trade payables	4,333.24	–	–	4,333.24
Other financial liabilities	1,408.95	693.61	–	2,105.56
Borrowings (including interest accrued thereon upto the reporting date)	6,481.06	2,782.29	–	9,263.35
	<u>12,223.25</u>	<u>3,475.90</u>	<u>–</u>	<u>15,702.15</u>
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)	5,171.18	2,611.43	342.71	8,125.32
	<u>9,972.62</u>	<u>2,611.43</u>	<u>342.71</u>	<u>12,926.76</u>



Notes annexed to and forming part of the Consolidated 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 (upto 18.06.2020) #
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 Dairy Farm Limited	Enterprises in which KMP or their relatives have a significance influence
Sambandam Fabrics Private Limited	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 Secretary	Key managerial personnel (KMP)
P. Boopalan - Chief Financial Officer	Key managerial personnel (KMP)
D. Sudharsan - Non Executive Director	Relative of KMP
D. Niranjan Kumar - Chief Financial Officer	Relative of KMP
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. Akcchaya	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	2020 - 21	2019 - 20
Salem IVF Centre Private Limited	Rent received	10.62	9.00
	Security deposit - Rent	4.50	4.50
	Rent receivable at the end of the year	5.17	2.85
Kandagiri Spinning Mills Limited (upto 18.06.2020) # (KSML)	Intercompany loan given	-	-
	Intercompany loan received back	-	516.00
	Sale of products and services	-	0.22
	Purchase of goods	-	-
	Interest received on intercompany loan	-	59.37
	Balance outstanding at the end of the year (intercompany loan)	-	-
	Purchase of Plant & Machinery	-	1,816.00
	Balance outstanding at the end of the year (Purchase of Plant & Machinery)	-	302.65
	Payment of lease rent advance	15.00	-
Sambandam Siva Textiles Private Limited	Sale of wind power	106.21	115.68
	Sale of Milk	7.20	8.50
	Sale of Waste Cotton	-	6.63
	Purchase of food for Company canteen purpose	21.20	17.97
	Amount receivable at the end of the year	2.33	3.28

Note : # On account of resignation of Sri S. Devarajan from the Board of the KSML Company on 18.06.2020, Kandagiri Spinning Mills Limited ceased to be a related party w.e.f 18.06.2020. Hence the transactions carried out with Kandagiri spinning Mills Limited on or after 18.06.2020 does not fall under related party transactions



Notes annexed to and forming part of the Consolidated Financial Statements

Name of Related Party	Nature of Transaction	2020 - 21	2019 - 20
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	20.98	9.84
	Sale of Milk	1.21	–
	Employee welfare expenses payable	0.34	0.30
Sambandam Dairy Farm Limited	Sale of Cow	25.00	–
	Purchase of Milk	13.20	–
	Amount payable at the end of the year	0.80	–
Sambandam Fabrics Private Limited	Corporate Guarantee Received (Corporate Guarantee given to CSB Bank for availing Term loan of Rs.1490 lakhs). Sambandam Fabrics Private Limited land was given as security for availing the loan from CSB bank	1,490.00	–
Sambandam Spinning Mills Gratuity Trust	Contribution paid	75.00	–
S. Devarajan Chairman and Managing Director	Interest Payment	0.13	1.62
	Dividend Payment	–	9.39
	Remuneration	84.00	84.00
	Fixed deposits received	40.00	120.00
	Fixed deposits repaid	40.00	120.00
	Balances outstanding - Fixed deposits	–	–
S. Devarajan - HUF	Interest Payment - HUF	0.36	0.36
	Dividend Payment - HUF	–	0.92
	Balances outstanding - Fixed deposits - HUF	3.00	3.00
S. Jegarajan - Joint Managing Director	Interest Payment	3.70	4.97
	Dividend Payment	–	9.09
	Remuneration	81.00	81.00
	Fixed deposits received	9.00	377.00
	Fixed deposits repaid	199.50	194.50
	Balances outstanding - Fixed deposits	–	192.50
S. Jegarajan - HUF	Interest Payment - HUF	0.12	0.12
	Dividend Payment - HUF	–	0.58
	Balances outstanding - Fixed deposits - HUF	1.00	1.00
S. Dinakaran - Joint Managing Director	Interest Payment	1.83	17.59
	Dividend Payment	–	7.52
	Remuneration	54.00	54.00
	Fixed deposits received	19.00	423.00
	Fixed deposits repaid	128.50	433.00
	Balances outstanding - Fixed deposits	0.50	110.00
S. Dinakaran - HUF	Interest Payment - HUF	2.84	2.16
	Dividend Payment - HUF	–	0.58
	Fixed deposit – received-HUF	8.00	–
	Balances outstanding - Fixed deposits - HUF	26.25	18.25



Notes annexed to and forming part of the Consolidated Financial Statements

Name of Related Party	Nature of Transaction	2020 - 21	2019 - 20
D. Niranjana Kumar Chief Marketing Officer	Dividend Payment	–	0.12
	Interest Payment	1.02	1.02
	Remuneration	27.00	27.00
	Balances outstanding - Fixed deposits	9.00	9.00
P. Boopalan - Chief Financial Officer	Remuneration	22.00	20.00
S. Natarajan - Company Seceratory	Remuneration	12.10	13.00
D. Anupama	Interest Payment	1.38	1.38
	Dividend Payment	–	0.06
	Balances outstanding - Fixed deposits	12.50	12.50
	Rent paid	4.60	4.43
	Rent advance paid	3.00	3.00
J. Sakthivel - Chief Technical Officer	Remuneration	27.00	27.00
	Dividend Payment	–	0.30
S. Kandaswarna	Interest Payment	0.24	0.24
	Dividend Payment	–	Rs.100 Only
	Balances outstanding - Fixed deposits	2.00	2.00
D. Manjula	Interest Payment	5.04	3.82
	Dividend Payment	–	0.61
	Fixed deposits received	12.00	9.00
	Balances outstanding - Fixed deposits	48.25	36.25
D. Minusakthipriya	Interest Payment	2.10	1.88
	Dividend Payment	–	0.08
	Fixed deposits received	2.00	1.00
	Balances outstanding - Fixed deposits	18.75	16.75
	Dividend Payment	–	16.75
D. Rathipriya	Interest Payment	2.80	2.80
	Dividend Payment	–	0.83
	Balances outstanding - Fixed deposits	25.50	25.50
S. Saradhamani	Interest Payment	0.24	0.24
	Dividend Payment	–	2.02
	Balances outstanding - Fixed deposits	2.00	2.00
V. Valarnila	Interest Payment	1.30	1.10
	Dividend Payment	–	0.74
	Fixed deposits received	2.50	–
	Balances outstanding - Fixed deposits	12.50	10.00
Parameshwari Jegarajan	Interest Payment	0.36	0.36
	Dividend Payment	–	0.45
	Fixed deposits received	–	3.00
	Balances outstanding - Fixed deposits	3.00	3.00
D. Sudharsan	Dividend Payment	–	1.78
V. Akchaya	Interest Payment	0.24	0.24
	Balances outstanding - Fixed deposits	2.00	2.00



Notes annexed to and forming part of the Consolidated Financial Statements							(Rs. in Lakhs)	
41. Details of non current borrowings								
Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	Rate of interest		
a. Secured Borrowings								
i. State Bank of India TL 5	18 monthly instalment of Rs.25 lakhs each (2021-22 Rs.262.50 lakhs, 2022-23 Rs.112.50 lakhs)	As at March 31, 2021 As at March 31, 2020	112.50 250.00	262.50 300.00	375.00 550.00	13.65 12.85		
State Bank of India – Covid GECL 1	11 monthly instalment of Rs.14 lakhs each and 1 monthly instalment of Rs.14.68 lakhs (2021-22 Rs.168.68 lakhs)	As at March 31, 2021 As at March 31, 2020	– –	168.68 –	168.68 –	7.75 –		
State Bank of India – Covid GECL 2	48 monthly instalment of Rs.13.92 lakhs each (2021-22 Rs.27.83 lakhs, 2022-23 Rs.167.00 lakhs, 2023-24 Rs.167.00 lakhs, 2024-25 Rs.167.00 lakhs and 2025-26 Rs.139.17 lakhs)	As at March 31, 2021 As at March 31, 2020	640.17 –	27.83 –	668.00 –	7.65 –		
Karnataka Bank TL 5	7 monthly instalment of Rs.8 lakhs each, 10 monthly instalment of Rs.7.70 lakhs each and one monthly instalments of Rs.12.06 lakhs each (2021-22 Rs.94.50 and 2022-23 Rs.50.57 lakhs)	As at March 31, 2021 As at March 31, 2020	50.57 107.55	94.50 96.00	145.07 203.55	11.10 11.40		
Karnataka Bank – Covid DPN 1	48 monthly instalment of Rs.3.90 lakhs each (2021-22 Rs.7.79 lakhs, 2022-23 Rs.46.75 lakhs, 2023-24 Rs.46.75 lakhs, 2024-25 Rs.46.75 lakhs and 2025-26 Rs.38.96 lakhs)	As at March 31, 2021 As at March 31, 2020	179.21 –	7.79 –	187.00 –	8.96 –		
Canara Bank – Covid GECL1	11 monthly instalment of Rs.5.56 lakhs each, 1 monthly instalment of Rs.5.48 lakhs and 1 monthly instalment of Rs.5.58 lakhs (2021-22 Rs.66.64 lakhs, 2022-23 Rs.5.58 lakhs)	As at March 31, 2021 As at March 31, 2020	5.58 –	66.64 –	72.22 –	8.35 –		
Canara Bank – Covid GECL2	47 monthly instalment of Rs.4.00 lakhs each, 1 monthly instalment of Rs.5 lakhs (2021-22 Rs.8 lakhs, 2022-23 Rs.48 lakhs, 2023-24 Rs.48 lakhs, 2024-25 Rs.48 lakhs and 2025-26 Rs.41 lakhs)	As at March 31, 2021 As at March 31, 2020	185.00 –	8.00 –	193.00 –	7.95 –		



Notes annexed to and forming part of the Consolidated Financial Statements							(Rs. in Lakhs)	
Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	Rate of interest		
CSB Bank TL 1	12 monthly instalments of Rs 19.67 lakhs, 12 monthly instalments of Rs.26.22 lakhs, 12 monthly instalments of Rs.27.97 lakhs, 11 monthly instalments of Rs.34.96 lakhs, 1 monthly instalment of Rs.34.95 lakhs (2021-22 Rs.235.99 lakhs, 2022-23 Rs.314.66 lakhs, 2023-24 Rs.335.64 lakhs, 2024-25 Rs.419.54 lakhs)	As at March 31, 2021 As at March 31, 2020	1,069.84 1,245.00	235.99 25.00	1,305.83 1,270.00	12.15 12.15		
CSB Bank TL 2	29 monthly instalments of Rs 6.12 lakhs, 1 monthly instalment of Rs.5.80 lakhs (2021-22 Rs.73.44 lakhs, 2022-23 Rs.73.44 lakhs, and 2023-24 Rs.36.40 lakhs)	As at March 31, 2021 As at March 31, 2020	109.84 -	73.44 -	183.28 -	12.15 -		
HDFC Bank - Car loan	7 monthly instalments (2020-21 Rs. 1.35 lakhs)	As at March 31, 2021 As at March 31, 2020	- -	- 1.35	- 1.35	10.01 10.01		
HDFC Bank - Car loan	Monthly instalments (2021-22 Rs.15.35 lakhs, 2022-23 Rs.7.22 lakhs and 2023-24 Rs.4.48 lakhs)	As at March 31, 2021 As at March 31, 2020	11.70 27.06	15.35 15.66	27.05 42.73	10.01 10.01		
HDFC Bank - Car loan	Monthly instalments (2021-22 Rs 4.56 lakhs, 2022-23 Rs.4.97 lakhs, 2023-24 Rs.5.42 lakhs and 2024-25 Rs.3.39 lakhs)	As at March 31, 2021 As at March 31, 2020	13.78 17.95	4.56 4.56	18.34 22.51	9.50 9.50		
HDFC Bank – car loan	Monthly instalments (2021-22 Rs.1.22 lakhs, 2022-23 Rs.1.32 lakhs, 2023-24 Rs.1.44 lakhs, 2024-25 Rs.1.56 lakhs and 2025-26 Rs.0.97)	As at March 31, 2021 As at March 31, 2020	5.26 -	1.22 -	6.51 -	8.70 -		
HDFC Bank – tempo loan	Monthly instalments (2021-22 Rs.7.80 lakhs, 2022-23 Rs.7.80 lakhs, 2023-24 Rs.7.80 lakhs, and 2024-25 Rs.5.86)	As at March 31, 2021 As at March 31, 2020	21.46 -	7.80 -	29.26 -	8.70 -		
Sub Total		As at March 31, 2021 As at March 31, 2020	2,404.94 1,647.56	974.30 442.58	3,379.24 2,090.14	- -		



Notes annexed to and forming part of the Consolidated Financial Statements
41. 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 2021-22 Rs 230.86 lakhs, 2023-23 Rs 103.05 lakhs, 2023-24 Rs 271.90 lakhs, Directors- 2021-22 Rs 0.50 lakhs, 2022-23 Rs 0.00 lakhs, 2023-24 Rs 2.00 lakhs	As at March 31, 2021 As at March 31, 2020	377.35 621.16	230.96 247.50	608.31 868.66
					10to12 11to12

Notes :

- Term loans aggregating to Rs.3298.08lakhs (2020 : Rs.2023.55 lakhs.) are secured by a first charge on paripassu basis on all Property, Plant and Equipment and second charge on paripassu basis on all current assets.
- Term loans from banks aggregating to Rs.81.16 lakhs (2020 Rs.66.58 lakhs) are secured by hypothecation of certain cars.
- All the above loans are guaranteed by four directors.
- The figures of non current maturities/current maturities are arrived at after considering the moratorium availed due to covid-19 pandemic.
- TL 1 and TL 2 loans are secured by extending to CSB Bank Corporate Guarantee received from Kandagiri Spinning Mills Limited and Sambandam Fabrics private limited (Related party)

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, 2021 As at March 31, 2020	– –	2,957.50 2,950.86	9.70 11.30
Karnataka Bank	on demand	As at March 31, 2021 As at March 31, 2020	– –	830.15 824.81	9.70 11.00
Axis Bank	on demand	As at March 31, 2021 As at March 31, 2020	– –	– 374.29	– 12.00
Canara Bank	on demand	As at March 31, 2021 As at March 31, 2020	– –	970.98 1,021.22	11.00 11.50
South Indian Bank	on demand	As at March 31, 2021 As at March 31, 2020	– –	517.17 –	10.65 –
Total Cash credit facilities	On demand	As at March 31, 2021 As at March 31, 2020	– –	5,275.80 5,171.18	– –

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 Equipment excluding the charges.
- All the above loans are guaranteed by four directors.



Notes annexed to and forming part of the Consolidated Financial Statements

Particulars	31.03.2021 Rs. in Lakhs	31.03.2020 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	9.39	8.52
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.	31.03.2021	31.03.2020
a. Carrying value of right of use of (ROU) asset	2	675.55	793.85
b. Depreciation charge for ROU asset	33	106.06	5.73
c. Interest expense on lease liability	32	64.05	3.73
d. Total cashflow during the year for leases (Cash flow statement)	-	150.00	-
e. Additions to ROU (Other than upon transition)	2	(12.24)	799.58
f. Lease commitments for short term leases	22	109.10	106.37
g. Lease liability outstanding	1	584.51	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.

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	31.03.2021 Rs. in Lakhs	31.03.2020 Rs. in Lakhs
43. Contingent liabilities and Capital Commitments		
Contingent liabilities		
a) Claims against the Company not acknowledged as debt		
(i) ESI	33.81	33.81
(ii) Others (self generation tax / cross subsidy charges to TNEB and etc.)	565.78	518.67
	599.59	552.48

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	64.76	53.60
c) Capital Commitments		
Capital Commitments (net of advances) not provided for	1,187.00	869.58
d) Company has received corporate guarantee from Kandagiri Spinning Mills Limited and Sambandam Fabrics private limited to the extent of	1,490.00	-

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

44. CSR Expenditure:

Particulars	2020-21	2019-20
(a) Gross amount required to be spent by the company during the year	7.78	11.97
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above		
Contribution to S. Palaniandi Mudaliar Charitable Trust		
- On account of health care services	16.75	-
Amount spent directly by the company towards		
Artificial limb fitment project	0.05	3.53
(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	As at March 31, 2021	As at March 31, 2020
(i) Principal amount due to suppliers under MSMED Act, as at the end of the year	536.61	220.13
(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 Consolidated Financial Statements

47. Auditor's Remuneration :

(Rs. in lakhs)

Particulars	March 31, 2021	March 31, 2020
1. Statutory audit	6.00	6.00
Cost audit	1.00	1.00
2. Taxation matters	-	-
3. Other services	-	-

48. Net Debt Reconciliation

(Rs. in lakhs)

Particulars	March 31, 2021	March 31, 2020
1. Cash and Cash equivalents	9.92	9.34
2. Liquid investments	50.00	65.13
3. Current Borrowings (including current maturities of non current borrowings)	(6,481.06)	(5,861.26)
4. Non current borrowings	(2,782.29)	(2,268.72)
Net Debt	(9,203.43)	(8,055.51)

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, 2020						(8,055.51)
Cash Flows	0.58	(15.13)	-	(513.57)	(619.80)	(1,147.92)
Interest expense	965.57	-	-	-	-	965.57
Interest paid	(965.57)	-	-	-	-	(965.57)
Net debt as at March 31, 2021	0.58	(15.13)	-	(513.57)	(619.80)	(9,203.43)

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:

(Rs. in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020	Purpose
i. Investments (Refer note 4)	175.33	175.00	Funding for operations
ii. Guarantees	-	-	

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

a) Disaggregated revenue information

(Rs. in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Type of goods and service		
Sale of products		
Yarn	22,337.52	18,570.14
Fabric sales	41.39	66.97
Process waste	605.08	347.01
Revenue from services		
Yarn testing charges	-	1.50
Yarn conversion charges	8.85	-
Other operating revenues	114.07	131.97
Total revenue from contract with customers	23,106.91	19,117.59
India	22,613.10	18,900.51
Outside India	493.81	217.08
Total revenue from contract with customers	23,106.91	19,117.59



Notes annexed to and forming part of the Consolidated Financial Statements

Timing of revenue recognition

(Rs. in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	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	23,106.91	–	19,117.59	–
Less : Rebates and discounts	–	–	–	–
Total revenue from contract with customers	23,106.91	–	19,117.59	–

b) Contract balance

(Rs. in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Trade receivables	3,939.10	3,858.60
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, 2021	March 31, 2020
Revenue as per contracted price	23,106.91	19,117.59
Adjustments:-		
Rebates and discounts	–	–
Revenue from contract with customers	23,106.91	19,117.59

52. COVID 19

The company has considered the impact of COVID-19 pandemic on its business operations and financial statement based on its review of current indicators of future economic conditions and expects that the carrying amount of the assets will be recovered. However, the impact assessment of this pandemic is a continuous process given the uncertainties associated with its nature and duration. Accordingly, the company will continue to monitor any material changes to future economic conditions. There is no significant impact on its financial statements as at March 31, 2021.

53. Associates

(Rs. in Lakhs)

Details of associates

31.3.2021 31.3.2020

Aggregate information of associates

The Group's share of profit (loss) from continuing operations	4.75	3.09
The Group's share of post-tax profit (loss) from discontinued operations	–	–
The Group's share of total comprehensive income	–	–
Aggregate carrying amount of the Group's interests in these associates	133.64	128.89
Unrecognised share of losses of associates		
The unrecognised share of loss of associates for the year consequent to investment being nil under equity accounting	–	–
Cumulative share of loss of associates	35.58	31.62

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

As per our report of even date

For and on behalf of the board

For **R. Sundararajan & Associates**

Chartered Accountants

Firm Registration No.08282S

S. Krishnan - Partner

Membership No. 26452

Salem

June 26, 2021

S. Devarajan

Chairman and Managing Director

DIN : 00001910

S. Natarajan

Company Secretary

S. Dinakaran

Joint Managing Director

DIN : 00001932

P. Boopalan

Chief Financial Officer



CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES
Chairman and Managing Director Sri S. Devarajan
(Standing 3rd from Left to Right) Addressing the Gathering



*“Chairman and Managing Director Sri.S.Devarajan
 Sitting 3 rd from left on looking the speaker during the
 Artificial limb fitting CSR Occasion”*



Sitting Row : Differently abled Beneficiary people receiving artificial limbs



Chairman and Managing Director Sri S. Devarajan
(Standing 2nd from Right) Inspecting the Differently abled Beneficiary people receiving artificial limbs



CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES



Beneficiary receiving dialysis from dialysis machine under CSR Programme

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
- DEKO 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



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