



# SAMBANDAM SPINNING MILLS LIMITED

## 49<sup>TH</sup> ANNUAL REPORT 2022 - 2023

*Elevate your business with us, where we spin a greener future.*



Powering up with the sun and wind, 83% of our energy is clean and green!



Rainwater harvesting pioneers - over 1,420 billion litres collected!



Energy conservation and sustainable measures  
Prioritising conscious production by implementing various energy-conserving methods and processes



STP plants in all units recycle 1,08,000 litres of water daily!



Eco-conscious manufacturing, sourcing recycled fibres with traceability for conscious spinning



Machines that customise any fibre and blend with 4 units, 2400 Employees & 125000 Spindles

At Sambandam, we're proud to be an eco-conscious spinning mill that's making a significant impact on reducing our carbon footprint and enhancing productivity through our Mission Green Initiative. With our multiple eco and sustainability measures in place, we're committed to producing yarn that not only meets the highest quality standards but also helps create a better world for all. Choose us for sustainable manufacturing of yarn that truly makes a difference.



Lyocell



Recycled Linen



Hemp



Recycled Wool



Ahimsa Silk



Eco Bamboo



Banana

Connect with us for your sustainable yarn requirements and join us in protecting the planet.

+91 93459 57035 sambandam\_spinning\_mills sambandamspinningmills Sambandam Spinning Mills Ltd

www.sambandam.com melange@sambandam.com | enquiry@sambandam.com

mcost@sambandam.com | marketing@sambandam.com



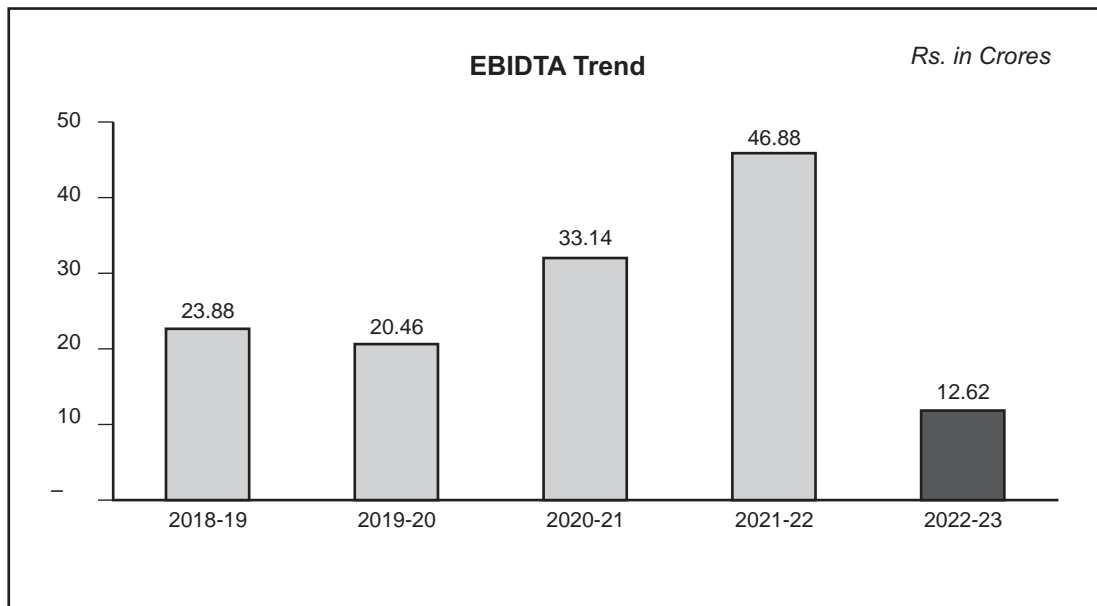
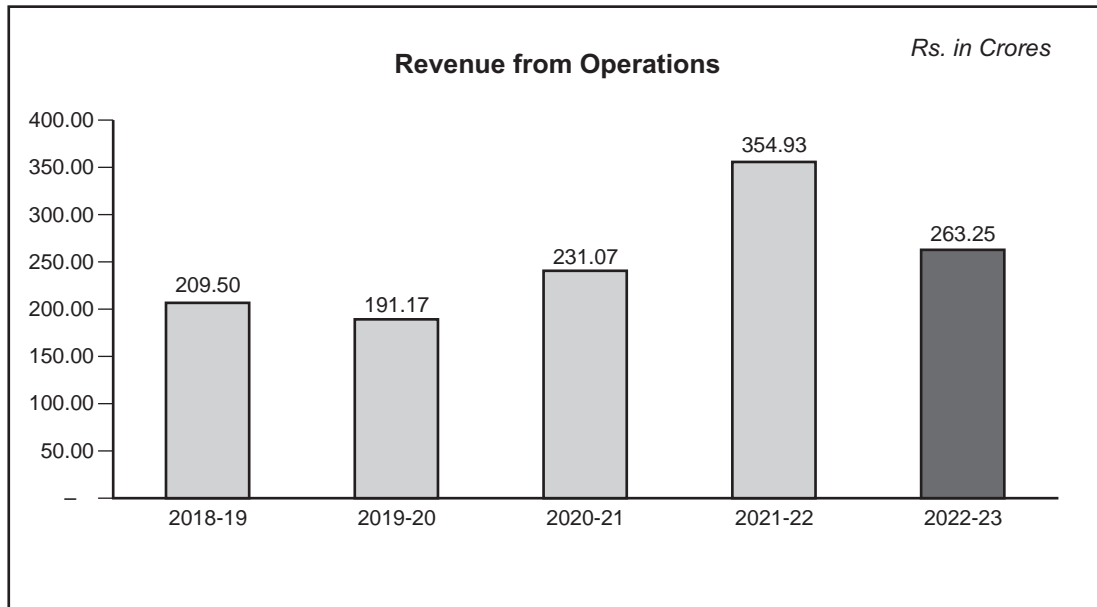
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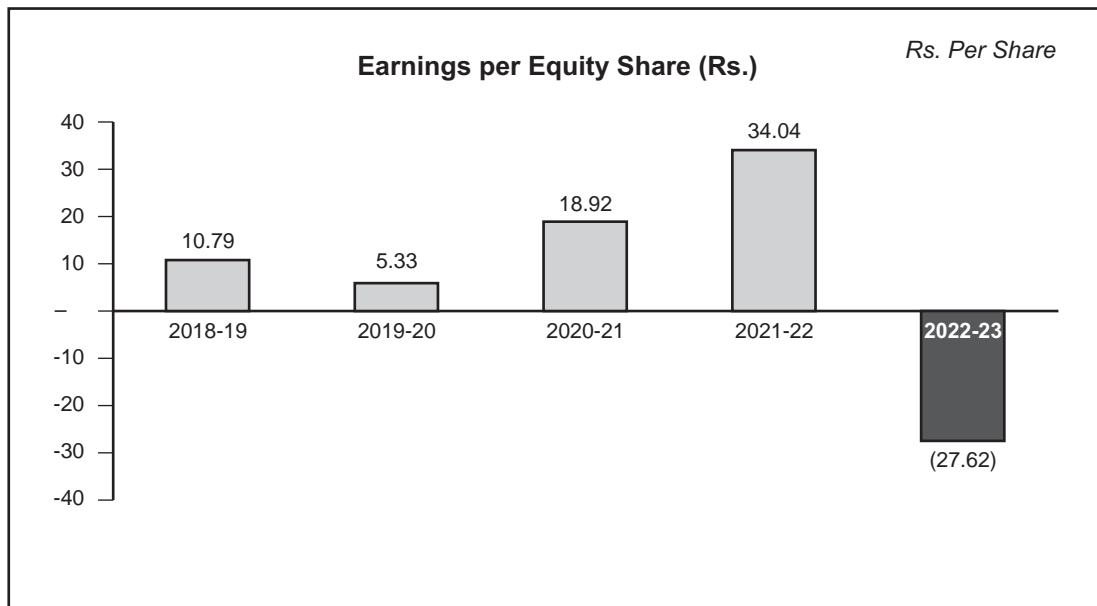
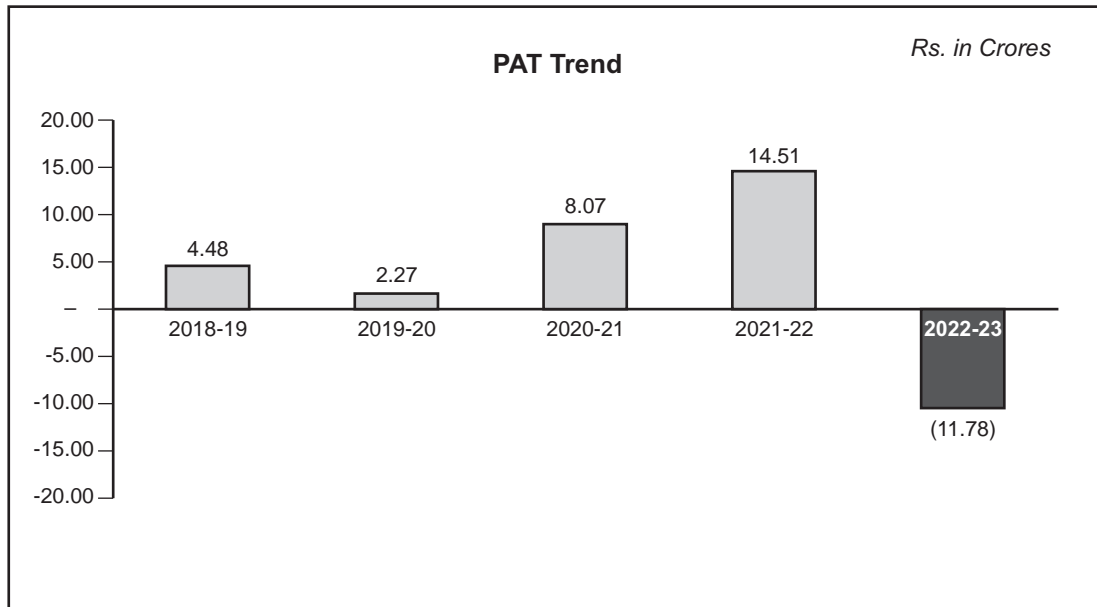
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Board of Directors	<p>S. Devarajan - Chairman and Managing Director</p> <p>S. Jegarajan - Joint Managing Director</p> <p>S. Dinakaran - Joint Managing Director</p> <p>D. Sudharsan - Non Executive Director</p> <p>J. Sakthivel - Director - Technical</p> <p>D. Niranjana Kumar - Director - Marketing</p> <p>S. Gnanashekarana - Independent Director</p> <p>Kameshwar M.Bhat - Independent Director</p> <p>Dr.V Sekar - Independent Director</p> <p>D.Balasundaram - Independent Director</p> <p>V.Annapoorani - Independent Director</p> <p>S.Bhaskaran - Independent Director</p>
Chief Financial Officer	P. Boopalan
Company Secretary	S. Natarajan
Statutory Auditors	P.N. Raghavendra Rao & Co
Secretarial Auditors	B.K. Sundaram & Associates
Cost Auditors	B. Venkateswar
Bankers	<p>Canara Bank</p> <p>Karnataka Bank Limited</p> <p>HDFC Bank Limited</p> <p>The South Indian Bank Limited</p> <p>CSB Bank Limited</p> <p>State Bank of India</p>
Registered Office	Mill Premises, Kamaraj Nagar Colony, Salem 636 014, Tamil Nadu.
Corporate Identity No.	(CIN) : L17111TZ1973PLC000675
Spinning Plant and Roof Top Solar Energy Plant	<p>Unit I : Kamaraj Nagar Colony, Salem 636 014, Tamil Nadu. Email : corporate@sambandam.com Tel : 0427 2240790</p> <p>Unit II : Ayeepalayam, Athanur 636 301, Namakkal District, Tamil Nadu.</p> <p>Unit III : Kavarakalpatty, Seshanchavadi Post Salem 636 111, Tamil Nadu.</p> <p>Unit IV : Udayapatti P.O., Salem - 636 140, Tamil Nadu.</p>
Wind Energy Converters	<p>Uthumalai Village, V.K. Pudur Taluk Tirunelveli District, Tamil Nadu.</p> <p>Panangudi, Pazhavor and Parameshwarapuram Villages Radhapuram Taluk, Tirunelveli District, Tamil Nadu.</p>
Ground Mounted Solar Energy Plant	Venbavur Village, Veppanthattai Taluk, Perambalur District, Tamil Nadu
Registrar & Share Transfer Agents	M/s Cameo Corporate Services Limited, Chennai, 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 Forty Ninth Annual General Meeting (AGM) of the members of the Company will be held at **10.00 AM - IST on Saturday 12.08.2023** 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 31<sup>st</sup> March 2023 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 AUDIT FEES TO STATUTORY AUDITOR

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

Pursuant to the provisions of section 139(2) and other applicable provisions, of the Companies Act 2013 and the rules framed thereunder (including any Statutory modification(s), M/s. P.N.Raghavandra Rao & Co., Chartered Accountants (Firm Registration No. FRN : 003328S) is appointed as Auditors of the Company for a term of 5 consecutive years to hold office from the conclusion of 48<sup>th</sup> AGM meeting till the conclusion of the 53<sup>rd</sup> AGM to be held in year 2027 Annual General Meeting and it is subjected to ratification of fees in every subsequent Annual General Meeting.

RESOLVED that the statutory Auditors shall be paid a remuneration of Rs 8 lakhs (Rupees Eight Lakhs only) per year excluding out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable GST for conducting statutory audit for the year ending 31<sup>st</sup> March 2024 as recommended by the board of directors and audit committee of the company and to give their report thereon.

##### Item APPOINTMENT OF RETIRING DIRECTOR

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

RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act 2013 (the Act) and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. J.Sakthivel ( DIN 09241285), Director-Technical, retiring by rotation at this AGM, be and is hereby re-appointed as director of the Company liable to retire by rotation.



**Item APPOINTMENT OF RETIRING DIRECTOR**

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

RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act 2013 (the Act) and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. D.Niranjan Kumar ( DIN 09241514), Director-Marketing, retiring by rotation at this AGM, be and is hereby re-appointed as director of the Company liable to retire by rotation

**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 1 lakh (one) payable for audit of cost accounts of the Company for the financial year ending 31<sup>st</sup> March 2024 to Sri B.Venkateswar, Practising Cost Accountant (Membership Number : 27622) 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 out of pocket expenses that may be incurred by him in connection with the audit and applicable GST be and is hereby confirmed and ratified.”

“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.”

**Item ACCEPTANCE OF FIXED DEPOSITS FROM MEMBERS OF THE COMPANY**

**No.6** 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 thereunder (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**

Place : **Salem**  
Date : **May 27, 2023**

**S. Natarajan**  
Company Secretary

**NOTES :**

- 1 Explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item No. 5 and 6 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 06-08-2023 to 12.08.2023, (both days inclusive) for determining the entitlement of the shareholders for e voting
- 3 Members holding shares in physical form are requested to notify the RTA any change in their address or bank A/c. particulars immediately and not later than 05-08-2023 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 05-08-2023. 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 (DP.s).

Members can also submit their grievances cs@sambandam.com  
by e-mail direct to the Company at the following e-mail ID : corporate@sambandam.com

- 4 As per the SEBI Regulations, a person holding the Company's shares / acquiring the Company's shares (voting rights) exceeding 5% of the paid up share capital (Two lakh thirteen thousand two hundred and thirty equity shares of the Company together with their existing holdings) shall inform the Company within 2 working days of acquisition of the Company's shares before sending the share transfer documents to Cameo Corporate Services Ltd., for registering the shares in their name. Similarly persons already holding 5% or more (Two lakh thirteen thousand two hundred and thirty equity shares) of the Company shall inform the Company if they sell or transfer any of their shares within 2 working days of sale of their shares.
- 5 As per the provisions of the Companies Act, facility for making nomination is available to individuals holding shares in the Company. The prescribed nomination form can be obtained from the RTA / Depository Participants.
- 6 As per the provisions of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India.

Pursuant to the provisions of the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31<sup>st</sup> March 2022 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.

- 7 The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market for registering transfers, transpositions, transmissions, etc. Members holding shares in electronic form (DEMAT) are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit copy of their PAN card to the RTA, Cameo Corporate Services Limited, at 'Subramanian Building', No.1, Club House Road, Chennai-600 002
- 8 Additional information in respect of the Director seeking reappointment at the AGM is furnished here under which forms part of the Notice.
- 9 Members are requested to inform the Company their e-mail ID to facilitate quick response from the Company. Ministry of Corporate Affairs has recognised e-mail communication to share holders as effective and efficient means of communication from the Company and also member's communication to the Company. Members may register their e-mail id with the Company and also keep the Company informed of any changes in their e-mail ID.





**10** Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amended Rules 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 the Company is pleased to offer Electronic Voting (e-voting) facility to the members to cast their votes electronically on all Resolutions set forth in the Notice convening the 49<sup>th</sup> AGM. The Company has engaged the services of National Securities Depository Limited (NSDL) for this purpose.

**11 Instructions for members for e-voting :-**

- (i) THE CUT OFF DATE FOR THE PURPOSE OF E-VOTING AND DIVIDEND HAS BEEN FIXED AS 05-08-2023. MEMBERS HOLDING SHARES AS ON THIS CUT OFF DATE SHOULD ENDEAVOUR TO CAST THEIR VOTES ELECTRONICALLY.
- (ii) VOTING RIGHTS OF SHAREHOLDERS SHALL BE IN PROPORTION TO THEIR SHAREHOLDINGS IN THE COMPANY AS ON THE CUT OFF DATE i.e. 05-08-2023
- (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 working 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 two working 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](http://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 08-08-2023 and ends at 5.00 p.m. on 11-08-2023. 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. 05-08-2023 may cast their vote electronically. At the end of this period, the remote e-voting facility will be disabled by NSDL

**12** 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 07.07.2023. Those who acquire the Company's shares subsequently and continue to hold the shares till the cut off date i.e. 05.08.2023 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](http://www.sambandam.com).

**13 NSDL e-Voting System – For Remote e-voting**

1. In view of the continuation of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the circular issued by the Ministry of Corporate Affairs Circular No 11 on 28.12.2022) 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, and subsequently amendments if any 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 authorized 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](http://www.sambandam.com). The Notice can also be accessed from the website of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://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](http://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 11 on 28.12.2022 and further amendments on that.

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

The remote e-voting period begins on 08-08-2023 at 9:15 A.M. and ends on 11-08-2023 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. 05-08-2023, 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 05-08-2023.

**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:*


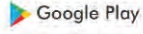


**Step 1: Access to NSDL e-Voting system**

**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"> <li data-bbox="416 495 1353 741">1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “<b>Beneficial Owner</b>” icon under “Login” which is available under “<b>IDeAS</b>” 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 <b>e-Voting service provider - NSDL</b> and you will be re- directed to NSDL e- Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li data-bbox="416 752 1353 819">2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li data-bbox="416 831 1353 1077">3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 <b>e-Voting service provider - NSDL</b> 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 &amp; voting during the meeting.</li> <li data-bbox="416 1088 1353 1189">4. Shareholders/Members can also download NSDL Mobile App “NSDL Speed e” facility by scanning the QR code mentioned below for seamless voting experience. <div data-bbox="954 1088 1241 1256" style="text-align: center;"> <p>NSDL Mobile App is available on</p>     </div> </li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li data-bbox="416 1267 1353 1391">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 <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li data-bbox="416 1402 1353 1447">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 <b>e-Voting service provider i.e. NSDL</b>. Click on NSDL to cast your vote.</li> <li data-bbox="416 1458 1353 1514">3. If the user is not registered for Easi / Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li data-bbox="416 1525 1353 1637">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 &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
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 <b>e-Voting service provider-NSDL</b> 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 &amp; voting during the meeting.</p>



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

**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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> 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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> 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 124390 then user ID is 12439001***

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](http://www.evoting.nsdl.com).
  - b) [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto: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](mailto:bkksoffice@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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](http://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](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Prajakta Pawale Assistant Manager E mail id – [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), Contact No : 1800 102 0990; 1800 22 4430 at [evoting@nsdl.co.in](mailto: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](mailto: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](mailto: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](mailto: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.

**14 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](mailto:cs@sambandam.com) from 06.08.2023 (9.15 a.m. IST) to 09.08.2023 (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.
- 15 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 05-08-2023.
- 16 **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.
- 17 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.



18 The Scrutinizer will submit within two working days of the conclusion of the AGM ,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.

19 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 ITEM NO. 3 AND 4**

**Pursuant to section 102 of companies Act 2013, Details of Director seeking reappointment is tabulated below**

Name of the Director	Sri J. Sakthivel	Sri D. Niranjan Kumar
DIN	09241285	09241514
Date of Birth	09-01-1986	04-08-1987
Date of Appointment	20-08-2021	20-08-2021
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.
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 from 20-08-2021 he is Whole Time Director - Technical	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 in Sambandam Spinning Mills Limited and from 20-08-2021 he is Whole Time Director - Marketing
Directorship in other Companies	NIL	NIL
Committee Membership in other Companies	NIL	NIL
No. of shares in the Company	14,700	5,800
Inter-se relationship with other directors	He is related (son) to Mr. S. Jegarajan, JMD (Joint Managing Director) of the Company	He is related (son) to Mr. S.Dinakaran, JMD (Joint Managing Director) of the Company
Number of Board Meetings attended during the year	Five Meetings	Five Meetings
Last drawn remuneration	Rs 48.00 lakhs Per Annum	Rs 48.00 lakhs Per Annum

**Item EXPLANATORY STATEMENT FOR RATIFICATION OF FEES PAYABLE TO COST AUDITOR**

**No 5** The Board of directors at their meeting held on 27.05.2023 had appointed Sri B.Venkateswar, Cost Accountant (Membership Number : 27622) Cost Accountants for audit of cost accounts of the Company on payment of remuneration of Rs 1 lakh excluding out of pocket expenses and service tax for the financial year 2023-24. 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 ACCEPTANCE OF FIXED DEPOSITS FROM MEMBERS OF THE COMPANY**

**No 6** 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.

For and on behalf of the Board of Director  
**Sambandam Spinning Mills Limited**

Place : **Salem**  
Date : **27th May 2023**

**S. Natarajan**  
Company Secretary





## SAMBANDAM SPINNING MILLS LIMITED

### BOARD'S REPORT TO THE MEMBERS

Your directors have pleasure in presenting the 49<sup>th</sup> Annual Report together with the Audited Accounts for the year ended March 31, 2023.

				(Rupees in Lakhs)	
1	PERFORMANCE HIGHLIGHTS			2022 - 23	2021 - 22
	<b>Revenue from Operations</b>				
	Direct exports	..	..	1007	893
	Merchandise exports	..	..	636	476
	Domestic Sales	..	..	24531	34008
	Wind Turbine Generator Power sold to third party			151	117
	<b>Total Revenue from Operations</b>			<b>26325</b>	35494
	Other income	..	..	419	43
	<b>Total Income</b>			<b>26744</b>	35537
	<b>Profit</b>				
	Profit [Profit before interest, depreciation & Tax]			1261	4688
	Cash profit [Profit before depreciation & Tax]			8	3483
	PROFIT BEFORE TAX [PBT]	..	..	(1510)	2149
	Less : Provision for Current Tax	..	..	-	512
	Provision for Deferred Tax	..	..	(332)	185
	<b>PROFIT AFTER TAX [PAT]</b>	..	..	<b>(1178)</b>	1452

### 2 DIVIDEND

The Directors have not recommended dividend for the year ended 31<sup>st</sup> March 2023 in view of the loss incurred during the year 2022-23.

### 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.

Details of changes on following ratios (with reasons for changes if 25 % or more as compared to immediately previous financial year).

#### Key Financial Ratios:

S.No.	Particulars	2022-23	2021-22	Change(%)	Reasons
(a)	Current Ratio (in times)	1.23	1.39	(11.51)%	
(b)	Debt-Equity Ratio (in times)	1.31	1.12	16.96%	
(c)	Interest Coverage Ratio (in times)	1.05	4.12	(74.51)%	Due to reduction on earnings
(d)	Return on Net worth (in %)	(10.95)%	13.42%	(181.59)%	Due to loss incurred by the Company
(e)	Inventory Turnover Ratio (in times)	3.06	3.55	(13.80)%	
(f)	Debtor Turnover Ratio (in times)	7.73	9.30	(16.88)%	
(g)	Net Profit Ratio (in %)	(4.47)%	4.09%	(209.29)%	Due to loss incurred by the Company and decrease in turnover
(h)	Operating Profit Margin (in %)	4.79%	13.21%	(63.71)%	Due to reduction on earnings



**a. INDUSTRY SENARIO**

Industry scenario is very much influenced by the Impact of macroeconomics headwinds on textile industry in FY24 which is very crucial in determining the Industry behavior /growth and also depends on the following factors such as Impact of anticipated domestic cotton shortage, Impact of support initiatives under the Foreign Trade Policy 2023 for Textile Sector and lastly by the Timeliness and Impact of high capex announced by most large industry players

Indian polyester, viscose yarn notice mixed trend, PC remains down In the Indian market, trends for polyester, viscose, and cotton yarn have been mixed, with polyester-cotton (PC) yarn showing a declining trend. The price of polyester-cotton yarn has decreased, while polyester spun yarn has seen an up tick in trading prices. The market has shown a steady trend in polyester spun yarn prices, while viscose yarn prices have remained stable. Despite the majority of the market experiencing a usual low demand, there's an expectation among traders that the recent drop in yarn prices might draw in buyers. Buyers remain cautious due to uncertain market conditions. Industry experts predict a prolonged slowdown in the textile value chain, given that retail garment demand is unlikely to see an increase this year. In North India, PC yarn prices fell due to lacklustre demand, whereas polyester spun yarn was traded higher. Some mills have raised prices as they were selling at the lowest level, supporting the market for polyester spun yarn. However attractive yarn prices could potentially attract buyers to take advantage of the situation."

The FY 22-23 was challenging year when compared to FY 21-22 .Many of the mills in Tamilnadu State and also in other States, have either stopped their production totally or have reduced their production capacity, for want of sufficient orders for yarn and also due to labour shortage. This has to be also studied further thoroughly, for assessing the situation, as how the price of cotton would behave in the coming days, even though there is no much fluctuation seen in the raw cotton prices nowadays. According to Industry association TASMA, unless the Russian-Ukraine War sees a cease-fire, the matter may not settle down so easily. It looks that the War is getting intensified and therefore, the War has to come to a halt very soon. Unless the demand for yarn is seen again to the original levels, the recession both in the Spinning Industry, as well as in other Value-Added Chains in cotton segment would continue as such. Even the Man Made Fibre segment is also found affected considerably like cotton segment and it is also in the grip of recession.

**b. COMPANY'S PERFORMANCE**

FY 22-23 was challenging year when compared to FY 21-22 since Yarn market was very turbulent during the year and your company is not an exception to that . Thus there is reduced turn over during the year 22-23 when compared to last year .The gross production volume stood at 62.29 Lakhs Kgs (including purchased one for trading of 4.05 lakhs kgs )during the financial year 2022-23 as against 107.30 Lakhs Kgs of last year.

The sale volume for the FY 2022-23 stood at 65.76Lakh Kgs (including trading sales of 4.39 lakhs kgs) as compared to 100.43 Lakh Kgs of last year. The overall revenue from operation has come down by 26% during the FY 2022-23 of Rs 263.25 Crores from Rs 355.36 Crores of last year. Cost of manufacture was higher and sale could be made at a lower price to sustain the competitive market conditions. However Company's quality of yarn in value added segment has been well appreciated by the customers and the Company is receiving moderate volume of orders for value added counts.

During the year 22-23 ,capacity utilisation was in the range of 60 to 70% only and occasionally went down as low as 30 to 40 % due to uncertainties in off take that prevailed for quite some time. Further, even though solar power plant was available fully, the power generated could be used only to the extent of yarn production capacity usage as mentioned above. The wind mills have generated 139.53 lakh units and recorded generation of electric power of the value of Rs 122.70 lakhs during the year However the company could manage to exceed market expectation on supplies due to pent updemand (pipe line was dry during the slow 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. Export market was good during 22-23 when compared to 21-22.



Members may note that company had purchased plant and machineries (consisting of 27000 spindles and relevant accessories) from Kandagiri spinning Mills Ltd towards the end of the FY 19-20 This purchase was done with the business proposal to expand the operations of the company and thereby sales as well. But it could not materialise due to the onslaught of the pandemic Covid immediately after such purchase after April 2020. Further, the covid situation continued to be there for two more years and because of the age of the machinery it could not be run at expected capacity hence operation of that plant and machineries were severely affected and the production and sales from machines situated at Udayapatti salem (coined as Unit IV) is not regular and could not be run regularly. However that unit's other resources such as labour is shifted to other units of the company.

Further during FY 2021-22 and 2022-23 machines situated at Udayapatti salem (coined as Unit IV) were run at 50 to 60% capacity only. Due to poor market demand for yarn and higher Cotton prices, we have to stop the production and the spinning machines were not running from June 2022 onwards. During this period, majority of the skilled / semiskilled workers left the company and remaining workers are taken by the company and accommodated at Unit 1, 2 and 3 of Sambandam Spinning Mills Limited

Because of above reasons operations had to be stopped effective from June 2022. Considering the above status, company concluded that it is not economical to run the plant and machinery of Unit IV and decided to explore the possibility to dispose off such machineries (after retaining a portion of it) from plant and machineries situated at Udayapatti salem).

**c. Outlook for spinning Industry:**

Cotton prices have declined nearly 7.5 per cent over the past month due to a lack of movement and slack demand for yarn. However, industry experts say once the natural fibre's prices stabilise, the industry might turn confident and return to buy.

Currently, the situation is not encouraging, There is no movement in cotton bales and yarn due to low demand. Mills are curtailing production due to low yarn prices and lower demand,"

Ginning mills (which process raw cotton into lint or cotton bale) have orders for a month. After that, they are yet to get orders. The demand is slack, and yarn exports have slowed," as per traders in cotton, yarn, and cotton waste.

"Global demand is down and it has affected exports. The domestic market is unable to absorb the material diverted from the export market to the domestic market,"

"Reports are indicating lower cotton yarn inventories in all major markets including China on a year –on-year and historical average basis,"

Cotton prices are currently ruling at Rs55,500-56,000 a candy (356 kg), down from Rs60,000 a month ago. The modal price (the rate at which most trades take place) of kapas (raw cotton) is ruling at Rs7,100 a quintal at agricultural produce marketing committee yard-down Rs200 since the beginning of this month. On the multi commodity exchange , August cotton contracts were quoted at Rs55,720 a candy. On the Inter Continental Exchange, New York, July contracts were quoting at 79.63 US cents (about Rs53,000 a candy) According to Industry association, Textile exports declined 14 percent in the 2022-23 fiscal with shipments of textiles dropping 23 per cent. In May, the downtrend continued with textile exports sliding 12 per cent overall, "There is no yarn movement despite spinning mills providing Rs30/kg discount to particularly hosiery manufacturers. Mills have to incur Rs15-20 a kg loss as per market reports,. The Ukraine war and the economic situation in the US and Europe have compounded the situation.

However "The current bottoming out of yarn prices will lead to some steady buying from international buyers. We hope that, with stability in cotton prices, our monthly export numbers will improve further from July,".

"Cotton arrivals continue to be 65,000-70,000 bales daily and prices are slipping to new MSP rate (Rs6,620 a quintal);" Currently, prices in some places are ruling at Rs 54,500-55,300 a candy but only a few are willing to sell,



However in spite of all odds as above India's cotton yarn spinners are expected to see a 100-basis point improvement in operating profitability to 11-12 per cent in fiscal 2024 (FY24), despite a projected 10-12 per cent on-year fall in revenue due to lower realisations and muted exports, according to CRISIL Ratings. Although the operating profitability will remain below the pre-pandemic five-year average of 12-13 per cent, the rise in profitability in fiscal 2024 will follow a sharp fall of approximately 600-700 basis points estimated for fiscal 2023. The credit profiles of cotton yarn spinners are expected to remain stable as they have deleveraged balance sheets due to low capital expenditures in the past few fiscal years, generating cash flows in fiscal 2022, and likely improvement in operating profitability in fiscal 2024, as per a CRISIL Ratings analysis of 101 cotton yarn spinners accounting for approximately 35 per cent of the industry's revenues. Expected improvement in capacity utilisation, supported by improving domestic and export volumes in fiscal 2023, will bolster operating profitability of yarn spinners in fiscal 2024. Although cotton prices had begun rising in February-March 2022 and soared to all-time highs by May-June 2022, cotton demand remains steady with 4-5 per cent volume growth expected in fiscal 2024, supported by stable domestic readymade garments demand.

**d) ENVIRONMENT PROTECTION, HEALTH AND SAFETY (EHS)**

EHS is given utmost importance in all operational and functional areas at all four locations of the Company. Regular safety audits, periodic safety inspections are carried out by expert agencies in a systematic way and suitable control measures are followed and safe operations are ensured at factory sites. All processes as required for Pollution Control and Environmental Protection are strictly followed.

**e) INTERNAL CONTROL AND SYSTEMS**

The company has necessary Internal Control Systems in that commensurate with the size, scale, and complexity of its operations. The Company is continuously making improvements in internal control systems and Auditors are carrying out internal audits and advising the management on strengthening of internal control systems then and there. The reports are discussed periodically. Significant audit observations and corrective actions thereon are presented to the Audit committee periodically.

Further the Company is certified with ISO 9001, ISO 14001 and ISO 45001 on the manufacturing systems. Further, the Company's Better Cotton Initiatives and organic cotton yarn is certified by GCL. Further Sambandam Spinning Mills Limited is the approved and preferred customer for following buying houses namely Inditex, C&A and Marco Polo.

**f) HUMAN RESOURCES MANAGEMENT**

The company has a congenial work atmosphere at all places and has implemented various welfare measures for the employees. As a policy the Company gives utmost importance to its employees in all work related activities including upskilling of capacity etc. The company engages only local workers.

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

**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 2022-23, 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](http://www.sambandam.com)



**h) COST AUDIT**

Board of directors have approved the appointment of Sri B.Venkateswar, Practising Cost Accountant (Membership Number : 27622) 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 2023 - 24 and the resolution for ratification of the remuneration payable to the Cost Auditor for the year 2023-24 is placed before the members for ratification at the 49<sup>th</sup> Annual General Meeting of the Company scheduled on 12-08-2023.

In view of the Company maintaining the cost records and the statutory requirement for the cost audit of such records, Cost Audit for the year 2023-24 shall be conducted and its report thereon will be produced.

**i) BOARD MEETINGS :**

During the year under review Five board meetings were held and the intervening gap between any two board meetings did not exceed 120 days or extended permitted days by Government. 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**

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

During the year FY 2022-23 the Board of Directors have recommended in its board meeting held on 27.05.2023 for re-appointment of retiring directors as mentioned in respective portion of the notice to the shareholder.

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, 2023.

**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 2022-23, 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 loss 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 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 (other than the Directors and KMPs whose remuneration is displayed in "u" below) 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> also refer page no. 98

**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](http://www.sambandam.com)

**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. During the year plant visits, (including offsite location), awareness sessions conducted by professional trade bodies, are attended by the independent directors.

**q) DEPOSITS**

The following are the details of deposits (accepted from the shareholders) covered under Chapter V of the Companies Act 2013.

- i. Deposits at the beginning of the year on 1<sup>st</sup> April, 2022 : Rs 755.47 lakhs
- ii. Deposits Accepted from shareholders during the year (2022-23) : Rs 104.55 lakhs
- iii. Deposits repaid to shareholders during the year (2022-23) : Rs 30.10 lakhs
- iv. Deposits of shareholders outstanding at the end of the financial year on 31<sup>st</sup> March, 2023 : Rs 829.92 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 which is not covered under definition of deposits Rules.

- i. Deposits at the beginning of the year on 1<sup>st</sup> April, 2022 : Rs 6.5 lakhs
- ii. Deposits accepted from Directors during the year (2022-23) : Rs 51 lakhs
- iii. Deposits repaid to Directors during the year (2022-23) : 5.00
- iv. Deposits of Directors outstanding at the end of the financial year on 31<sup>st</sup> March, 2023 : Rs 52.50 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 319.32 Lakhs and profit after tax (PAT) of Rs 10 Lakhs during the year ended 31.3.2023 as against Rs 659.86 Lakhs Revenue and Rs 126.71 Lakhs PAT recorded in the previous year 2021-22.

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

This Company has recorded total revenue of Rs 290.55 lakhs and profit (PAT) of Rs 9.89 lakhs during the year 22-23 as against the revenue of Rs 300.67 lakhs and profit recorded Rs 2.64 lakhs the Previous Year 2021 - 2022.

**HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES OR ASSOCIATE COMPANIES**

SPMM Health Care Services Pvt Ltd., revenue decreased by 51.60 % from operations during 22-23 when compared to 21-22. Also Profit after tax has significantly decreased due to drastic reduction in revenue in 22-23 when compared to 21-22, the primary reason being the Covid pandemic has reduced substantially.

Salem IVF Centre Pvt Ltd., Revenue from operations has decreased by 3.37% from operations during 22-23 when compared to 21-22. However profit has increased drastically due to operational material cost reduction and other costs also decreased

**t) CHANGES OR COMMITMENTS AFTER THE YEAR ENDED ON 31.3.2023**

No material change or commitments affecting the financial position of the company has occurred between the close of the financial year on 31.3.2023 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;



(ii) Percentage increase in their remuneration in 2022-23 as compared to the previous year (2021-22):  
(Median Remuneration : Rs 1,32,000 in 2022-23)

Name of whole-time Directors and KMP	Remuneration in 2022-23 Rs. lakhs	Remuneration in 2021-22* Rs. lakhs	% increase in 2022-23	Ratio to Median Remn.	Ratio of 2021-22 Remuneration to	
					Revenue	Net Profit
Sri S.Devarajan, Chairman and Managing Director	120.00	102.00	17.65%	90.91	0.46%	(7.95)%
Sri S.Jegarajan, Joint Managing Director	116.40	98.70	17.93%	88.18	0.44%	(7.71)%
Sri S.Dinakaran, Joint Managing Director	74.40	64.20	15.89%	56.36	0.28%	(4.93)%
Sri D.Niranjan Kumar, Director - Marketing	48.00	37.50	28.00%	36.36	0.18%	(3.18)%
Sri J.Sakthivel, Director - Technical	48.00	37.50	28.00%	36.36	0.18%	(3.18)%
Sri P.Boopalan, Chief Financial Officer	30.00	28.00	7.14%	22.73	0.11%	(1.99)%
Sri S.Natarajan, Company Secretary	16.20	15.20	6.58%	12.27	0.06%	(1.07)%

Note : 1. All appointments are contractual  
2. Remuneration includes salary, perquisites

\* The remuneration in FY 21-22 is with old structure upto September 2021 and with new structure from October 2021

Name of Non-executive Directors	# Sitting fees in 2022-23 Rs. lakhs	# Sitting fees in 2021-22 Rs. lakhs
Mr. D.Sudharsan	-	2.25

Name of Independent Directors	# Sitting fees in 2022-23 Rs. lakhs	# Sitting fees in 2021-22 Rs. lakhs
Dr. V.Sekar	5.75	6.15
Mr. D.Balasundaram	5.75	5.90
Mr. S.Gnanashekar	5.75	6.15
Mr. Kameshwar M Bhat	5.75	6.15
Smt. Annapoorani Venugopalan	2.25	2.00
Mr.S.Bhaskaran	2.75	1.75

# 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 : **1724**

(iv) No variable component of the remuneration to any director.



**4 AUDITORS**

At the 48th Annual General Meeting held on 23.09.2022, M/s P.N Raghavendra Rao & Co, Chartered Accountants, were appointed as statutory Auditors of the Company upto conclusion of 53rd AGM. Statutory Auditor M/s P.N. Raghavandra Rao & Co., Chartered Accountants have confirmed their eligibility to remain as Auditors for the year 23-24. On the recommendation of the Audit Committee, Board is placing the resolution for fees payable for the year 23-24 to the statutory Auditors 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 31-03-2023 has been placed on the website of the Company and web link of such Annual Return is <http://www.sambandam.com/results/2023-07-21-MGT-7-2022-23.pdf> or [www.sambandam.com](http://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 2022-23, transfer of Unclaimed Dividend of the year 2014-15 was applicable since dividend was declared for the financial year 14-15.

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 15-16, to IEPF authority. Shareholders who have not claimed their dividend of the year 15-16 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](http://www.iepf.gov.in).

Dividend year	Date of declaration of dividend	Due date for transfer to IEPF
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
20-21	25.09.2021	22.10.2028
21-22	24.09.2022	21.10.2029

#### 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, bankers 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 Canara Bank, Karnataka Bank Limited, HDFC bank, South Indian Bank, CSB Bank, State Bank of India and the State and Central Government departments for their support, and look forward to their continued support in future

Salem  
May 27, 2023

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	
1.	Latest audited Balance Sheet Date	31-03-2023	31-03-2022	31-03-2023	31-03-2022
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)	201.65	196.67	(32.22)	(34.88)
7.	Profit / (Loss) for the year (Rs. in lakhs) Profit/(Loss) attributable to the Shareholding (Rs.in lakhs)	10.00 4.98	126.71 63.04	9.89 2.66	2.64 0.71

- 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 **P.N. Raghavendra Rao & Co**  
Chartered Accountants  
Firm Registration No.003328S  
**Pon Arul Paraneedharan**  
Partner, Membership No. 212860  
Salem  
May 27, 2023

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 31.03.2023) as per below note :

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 is Director in 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 lease rent advances, if, any	One Month lease rental advance paid
f) Lease rent	Rs. 15 lakhs
g) Date of execution	Lease deed executed on 16.03.2020, but the lease is operational only from 01.06.2020.

**NOTE :**

During the FY 2022-23, 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 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 2022-23 by the Company are given in note 45 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 2022-23 which were in conflict with the interest of the Company

Salem  
May 27, 2023

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



## ANNEXURE - III

**TO  
BOARD OF DIRECTORS  
SAMBANDAM SPINNING MILLS LIMITED**

**CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LODR) 2015, 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 2022-23 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 22-23.

Salem  
May, 27 2023

**P. Boopalan**  
Chief Financial Officer

**S. Devarajan**  
Chairman and Managing Director  
DIN : 00001910



		<b>ANNEXURE - IV</b>		
<b>Conservation of energy, technology absorption and research and development and foreign exchange earnings and outgo</b>				
<b>A. Conservation of energy</b>				
<b>(a) Power and fuel consumption</b>		<b>2022-23</b>	<b>2021-22</b>	
<b>1. Electricity</b>				
(i)	Total units	'000 KWH	<b>31208</b>	35186
	Total cost	Rs. lakhs	<b>2686</b>	2673
	Cost/unit	Rs.	<b>8.61</b>	7.60
1)	Through diesel generator			
	Generated units	'000 KWH	<b>9.33</b>	39.00
	Units per litre of diesel	KWH	<b>2.23</b>	3.06
	Cost/unit*	Rs.	<b>26.25</b>	28.90
2)	Through solar power	'000 KWH	<b>12327</b>	-
	Cost/unit*	Rs.	<b>5.35</b>	-
3)	Through Wind energy converters			
	Generated units	'000 KWH	<b>13943</b>	16030
	Cost/unit*	Rs.	<b>3.31</b>	2.35
*Cost includes maintenance charges, interest and depreciation				
<b>2.</b>	<b>Furnace oil</b>		-	-
<b>3.</b>	<b>Others</b>		-	-
<b>(b) Consumption per unit of production</b>				
	Production (yarn) - net	Kgs. lakhs	<b>62.29</b>	107.31
	Consumption of electricity	'000 KWH	<b>31208</b>	51255
	Consumption per kg. of Yarn	KWH	<b>5.01</b>	4.78
<b>B. Technology absorption and research and development</b>			-	-
<b>C. Foreign exchange earnings and outgo</b>				
<b>(a) Activities relating to exports</b>				
	Yarn total exports (including merchandise exports)	Rs. lakhs	<b>1643.34</b>	1,369.50
<b>(b) Total Foreign exchange used and earned*</b>				
1)	CIF value of Imports			
	Capital goods	Rs. lakhs	<b>713.34</b>	1287.34
	Spares for Capital goods	Rs. lakhs	<b>15.81</b>	32.48
	Raw materials – cotton	Rs. lakhs	<b>543.70</b>	323.39
*exclusive of net exchange difference				
2)	Other expenditure in foreign currency			
	Travel	Rs. lakhs	<b>0.44</b>	-
	Interest	Rs. lakhs	-	-
	Other matters	Rs. lakhs	<b>1.85</b>	6.66
3)	Foreign exchange earned			
	Yarn export	Rs. lakhs	<b>1,007.00</b>	893.00
	Freight recovery	Rs. lakhs	-	-

Salem  
May 27, 2023

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

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

This is certify that an amount of Rs 25.31 lacs has been disbursed and utilised for CSR expenditure as approved by the Board of Directors and monitored by the CSR Committee, during the period 1 st April 2022 to 31 st March 2023.

The books of accounts and other records of CSR expenditure, as available with the company ,gives reasonable assurance about the utilization of the funds disbursed by the company to S.Palaniandi Mudaliar Charitable Trust and for other approved CSR activities as described in the Schedule VII of Companies act 2013

Salem  
May 20, 2023

**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 programmes areas identified by the trust, its main endeavor 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)	1 of 1

3. Provide the web-link where Composition of CSR committee, CSR policy, projects approved by board are disclosed in website of the Company. e web link <http://www.sambandam.com/investors/>
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).  
– NOTAPPLICABLE – since the CSR obligation amount is less than threshold Limit of Rs 1000 lakhs.
5. a) Average net profit of the company as per section 135(5). Rs 1155.69 lakhs  
b) Two percent of average net profit of the company as per section 135(5) Rs 23.11 lakhs  
c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.  
-NIL-  
d) Amount required to be set off for the financial year, if any -NIL-  
e) Total CSR obligation for the financial year (b+c-d). Rs 23.11 lakhs
6. a) Amount spent on CSR Project (both Ongoing Project and other Ongoing Project Rs 25.31 lakhs  
b) Amount spent in Administrative Overheads -  
c) Amount spent on Impact Assessment, if applicable -  
d) Total amount spent for the Financial Year (a+b+c) Rs 25.31 lakhs  
e) CSR amount spent or unspent for the Financial Year -NIL-

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

- f) Excess amount for set off, if any :

Sl. No.	Particular	Rs. in lakhs
(i)	Two percent of average net profit of the company as per section 135(5)	23.11
(ii)	Total amount spent for the Financial Year	25.31
(iii)	Excess amount spent for the financial year [(ii)-(i)]*	-
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.20





7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section (6) of section 135 (in Rs.)	Balance Amount in unspent CSR Account under section (6) of section 135(in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any.		Amount remaining to be spent in succeeding financial years. (in Rs.)	Deficiency, if any
					Amount (in Rs).	Date of transfer		
1.	2019-20	–	–	3,53,440	–	–	8,43,993	–
2.	2020-21	–	–	16,80,000	–	–	Nil	–
3.	2021-22	–	–	12,45,884	–	–	Nil	–
	<b>TOTAL</b>	–	–	<b>32,79,324</b>	–	–	<b>8,43,993</b>	–

8. Whether any Capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year : Yes

If Yes, enter the number of Capital Assets created / acquired : one

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year

Sl. No.	Short Particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity / Authority /beneficiary of the register owner s		
					CSR Registration Number, If applicabel	Name	Registered address
1.	Special purpose equipment for biological surgery using advance technology (Medical device used for Improving the performance of all biological operations with faster sealing and cutting times).  situated at 29,Cuddalore Main Road, Ammapet, Salem - 636003.	636003	27-03-2023	10,76,302	CSR 00012899	S.Palaniandi Mudaliar Charitable Trust	29, Cuddalore Main road, Ammapet, Salem - 636003

9. 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  
May 27, 2023

**S.Dinakaran**  
Joint Managing Director  
DIN : 00001932

**S.Devarajan**  
Chairman and Managing Director  
DIN : 00001910

**P.Boopalan**  
Chief Financial Officer



## SCHEDULE - VI

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

**CS B.KALYANASUNDARAM,**  
B.Com.,ACMA.,ACS.,

OFFICE : 30, PANDAMANGALAM AGRAHARAM, WORIUUR,  
TRICHY - 620 003. PHONE: 0431-2761590.  
Email : bkksoffice@gmail.com

**FORM NO. MR - 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2023**

*[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 referred to as "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 'the Company' and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2023 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 31<sup>st</sup> March 2023, 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 dealings 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 and Sweat Equity) Regulations, 2021;
  - 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, 2021; 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

**(B.KALYANASUNDARAM)**  
COMPANY SECRETARY

ACS NO. A672. CP. NO. 2209

UDIN : A000672E000394153

Peer Review Cert No.:1215/2021

ICSI Unique code: S1994TN013100

Place : Trichy  
Date : 27-05-2023

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.

**CS B.KALYANASUNDARAM,**  
B.Com.,ACMA.,ACS.,

OFFICE : 30, PANDAMANGALAM AGRAHARAM, WORIUUR,  
TRICHY - 620 003. PHONE:0431-2761590.  
Email : bkksoffice@gmail.com

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**ANNEXURE TO SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2023**

**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 regarding compliance thereof by the Company.
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 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 : 27-05-2023

**(B.KALYANASUNDARAM)**  
COMPANY SECRETARY  
ACS NO. A672. CP. NO. 2209  
UDIN : A000672E000394153  
Peer Review Cert No.:1215/2021  
ICSI Unique code: S1994TN013100



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

**CS B.KALYANASUNDARAM,**  
B.Com.,ACMA.,ACS.,

OFFICE : 30, PANDAMANGALAM AGRAHARAM, WORIUUR,  
TRICHY - 620 003. PHONE: 0431-2761590.  
Email : bkksoffice@gmail.com

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

- We have examined the relevant registers, records, forms, returns and disclosures received during the financial year 2022-2023 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 for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In our opinion and to the best of our information and according to the verifications of documents (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 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 as on 31<sup>st</sup> March, 2023.

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
10.	Bhaskaran Subramanian	09241221	14-08-2021
11.	Jegarajan Sakthivel	09241285	20-08-2021
12.	Dinakaran Niranjan Kumar	09241514	20-08-2021

- 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

**CS. (B. KALYANASUNDARAM)**  
COMPANY SECRETARY

ACS NO. A672. CP. NO. 2209

UDIN : A000672E000394164

Peer Review Cert No.:1215/2021

ICSI Unique code : S1994TN013100

Place : Trichy  
Date : 27-05-2023



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

OFFICE : 30, PANDAMANGALAM AGRAHARAM, WORIU, TRICHY - 620 003.  
PHONE: 0431-2761590. Email : bkksoffice@gmail.com

**CS 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 31-03-2023**

We have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by M/s. SAMBANDAM SPINNING MILLS LIMITED, (hereinafter referred as 'the listed entity'), having its Registered Office at "KAMARAJ NAGAR, P.B. NO.1, SALEM 636014. Secretarial Review 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 listed entity's books, papers, minutes books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of Secretarial Review, we hereby report that in our opinion, the listed entity has, during the review period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder in the manner and subject to the reporting made hereinafter:

We have examined:

- (a) all the documents and records made available to us 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 Exchange,
- (c) website of the listed entity,  
for the year ended 31-03-2023 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 specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-
  - (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 the compliance status of the listed entity is appended-(Vide Annexure A). This report has to be read along with Annexures A and B appended to this report.

Place : Trichy  
Date : 26-05-2023

**FOR B.K. SUNDARAM & ASSOCIATES**  
COMPANY SECRETARIES  
**(B.KALYANASUNDARAM)**  
COMPANY SECRETARY  
ACS NO. A672. CP. NO. 2209  
UDIN : A000672E000393207  
Peer Review Cert No.:1215/2021  
ICSI Unique code: S1994TN013100



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

**CS B.KALYANASUNDARAM,**  
B.Com.,ACMA.,ACS.,

OFFICE : 30, PANDAMANGALAM AGRAHARAM, WORIUUR,  
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**ANNEXURE-A TO SECRETARIAL COMPLIANCE REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2023  
OF  
M/s. SAMBANDAM SPINNING MILLS LIMITED**

Sl. No.	Particulars	Compliance Status Yes/ No/ Not Applicable	Observations / remarks by PCS
1.	<b>Secretarial Standard</b> The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable	Yes	
2.	<b>Adoption and timely updation of the Policies :</b> <ul style="list-style-type: none"> <li>All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities</li> <li>All the policies are in conformity with SEBI Regulations and have been reviewed &amp; updated, as per the regulations/ circulars/ guidelines issued by SEBI</li> </ul>	Yes Yes	There is no revision in the policies during the year under report. There is no revision in the policies during the year under report.
3.	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"> <li>The Listed entity is maintaining a functional website</li> <li>Timely dissemination of the documents/ information under a separate section on the website</li> <li>Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s) / section of the website</li> </ul>	Yes Yes Not applicable	The Company has mentioned the website of the Company in the Annual Corporate Governance report in 2022 and it redirects to the website of the Company.
4.	<b>Disqualification of Director:</b> None of the Director(s) of the Company is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity	Yes	
5.	<b><u>To examine details related to Subsidiaries of listed entities :</u></b> <ul style="list-style-type: none"> <li>(a) Identification of material subsidiary companies</li> <li>(b) Requirements with respect to disclosure of material as well as other subsidiaries</li> </ul>	Not applicable Not applicable	There is no Subsidiary Company and hence this column is not applicable



Sl. No.	Particulars	Compliance Status Yes/ No/ Not Applicable	Observations / remarks by PCS
6.	<b>Preservation of Documents:</b> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	Yes	
7.	<b>Performance Evaluation:</b> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations	Yes	
8.	<b>Related Party Transactions:</b> (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions; or (b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	Yes Not applicable	There is no material related party transactions during the year under report
9.	<b>Disclosure of events or information:</b> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	<b>Prohibition of Insider Trading:</b> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI Prohibition of Insider Trading) Regulations, 2015	Yes	
11.	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b> No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	Yes	
12.	<b>Additional Non-compliances, if any:</b> No any additional non-compliance observed for all SEBI regulation/ circular/guidance note etc	Yes	

There is no resignation of statutory auditors during the period under review and hence reporting about Compliances related to resignation of statutory auditors does not arise.

Place : Trichy  
Date : 26-05-2023

FOR **B.K. SUNDARAM & ASSOCIATES**  
COMPANY SECRETARIES  
**(B.KALYANASUNDARAM)**  
COMPANY SECRETARY  
ACS NO. A672. CP. NO. 2209  
UDIN : A000672E000393207  
Peer Review Cert No.:1215/2021  
ICSI Unique code: S1994TN013100





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

**CS B.KALYANASUNDARAM,**  
B.Com.,ACMA.,ACS.,

OFFICE : 30, PANDAMANGALAM AGRAHARAM, WORIUUR,  
TRICHY - 620 003. PHONE: 0431-2761590.  
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**ANNEXURE-B TO SECRETARIAL COMPLIANCE REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2023  
OF  
M/s. SAMBANDAM SPINNING MILLS LIMITED**

1. Maintenance of records with reference to the SEBI Act, SCRA and Regulations thereunder is the responsibility of the management of the Company.
2. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity
3. We have obtained the Management representation about the compliance of Laws, Regulations and occurrence of events. The timely dissemination of the documents/ information under a separate section on the website is based on the declaration by the Management and availability of records on the website of the Company.
4. We have followed the verification of records as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Compliance Report. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.
5. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
6. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the listed entity.
7. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

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

**(B.KALYANASUNDARAM)**

COMPANY SECRETARY  
ACS NO. A672. CP. NO. 2209  
UDIN : A000672E000393207  
Peer Review Cert No.:1215/2021  
ICSI Unique code: S1994TN013100

Place : Trichy  
Date : 26-05-2023

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



## 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, 2023, the Company has twelve (12) Directors including a Women Director. Out of twelve Directors, five (i.e.42 percent) are Executive Directors, one (i.e.8 percent) is Non-Executive Director, and six (i.e. 50 percent) are Independent Directors. The profiles of Directors are made available in the website of the Company [www.sambandam.com](http://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 re-appointment at the this 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, 2023 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, Sri S.Dinakaran & Sri J.Sakthivel	
Sri S. Dinakaran	Joint Managing Director (Promoter)	Relative of Sri S.Devarajan, Sri S.Jegarajan & Sri D.Niranjankumar	
Sri D. Sudharsan	Non-Executive Director (Promoter Group)	Relative of Sri S.Devarajan	
Sri J.Sakthivel	Director- Technical	Relative of Sri S.Jegarajan	
Sri D.Niranjankumar	Director- Marketing	Relative of Sri S.Dinakaran	
Smt. Annapoorani Venugopalan	Independent Director	Nil	
Sri S.Gnanashekaran	Independent Director	Nil	
Sri Kameshwar M. Bhat	Independent Director	Nil	
Dr. V. Sekar	Independent Director	Nil	
Sri D.Balasundaram	Independent Director	Nil	
Sri S.Bhaskaran	Independent Director	Nil	

(vi) Five Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days or extended permitted days by Government. The said meetings were held on May 29, 2022, August 06, 2022, November 12, 2022, December 03, 2022 and February 11, 2023. 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, 2023, 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 2023	Whether attended last AGM held on 24.09.2022	No. of directorship in other Public limited Companies		No. of Committee positions held in other Public limited Companies		Directorship in other entities (Category of Directorship)
				Chairman	Member	Chairman	Member	
Sri S. Devarajan	Executive Chairman and Managing Director (Promoter)	5	Yes	-	1	-	-	1. Sambandam Dairy Farm Private limited earlier known as Sambandam Dairy farm Limited, (formerly known as Sambandam 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) 7. Kandagiri Spinning Mills Limited (Director)



Name of the Director	Categories of Director	No. of Board meetings attended during the FY 2023	Whether attended last AGM held on 24.09.2022	No. of directorship in other Public limited Companies		No. of Committee positions held in other Public limited Companies		Directorship in other entities (Category of Directorship)
				Chairman	Member	Chairman	Member	
Sri S. Jegarajan	Joint Managing Director Executive (Promoter)	5	Yes	-	-	-	-	1. Sambandam Siva Textiles Private Limited (Director) 2. SPMM Health Care Services Private Limited (Director)
Sri S. Dinakaran	Joint Managing Director Executive (Promoter)	5	Yes	-	-	-	-	1. Sambandam Siva Textiles Private Limited (Managing Director) 2. Sambandam Dairy Farm Private limited earlier known as Sambandam Dairy Farm Limited, (formerly known as Sambandam Investment & Leasing Limited, (Director) 3. SPMM Health Care Services Private Limited (Director) 4. Sambandam Textiles Private Limited (Director) 5. Confederation of Indian Textile Industry (Director)
Sri D.Sudharsan	Non-Director Executive	4	Yes	-	-	-	-	1. Sambandam Siva Textiles Private Limited (Joint Managing Director) 2. SPMM Health Care Services Private Limited (Director)
Sri J.Sakthivel	Executive Director Technical	5	Yes	-	-	-	-	-
Sri D.Niranjankumar	Executive Director Marketing	5	Yes	-	-	-	-	-
Sri S.Gnanashekar	Independent Director	5	Yes	1	2	1	2	1. Kandagiri Spinning Mills Limited, (Chairman)
Sri Kameshwar M. Bhat	Independent Director	5	Yes	-	-	-	-	1. KMB Associates LLP (Designated Partner)
Dr. V. Sekar	Independent Director	5	Yes	-	-	-	-	-
Sri D. Balasundaram	Independent Director	5	Yes	-	-	-	-	-
Mrs. Annapoorani Venugopalan	Independent Director	4	Yes	-	-	-	-	-
Sri S.Bhaskaran	Independent Director	5	Yes	-	-	-	-	-



(viii) Details of equity shares of the Company held by the Directors as on March 31, 2023 are given below

Name of the Director	Categories of Director	No. of equity shares held
Sri S. Devarajan	Chairman and Managing Director Executive (Promoter)	5,25,419
Sri S. Jegarajan	Joint Managing Director Executive (Promoter)	4,88,576
Sri S. Dinakaran	Joint Managing Director Executive (Promoter)	4,19,044
Sri D.Sudharsan	Non – Executive Director (Promoter Group)	88,760
Sri J. Sakthivel	Director – Technical (Promoter Group)	14,700
Sri D. Niranjankumar	Director – Marketing (Promoter Group)	5,800
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
Sri.S.Bhaskaran	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 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 during the year and had been uploaded in the website of the Company under the web-link: <http://www.sambandam.com>

**Meeting of Independent Directors**

During the year, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, one separate meeting of Independent directors was held on 11.02.2023. 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.	Sri J. Sakthivel	√	√	√	√	√	√
6.	Sri D.Niranjankumar	√	√	√	√	√	√
7.	Smt.Annapoorani Venugopalan	√	√	-	√	-	√
8.	Sri S. Gnanashekar	√	√	-	√	-	√
9.	Sri Kameshwar M. Bhat	√	√	-	√	-	√
10.	Dr. V. Sekar	√	√	-	√	-	√
11.	Sri. D. Balasundaram	√	√	√	√	-	√
12.	Sri S.Bhaskaran	√	√	-	√	-	√

### 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, 2023 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, Joint Managing Directors, Chief Financial Officer, Internal Auditor and Statutory Auditors, attended meetings of the Committee as invitees. Mr. S. Natarajan, Company Secretary is the Secretary to the committee.

##### (c) Meetings and Attendance

Audit Committee met four times during the year and the time gap between any two meetings did not exceed more than 120 days or extended permitted days by Government. Audit Committee meetings were held on May 28, 2022, August 06, 2022, November 12, 2022 and February 11, 2023. 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 determining qualifications, positive attributes and Independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director for every appointment of independent Director; 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, whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors, recommend to the Board all remuneration payable to Senior Management. 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, 2023 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 on 11.02.2023 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 the immediate preceding year and so CSR Obligation for the FY 2022-23 is applicable. Company has spent Rs 25.31 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, 2023 comprises of five members viz., Sri S. Devarajan, Chairman and Managing Director as Chairman, Sri S. Gnanashekar, 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 06.08.2022. 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. Gnanashekar	Member	1 of 1
Sri S. Jegarajan	Member	1 of 1
Sri S. Dinakaran	Member	1 of 1
Sri D. Sudharsan	Member	1 of 1

**(iv) STAKEHOLDERS' RELATIONSHIP COMMITTEE**

**The Stakeholders' Committee was formed to specifically look into various aspect of shareholders.**

- (a) name of the non-executive director heading the committee ; S. Gnanashekar  
 (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

**4. REMUNERATION OF DIRECTORS & AUDITORS**

(a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2022-2023.

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

- Remuneration by way of Sitting fee are 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 2022-23 are as follows.

Name of the Director	Sitting fees (#) Rs. Lakhs
Sri D. Sudharsan	2.00
Sri S. Gnanashekar	5.75
Sri Kameshwar M Bhat	5.75
Dr. V. Sekar	5.75
Sri D. Balasundaram	5.75
Smt. Annapoorani Venugopalan	2.25
Sri S. Bhaskaran	2.75

**Details of remuneration received by CMD, JMD's and directors during the financial year 2022-23 as follows**

S. No.	Name of the Director	Salary	Perquisites	Total remuneration (Rs. lakhs)
1.	Sri S. Devarajan	84.00	36.00	120.00
2.	Sri S. Jegarajan	81.60	34.80	116.40
3.	Sri S. Dinakaran	45.60	28.80	74.40
4.	Sri J. Sakthivel	36.00	12.00	48.00
5.	Sri D. Niranjankumar	36.00	12.00	48.00

**Details of Remuneration to Statutory Auditors**

M/s P.N.Raghavandra Rao & Co, Chartered Accountants (Firm Registration No .003328S) had been appointed as the Statutory Auditors of the Company for the financial years 2022-23 to 2026-27. The Statutory Auditors had been fixed a Audit fees of Rs. 8,00,000/- (which excludes GST, travel and out of pocket expenses) for conduct of the statutory audit for the FY 2022-23. No fee or other charges was paid during the year to any entity in the network firm/network entity of which the statutory auditor is a part.

**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
48th AGM-2022	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	Through Audio visual means	Nil	September 24, 2022 at 11.30 a.m.
47th AGM-2021	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	Through Audio visual means	Five Special Resolutions Passed	September 25, 2021 at 10.45 a.m.
46th AGM-2020	Mill Premises, Kamaraj Nagar Colony, Salem - 636014.	Through Audio visual means	Nil	September 23, 2020 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](http://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 49<sup>th</sup> Annual General Meeting to be held

**Day** : Saturday  
**Date** : 12.08.2023  
**Time** : 10.00 AM

**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 April 8, 2020 and April 13, 2020 and January 13, 2021 and May 05, 2022 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** : 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023.

(c) **Dividend Payment Date** : NA

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

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

### (e) Stock code

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

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

Month	Company Share Price		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April - 2022	276.80	209.00	60845.10	56009.07
May - 2022	264.00	171.10	57184.21	52632.48
June - 2022	207.20	157.00	56432.65	50921.22
July - 2022	198.00	176.00	57619.27	52094.25
August - 2022	194.00	164.10	60411.20	57367.47
September - 2022	225.00	167.00	60676.12	56147.23
October - 2022	192.95	160.05	60786.70	56683.40
November - 2022	185.00	142.00	63303.01	60425.47
December - 2022	159.65	135.50	63583.07	59754.10
January - 2023	173.50	148.10	61343.96	58699.20
February - 2023	155.80	125.30	61682.25	58795.97
March - 2023	154.00	126.30	60498.48	57084.91

**(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, 2023 no share transfer/transmission was pending.

**(j) Distribution of Shareholding as on 31<sup>st</sup> March, 2023**

No. of Shares	Shareholders		No. of shares	
	Number	%	Number	%
Upto – 100	2607	76.74	143375	3.36
101 – 500	516	15.17	136311	3.20
501 – 1000	106	3.12	81315	1.91
1001 – 2000	60	1.76	90907	2.13
2001 – 3000	18	0.53	45674	1.07
3001 – 4000	15	0.44	53318	1.25
4001 – 5000	4	0.12	18783	0.44
5001 – 10000	19	0.56	146478	3.43
10001 and above	53	1.56	3548439	83.21
<b>Total</b>	<b>3398</b>	<b>100.00</b>	<b>4264600</b>	<b>100.00</b>

**Shareholding pattern as on March 31, 2023**

Sl. No.	Category	No. of Holders	No. of Shares	% to Paid up Capital
1.	Promoters	21	21,66,009	50.79
2.	Residents (Individuals / Clearing Members HUF)	3,323	20,36,178	47.75
3.	Financial Institutions / Insurance Co./ State Govt./ Foreign Institutional Investors	0	0	0
4.	Non-Resident Indians / OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals / Foreign Port Folio Investor / corporate	30	6,249	0.14
5.	Corporate Bodies / Limited Liability Partnership	21	14,918	0.35
6.	IEPF	1	40,912	0.96
7.	Mutual Funds	0	0	0
8.	Trusts	0	0	0
9.	Banks	0	0	0
10.	Clearing Members	2	334	0.01
	<b>Total</b>	<b>3,398</b>	<b>42,64,600</b>	<b>100.00</b>

**(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, 2023 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	21,66,009	50.79%	21,66,009	50.79%
Others	1,15,303	2.70%	19,83,288	46.51%	20,98,591	49.21%
<b>TOTAL</b>	<b>1,15,303</b>	<b>2.70%</b>	<b>41,49,297</b>	<b>97.30%</b>	<b>42,64,600</b>	<b>100.00%</b>

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 (Roof top solar plant installed in Unit - I, II, and III)

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

**Ground mounted Solar energy Plant**

Venbavur Village, Veppanthattai Taluk, Perambalur District, Tamil Nadu

**(o) Address for Correspondence**

Registrar & Share Transfer Agents : M/s Cameo Corporate Services Limited  
Subramanian Building  
No.1 Club Road, Chennai 600 002.  
Phone : 044 - 28460390 (5 lines)  
Fax : 044 – 28460129

e-mail – For all Investor queries : [investor@cameoindia.com](mailto:investor@cameoindia.com) &  
for non-receipt of Annual Reports : [agm@cameoindia.com](mailto:agm@cameoindia.com)

For any other general matters : Secretarial Department  
or in case of any difficulties/ : Sambandam Spinning Mills Limited  
No.1, Kamaraj Nagar Colony, Salem 636 014  
Phone : 0427 -2240790 to 94

Website Address : [www.sambandam.com](http://www.sambandam.com)

Email ID of Investor Grievance : [cs@sambandam.com](mailto:cs@sambandam.com)

Name of the Compliance Officer : Sri S.Natarajan, Company Secretary



#### 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) During the year the Company has not received any complaint under the provisions of sexual harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013.
- (j) During the year, there was no loan/advances given to firms/ Companies in which directors are interested.
- (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, 2023. A Certificate from Managing Director to this effect is attached to this report. The code has been displayed on the Company's website.
- (k) The details of credit rating for Bank facilities and Fixed deposits obtained from India Ratings & Research Private Limited during the FY 2022-23 as given below:

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



(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 by rotation as required under the provisions of MCA/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Notice to the Annual General Meeting.

(o) There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

(p) There was no instance of onetime settlement with any Bank or Financial Institution.

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

**9. ADOPTION OF NON- MANDATORY ITEMS**

**(a) The Board**

The Company has an 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 2022-23.

**(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.

10. 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

11. There are no shares lying in the demat suspense account/unclaimed suspense account as on 31.3.2023

**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, 2023.

Salem  
May 27, 2023

**S. Devarajan**  
Chairman and Managing Director  
DIN : 00001910

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To  
**The Members of Sambandam Spinning Mills Limited**  
**Certificate on Corporate Governance**

1. We have examined the compliance of conditions of Corporate Governance by Sambandam Spinning Mills Limited (CIN:L17111TZ1973PLC000675) ('the Company') for the year ended 31<sup>st</sup> March 2023 as stipulated in Regulations 17 to 27, clause (b) to (i) and (t) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

**Management's Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. 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 Listing Regulations.

**Auditor's Responsibility**

3. Our responsibility is to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31<sup>st</sup> March 2023.
4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of 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 Chartered Accountants of India ('the ICAI') 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 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 given 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 the Listing Regulations for the year ended 31<sup>st</sup> March 2023.
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 P.N. Raghavendra Rao & Co**  
Chartered Accountants  
Firm Registration No. 003328S

**Pon Arul Paraneedharan - Partner**  
Membership No : 212860  
UDIN:23212860BGUSFC6662

Salem  
27<sup>th</sup> May 2023



## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
Sambandam Spinning Mills Limited

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

#### Opinion

1. We have audited the accompanying Standalone financial statements of **Sambandam Spinning Mills Limited** ("the Company"), which comprise the Standalone Balance Sheet as at 31<sup>st</sup> March 2023, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Standalone financial statements").
2. 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 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2023, its loss including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

3. We conducted our audit 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 (ICAI) 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 issued by the Institute of Chartered Accountants of India. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

#### Key Audit Matters

4. 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 current period. 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 matter described below to be the key audit matter to be communicated in our report.





Key Audit Matters	Auditor's Response
<p><b>Revenue Recognition</b></p> <p>(Refer to the accompanying Note 2(c) of Significant Accounting Policies and Note 28 of accompanying Notes to the Standalone financial statements)</p> <p>The Company's revenue is mainly derived from sale of products viz. yarn and yarn related products.</p> <p>Revenue from sale of products is recognized when the performance obligations are satisfied and the control of the products is being transferred to debtors as per the terms of contract agreed.</p> <p>Revenue is recognized when collectability of the resulting receivable is reasonably assured.</p> <p>We have identified Revenue recognition as a key audit matter as revenue recognition is a key performance indicator of the Company given the inherent area of audit risk.</p>	<p><b>Principal Audit Procedures</b></p> <p>In the view of the significance of the matter, our audit procedures mainly comprised of test of controls and substantive procedures including the following:</p> <ol style="list-style-type: none"> <li>a. We assessed the appropriateness of whether the accounting policy for revenue recognition was in line with relevant Ind AS – 115 "Revenue from Contracts with Customers".</li> <li>b. We performed procedures to assess the design and implementation of internal controls established by the management and tested the operating effectiveness of relevant controls relating to revenue recognition.</li> <li>c. We have performed testing with the sample of revenue transaction to ensure whether specific revenue transactions before and after the reporting date have been recognized in the appropriate period by comparing the transactions selected with relevant underlying documents including goods delivery notes, shipping documents, customer acknowledgement / proof of acceptance and the other terms of sales.</li> <li>d. We have also tested the journal entries affecting revenue recognition on a sample basis to identify any unusual or irregular items and validated subsequent credit notes and sales returns up to the date of this report to ensure the appropriateness and accuracy of the recognition of revenue.</li> <li>e. Based on the above procedures, no material exception on the revenue recognition has been observed.</li> </ol>
<p><b>Information other than the Standalone Financial Statements and Auditor's Report thereon</b></p>	
<ol style="list-style-type: none"> <li>5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Management discussion and analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Standalone financial statements and our auditor's report thereon.</li> <li>6. Our opinion on the Standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</li> <li>7. 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, if any, of this other information, we are required to report that fact. We have nothing to report in this regard.</li> </ol>	



**Responsibilities of Management and those Charged with Governance for the Standalone Financial Statements**

8. 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), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS. 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.
9. In preparing the Standalone financial statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

11. 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.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - (a) 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.
  - (b) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - (d) 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.
  - (e) 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.



13. 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.
14. 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.
15. 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 of the current period 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 Matters**

16. The Standalone financial statements for the year ended 31<sup>st</sup> March 2022 have been audited by the predecessor auditors who expressed an unmodified opinion on those standalone financial statements vide their Auditor's report dated 29<sup>th</sup> May 2022. The same has been furnished by the management and has been relied upon by us for the purpose of our audit of these standalone financial statements.

Our opinion on the statement is not modified in respect of this matter.

#### **Report on Other Legal and Regulatory Requirements**

17. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure - A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
18. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 as amended.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2023 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 - B".
  - (g) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:
 

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current 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) Rules, 2014, in our opinion and 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–Note 43 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 31<sup>st</sup> March 2023.
  - (iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
  - (iv) a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (i) and (ii) of Rule 11 contain any material misstatement.
  - (v) The final dividend declared and paid during the year by the Company relating to the financial year 2021-22 is in compliance with Section 123 of the Act.
  - (vi) Proviso to Rule 3(1) of the Companies (Accounts Rule), 2014, for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f 1st April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the year ended 31st March 2023.

Salem  
27<sup>th</sup> May 2023

**For P.N. Raghavendra Rao & Co**  
Chartered Accountants  
Firm Registration Number: 003328S

**Pon Arul Paraneedharan - Partner**  
Membership Number: 212860  
UDIN:23212860BGUSFA4803



### ANNEXURE - "A" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 17 of the Independent Auditor's Report of even date to the members of Sambandam Spinning Mills Limited on the Standalone financial statements for the year ended 31<sup>st</sup> March 2023

- i. In respect of Company's Plant, Property and Equipment
  - a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant, and equipment.
  - B) The Company has maintained proper records showing full particulars of intangible assets.
  - b) The Company has a programme of verification to cover all the items of Property, Plant and Equipment and right of use assets in regular intervals during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its Property, Plant and Equipment.
  - c) In our opinion and according to the information and explanations given to us and on the basis of examination of the records of the company, the title deeds of immovable properties are held in the name of the company. In respect of immovable properties taken on lease and disclosed as right-of-use assets in the financial statements, the lease agreements are executed in the name of the company.
  - d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
  - e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii.
  - a) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by management is appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to books of account of the Company.
  - b) The Company has been sanctioned working capital limits in excess of Rupees Five Crores in aggregate during the year by banks on the basis of security of current assets. The Quarterly statements filed by the company with the banks are in agreement with the books of accounts of the company.
- iii. The Company has not made investments in, provided any guarantee or security or granted any loan or advance in the nature of loans secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. However, the Company has made investments in earlier years in companies.
  - a. The Company has not provided loans or provided advance in the nature of loans or stood guarantee or provided security to any other entity during the year. Accordingly, the reporting under para 3(iii)(a), (iii)(c) to (iii)(f) of the Order is not applicable.
  - b. In our opinion, the investments made in earlier years are not prejudicial to the company's interest.
- iv. In our opinion and according to the information and the explanations given to us, the Company has not granted any loans or provided any guarantees or securities to the parties covered under the Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantee or security provided.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from public or amounts which are deemed to be deposits from public. However, the Company has accepted deposits from members during the year and the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder.
- vi. As per the information and explanations given by the management, maintenance of cost records has been specified by the Central Government and we are of the opinion that the prescribed accounts and records are being made and maintained under Section 148(1) of the Act, by the Company.



- vii. a) According to the information and explanations given to us and on the basis of our examination of the books of accounts of the Company, the undisputed statutory dues including Provident Fund, Employee's State Insurance, Income tax, Goods and Service Tax, duty of customs, and any other material statutory dues, as applicable, have been regularly deposited during the year by the Company to the appropriate authorities. There were no undisputed dues outstanding as at 31<sup>st</sup> March 2023 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the details of statutory dues referred to in sub-clause (a) which have not been deposited as on 31<sup>st</sup> March 2023 on account of disputes are given below:

Sl. No.	Name of the Statute	Nature of Dues	Amount Disputed (Rupees in Lakhs)	Period to which demand relates	Forum where dispute is pending
1	Corporation Property Tax Act	Property tax	36.10	1998 - 2021	Madras High Court
2	Corporation Property Tax Act	Infrastructure and development charges	66.75	2012 - 2013	Madras High Court
3	Tamilnadu VAT	ITC input	12.92	2015 - 2016	Sales Tax Appellate Tribunal, Coimbatore

- viii. According to the information and explanations given to us and on the basis of our examination of the books of account, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. a) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any lenders during the year. The Company has not issued any debentures.
- b) According to the information and explanations given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.
- c) According to the information and explanations given to us, the term loans availed during the year have been applied for the purposes for which those were obtained.
- d) According to the information and explanations given to us and based on an overall examination of financial statements of the Company, the funds raised on short term basis by the company during the year have not been utilized for long term purposes.
- e) According to the information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligation of associate companies. The company does not have any subsidiary or joint venture companies.
- f) According to the information and explanations given to us, the company has not raised any loans during the year on the pledge of securities held in associate companies. The company does not have any subsidiary or joint venture companies.
- x. a) The Company has not raised any money by way of Initial Public Offer or further public offer (including Debt instruments) during the year.
- b) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year under review.



Accordingly, the reporting under paragraph 3(x) of the Order is not applicable.

- xi. a) According to the information and explanations given to us, no fraud by the Company or any fraud on the Company has been noticed or reported during the year.
- b) According to the information and explanations given to us, no report under Section 143 (12) of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government during the year and up to the date of this report.
- c) According to the information and explanations given to us, the Company has not received any whistle blower complaints during the year.

Accordingly, the reporting under paragraph 3(xi) of the Order is not applicable.

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- xiv. a) According to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- b) The Reports of the Internal Auditors issued till the date of the audit report for the period under audit were considered by us.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the directors or persons connected with them and hence provisions of Section 192 of the Act are not applicable to the Company.
- xvi. a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) (a), (b) and (c) are not applicable to the Company.
- b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, the paragraph 3(xvi) (d) of the Order is not applicable.
- xvii. The Company has not incurred any cash losses in the financial year and the immediately preceding financial year. Accordingly, the reporting under paragraph 3(xvii) of the Order is not applicable.
- xviii. There has not been any resignation of the Statutory Auditors during the year. Accordingly, the reporting under Paragraph 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report and that the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.



- xx. a. According to the information and explanations given to us and based on our examination of the records, the Company has spent the amount required to be spent as stipulated in section 135 of the act. Accordingly, the reporting under paragraph 3(xx)(a) of the Order is not applicable.
- b. According to the information and explanations given to us and based on our examination of the records, the Company does not have any ongoing projects under section 135(5) of the act. Accordingly, the provision of paragraph 3(xx)(b) of the order is not applicable.
- xxi. According to the information and explanation given to us, there are no qualifications or adverse remarks by the respective auditors of the associate companies. The Company does not have any subsidiary or joint venture companies.

**For P.N. Raghavendra Rao & Co**  
Chartered Accountants  
Firm Registration Number: 003328S

**Pon Arul Paraneedharan - Partner**  
Membership Number: 212860  
UDIN:23212860BGUSFA4803

Salem  
27<sup>th</sup> May 2023

#### **ANNEXURE - "B" TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in paragraph 18(f) of the Independent Auditor's Report of even date to the members of Sambandam Spinning Mills Limited on the Standalone financial statements for the year ended 31<sup>st</sup> March 2023

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

1. We have audited the internal financial controls over financial reporting of Sambandam Spinning Mills Limited ("the Company") as of 31<sup>st</sup> March 2023 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**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

##### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.





4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:
  - a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - b) 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 authorization of management and directors of the company; and
  - c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2023, 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 ICAI.

**For P.N. Raghavendra Rao & Co**  
Chartered Accountants  
Firm Registration Number: 003328S

**Pon Arul Paraneedharan - Partner**  
Membership Number: 212860  
UDIN:23212860BGUSFA4803

Salem  
27<sup>th</sup> May 2023



## Standalone Balance Sheet as at 31.03.2023

(Rupees in Lakhs)

Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
<b>I. ASSETS</b>			
<b>1. Non-Current Assets</b>			
a) Property, Plant and Equipment	1	14,041.39	13,758.06
b) Capital Work in Progress	1	183.86	105.65
c) Right-of-use Assets	2	440.85	541.40
d) Intangible assets	3	0.04	0.04
e) Biological Assets other than Bearer plants	4	88.85	–
f) Financial Assets			
i) Investments	5	220.05	175.25
ii) Other Financial Assets	6	441.00	355.14
g) Other Non-Current Assets	7	299.35	587.75
<b>Total Non-Current Assets</b>		<b>15,715.39</b>	<b>15,523.29</b>
<b>2. Current Assets</b>			
a) Inventories	8	6,916.38	10,302.26
b) Financial Assets			
i) Trade Receivables	9	3,121.31	3,692.06
ii) Cash and Cash Equivalents	10a	12.82	343.61
iii) Bank Balances other than Cash and Cash Equivalents	10b	83.41	462.61
iv) Other Financial Assets	11	301.87	211.97
c) Current Tax Assets (Net)	12	6.00	–
d) Other Current Assets	13	1,782.24	1,632.48
<b>Total Current Assets</b>		<b>12,224.03</b>	<b>16,644.99</b>
<b>TOTAL ASSETS</b>		<b>27,939.42</b>	<b>32,168.28</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share Capital	14	427.55	427.55
b) Other Equity	15	9,564.29	11,098.76
<b>Total Equity</b>		<b>9,991.84</b>	<b>11,526.31</b>
<b>LIABILITIES</b>			
<b>1. Non-Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	16	6,231.21	6,519.69
ii) Lease Liabilities	17	357.54	473.92
iii) Other Financial Liabilities	18	5.23	5.23
b) Provisions	19	393.72	508.93
c) Deferred Tax Liabilities (Net)	20	784.82	1,167.00
d) Other Non Current Liabilities	21	255.59	11.35
<b>Total Non-Current Liabilities</b>		<b>8,028.11</b>	<b>8,686.12</b>



## Standalone Balance Sheet as at 31.03.2023

(Rupees in Lakhs)

Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
<b>2. Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	22	6,783.41	6,324.03
ii) Lease Liabilities	23	141.29	110.59
iii) Trade payables			
- Outstanding dues of Micro and Small Enterprises		144.13	384.63
- Outstanding dues of other than Micro and Small Enterprises	24	2,054.09	3,889.87
iv) Other Financial Liabilities	25	612.03	915.43
b) Other Current Liabilities	26	116.16	262.80
c) Provisions	27	68.36	53.10
d) Current Tax Liabilities (Net)	12	-	15.40
<b>Total Current Liabilities</b>		<b>9,919.47</b>	<b>11,955.85</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,939.42</b>	<b>32,168.28</b>

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

As per our report of even date attached

For and on behalf of the board

**For P.N. Raghavendra Rao & Co**

Chartered Accountants  
Firm Registration No. : 003328S

**Pon Arul Paraneedharan** - Partner

Membership No : 212860

Salem

May 27, 2023

**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 31.03.2023** (Rupees in Lakhs)

Particulars	Note No.	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>INCOME</b>			
I Revenue from Operations	28	<b>26,325.14</b>	35,493.93
II Other Income	29	<b>419.98</b>	42.89
III <b>Total Income (I+II)</b>		<b>26,745.12</b>	35,536.82
<b>EXPENSES</b>			
Cost of Materials Consumed	30	<b>17,338.41</b>	23,863.66
Changes in Inventories of Finished Goods and Work-in-Progress	31	<b>1,848.57</b>	(2,768.82)
Employee Benefits Expense	32	<b>3,081.94</b>	4,051.03
Finance Costs	33	<b>1,253.71</b>	1,204.78
Depreciation and Amortisation Expense	34,1,2,3	<b>1,517.50</b>	1,334.17
Other Expenses	35	<b>3,214.80</b>	5,702.91
IV <b>Total Expenses</b>		<b>28,254.93</b>	33,387.73
V <b>Profit/(Loss) before Exceptional Item and Tax (III-IV)</b>		<b>(1,509.81)</b>	2,149.09
VI Exceptional Items		-	-
VII <b>Profit/(Loss) Before Tax (V-VI)</b>		<b>(1,509.81)</b>	2,149.09
<b>VIII Tax Expense:</b>			
Current Tax Expenses		-	512.36
Deferred Tax Expenses / (Income)		<b>(331.84)</b>	185.00
IX <b>Profit/(Loss) for the Period from continuing operations (VII-VIII)</b>		<b>(1,177.97)</b>	1,451.73
<b>X Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of Defined benefits plan		<b>(193.61)</b>	197.95
Income tax relating to above		<b>(50.34)</b>	57.64
<b>Other Comprehensive Income for the Period</b>		<b>(143.27)</b>	140.31
XI <b>Total Comprehensive Income for the Period (IX+X)</b>		<b>(1,321.24)</b>	1,592.04
<b>XII Earnings per Equity Share of Rs.10/- each:</b>			
<b>For Continuing Operations:</b>			
Basic and Diluted (in Rupees)		<b>(27.62)</b>	34.04

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

As per our report of even date attached

For and on behalf of the board

**For P.N. Raghavendra Rao & Co**

Chartered Accountants

Firm Registration No. : 003328S

**Pon Arul Paraneedharan** - Partner

Membership No : 212860

Salem

May 27, 2023

**S. Devarajan**

Chairman and Managing Director

DIN : 00001910

**S. Natarajan**

Company Secretary

**S. Dinakaran**

Joint Managing Director

DIN : 00001932

**P. Boopalan**

Chief Financial Officer



<b>Standalone Statement of Cash Flows for the year ended 31.03.2023</b>		<b>(Rupees in Lakhs)</b>
<b>Particulars</b>	<b>Year ended 31.03.2023</b>	<b>Year ended 31.03.2022</b>
<b>A. Cash Flow from Operating Activities</b>		
Profit/ (Loss) before tax	(1,509.81)	2,149.09
Adjustments for -		
Depreciation & Amortisation Expense	1,517.50	1,334.17
Finance Costs	1,213.20	1,227.81
Interest Income	(30.81)	(19.05)
Foreign Exchange Fluctuation	40.51	(23.03)
Dividend Income	(0.06)	(0.75)
Net Gain or Loss arising on Fair Value of Financial Asset and Impairment Provision	(44.80)	0.08
(Profit)/Loss on sale of Property, Plant and Equipments	(25.32)	(8.37)
	<u>2,670.22</u>	<u>2,510.86</u>
<b>Operating Profit/ (Loss) before Working Capital Changes</b>	<b>1,160.41</b>	<b>4,659.95</b>
Adjustments/Changes in Working Capital		
Inventories	3,385.88	(591.76)
Trade Receivables	570.75	247.04
Non Current and Current Financial Assets	203.44	(77.83)
Other Non Current and Current Assets	138.64	(1,142.41)
Trade Payables	(2,076.28)	(229.76)
Non Current and Current Financial Liabilities	(287.48)	13.00
Other Non Current and Current Liabilities	97.60	84.78
Other Non Current and Current provisions	(293.56)	430.82
	<u>1,738.99</u>	<u>(1,266.12)</u>
<b>Cash Generated from/(used in) Operations</b>	<b>2,899.40</b>	<b>3,393.83</b>
Less: Income Tax Paid (Net)	(21.40)	(547.03)
<b>Net Cash from/(used in) Operating Activities</b>	<b>2,878.00</b>	<b>2,846.80</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment & Capital Work-in-Progress	(1,748.55)	(4,633.08)
Movement of Biological Assets other than Bearer plants	(88.85)	-
Proceeds from sale of Property, Plant and Equipment	36.06	8.37
Interest Received	30.81	19.05
Dividend Received	0.06	0.75
<b>Net Cash from/(used in) Investing Activities</b>	<b>(1,770.47)</b>	<b>(4,604.91)</b>
<b>C. Cash Flow from Financing Activities</b>		
Interest paid on Lease Liabilities	(63.08)	(70.90)
Principal Repayment of Lease Liabilities	(126.36)	(109.10)
Finance Costs Paid	(1,206.55)	(1,137.99)
Dividend Paid	(213.23)	(170.58)
Proceeds/(Repayment) from Current Borrowings (Net)	459.38	(157.03)
Proceeds/(Repayment) from Long Term Borrowings (Net)	(288.48)	3,737.40
<b>Net Cash from/(used in) Financing Activities</b>	<b>(1,438.32)</b>	<b>2,091.80</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(330.79)</b>	<b>333.69</b>
Cash and Cash Equivalents at the beginning of the year	343.61	9.92
Cash and Cash Equivalents at the end of the year	12.82	343.61
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<b>(330.79)</b>	<b>333.69</b>
As per our report of even date attached	For and on behalf of the board	
<b>For P.N. Raghavendra Rao &amp; Co</b> Chartered Accountants Firm Registration No. : 003328S <b>Pon Arul Paraneedharan</b> - Partner Membership No : 212860 Salem May 27, 2023	<b>S. Devarajan</b> Chairman and Managing Director DIN : 00001910	<b>S. Dinakaran</b> Joint Managing Director DIN : 00001932
	<b>S. Natarajan</b> Company Secretary	<b>P. Boopalan</b> Chief Financial Officer


**Standalone Statement of Changes in Equity for the year ended 31.03.2023**
**A. Equity Share Capital**

(Rupees in Lakhs)

Year Ended	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
31.03.2023	427.55	–	427.55
31.03.2022	427.55	–	427.55

**B. Other Equity**

(Rupees in Lakhs)

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings		
Balance at the beginning of 01.04.2021	539.09	4,464.67	4,835.67	(162.13)	9,677.30
Profit/(Loss) for the year	–	–	1,451.73	–	1,451.73
Other Comprehensive Income	–	–	–	140.31	140.31
<b>Total Comprehensive Income for the year</b>	–	–	<b>1,451.73</b>	<b>140.31</b>	<b>1,592.04</b>
Dividend Paid	–	–	170.58	–	170.58
<b>Balance as of 31.03.2022</b>	<b>539.09</b>	<b>4,464.67</b>	<b>6,116.82</b>	<b>(21.82)</b>	<b>11,098.76</b>
Balance at the beginning of 01.04.2022	539.09	4,464.67	6,116.82	(21.82)	11,098.76
Profit/(Loss) for the year	–	–	(1,177.97)	–	(1,177.97)
Other Comprehensive income	–	–	–	(143.27)	(143.27)
<b>Total Comprehensive income for the year</b>	–	–	<b>(1,177.97)</b>	<b>(143.27)</b>	<b>(1,321.24)</b>
Dividend Paid	–	–	213.23	–	213.23
<b>Balance as of 31.03.2023</b>	<b>539.09</b>	<b>4,464.67</b>	<b>4,725.62</b>	<b>(165.09)</b>	<b>9,564.29</b>

**Notes :**

- (a) Dividends declared/paid during the year and amounts transferred to Retained Earnings Rs.213.23 lakhs (2021-22 Rs.170.58 lakhs).
- (b) Share application money pending allotment, Equity component of Compound financial instruments, Capital Reserves Debt/Equity instruments through OCI, effective portion of cash flow hedges, etc Rs.Nil (2021-22 Rs.Nil)

As per our report of even date attached

**For P.N. Raghavendra Rao & Co**

Chartered Accountants

Firm Registration No. : 003328S

**Pon Arul Paraneedharan - Partner**

Membership No : 212860

Salem

May 27, 2023

For and on behalf of the board

**S. Devarajan**

Chairman and Managing Director

DIN : 00001910

**S. Natarajan**

Company Secretary

**S. Dinakaran**

Joint Managing Director

DIN : 00001932

**P. Boopalan**

Chief Financial Officer



Notes to the Standalone Financial Statements NON-CURRENT ASSETS Note 1 : Property, Plant and Equipment										
Particulars	Freehold Land	Buildings	Plant and Equipment	Solar Equipment	Wind Energy Converters	Furniture and Fixtures	Vehicles	Office and Other Equipments	Total	Capital Work in Progress
<b>Gross Carrying amount</b>										
Balance as at 01.04.2021	2,212.16	3,259.65	7,836.89	-	1,742.32	6.09	355.87	65.31	15,478.29	28.61
Additions	31.96	37.75	447.97	4,024.92	-	1.41	5.91	6.12	4,556.04	105.65
Deletions/Adjustments	-	-	1.94	-	-	-	-	-	1.94	28.61
<b>Balance as at 31.03.2022</b>	<b>2,244.12</b>	<b>3,297.40</b>	<b>8,282.92</b>	<b>4,024.92</b>	<b>1,742.32</b>	<b>7.50</b>	<b>361.78</b>	<b>71.43</b>	<b>20,032.39</b>	<b>105.65</b>
Additions	-	310.01	1,271.45	58.02	-	0.69	10.50	19.67	1,670.34	183.86
Deletions/Adjustments	-	-	4.74	-	-	-	8.91	-	13.65	105.65
<b>Balance as at 31.03.2023</b>	<b>2,244.12</b>	<b>3,607.41</b>	<b>9,549.63</b>	<b>4,082.94</b>	<b>1,742.32</b>	<b>8.19</b>	<b>363.37</b>	<b>91.10</b>	<b>21,689.08</b>	<b>183.86</b>
<b>Accumulated Depreciation</b>										
Balance as at 01.04.2021	-	672.39	3,001.16	-	1,190.92	4.95	184.02	22.81	5,076.25	-
Depreciation for the year	-	133.07	814.78	21.24	183.15	0.23	38.72	8.83	1,200.02	-
Withdrawn	-	-	1.94	-	-	-	-	-	1.94	-
<b>Balance as at 31.03.2022</b>	<b>-</b>	<b>805.46</b>	<b>3,814.00</b>	<b>21.24</b>	<b>1,374.07</b>	<b>5.18</b>	<b>222.74</b>	<b>31.64</b>	<b>6,274.33</b>	<b>-</b>
Depreciation for the year	-	139.29	851.47	274.34	62.23	0.33	38.68	9.94	1,376.28	-
Withdrawn	-	-	1.18	-	-	-	1.74	-	2.92	-
<b>Balance as at 31.03.2023</b>	<b>-</b>	<b>944.75</b>	<b>4,664.29</b>	<b>295.58</b>	<b>1,436.30</b>	<b>5.51</b>	<b>259.68</b>	<b>41.58</b>	<b>7,647.69</b>	<b>-</b>
<b>Net Carrying amount</b>										
Balance as at 31.03.2022	2,244.12	2,491.94	4,468.92	4,003.68	368.25	2.32	139.04	39.79	13,758.06	105.65
Balance as at 31.03.2023	2,244.12	2,662.66	4,885.34	3,787.36	306.02	2.68	103.69	49.52	14,041.39	183.86

Particulars	Capital Work in Progress Ageing Schedule (Rupees in Lakhs)			
	Amount in CWIP for a period of			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
<b>As at 31.03.2023</b>				
Projects in progress	183.86	-	-	-
Projects temporarily suspended	-	-	-	-
<b>As at 31.03.2022</b>				
Projects in progress	105.65	-	-	-
Projects temporarily suspended	-	-	-	-
				Total
				183.86
				105.65
				-


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements**
**Note :**
**(Rupees in Lakhs)**

1. Impairment loss recognized/reversed during the year Rs. Nil (2021-22 Rs.Nil)
2. Amount of Contractual Commitments for acquisition of Property, Plant and Equipment - Refer Note No.43
3. For details of Property, Plant and Equipment given as security against borrowings - Refer Note No.46
4. The Company has capitalised the specific borrowing cost of Rs. 17.95 lakhs (2021-22 Rs. Nil) during the period on the qualified assets.
5. All the immovable properties are held in the name of the Company.
6. There are no proceedings initiated during the year or are pending against the company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
7. The Company does not have any Capital work-in-progress (CWIP) whose completion is overdue or has exceeded its original planned cost. All CWIP is expected to be completed in less than 1 year.

**Note 2 : Right of Use Assets**

Particulars	Total
<b>Leasehold Land and Buildings</b>	
<b>Gross Carrying amount</b>	
<b>Balance as at 01.04.2021</b>	<b>787.34</b>
Additions	-
Deletions/Adjustments	-
<b>Balance as at 31.03.2022</b>	<b>787.34</b>
Additions	40.67
Deletions/Adjustments	-
<b>Balance as at 31.03.2023</b>	<b>828.01</b>
<b>Accumulated Depreciation</b>	
<b>Balance as at 01.04.2021</b>	<b>111.79</b>
Depreciation for the year	134.15
Withdrawn	-
<b>Balance as at 31.03.2022</b>	<b>245.94</b>
Depreciation for the year	141.22
Withdrawn	-
<b>Balance as at 31.03.2023</b>	<b>387.16</b>
<b>Net Carrying amount</b>	
<b>Balance as at 31.03.2022</b>	<b>541.40</b>
<b>Balance as at 31.03.2023</b>	<b>440.85</b>

**Notes :**

1. Lease hold land and buildings is pursuant to application of Ind AS 116. Refer Note No. 47
2. Lease agreements are duly executed in favour of the company.





## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

## Note 3 : Intangible Assets

Particulars	Total
<b>Computer Software</b>	
<b>Gross Carrying amount</b>	
Balance as at 01.04.2021	0.48
Additions	—
Deletions/Adjustments	—
Balance as at 31.03.2022	0.48
Additions	—
Deletions/Adjustments	—
Balance as at 31.03.2023	0.48
<b>Accumulated Depreciation</b>	
Balance as at 01.04.2021	0.44
Amortisation for the year	—
Withdrawn	—
Balance as at 31.03.2022	0.44
Amortisation for the year	—
Withdrawn	—
Balance as at 31.03.2023	0.44
<b>Net Carrying amount</b>	
Balance as at 31.03.2022	0.04
Balance as at 31.03.2023	0.04

## Notes :

1. Impairment loss recognized/reversed during the year Rs.Nil (2021-22 Rs.Nil)

## Note 4 : Biological Assets other than Bearer plants

Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
Biological Assets - Cattles		88.85	—
		<u>88.85</u>	<u>—</u>
<b>Reconciliation of Carrying amount</b>			
Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
Balance at the beginning of the year		—	—
Cattles purchased during the year		81.90	—
Change in Fair Value/Cattles matured during the year		6.95	—
Cattles sold/discarded during the year		—	—
Balance at the end of the year		<u>88.85</u>	<u>—</u>

## Note :

1. As at 31.03.2023, there were 212 cattles as biological assets (31.03.2022 : Nil)
2. The fair valuation of biological assets is classified as Level 2 in the fair value hierarchy as they are determined based on the best available quote from the nearest market on the basis of age of cows and calves.



Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)		
Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 5 : Non - Current Financial Assets - Investments</b>		
<b>Investments in Equity instruments</b>		
<b>I. Quoted Equity Shares - At FVTPL</b>		
<b>Others</b>		
1,463 (31.03.2022 : 1,463) Equity shares of Rs.10 each in Karnataka Bank Limited	1.99	0.81
<b>II. Unquoted Equity Shares</b>		
<b>Associates</b>		
19,90,000 (31.03.2022 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	199.00	199.00
7,04,060 (31.03.2022 : 7,04,060) Equity shares of Rs.10 each in Salem IVF Centre Private Limited	70.41	70.41
<b>Others - At FVTPL</b>		
1,07,500 (31.03.2022 : 1,07,500) Equity shares of Rs.10 each in Sambandam Dairy Farm Limited (Previously known as Sambandam Investment and Leasing Limited)	19.06	20.73
	<u>290.46</u>	<u>290.95</u>
Less : Provision for diminution in value towards		
Salem IVF Centre Private Limited	70.41	70.41
SPMM Health Care Services Private Limited	-	45.29
	<u>220.05</u>	<u>175.25</u>
Aggregate cost of Quoted Investments	0.15	0.15
Aggregate market value of Quoted Investments	1.99	0.81
Aggregate amount of unquoted Investments	288.47	290.14
Aggregate amount of impairment in value of Investments	70.41	115.70
<b>Note :</b> All the investments made by the Company are fully paid-up unless otherwise stated		
<b>Note 6 : Other Non Current Financial Assets</b>		
<b>Unsecured and Considered Good</b>		
Security Deposits		
with Related Parties	23.00	23.00
with Others	417.90	332.04
Bank deposits with original maturity of greater than 12 months	0.10	0.10
	<u>441.00</u>	<u>355.14</u>
<b>Note 7 : Other Non Current Assets</b>		
<b>Unsecured and Considered Good, unless otherwise stated</b>		
Amount recoverable from employee ( Refer Note. 51)		
Considered good	250.00	250.00
Considered doubtful	1,059.26	1,059.26
	<u>1,309.26</u>	<u>1,309.26</u>
Less : Provision for doubtful amount	1,059.26	1,059.26
	<u>250.00</u>	<u>250.00</u>
Capital Advances	49.35	337.75
	<u>299.35</u>	<u>587.75</u>
<b>Note 8 : Inventories</b>		
Raw materials	3,046.83	4,563.76
Work-in-progress	2,146.67	2,000.91
Finished goods - Yarn	1,682.48	3,676.81
Stores and spares	40.40	60.78
	<u>6,916.38</u>	<u>10,302.26</u>
<b>Note :</b>		
1. There are no goods in transit as at the end of the current reporting period and the previous reporting period.		
2. Cost of materials consumed during the year, Refer Note No. 30		



## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 9 : Trade Receivables</b>		
Undisputed, Unsecured - Considered Good Related Parties (Note No.45)	136.18	6.47
Undisputed, Unsecured - Considered Good Others	2,985.13	3,685.59
Undisputed, Unsecured - Credit Impaired	35.77	-
	<u>3,157.08</u>	<u>3,692.06</u>
Less : Provision for Expected Credit Losses	35.77	-
	<u>3,121.31</u>	<u>3,692.06</u>

## Trade Receivables Ageing as on 31.03.2023

Particulars	Outstanding as on 31.03.2023 for the following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 year - 2 year	2 year - 3 year	More than 3 year	
<b>Undisputed Trade receivables</b>							
Undisputed considered good related parties	134.14	2.04	-	-	-	-	136.18
Undisputed considered good others	1,256.29	1,608.61	67.60	0.94	16.19	35.50	2,985.13
Undisputed which have significant credit risk	-	-	-	-	-	-	-
Undisputed credit impaired	-	-	0.84	1.43	9.69	23.81	35.77
<b>Disputed Trade receivables</b>	-	-	-	-	-	-	-
<b>Total</b>	<b>1,390.43</b>	<b>1,610.65</b>	<b>68.44</b>	<b>2.37</b>	<b>25.88</b>	<b>59.31</b>	<b>3,157.08</b>

## Trade Receivables Ageing as on 31.03.2022

Particulars	Outstanding as on 31.03.2022 for the following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 year - 2 year	2 year - 3 year	More than 3 year	
<b>Undisputed Trade receivables</b>							
Undisputed considered good related parties	5.36	1.11	-	-	-	-	6.47
Undisputed considered good others	1,675.88	1,901.21	7.73	22.85	68.88	9.04	3,685.59
Undisputed which have significant credit risk	-	-	-	-	-	-	-
Undisputed credit impaired	-	-	-	-	-	-	-
<b>Disputed Trade receivables</b>	-	-	-	-	-	-	-
<b>Total</b>	<b>1,681.24</b>	<b>1,902.32</b>	<b>7.73</b>	<b>22.85</b>	<b>68.88</b>	<b>9.04</b>	<b>3,692.06</b>

## Note 10a : Cash and Cash Equivalents

Balances with Banks in Current Account	9.35	342.39
Cash on hand	3.47	1.22
	<u>12.82</u>	<u>343.61</u>


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 10b : Bank Balances other than Cash and Cash Equivalents</b>		
Earmarked Balances with banks		
Balance in Unclaimed Dividend accounts	10.43	9.83
Liquid assets deposits #	55.00	50.00
Deposits with Banks held as margin money #	17.98	402.78
	<u>83.41</u>	<u>462.61</u>
# represents deposits with original maturity of more than 3 months and less than 12 months		
<b>Note 11 : Other Current Financial Assets</b>		
Security Deposits		
with Related Parties	134.30	152.27
with Others	123.39	-
Interest accrued on deposits	2.10	14.75
Export incentive receivable	1.92	-
Employee advances	18.10	17.53
Rent receivable - from related party	-	4.05
- from others	-	1.25
Other receivable	22.06	22.12
	<u>301.87</u>	<u>211.97</u>
<b>Note 12 : Current Tax Assets/(Liabilities) - Net</b>		
Opening balance	(15.40)	(46.23)
Net Taxes paid/(refund) for the year	21.40	30.83
Current Tax Assets/(Liabilities) - Net	<u>6.00</u>	<u>(15.40)</u>
<b>Note 13 : Other Current Assets</b>		
<b>Unsecured Considered Good</b>		
Prepaid expenses	98.11	119.75
Supplier advances	240.22	188.17
Balance with Government Authorities	1,443.91	1,324.56
	<u>1,782.24</u>	<u>1,632.48</u>
<b>Note 14 : Equity Share Capital</b>		
<b>Authorised</b>		
50,00,000 Equity Shares (31.03.2022 : 50,00,000) of Rs. 10 each with voting rights	<u>500.00</u>	<u>500.00</u>
<b>Issued</b>		
42,86,400 Equity Shares (31.03.2022 : 42,86,400) of Rs. 10 each with voting rights	<u>428.64</u>	<u>428.64</u>
<b>Subscribed and paid up share capital</b>		
42,64,600 Equity Shares (31.03.2022 : 42,64,600) of Rs. 10 each with voting rights	426.46	426.46
Add : Forfeited Shares (Amount originally paid in respect of 21,800 Equity Shares)	1.09	1.09
	<u>427.55</u>	<u>427.55</u>

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

Particulars	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Amount (Rs. in Lakhs)	No. of Shares	Amount (Rs. in Lakhs)
<b>Equity Shares</b>				
At the beginning of the period	42,64,600	426.46	42,64,600	426.46
At the end of the period	42,64,600	426.46	42,64,600	426.46



## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at	
	31.03.2023	31.03.2022

## b. Terms/rights and restrictions in respect of Equity Shares

The Company has only one class of equity shares having face 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. The Company declares and pays dividend in Indian rupees. The dividend recommended by the Board of Directors is subject to the approval of shareholders at the ensuing Annual General Meeting.

## c. Details of shareholders holding more than 5% Shares in the Company

Name of the Shareholder	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>Equity Shares with voting rights</b>				
S. Devarajan	5,25,419	12.32%	5,25,419	12.32%
S. Jegarajan	4,88,576	11.46%	4,88,576	11.46%
S. Dinakaran	4,19,044	9.83%	4,19,044	9.83%

## d. Details of shareholding of Promoters in the Company #

Name of the Shareholder	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>Equity Shares with voting rights</b>				
S. Devarajan	5,25,419	12.32%	5,25,419	12.32%
S. Jegarajan	4,88,576	11.46%	4,88,576	11.46%
S. Dinakaran	4,19,044	9.83%	4,19,044	9.83%
R. Natarajan	1,92,390	4.51%	1,92,390	4.51%
D. Saradhamani	1,01,180	2.37%	1,01,180	2.37%
D. Sudharshan	88,760	2.08%	88,760	2.08%
D. Senthilnathan	81,180	1.90%	81,180	1.90%
N. Porkodi	61,880	1.45%	61,880	1.45%
D. Rathipriya	41,580	0.98%	41,580	0.98%
V. Valarnila	37,160	0.87%	37,160	0.87%
D. Manjula	30,540	0.72%	30,540	0.72%
Ramya Jegarajan	26,540	0.62%	26,540	0.62%
J. Parameswari	22,575	0.53%	22,575	0.53%
J. Sakthivel	14,700	0.34%	14,700	0.34%
N. Usha	14,250	0.33%	14,250	0.33%
S. Sivakumar	6,928	0.16%	6,928	0.16%
D. Niranjankumar	5,800	0.14%	5,800	0.14%
D. Minusakthipriya	4,000	0.09%	4,000	0.09%
D. Anupama	3,220	0.08%	3,220	0.08%
R. Selvarajan	101	0.00%	101	0.00%
A. Sarayu	186	0.00%	186	0.00%
	<b>21,66,009</b>	<b>50.79%</b>	21,66,009	50.79%

# There is no change in the shareholding of promoters as compared to the previous year

## e. 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 at 31.03.2023 is Rs. Nil (31.03.2022 : Rs. Nil).


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
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**Note 15 : Other Equity**

Particulars	Note No	As at 31.03.2023	As at 31.03.2022
Securities Premium Reserve	A	539.09	539.09
General Reserve	B	4,464.67	4,464.67
Retained Earnings	C	4,725.62	6,116.82
Other Comprehensive Income	D	(165.09)	(21.82)
		<u>9,564.29</u>	<u>11,098.76</u>

Refer Statement of Changes in Equity for additions/ deletions during the period

**Notes :**

- A. Securities Premium Reserve represents premium received on issue of Equity Shares, 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. Retained earnings includes Revaluation reserve of Rs. 2707.94 lakhs which was transferred to retained earnings on the transition date, may not be available for distribution.
- D. Other Comprehensive Income represents the cumulative gain/loss arising on remeasurement of defined benefit obligation. This would not be reclassified to the Statement of Profit and Loss.

**NON-CURRENT LIABILITIES**
**Note 16 : Financial Liabilities - Long Term Borrowings**
**Secured Borrowings**

Term loan from Banks	5,623.99	4,750.98
Buyers Credit facility in Foreign currency	-	1,232.89

**Unsecured Borrowings**

From Directors	52.00	4.50
Fixed Deposits from members	555.22	531.32
	<u>6,231.21</u>	<u>6,519.69</u>

**Note :**

1. Refer Note 22 for Current maturities of Non Current Borrowings
2. Refer Note 46 for Nature of security for Borrowings
3. Refer Note 45 for Borrowings from Related parties
4. The company has utilised the borrowings only for the intended purpose for which the borrowings were availed.
5. The company has not utilised the borrowings raised on short term basis for long term puposes.

**Note 17 : Lease Liabilities (Non-Current)**

Lease Liabilities from Related party (Ind AS 116)	357.54	473.92
	<u>357.54</u>	<u>473.92</u>

**Note :**

1. Refer Note 23 for Current Maturities of Lease Liabilities
2. Refer Note 47 for disclosure under Ind AS 116
3. Refer Note 45 for Lease Liabilities from Related parties

**Note 18 : Other Non Current Financial Liabilities**

Security Deposits		
from Related parties	4.50	4.50
from Others	0.73	0.73
	<u>5.23</u>	<u>5.23</u>



## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 19 : Non -Current Provisions</b>		
Provision for Employee benefits		
Compensated absences	151.33	453.98
Contribution to Gratuity Fund	242.39	54.95
	<u>393.72</u>	<u>508.93</u>
<b>Note 20 : Deferred Tax Liabilities (Net)</b>		
Deferred Tax Liabilities	1,485.32	1,290.89
Deferred Tax Assets	700.50	123.89
Net Deferred Tax Liabilities	<u>784.82</u>	<u>1,167.00</u>
<b>Note :</b> Refer Note. 40 for details of Deferred Tax Liabilities and Assets		
<b>Note 21 : Other Non Current Liabilities</b>		
Deferred Government Grant (EPCG)	-	11.35
Other payables	255.59	-
	<u>255.59</u>	<u>11.35</u>
<b>CURRENT LIABILITIES</b>		
<b>Note 22 : Financial Liabilities - Short Term Borrowings</b>		
<b>Secured Borrowings</b>		
Cash Credit facilities from Banks	4,921.38	4,851.14
Current Maturities of Long Term Borrowings	1,862.03	1,472.89
	<u>6,783.41</u>	<u>6,324.03</u>
<b>Note :</b>		
1. Refer Note 46 for Nature of Security for Borrowings		
2. The Quarterly returns/statement of Current Assets filed by the Company with banks are in agreement with the books of account		
<b>Note 23 : Lease Liabilities (Current)</b>		
Lease Liabilities from Related party (Ind AS 116)	141.29	110.59
	<u>141.29</u>	<u>110.59</u>
<b>Note :</b>		
1. Refer Note 47 for Disclosure under Ind AS 116		
2. Refer Note 45 for Lease Liabilities from Related parties		
<b>Note 24 : Trade Payables</b>		
Outstanding dues of trade payables to		
a) Micro and Small Enterprises	144.13	384.63
b) Other than Micro and Small Enterprises	2,054.09	3,889.87
	<u>2,198.22</u>	<u>4,274.50</u>

## Trade payables Ageings as on 31.03.2023

Particulars	Outstanding as at 31.03.2023 for the following periods from the due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
a) MSME	144.13	-	-	-	144.13
b) Others	2,029.83	6.60	6.19	11.47	2,054.09
c) Disputed Dues - MSME	-	-	-	-	-
d) Disputed Dues - Others	-	-	-	-	-
<b>Total</b>	<b>2,173.96</b>	<b>6.60</b>	<b>6.19</b>	<b>11.47</b>	<b>2,198.22</b>



## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
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## Trade payables Ageings as on 31.03.2022

Particulars	Outstanding as at 31.03.2022 for the following periods from the due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
a) MSME	384.63	-	-	-	384.63
b) Others	3,822.12	8.38	7.11	52.26	3,889.87
c) Disputed Dues - MSME	-	-	-	-	-
d) Disputed Dues - Others	-	-	-	-	-
<b>Total</b>	<b>4,206.75</b>	<b>8.38</b>	<b>7.11</b>	<b>52.26</b>	<b>4,274.50</b>

**Note :**

The outstanding dues to Micro and Small Enterprises have been determined based on the information available with the Management. There are no outstanding dues to Micro and Small Enterprises exceeding 45 days from the date of acceptance.

**Additional Disclosure :**

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:

i) Principal amount due to suppliers under MSMED Act, as at the end of the year	<b>144.13</b>	384.63
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)	-	-

**Note 25 : Other Current Financial Liabilities**

Interest accrued but not due on borrowings	<b>31.06</b>	15.14
Unclaimed Dividends	<b>10.43</b>	9.83
Accrued expenses/liabilities	<b>165.68</b>	343.39
Employee payables	<b>404.86</b>	547.07
	<b>612.03</b>	915.43

**Note 26 : Other Current Liabilities**

Advance from customers	<b>77.93</b>	211.62
Statutory liabilities	<b>38.23</b>	51.18
	<b>116.16</b>	262.80

**Note 27 : Current Provisions**

Provision for Employee benefits	<b>68.36</b>	53.10
Contribution to Gratuity Fund	<b>68.36</b>	53.10





## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>Note 28 : Revenue from Operations</b>		
Sale of products		
Yarn	25,288.27	34,296.10
Fabric sales	6.74	87.41
Process waste	833.93	971.67
	<u>26,128.94</u>	<u>35,355.18</u>
Other Operating revenues		
Power generated by Wind Energy Converters (Net of Captive generation)	150.56	117.07
Scrap sales	13.21	5.25
Export incentives	32.43	16.43
	<u>196.20</u>	<u>138.75</u>
Total Revenue from Operations	<u>26,325.14</u>	<u>35,493.93</u>
<b>Note 29 : Other Income</b>		
Interest Income	30.81	19.05
Dividend income from Non-current investments	0.06	0.75
Other non-operating income		
Rent received	10.76	10.66
Certification charges	4.89	4.14
Profit on sale of Property, Plant and Equipment	25.32	8.37
Net Gain or Loss arising on Fair Value of Financial Asset and		
Impairment Provision	44.80	(0.08)
Provisions written back	303.34	-
	<u>419.98</u>	<u>42.89</u>
<b>Note 30 : Cost of Materials Consumed</b>		
Opening Stock of Raw materials	4,563.76	6,738.05
Add : Purchase of Raw materials	15,814.05	21,663.95
	<u>20,377.81</u>	<u>28,402.00</u>
Less : Closing Stock of Raw materials	3,046.83	4,563.76
Raw materials consumed	17,330.98	23,838.24
Others	7.43	25.42
	<u>17,338.41</u>	<u>23,863.66</u>
<b>Note 31 : Changes in Inventories of Finished Goods and Work-in-Progress</b>		
<b>Inventories at the end of the year</b>		
Finished Goods	1,682.48	3,676.81
Work-in-Progress	2,146.67	2,000.91
	<u>3,829.15</u>	<u>5,677.72</u>
<b>Inventories at the beginning of the year</b>		
Finished Goods	3,676.81	1,082.52
Work-in-Progress	2,000.91	1,826.38
	<u>5,677.72</u>	<u>2,908.90</u>
<b>Net Change in Inventories of Finished Goods and Work-in-Progress</b>	<u>1,848.57</u>	<u>(2,768.82)</u>
<b>Note 32 : Employee Benefits Expense</b>		
Salaries, Wages and Bonus	2,697.73	3,340.10
Contribution to Provident, Gratuity and other funds	258.48	407.37
Staff Welfare expenses	125.73	303.56
	<u>3,081.94</u>	<u>4,051.03</u>
<b>Note 33 : Finance Costs</b>		
Interest Expenses on Borrowings	1,150.12	1,156.91
Interest on lease liabilities (Ind AS 116)	63.08	70.90
Foreign Exchange Loss (Net)	40.51	-
Other borrowing costs - Premium on Forward Contracts	-	(23.03)
	<u>1,253.71</u>	<u>1,204.78</u>


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>Note 34 : Depreciation and Amortisation Expense</b>		
<b>Property, Plant and Equipment</b>		
Buildings	139.29	133.07
Plant and Machinery	851.47	814.78
Wind Energy Converters	62.23	183.15
Solar Equipments	274.34	21.24
Furniture and Fixtures	0.33	0.23
Office and Other Equipments	9.94	8.83
Vehicles	38.68	38.72
	<u>1,376.28</u>	<u>1,200.02</u>
<b>Right of Use Asset</b>		
Land and Buildings	141.22	134.15
	<u>141.22</u>	<u>134.15</u>
<b>Intangible Assets</b>		
Computer Software	-	-
	<u>-</u>	<u>-</u>
	<u>1,517.50</u>	<u>1,334.17</u>
Refer note 1, 2 and 3 on Property, Plant and Equipments, Right of Use Asset and Intangible Assets		
<b>Note 35 : Other Expenses</b>		
Cotton dyeing charges	121.47	243.30
Fabric conversion charges	4.50	28.03
Yarn mercerising and doubling charges	202.82	129.03
Consumption of stores and spares	411.58	716.80
Power and fuel (Net)	911.07	2,684.36
Rent	0.12	8.99
Repairs and maintenance - Buildings	90.52	248.61
- Plant and Machinery	332.00	347.50
- Others	19.23	8.86
Insurance	53.97	25.66
Rates and taxes	61.56	51.86
Packing and forwarding chages	179.02	315.23
Sales Promotion Expenses	60.19	11.36
Printing and Stationery	12.33	10.14
Postage and Courier	11.97	4.54
Telephone and Internet Charges	8.53	6.39
Brokerage and Commission on sales	199.56	330.49
Auditor Remuneration	8.00	8.00
Legal and Professional charges	58.31	37.06
Travel and Vehicle upkeep expenses	253.38	275.68
Donation and Charity	0.13	5.06
Directors' sitting fees	30.00	30.60
Coporate Social Responsibility Expenditure (Refer Note No. 38)	25.31	12.46
Provision for Expected Credit Losses	35.77	-
Bad debts	-	4.67
Bank and Other financial charges	65.63	77.59
Miscellaneous Expenses	57.83	80.64
	<u>3,214.80</u>	<u>5,702.91</u>
<b>Notes : Breakup of Auditor's Remuneration :</b>		
<b>Payment to Auditors as</b>		
i) Statutory audit	8.00	8.00
ii) Taxation matters	-	-
iii) Other services	-	-

**Note No. 36****Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023****1. Corporate Information:**

Sambandam Spinning Mills Limited (the 'Company') is a listed Public Company having its registered in Mill Premises, Kamaraj Nagar Colony, Salem District - 636 014, Tamil Nadu State. The Company's 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, 12.35 MW Wind Energy Converters located in Tirunelveli District, Tamil Nadu State and 9MW of solar energy plants which produce electricity for its own consumption and for sale.

The Board of Directors approved the standalone financial statements for the year ended 31st March 2023 at their Board meeting held on 27th May 2023.

**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 of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules 2015, as amended and other relevant provisions of the Act. The financial statements comply in all material aspects with Ind AS notified under the Act read with other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

**(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.

The fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset/liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

**(iii) Current and Non - Current Classification**

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013.

Deferred Tax assets and liabilities are classified as Non-current assets and liabilities.

The company has identified Twelve months for the classification as current and non current.

**(iv) 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.



**Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023 (Contd...)**

**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 exchange rates are generally recognized in the Statement of Profit and Loss.

**c) Revenue Recognition**

Revenue from contracts with customers is recognized on transfer of control of promised goods or service to a customer at an amount that reflects the consideration to which the company is expected to be entitled to in exchange for those goods or services. The company recognizes the revenue at the amount of transaction price on the satisfaction of performance obligation. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

Revenue is recognized only to the extent that is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

**Sale of products**

Timing of recognition – Revenue from sale of products is recognized when the performance obligations are satisfied and the control of the products is transferred to customers based on the terms of contract. Revenue is recognized when collectability of the resulting receivable is reasonably assured.

Measurement of revenue -Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers as specified in the terms of contract with customers. 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 recognized based on the contractual rates with the customers and the credit granted by the regulatory authorities to the said customers for units generated.

**Other Operating revenues**

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

**d) Other Income**

Other income comprising of interest income and rental income are accounted on accrual basis.

Dividend income from investments is recognized 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).



**Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023 (Contd...)**

**e) Government Grants**

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

Government grants are recognized 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) Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current tax is the amount of income tax payable in respect of taxable profit for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The 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.

**Deferred Tax**

Deferred tax is provided using the balance sheet 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 recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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. Unrecognized deferred tax assets are re-assessed at each reporting date and recognized 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 is recognized in Statement of Profit and Loss, except to the extent relates to items recognized in Other Comprehensive Income, in which case, it is recognized in Other Comprehensive Income. 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.



**Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023 (Contd...)**

The lease liability is initially measured at amortised 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.

**As a lessor :**

The Company classifies the lease when it does not transfer substantially all the risks and rewards of ownership of an asset as operating leases. The rental income under operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

**h) Property, Plant and Equipment**

Property, Plant and Equipment are measured at cost net of tax / duty credit availed less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Cost includes related taxes, duties, freight, insurance etc., attributable to acquisition and installation of assets and borrowing cost incurred up to the date of commencing operations, but excludes duties and taxes that are recoverable from taxing authorities.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit 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 a separate asset is derecognized when replaced. Cost in the nature of repairs and maintenance are recognized in the Statement of Profit and Loss during the reporting period in which they are incurred.

Assets which are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest. Advances given towards acquisition of Property, Plant and Equipment outstanding at each balance sheet date are disclosed as Capital Advances under Other Non-Current Assets.

**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.

**Depreciation/Amortisation methods, estimated useful lives and residual value**

Depreciation is calculated using the straight-line basis and the rates arrived are 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 year's)
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- rata basis on the assets acquired during the year. Leasehold asset's 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.



**Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023 (Contd...)**

**Derecognition**

An item of Property, plant and equipment is derecognized upon disposal / when no future economic benefits are expected to arise from the continued use of assets. Gains or losses on disposal are determined by comparing proceeds with the carrying amount.

**i) Intangible assets**

**i) Recognition**

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

**ii) Amortisation 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 recognized 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 that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**k) Biological Assets:  
Livestock - Cattles**

Livestock are measured at fair value less cost to sell. Costs to sell include the transportation charges for transporting the cattle to the market but excludes finance costs and income taxes. Changes in fair value of livestock are recognized in the Statement of Profit and Loss. Costs such as vaccination, fodder and other expenses are expensed as incurred.

**l) Cash Flow Statement & Cash and Cash Equivalents**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

For the purpose of presentation in the Cash flow statement, 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.

**m) Trade Receivables**

Trade receivables are recognized initially at transaction price.

**n) 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.



**Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023 (Contd...)**

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.

**o) 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 Ind AS 36. Any impairment loss reduces the carrying value of the investment. The impairment losses so recognized is limited to the carrying value of the investment.

**p) Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument.

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

**Financial Assets**

**i) Classification**

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

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) 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 only when its business model for managing those assets changes.

**ii) Initial Recognition**

All financial assets are recognized initially at fair value, plus in the case of financial assets not at recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. However, trade receivables that do not contain a significant financing component are measured at transaction price.



**Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023 (Contd...)****iii) Subsequent measurement**

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets 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 represents the 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 recognized 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 asset's 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 recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized 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 (FVTPL) :**

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 recognized 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 associates) at fair value. Dividends from such investment are recognized 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 recognized in the other income.

**iv) Impairment of Financial Assets**

The Company assesses the expected credit losses associated with its assets carried at amortised cost in accordance with Ind AS 109. The Company recognizes impairment losses on its financial assets based on whether there has been a significant increase in credit risk. The Company applies the simplified approach in accordance with Ind AS 109 Financial Instruments on trade receivables, where lifetime impairment losses is recognized at each reporting date, right from initial recognition of the receivables.

The Company recognizes impairment loss on other financial assets measured at fair value at amortised cost, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk has not increased significantly, an amount equal to 12 month expected credit losses is measured as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime expected credit losses is measured and recognized as loss allowance.



**Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023 (Contd...)**

**v) Derecognition of Financial Assets**

A financial asset is derecognized only when

- a) The company has transferred the rights to receive cash flow from the financial asset or
- b) The rights to receive the cash flows of the financial assets have expired

**q) 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.

**r) 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.

**Financial Liabilities**

**Classification as debt or equity**

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

**Initial Recognition and Measurement**

All financial liabilities are initially recognized at the value of respective contractual obligations. The Company's financial liabilities includes loans and borrowings, trade and other payables are recognized at net of directly attributable transaction costs

**Subsequent Measurement**

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

**Derecognition of Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de- recognition of the original financial liability and the recognition of a new financial liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**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.



**Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023 (Contd...)**

**t) Provisions and Contingencies**

Provisions for legal claims and returns are recognized 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 recognized for future operating losses

When the effect of time value of money is material, the 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 finance costs.

A contingent liability is disclosed whenever there is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events is not recognized as it is not probable to determine the reliability and outflow of resources that will be required to settle the obligation.

**u) Employee benefits**

**(i) Short-term obligations**

All employee benefits that are expected to be settled within 12 months in which the employees render the related service are classified as short-term employee benefits and are recognized in respect of employee's services up to the end of the reporting period. 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. Therefore they are 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 and employee state insurance.

**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.



**Statement of Significant Accounting Policies forming part of the Standalone Financial Statements for the year ended March 31, 2023 (Contd...)**

Remeasurement of gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in Other Comprehensive Income in the period in which they occur.

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 and employee state insurance 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.

**v) Earning per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- a) The profit/(loss) attributable to owners of the company
- b) By the weighted average number of equity shares outstanding during the financial year.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

**(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:

- a) The profit/(loss) for the period attributable to the owners of the company
- b) The weighted average number of equity shares outstanding during the financial year, is adjusted for the effects of the all the dilutive potential equity shares.

**w) 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.


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>Note 37 : Details of Undisclosed Income, if any</b>		
The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961).		
<b>Note 38 : Expenditure incurred on Corporate Social Responsibilities</b>		
i) Gross amount required to be spent by the Company during the year	23.11	12.43
ii) Amount spent during the year	25.31	12.46
iii) Amount unspent as at the year end (shortfall)	-	-
iv) Total of previous years shortfall	-	-
<b>Nature of CSR activities</b>		
i) Promoting Healthcare and Sanitation	5.61	7.45
ii) Promoting Education	5.35	-
iii) Contribution to S. Palaniandi Mudaliar Charitable Trust (Related party)	14.35	5.01
<b>Total Expenditure incurred</b>	<b>25.31</b>	<b>12.46</b>
Balance to be carried forward	2.20	-
<b>Other disclosures with respect to Corporate Social Responsibility expenditure:</b>		
i) The Company has not made any provision in relation to CSR expenditure during the year and any previous year.		
<b>Note 39 : Details of Crypto Currency or Virtual Currency, if any</b>		
The Company has not traded or invested in Crypto currency or Virtual currency during the financial year ended 31.03.2023.		
<b>Note 40 : Tax Expenses</b>		
The major component of income tax expenses for the years ended 31.03.2023 and 31.03.2022 are as follows:		
<b>a) Tax Expenses/(Benefit) recognised in Statement of Profit and Loss</b>		
<b>Current Tax Expenses</b>		
In respect of the current year	-	512.36
In respect of the earlier year	-	-
	-	512.36
<b>Deferred Tax Expenses/(Benefit)</b>		
In respect of the current year	(331.84)	185.00
	(331.84)	185.00
<b>Income Tax Expenses/(Benefit) recognised in the Statement of Profit and Loss</b>		
	(331.84)	697.36
<b>b) Tax Expenses recognised in Other Comprehensive Income</b>		
Remeasurement of Defined Benefit Plans	(50.34)	57.64
<b>Income Tax Expenses/(Benefit) recognised in Other Comprehensive Income</b>	<b>(50.34)</b>	<b>57.64</b>


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>Reconciliation of Income Tax Expenses/(Benefit) and accounting profit:</b>		
The Income Tax expenses/(benefit) for the year can be reconciled to the accounting profit of the year as follows:		
<b>Profit/(Loss) Before Tax from Continuing operations</b>	<b>(1,509.81)</b>	2,149.09
Income Tax Rate	<b>26.00%</b>	27.82%
Income Tax Expenses calculated	<b>(392.55)</b>	597.88
<b>Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income</b>		
Expenses that are not deductible in determining taxable profit	<b>621.88</b>	650.02
Expenses that are deductible in determining taxable profit	<b>(561.17)</b>	(550.54)
<b>Income tax expense/(benefit) recognised in Statement of profit and loss (relating to continuing operations)</b>	<b>(331.84)</b>	697.36

1. The surcharge has not been considered as the Company has incurred loss during the reporting period.
2. The Company has made an assessment on the impact of Section 115BAA of the Income Tax Act, 1961 and decided to continue with the existing tax structure.

**Movement of Deferred Tax Expenses/(Income) during the year:**

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.

The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

Year Ended 31.03.2023 (Rupees in Lakhs)				
Particulars	Opening balance	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Closing Balance
<b>Deferred Tax (Liabilities)/Assets in relation to:</b>				
Property, Plant, and Equipment and Intangible Assets	(1,290.89)	(194.43)	-	(1,485.32)
Difference in treatment of expenses and Remeasurement of Defined Benefit Plans	123.89	(30.91)	50.34	143.32
Carry Forward Losses	-	557.18	-	557.18
	<b>(1,167.00)</b>	<b>331.84</b>	<b>50.34</b>	<b>(784.82)</b>
Year Ended 31.03.2022 (Rupees in Lakhs)				
Particulars	Opening balance	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Closing Balance
<b>Deferred Tax (Liabilities)/Assets in relation to:</b>				
Property, Plant, and Equipment and Intangible Assets	(1,068.55)	(222.34)	-	(1,290.89)
Difference in treatment of expenses and Remeasurement of Defined Benefit Plans	86.55	94.98	(57.64)	123.89
MAT Credit entitlement	53.80	(53.80)	-	-
	<b>(928.20)</b>	<b>(181.16)</b>	<b>(57.64)</b>	<b>(1,167.00)</b>


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Group Gratuity 31.03.2023	Group Gratuity 31.03.2022
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**Note 41 : Disclosure under IND AS 19:**
**A. Defined Contribution Plans**

The Company has defined contribution plans like Provident Fund and Employee State Insurance Scheme for the eligible employees of the Company in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary for the benefit of employees. The total expenses recognised in Statement of Profit and Loss is Rs. 196.39 Lakhs (for the year ended 31.03.2022 Rs. 218.81 lakhs)

**B. Defined Benefit Plans**
**Gratuity**

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

The 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.

The following table sets out the details of the defined benefits obligation and amount recognised in the financial statements.

**Principal Actuarial Assumptions**

Discount Rate	7.47%	7.13%
Salary Escalation Rate	5.00%	5.00%
Expected Return on Plan Assets	6.41%	7.13%
Attrition Rate	5.00%	5.00%

**1. Net Asset/(Liability) recognised in Balance sheet**

Present value of Defined Benefit Obligation	1,038.20	788.11
Fair value of Plan Assets	557.82	563.44
<b>Net liability arising from Defined Benefit Obligation - Funded</b>	<b>480.38</b>	<b>224.67</b>

The above provisions are reflected under 'Non Current Liabilities - Provisions and Current Liabilities - Provisions (Refer Note 19 and 27) to the Standalone Financial Statements.

**2. Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:**

Current Service Cost	46.08	44.11
Net Interest Expenses	16.02	9.19
<b>Total Employer Expense recognised in Statement of Profit and Loss</b>	<b>62.10</b>	<b>53.30</b>

The Current Service Cost and the Net Interest Expense for the year are included in the Employee Benefits Expenses in Statement of Profit and Loss.


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Group Gratuity 31.03.2023	Group Gratuity 31.03.2022
<b>3. Amounts recognised in Other Comprehensive Income in respect of these defined benefit plans are as follows:</b>		
<b>Remeasurement of Defined Benefit Obligation</b>		
Effect of Changes in Financial assumptions	(19.39)	(30.56)
Effect of Changes in Experience adjustments	224.52	262.23
(Return)/Loss on Plan Assets	(11.52)	(33.72)
<b>Net Cost in Other Comprehensive Income</b>	<u>193.61</u>	<u>197.95</u>
The remeasurement of the net Defined Benefit liability is included in Other Comprehensive Income.		
<b>4. Change in Obligations</b>		
Present Value of Defined Benefit Obligation at the beginning of the period	788.11	522.49
Current Service Cost	54.22	44.11
Interest Cost	46.08	32.14
Actuarial (Gains)/Losses arising from Experience Adjustments	205.14	231.67
Benefits paid	(55.35)	(42.30)
<b>Present Value of Defined Benefit Obligation at the end of the period</b>	<u>1,038.20</u>	<u>788.11</u>
<b>5. Change in Assets</b>		
Fair Value of Plan Assets at the beginning of the period	563.44	209.08
Expected Interest Income	38.21	22.94
Employer Contributions	-	340.00
Benefits paid	(55.35)	(42.30)
Actuarial Gain/(Loss)	11.52	33.72
<b>Fair Value of Plan Assets at the end of the period</b>	<u>557.82</u>	<u>563.44</u>

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. 8.80 Lakhs (2021-22 : Rs. 56.66 Lakhs)

**Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis 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. The defined benefit obligation increases/decreases are as follows:

Discount Rate +100 Basis points - Decreases by	57.05	42.44
Discount Rate -100 Basis points - Increases by	63.99	47.90
Salary Escalation Rate +100 Basis points - Increases by	60.79	47.38
Salary Escalation Rate +100 Basis points - Decreases by	55.09	42.67

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. 74.65 Lakhs (as at March 31, 2022 : Rs.53.10 Lakhs) to the defined benefit plans during the next financial year.




**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**
**Maturity Profile of Defined benefit obligation**

Maturity Profile	31.03.2023	31.03.2022
1 year	137.21	90.79
2 year	85.45	90.76
3 year	76.17	58.45
4 year	59.38	51.51
5 year	76.11	155.85
More than 5 years	603.88	340.75
	<u>1,038.20</u>	<u>788.11</u>

**Long Term Compensated Balances**

The principal assumptions used for the purposes of the Actuarial valuation were as follows:

Discount Rate	7.23%	7.37%
Salary Escalation Rate	5.00%	5.00%

The directors of the Company who are entitled for compensated balances (leave salary) have waived 100% entitlement for the current year and two-third of the accumulated balances to an extent of Rs. 302.65 lakhs considering the prevailing business conditions.

**Note 42 : Earnings per Share**
**Basic and Diluted Earnings per Share**

From continuing operations	(27.62)	34.04
From discontinuing operations	—	—
<b>Total Earnings per share</b>	<u>(27.62)</u>	<u>34.04</u>

The earnings and weighted average number of equity shares used in the calculation of basic and diluted earnings per share are as follows:

<b>A. Net Profit after Tax available for equity shareholders (Rs. in Lakhs)</b>	(1,177.97)	1,451.73
<b>B. Weighted average number of Equity shares of Rs. 10/- each</b>		
i) Number of Shares at the beginning of the year	42,64,600	42,64,600
ii) Number of Shares at the end of the year	42,64,600	42,64,600
Weighted average number of Equity shares outstanding during the year	42,64,600	42,64,600
<b>C. Basic and Diluted Earnings per Share (in Rs.) (A/B)</b>	(27.62)	34.04

**Note 43 : Contingent liabilities and Capital Commitments**
**A. Contingent liabilities not provided for**

1. During the year 2008-09, TNEB Peak Hour penalty was levied by TANGEDCO. The Company has contested the same through Tamilnadu Spinning Mills Association (TASMA) vide Civil Appeal No. 10901099 of 2011 and obtained favourable order. Subsequently, TANGEDCO has filed Civil case appeal before the Hon'ble Supreme Court.	130.16	130.16
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However, the company has paid the amount in full under protest.

2. The Company has preferred an appeal before Madras High Court challenging the Electricity tax on Night Hour Rebate imposed by TANGEDCO for the period from 2009 to 2013. Further, TANGEDCO has filed a Civil Appeal No 167168 of 2012 before Supreme Court which is also pending for disposal.	7.16	7.16
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However, the company has paid the amount in full under protest.


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
3. The company has filed the case before Madras High Court challenging the Penalty towards Quota litigation on working methods, which is to be finalised by TNE Regulatory Commission (Writ Appeal No 5094 of 2012, APTEL Order on 13(f) Interim Appeal No 736 of 2019 in DFR No 1584 of 2019).  However the company has paid the amount in full under protest.	5.98	5.98
4. The Company has filed an appeal before Madras High Court towards captive consumption tax on self generated power which was exempted by Government due to green energy concept with retrospective period and the order was received in favour of TANGEDCO. Hence, the Company, through Tamilnadu Spinning Mills Association (TASMA) has filed Special Leave Petition No. 26742 of 2012 on this subject and interim orders were passed not to pay E-tax.  However the company has paid the amount in full under protest.	23.48	23.48
5. The Company has filed an appeal before Madras High Court contesting that the actual charges should be Rs. 15.89 lakhs (21,190 sq. mts @ Rs. 75/sq. mtr) against the demanded Infrastructure Development and Amenities Charges for construction of building at Unit-3 of Rs. 66.75 lakhs	66.75	66.75
6. The Company has preferred an appeal before Madras High Court challenging the Corporation tax for the period from 1998 to 2021.	36.10	36.10
7. The Company has filed Writ Appeal before Madras High Court challenging the TANGEDCO claim of electricity cost on the the under consumption by company than committed quantity consumption (W.A.No. 27999 of 2010).	69.38	69.38
8. The Company has been demanded 50% of deemed demand on GCP purchase units which has been included in EB bill and paid by Company every month. The Company had filed a Writ Petition No. 3382/2016 before Madras High Court and received a favourable order. However, TNEB has filed a Special Leave Petition before the Supreme Court.	69.92	69.92
9. TASMA (Tamilnadu Spinning Mills Association) in which company is a member has contested before Supreme Court towards E-tax demand @ 5% on recorded demand.	113.50	99.44
10. The Company has obtained interim stay from Hon'ble Madras High Court towards self generation tax demand on Solar Power energy generated (WP - 29182, 29175, 29178/03.11.2022 & WP - 29751/09.11.2022)	3.60	-
11. TASMA (Tamilnadu Spinning Mills Association) in which company is a member has preferred an appeal before Supreme Court towards self generation tax @ 10 paise/unit on captive consumption of windmill energy generated.	85.97	71.96
12. The Company has preferred an appeal before Appellate Tribunal, Coimbatore towards reversal of claim of GST Input Tax Credit for the FY 2015-16.  The company has paid Rs. 1.85 lakhs against the same.	14.77	14.77
13. The company has pre-closed the term-loan and cash credit facilities availed from State Bank of India during the year. The company is required to pay pre-payment charges to obtain no due certificate from the Bank.	74.57	-
	<b>701.34</b>	595.10
<b>B. Capital Commitments</b> Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for is Rs. 26.20 lakhs (31.03.2022 Rs. 706.46 lakhs).		


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
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**Note 44 : Segment Information for the year ended 31.03.2023**

The Company is primarily engaged in the business of manufacturing and sale of yarn and related products, which is considered as single business segment based on nature of products, risk, returns and internal reporting business systems. Accordingly, there are no other reportable segments in terms of Ind AS 108 "Operating Segments".

**Geographical Segment Information**

India	24,681.80	34,600.71
Outside India	1,643.34	893.22
	<u>26,325.14</u>	<u>35,493.93</u>

There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.

All non current assets of the company are located in India.

**Note 45 : Related Party Disclosures as required under IND AS - 24:**
**a) List of Related Parties :**
**I. Key Management Personnel (KMP) :**

1. S. Devarajan - Chairman and Managing Director
2. S. Jegarajan - Joint Managing Director
3. S. Dinakaran - Joint Managing Director
4. D. Niranjana Kumar – Director – Marketing
5. J. Sakthivel – Director -Technical
6. P. Boopalan - Chief Financial Officer
7. S. Natarajan - Company Secretary

**II. Relatives of Key Management Personnel :**

1. S. Devarajan – HUF
2. S. Jegarajan – HUF
3. S. Dinakaran - HUF
4. D. Anupama
5. D. Sudharsan - Non Executive Director
6. S. Kandaswarna
7. D. Manjula
8. D. Minusakthipriya
9. J. Ramya
10. D. Rathipriya
11. D. Saradhamani
12. V. Valarnila
13. Parameshwari Jegarajan
14. V. Akcchaya

**III. Associate Company**

1. SPM Health Care Services Private Limited
2. Salem IVF Centre Private Limited

**IV. Enterprises in which KMP and their relatives have a significant influence:**

1. Sambandam Siva Textiles Private Limited
2. S. Palaniandi Mudaliar Charitable Trust
3. Sambandam Spinning Mills Gratuity Trust
4. Sambandam Dairy Farm Private Limited
5. Sambandam Fabrics Private Limited
6. Kandagiri Spinning Mills Limited

**Note :**

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 considered as KMP for the purpose of disclosure requirement as per Ind AS 24 Related Party.



## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

## b) Details of Transactions with Related Parties :

Name of Related Party	Nature of Transaction	2022 - 23	2021 - 22
Salem IVF Centre Private Limited	Rent Received	9.00	9.00
	Security Deposit - Rent	4.50	4.50
	Receivable at the end of the year	0.88	4.05
Sambandam Siva Textiles Private Limited	Sale of Wind Power	122.70	117.07
	Sale of Milk	8.84	9.50
	Sale of Fibre	1.28	—
	Purchase of goods	15.23	25.17
	Purchase of Agricultural product	2.81	3.52
	Purchase of Polyester Staple Fibre	1.45	—
S. Palaniandi Mudaliar Charitable Trust	Receivable at the end of the year	7.09	6.47
	Availing of Hospital services	20.88	9.18
	Sale of Milk	10.79	2.21
	CSR Expenditure	14.35	5.01
Sambandam Dairy Farm Private Limited	Payable at the end of the year	0.43	2.28
	Purchase of Milk	—	13.79
	Corporate loan received	—	100.00
	Sale of Cow	—	26.00
	Corporate loan repaid	—	100.00
Sambandam Fabrics Private Limited	Inter Corporate Loan interest paid	—	4.33
	Corporate Guarantee received in favour of CSB Bank towards loans availed by the Company	2,435.00	2,435.00
Sambandam Spinning Mills Gratuity Trust	Contribution towards Gratuity	62.09	53.30
Kandagiri Spinning Mills Limited (Related party w.e.f 6 <sup>th</sup> May 2022)	Lease Rental payments	165.00	—
	Security deposit - Lease	20.00	—
	Sale of yarn	128.34	—
	Receivable at the end of the year	128.21	—
S. Devarajan - Chairman and Managing Director	Remuneration	120.00	102.00
	Dividend Payment	26.27	20.86
S. Devarajan - HUF	Interest Payment - HUF	0.30	0.50
	Balances outstanding - Fixed deposits - HUF	3.00	3.00
S. Jegarajan - Joint Managing Director	Remuneration	116.40	98.70
	Interest Payment	0.23	—
	Dividend Payment	24.43	19.36
	Receipt of unsecured borrowings	6.00	—
	Balances outstanding - Unsecured Borrowings	6.00	—
S. Jegarajan - HUF	Interest Payment - HUF	0.10	0.11
	Balances outstanding - Fixed deposits - HUF	1.00	1.00
S. Dinakaran - Joint Managing Director	Remuneration	74.40	64.20
	Interest Payment	1.15	0.06
	Dividend Payment	20.95	16.62
	Receipt of unsecured borrowings	25.00	—
	Balances outstanding - Unsecured Borrowings	25.50	0.50
S. Dinakaran - HUF	Interest Payment - HUF	2.79	3.04
	Balances outstanding - Fixed deposits - HUF	26.25	26.25
D. Niranjan Kumar Director - Marketing	Remuneration	48.00	37.50
	Interest Payment	0.93	1.02
	Dividend Payment	0.29	0.23
	Balances outstanding - Unsecured Borrowings	9.00	9.00
J. Sakthivel - Director Technical	Remuneration	48.00	37.50
	Interest Payment	0.20	—
	Dividend Payment	0.73	0.59
	Receipt of unsecured borrowings	5.00	—
	Balances outstanding - Unsecured Borrowings	5.00	—



**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Name of Related Party	Nature of Transaction	2022 - 23	2021 - 22
P. Boopalan - Chief Financial Officer	Remuneration	30.00	28.00
S. Natarajan - Company Secretary	Remuneration	16.20	15.20
D. Anupama	Interest Payment	1.22	1.25
	Dividend Payment	0.16	0.13
	Balances outstanding - Fixed deposits	12.50	12.50
	Rent paid	4.60	4.60
	Rent advance paid	3.00	3.00
S. Kandaswarna	Interest Payment	0.20	0.24
	Dividend Payment	Rs. 1,500/-	Rs. 1,200/-
	Balances outstanding - Fixed deposits	2.00	2.00
D. Manjula	Interest Payment	6.25	6.09
	Dividend Payment	1.53	1.22
	Fixed deposits received	34.00	10.00
	Balances outstanding - Fixed deposits	92.25	58.25
D. Minusakthipriya	Interest Payment	2.26	2.08
	Dividend Payment	0.20	0.16
	Fixed deposits received	6.00	-
	Balances outstanding - Fixed deposits	24.75	18.75
J. Ramya	Dividend Payment	1.33	1.06
	Balances outstanding - Fixed deposits	6.00	-
D. Rathipriya	Interest Payment	2.67	2.80
	Dividend Payment	2.08	1.66
	Balances outstanding - Fixed deposits	25.50	25.50
D. Saradhamani	Interest Payment	0.21	0.24
	Dividend Payment	5.06	4.05
	Balances outstanding - Fixed deposits	2.00	2.00
V. Valarnila	Interest Payment	2.29	1.93
	Dividend Payment	1.86	1.48
	Fixed deposits received	6.50	6.00
	Balances outstanding - Fixed deposits	25.00	18.50
Parameshwari Jegarajan	Interest Payment	0.27	0.34
	Dividend Payment	1.13	0.90
	Balances outstanding - Fixed deposits	3.00	3.00
D. Sudharsan	Dividend Payment	4.44	3.55
V. Akcchaya	Interest Payment	0.20	0.24
	Dividend Payment	Rs. 500/-	Rs. 400/-
	Balances outstanding - Fixed deposits	2.00	2.00

**Details of Remuneration to KMP :**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>Short - Term Employee Benefits - Remuneration</b>		
Chairman and Managing Director	120.00	102.00
Joint Managing Director	116.40	98.70
Joint Managing Director	74.40	64.20
Director - Marketing	48.00	37.50
Director - Technical	48.00	37.50
Chief Financial Officer	30.00	28.00
Company Secretary	16.20	15.20

**Note :** Leave encashment has been provided based on the actuarial reports



Notes annexed to and forming part of the Standalone Financial Statements Note 46 : Details of Non-Current Borrowings / Current Borrowings:						
Particulars	Particulars of Repayment	Year	(Rupees in Lakhs)			
			Non-Current	Current Maturities	Total	Rate of Interest
<b>I. Secured Borrowings:</b>						
<b>a. Term Loans from Banks</b>						
State Bank of India - Term Loan 5		As at 31.03.2023 As at 31.03.2022	- -	106.06	- 106.06	- 12.55%
State Bank of India - Covid GECL 2		As at 31.03.2023 As at 31.03.2022	- 472.93	167.00	- 639.93	- 7.95%
State Bank of India - Covid GECL		As at 31.03.2023 As at 31.03.2022	- 334.00	-	- 334.00	- 7.65%
Karnataka Bank Term Loan 5		As at 31.03.2023 As at 31.03.2022	- -	49.96	- 49.96	- 10.75%
Karnataka Bank Covid DPN 1	22 monthly instalment of Rs. 5.20 lakhs each and 1 monthly instalment of Rs 5.00 lakhs	As at 31.03.2023 As at 31.03.2022	51.80 119.40	67.60 62.40	119.40 181.80	9.25% 9.15%
Karnataka Bank - Covid Loan	47 monthly instalment of Rs. 1.97 lakhs each and 1 monthly instalment of Rs 1.85 lakhs	As at 31.03.2023 As at 31.03.2022	94.44 94.44	- -	94.44 94.44	9.25% 9.00%
Canara Bank - Term Loan GM Solar	68 monthly instalment of Rs. 31.50 lakhs each and 1 monthly instalment of Rs. 31.55 lakhs	As at 31.03.2023 As at 31.03.2022	1,795.54 1,154.00	378.01 191.70	2,173.55 1,345.70	8.73% 8.28%
Canara Bank - GECL 1	34 monthly instalment of Rs. 14.33 lakhs each and 1 monthly instalment of Rs. 0.11 lakhs	As at 31.03.2023 As at 31.03.2022	315.33 -	172.00	487.33 -	8.70% -
Canara Bank - GECL 2	48 monthly instalment of Rs. 6.85 lakhs each and 1 monthly instalment of Rs. 5.09 lakhs and 1 monthly instalment of Rs. 0.02 lakhs	As at 31.03.2023 As at 31.03.2022	328.82 -	5.09	333.91 -	8.70% -
CSB Term Loan 1	12 monthly instalment of Rs. 27.97 lakhs each, 11 monthly instalment of Rs 34.96 lakhs each and 1 monthly instalment of Rs. 34.31 lakhs	As at 31.03.2023 As at 31.03.2022	419.53 754.92	334.98 314.66	754.51 1,069.58	9.58% 10.50%
CSB Term Loan 2	5 monthly instalment of Rs. 6.12 lakhs each and 1 monthly instalment of Rs. 5.65 lakhs	As at 31.03.2023 As at 31.03.2022	- 36.34	36.25 73.44	36.25 109.78	9.50% 10.50%



Notes annexed to and forming part of the Standalone Financial Statements							(Rupees in Lakhs)		
Particulars	Particulars of Repayment	Year	Non-Current	Current Maturities	Total	Rate of Interest			
CSB Term Loan 3	63 monthly instalment of Rs. 2.45 lakhs each and 1 monthly instalment of Rs. 2.12 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>127.13</b> 159.47	<b>29.34</b> 9.78	<b>156.47</b> 169.25	<b>9.50%</b> 10.50%			
CSB Term Loan 4	64 monthly instalment of Rs. 9.43 lakhs each and 1 monthly instalment of Rs. 2.51 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>492.86</b> 191.77	<b>113.17</b> 9.43	<b>606.03</b> 201.20	<b>9.50%</b> 10.50%			
CSB WCTL	48 monthly instalment of Rs. 9.29 lakhs each and 1 monthly instalment of Rs. 0.08 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>446.00</b> —	— —	<b>446.00</b> —	<b>9.25%</b> —			
HDFC Bank Covid Loan	34 monthly instalment of Rs. 4.02 lakhs each and 1 monthly instalment of Rs. 4.05 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>88.46</b> 140.73	<b>52.27</b> 48.25	<b>140.73</b> 188.98	<b>9.58%</b> 7.50%			
HDFC Bank - Solar TL 1	52 monthly instalment of Rs. 18.03 lakhs each	<b>As at 31.03.2023</b> As at 31.03.2022	<b>721.20</b> 937.56	<b>216.36</b> 144.24	<b>937.56</b> 1,081.80	<b>10.11%</b> 7.50%			
HDFC Bank - Solar TL 2	51 monthly instalment of Rs. 3.37 lakhs each and 1 monthly instalment of Rs. 3.29 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>134.74</b> 175.16	<b>40.42</b> 26.95	<b>175.16</b> 202.11	<b>10.16%</b> 7.63%			
HDFC Bank - Solar TL 3	51 monthly instalment of Rs. 0.63 lakhs each and 1 monthly instalment of Rs. 0.71 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>25.26</b> 32.84	<b>7.58</b> 5.05	<b>32.84</b> 37.89	<b>9.98%</b> 7.59%			
HDFC Bank - Solar TL 4	51 monthly instalment of Rs. 0.63 lakhs each and 1 monthly instalment of Rs. 0.37 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>25.00</b> —	<b>7.50</b> —	<b>32.50</b> —	<b>10.17%</b> —			
HDFC Bank - Solar TL 5	51 monthly instalment of Rs. 1.98 lakhs each and 1 monthly instalment of Rs. 2.14 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>79.32</b> —	<b>23.80</b> —	<b>103.12</b> —	<b>10.17%</b> —			
HDFC Bank - Solar TL 6	51 monthly instalment of Rs. 0.35 lakhs each and 1 monthly instalment of Rs. 0.40 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>14.04</b> —	<b>4.21</b> —	<b>18.25</b> —	<b>10.17%</b> —			



Notes annexed to and forming part of the Standalone Financial Statements							(Rupees in Lakhs)	
Particulars	Particulars of Repayment	Year	Non-Current	Current Maturities	Total	Rate of Interest		
HDFC Bank - GECL	48 monthly instalment of Rs. 2.02 lakhs each 1 monthly instalment of Rs. 0.04 lakhs	As at 31.03.2023 As at 31.03.2022	97.00 -	- -	97.00 -	10.21% -		
HDFC Bank Car Loan	Monthly Instalments - 2023-24 - Rs. 4.49 lakhs	As at 31.03.2023 As at 31.03.2022	- 4.49	4.49 7.21	4.49 11.70	10.01% 10.01%		
HDFC Bank Car Loan	Monthly Instalments - 2023-24 - Rs. 5.42 lakhs 2024-25 - Rs. 3.39 lakhs	As at 31.03.2023 As at 31.03.2022	3.39 8.81	5.42 4.97	8.81 13.78	9.50% 9.50%		
HDFC Bank Car Loan	Monthly Instalments - 2023-24 - Rs. 1.44 lakhs 2024-25 - Rs. 1.56 lakhs 2025-26 - Rs. 0.97 lakhs	As at 31.03.2023 As at 31.03.2022	2.53 3.97	1.44 1.32	3.97 5.29	8.70% 8.70%		
HDFC Bank Tempo Loan	Monthly Instalments - 2023-24 - Rs. 7.80 lakhs 2024-25 - Rs. 5.85 lakhs	As at 31.03.2023 As at 31.03.2022	5.85 13.65	7.80 7.80	13.65 21.45	8.70% 8.70%		
South Indian Bank Covid Loan 1	36 monthly instalment of Rs. 1.50 lakhs each	As at 31.03.2023 As at 31.03.2022	36.00 55.50	18.00 16.50	54.00 72.00	9.19% 9.00%		
South Indian Bank Covid Loan 2	47 monthly instalment of Rs. 1.27 lakhs each 1 monthly instalment of Rs. 1.31 lakhs	As at 31.03.2023 As at 31.03.2022	61.00 61.00	- -	61.00 61.00	9.25% 9.15%		
South Indian Bank Term Loan	38 monthly instalment of Rs. 8.33 lakhs each and 1 monthly instalment of Rs. 3.31 lakhs	As at 31.03.2023 As at 31.03.2022	258.75 -	61.10 -	319.85 -	10.80% -		
<b>Sub-Total</b>		As at 31.03.2023 As at 31.03.2022	5,623.99 4,750.98	1,586.83 1,246.73	7,210.82 5,997.71	- -		
<b>b. Term Loans from Others</b>								
Buyers Credit Loan - Canara Bank		As at 31.03.2023 As at 31.03.2022	- 1,232.89	- -	- 1,232.89	- -		
<b>Sub-Total</b>		As at 31.03.2023 As at 31.03.2022	- 1,232.89	- -	- 1,232.89	- -		





## Notes annexed to and forming part of the Standalone Financial Statements (Rupees in Lakhs)

Particulars	Particulars of Repayment	Year	Non-Current	Current Maturities	Total	Rate of Interest
<b>II. Unsecured Borrowings</b>						
Fixed Deposits - Members	Repayable on - 2023-24 - Rs. 274.70 lakhs 2024-25 - Rs. 392.32 lakhs 2025-26 - Rs. 162.90 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>555.22</b> 531.32	<b>274.70</b> 224.16	<b>829.92</b> 755.48	<b>10 to 11%</b> 10 to 11%
From Directors	Repayable on - 2023-24 - Rs. 0.50 lakhs 2024-25 - Rs. 10.00 lakhs 2025-26 - Rs. 42.00 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>52.00</b> 4.50	<b>0.50</b> 2.00	<b>52.50</b> 6.50	<b>10 to 11%</b> 10 to 11%
<b>Sub-Total</b>		<b>As at 31.03.2023</b> As at 31.03.2022	<b>607.22</b> 535.82	<b>275.20</b> 226.16	<b>882.42</b> 761.98	- -

Notes : 1. Term loans aggregating to Rs 7179.90 lakhs (31.03.2022 : Rs. 5945.54 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.

2. Term loans from banks aggregating to Rs 30.92 lakhs (31.03.2022 Rs 52.22 lakhs) are secured by hypothecation of certain cars.

3. All the above loans are guaranteed by four directors.

4. CSB Bank, TL 1 to TL 4 loans are secured by extending Corporate Guarantee received from Kandagiri Spinning Mills Limited and Sambandam Fabrics Private Limited (Related party) and also additionally secured with the equitable mortgage of land pertaining to Kandagiri Spinning Mills Limited and Land pertaining to Sambandam Fabrics Private Limited.

## Details of Current Borrowings

Particulars	Particulars of Repayment	Year	Non-Current	Current Maturities	Total	Rate of Interest
<b>I. Secured Borrowings :</b>						
<b>a. Cash Credit Facilities</b>						
State Bank of India	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	- 2,740.76	- 2,740.76	- 9.15%
Karnataka Bank	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>739.33</b> 780.15	<b>739.33</b> 780.15	<b>9.04%</b> 10.28%
HDFC Bank	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>837.33</b> 900.51	<b>837.33</b> 900.51	<b>8.78%</b> 8.45%
Canara Bank	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>2,827.04</b> -	<b>2,827.04</b> -	<b>8.58%</b> -
South India Bank	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>517.68</b> 429.72	<b>517.68</b> 429.72	<b>9.35%</b> 9.94%
<b>Sub-Total</b>		<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>4,921.38</b> 4,851.14	<b>4,921.38</b> 4,851.14	- -

Notes : 1. 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.

2. All the above loans are guaranteed by four directors.



## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 47 : Leases</b>		
The Lease arrangements subsisting as on that date and eligible for recognition as Right to Use assets under Ind AS 116 are disclosed in Note No 2 to the standalone financial statements. All other lease arrangements as on that date were either Low value asset or short term leases and are recognised as an expenses in the Statement of Profit and Loss.		
The following are the disclosures in terms of Ind AS 116 :		
<b>A. Right of Use Asstes</b>		
<b>Opening Balance</b>	<b>541.40</b>	675.55
Additions during the year	40.67	-
Deletions during the year	-	-
Depreciation during the year	141.22	134.15
<b>Closing Balance</b>	<b>440.85</b>	541.40
<b>B. Movement in Long term lease liabilities during the year</b>		
<b>Opening Balance</b>	<b>584.51</b>	693.61
Additions during the year	40.67	-
Finance Cost accrued during the year	63.08	70.90
Payment of lease liabilities	189.44	180.00
<b>Closing Balance</b>	<b>498.83</b>	584.51
<b>C. Following is the breakup of Current and Non-Current Lease liabilities</b>		
Lease liabilities - Non Current	357.54	473.92
Lease liabilities - Current	141.29	110.59
	<b>498.83</b>	584.51
<b>D. Contractual maturities of lease liabilities on an undiscounted basis:</b>		
Maturity analysis of future lease payments :		
Not later than 1 year	189.66	180.00
Later than 1 year but not later than 5 years	404.97	366.45
Later than 5 years	-	-
	<b>594.63</b>	546.45
<b>E. Other disclosures as per Ind AS 116:</b>		
a. Carrying value of Right of Use of (ROU) asset (Note 2)	440.85	541.40
b. Depreciation charge for ROU asset (Note 34)	141.22	134.15
c. Interest Expense on Lease liability (Note 33)	63.08	70.90
d. Total Cash flow during the year for leases (Cash flow statement)	189.44	180.00
e. Additions to ROU (Other than upon transition) (Note 2)	40.67	-
f. Lease Liabilities classified as Current Lease Liabilities (Note 23)	141.29	110.59
g. Lease Liabilities outstanding (Non-Current) (Note 17)	357.54	473.92

Rental expenses recorded for short term leases for the current year is Rs. 0.12 lakhs

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease arrangements do not impose any covenants excepts 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 payments are discounted using the Company's incremental borrowing rate, the rate that the Company would have to pay to borrow funds necessary to obtain as asset of similar value to ROU asset in similar economic environment with similar terms, security and conditions.



## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 48 : Revenue from Contract with Customers (Ind AS 115)</b>		
<b>I. Disaggregated revenue information</b>		
<b>Type of goods and service</b>		
Sale of products		
Yarn	25,288.27	34,296.10
Fabric sales	6.74	87.41
Process waste	833.93	971.67
Other Operating revenues	196.20	138.75
<b>Total Revenue from Contract with Customers</b>	<b>26,325.14</b>	<b>35,493.93</b>
India	24,681.80	34,600.71
Outside India	1,643.34	893.22
<b>Total Revenue from Contract with Customers</b>	<b>26,325.14</b>	<b>35,493.93</b>

**Timing of Revenue Recognition**

Particulars	31.03.2023		31.03.2022	
	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 revenues	26,325.14	-	35,493.93	-
Less : Rebates and Discounts	-	-	-	-
<b>Total revenue from contract with customers</b>	<b>26,325.14</b>	-	35,493.93	-

**II. Contract balance**

Particulars	31.03.2023	31.03.2022
Trade receivables	3,121.31	3,692.06
Contract Assets / Liabilities	-	-

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

**III. Reconciliation of Revenue recognised in the Statement of Profit and Loss with the Contracted price:**

Particulars	31.03.2023	31.03.2022
Revenue as per contracted price	26,325.14	35,493.93
Adjustments:-		
Rebates and discounts	-	-
<b>Revenue from Contract with Customers</b>	<b>26,325.14</b>	35,493.93

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

The Company has not made any fresh investments, given loans or advances or provided security or guarantee during the current year. The carrying value of investments made in earlier years by the Company as at 31.03.2023 is Rs. 220.05 lakhs (31.03.2022 Rs. 175.25 lakhs)

**Note 50 : Details of Corporate Guarantee:**

- (a) M/s. Kandagiri Spinning Mills Limited has given Corporate Guarantee of Rs. 2279.38 lakhs to CSB Bank for the loan availed by the Company and it also extended its immovable property as collateral security for the loan.
- (b) M/s. Sambandam Fabrics Private Limited has given Corporate Guarantee of Rs. 2435 lakhs to CSB Bank for the loan availed by the Company and it also extended its immovable property as collateral security for the loan.


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
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**Note 51 :**

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

Pending recovery procedures, suitable adjustments/provisions have been made in the earlier year, to the financial statements and

- (i) a sum of Rs. 250 lakhs has been considered good and recoverable and
- (ii) the balance sum of Rs. 1059.20 lakhs has been considered doubtful and appropriate provision has been provided for. (Refer Note. 7)

**Note 52 : Net Debt Reconciliation**

Cash and Cash Equivalents	12.82	343.61
Current Borrowings (including current maturities of Non Current Borrowings)	(6,783.41)	(6,324.03)
Non Current Borrowings	(6,231.21)	(6,519.69)
<b>Net Debt</b>	<b>(13,001.80)</b>	<b>(12,500.11)</b>

Particulars	Other Assets	Liabilities from financing activities		Total
	Cash and Cash Equivalents	Non current borrowings	Current Borrowings	
Net Debt as at March 31, 2022				(12,500.11)
Cash Flows	(330.79)	288.48	(459.38)	(501.69)
<b>Net Debt as at March 31, 2023</b>	<b>(330.79)</b>	<b>288.48</b>	<b>(459.38)</b>	<b>(13,001.80)</b>

**Note 53 : Financial Instruments****Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. Capital includes paid up Equity capital, securities premium and all other reserves attributable to the equity shareholders of the Company. Debt refers to Long Term Borrowings, Short Term Borrowings and interest accrued thereon for the purpose of Capital Management of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product, 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 16 and 22 offset by cash and cash equivalents) 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.

**A) Financial Instruments by Categories****Gearing Ratio :**

Debt	13,014.62	12,843.72
Less: Cash and Cash Equivalents	12.82	343.61
Net Debt	13,001.80	12,500.11
Total Equity	9,991.84	11,526.31
<b>Net Debt to Total Equity ratio</b>	<b>1.30</b>	<b>1.08</b>


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Categories of Financial Instruments:</b>		
<b>I. Financial Assets</b>		
<b>a. Measured at Amortised cost:</b>		
Trade Receivables	3,121.31	3,692.06
Cash and Cash Equivalents	12.82	343.61
Other Bank Balances	83.41	462.61
Investments in Associates	199.00	153.71
Other Financial Assets	742.87	567.11
<b>Total</b>	<b>4,159.41</b>	<b>5,219.10</b>
<b>b. Mandatorily measured at FVTPL:</b>		
Investments other than Associates	21.05	21.54
<b>Total</b>	<b>21.05</b>	<b>21.54</b>
<b>II. Financial Liabilities</b>		
<b>a. Measured at Amortised cost:</b>		
Borrowings	13,014.62	12,843.72
Lease Liabilities (Ind AS 116)	498.83	584.51
Trade Payables	2,198.22	4,274.50
Other Financial Liabilities	617.26	920.66
<b>Total</b>	<b>16,328.93</b>	<b>18,623.39</b>

**B) Fair Value Hierarchy**

The following table provides the fair value measurement hierarchy of the Company's Financial Assets and Financial Liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset/liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

**As at March 31, 2023**

Particulars	Fair Value as on 31.03.2023	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
<b>Financial Assets measured at FVTPL</b>				
Investments in other than Associates	21.05	1.99	19.06	-

**As at March 31, 2022**

Particulars	Fair Value as on 31.03.2022	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
<b>Financial Assets measured at FVTPL</b>				
Investments in other than Associates	21.54	0.81	20.73	-

**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.


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
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**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 analysis 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, 2023 would decrease/increase by Rs. 32.46 Lakhs (March 31, 2022: decrease /increase by Rs. 62.66 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**C. 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. The details of such investments in equity instruments are given in Note No. 5.

**Equity price sensitivity analysis**

The fair value of equity instruments as at March 31, 2023 was Rs. 220.05 Lakhs (March 31, 2022: Rs. 175.25 Lakhs). A 5% change in prices of equity instruments held as at March 31, 2023 would result in an impact of Rs 1.05 Lakhs on equity (March 31, 2022 : Rs. 0.85 Lakhs).

**Foreign Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rate. The Company's exposure to the risk of changes in foreign exchange rate relates primarily to the Company's foreign currency denominated financial assets and financial liabilities.

The Company does not have foreign currency exposure at the end of the reporting period.

**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	Total
<b>31.03.2023</b>				
Trade Payables	2,198.22	-	-	2,198.22
Other Financial Liabilities	612.03	5.23	-	617.26
Lease Liabilities (Ind AS 116)	141.29	357.54	-	498.83
Borrowings	6,783.41	6,231.21	-	13,014.62
	<u>9,734.95</u>	<u>6,593.98</u>	-	<u>16,328.93</u>


**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Total
<b>31.03.2022</b>				
Trade Payables	4,274.50	–	–	4,274.50
Other Financial Liabilities	915.43	5.23	–	920.66
Lease Liabilities (Ind AS 116)	110.59	473.92	–	584.51
Borrowings	6,324.03	6,519.69	–	12,843.72
	<b>11,624.55</b>	<b>6,998.84</b>	–	<b>18,623.39</b>

**Note 54 : Additional Regulatory Information:**

- i) **Title Deeds not held in the name of the Company:**  
The title deeds of all Immovable Properties are held in the name of the Company.
- ii) **Fair value of Investment Property:**  
The Company does not have any investment property as on the reporting date.
- iii) **Revaluation of Property, Plant and Equipment:**  
The Company has not revalued any of its Property, Plant and Equipment during the year.
- iv) **Revaluation of Intangible Assets:**  
The Company has not revalued any of its intangible assets during the year.
- v) **Loans and advances granted to Promoters, Directors, KMP's and Related parties:**  
The Company has not granted any loans to promoters, directors, KMPs and the related parties as defined under Companies Act, 2013 either jointly or severally with any other person that are repayable on demand or without specifying any terms or period of repayment.
- vi) **Capital Work-in-Progress:**  
The ageing schedule of Capital Work-in-Progress has been disclosed in the Note No. 1 to the Financial Statements.
- vii) **Intangible Assets under Development :** Not Applicable
- viii) **Details of Benami Property:**  
The Company does not have any Benami property, where any proceedings initiated or pending against the Company for holding any Benami property.
- ix) **Reconciliation of Statement of Current Assets filed by the Company with Banks for Working capital facilities availed by the Company:**  
The Company has availed working capital facilities in excess of Rs. 5 crores in aggregate during the years. The quarterly stock statements filed by the Company are in agreement with the books of account of the Company.
- x) **Willful Defaulter:**  
The Company has not been declared as willful defaulter by any Bank or Financial Institution (as defined under the Companies Act, 2013) or consortium thereof or other Lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.
- xi) **Relationship with Struck off Companies:**  
The Company does not have any transaction with Companies struck off under section 248 of the companies Act, 2013 or section 560 of the Companies Act, 1956
- xii) **Registration/Satisfaction of Charges with Registrar of Companies:**  
The Company has paid the term loans and cash credit facilities availed from State Bank of India and however the Company has not obtained no due certificate.
- xiii) **Layers of Companies:**  
The Company does not have any subsidiary Company as on the balance sheet date. However, the Company has associate companies which is in compliance with the number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.



## Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)

## xiv) Key Financial Ratios:

S.No.	Particulars	2022-23	2021-22	Change(%)	Reasons
(a)	Current Ratio (in times) [Current Assets / Current Liabilities]	1.23	1.39	(11.51)%	
(b)	Debt-Equity Ratio (in times) [Long term Borrowings + Short Term Borrowings + interest accrued thereon / Shareholder's Equity]	1.31	1.12	16.96%	
(c)	Debt Service Coverage Ratio (in times) [Earnings available for Debt Services (Net Profit after Tax + Depreciation + Interest and Other Non-cash adjustments) / Interest & Lease Payments + Installments]	0.54	1.51	(64.24)%	Due to reduction on earnings
(d)	Return on Equity Ratio (in %) [Net Profit after Taxes / Average Shareholder's Equity]	(10.95)%	13.42%	(181.59)%	Due to loss incurred by the Company
(e)	Inventory Turnover Ratio (in times) [Revenue from Operations / Average Inventory]	3.06	3.55	(13.80)%	
(f)	Trade Receivables Turnover Ratio (in times) [Revenue from Operations / Average Trade Receivables]	7.73	9.30	(16.88)%	
(g)	Trade Payables Turnover Ratio (in times) [Total Purchases / Average Trade Payables]	4.89	4.94	(1.01)%	
(h)	Net Capital Turnover Ratio (in times) [Revenue from Operations / Working Capital]	11.42	7.57	50.86%	Due to decrease in Working Capital and Turnover
(i)	Net Profit Ratio (in %) [Net Profit After Taxes / Revenue from Operations]	(4.47)%	4.09%	(209.29)%	Due to loss incurred by the Company and decrease in turnover
(j)	Return on Capital Employed (in %) [Earnings before Interest and Taxes (EBIT) / Capital employed]	(1.11)%	13.75%	(108.07)%	Due to loss incurred by the Company
(k)	Return on Investment (in %) [Earnings before Interest, Depreciation and Taxes (EBIDTA) / Investment (Total Assets)]	4.51%	14.57%	(69.05)%	Due to reduction on earnings




**Notes annexed to and forming part of the Standalone Ind AS Financial Statements (Rupees in Lakhs)**
**(xvi) Approved Scheme of Arrangements:**

During the year, there is no approved scheme of arrangements.

**(xvii) Utilisation of Borrowed funds and Share premium:**

The Company has not advanced or loaned or invested funds to any other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries.

The Company has not received any fund from other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries.

**Note 55 :**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date attached

For and on behalf of the board

**For P.N. Raghavendra Rao & Co**

Chartered Accountants

Firm Registration No. : 003328S

**S. Devarajan**

Chairman and Managing Director

DIN : 00001910

**S. Dinakaran**

Joint Managing Director

DIN : 00001932

**Pon Arul Paraneedharan - Partner**

Membership No : 212860

**S. Natarajan**

Company Secretary

**P. Boopalan**

Chief Financial Officer

Salem

May 27, 2023



## INDEPENDENT AUDITOR'S REPORT

To The Members of  
Sambandam Spinning Mills Limited

Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying Consolidated financial statements of **Sambandam Spinning Mills Limited** ("the Company") and its associates, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended on that date and notes to the Consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").
2. 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 reports of the other auditors on the separate financial statements of the associates, as were audited by the other auditors, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its associates as at 31<sup>st</sup> March 2023, the consolidated loss including other comprehensive income, the consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

3. We conducted our audit 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 (ICAI) 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated financial statements.

### Key Audit Matters

4. 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 current period. 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 matter described below to be the key audit matter to be communicated in our report.



Key Audit Matters	Auditor's Response
<p><b>Revenue Recognition</b></p> <p>(Refer to the accompanying Note 2(c) of Significant Accounting Policies and Note 28 of accompanying Notes to the Consolidated financial statements)</p> <p>The Company's revenue is mainly derived from sale of products viz. yarn and yarn related products.</p> <p>Revenue from sale of products is recognized when the performance obligations are satisfied and the control of the products is being transferred to debtors as per the terms of contract agreed.</p> <p>Revenue is recognized when collectability of the resulting receivable is reasonably assured.</p> <p>We have identified Revenue recognition as a key audit matter as revenue recognition is a key performance indicator of the Company given the inherent area of audit risk.</p>	<p><b>Principal Audit Procedures</b></p> <p>In the view of the significance of the matter, our audit procedures mainly comprised of test of controls and substantive procedures including the following:</p> <ol style="list-style-type: none"> <li>We assessed the appropriateness of whether the accounting policy for revenue recognition was in line with relevant Ind AS – 115 “Revenue from Contracts with Customers”.</li> <li>We performed procedures to assess the design and implementation of internal controls established by the management and tested the operating effectiveness of relevant controls relating to revenue recognition.</li> <li>We have performed testing with the sample of revenue transaction to ensure whether specific revenue transactions before and after the reporting date have been recognized in the appropriate period by comparing the transactions selected with relevant underlying documents including goods delivery notes, shipping documents, customer acknowledgement/proof of acceptance and the other terms of sales.</li> <li>We have also tested the journal entries affecting revenue recognition on a sample basis to identify any unusual or irregular items and validated subsequent credit notes and sales returns up to the date of this report to ensure the appropriateness and accuracy of the recognition of revenue.</li> <li>Based on the above procedures, no material exception on the revenue recognition has been observed.</li> </ol>
<p><b>Information Other than the Consolidated Financial Statements and Auditor's Report thereon</b></p>	
<ol style="list-style-type: none"> <li>The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated financial statements and our auditor's report thereon.</li> <li>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</li> <li>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. Based on the work we have performed on other information, if we conclude that there is a material misstatement, if any, of this other information, we are required to report that fact. We have nothing to report in this regard.</li> </ol>	

**Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements**

8. 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), changes in equity and cash flows of the Company and its associates in accordance with the accounting principles generally accepted in India, including the Ind AS. 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, which have been used for the purpose of preparation of the consolidated financial statements.
9. In preparing the Consolidated financial statements, the Board of Directors is responsible for assessing the Company and its associates' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or its associates or to cease operations, or has no realistic alternative but to do so.
10. The respective Board of Directors of the Company and its associates are responsible for overseeing the Company's financial reporting process.

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

11. 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.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - (a) 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.
  - (b) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its associates has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- (d) 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 ability of the Company and its associates 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.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial statements of the Company and its associates to express an opinion on the Consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entity included in the Consolidated financial statements of which we are the independent auditors. For the other entities included in Consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the "Other Matters" section of our report.

13. We communicate with those charged with governance of the Company 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.
14. 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.
15. 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 of the current period 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 Matters**

16. The Consolidated financial statements include the share of net profit after tax of Rs. 4.98 lakhs and Rs. 63.04 lakhs for the year ended 31<sup>st</sup> March 2023 and year ended 31<sup>st</sup> March 2022 respectively, as considered in the Consolidated financial statements, 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 and our opinion on the Consolidated financial statements, 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 financial statements and our report on Other Legal and Regulatory Requirements below 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.

17. The Consolidated financial statements for the year ended 31<sup>st</sup> March 2022 have been audited by the predecessor auditors who expressed an unmodified opinion on those Consolidated financial statements vide their Auditor's report dated 29<sup>th</sup> May 2022. The same has been furnished by the management and has been relied upon by us for the purpose of our audit of these Consolidated financial statements.

Our opinion on the statement is not modified in respect of this matter.



### Report on Other Legal and Regulatory Requirements

18. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure - A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
19. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on the separate financial statements of the associates as were audited by the other auditors, we report, to the extent applicable, 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 of the aforesaid Consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015 as amended.
  - (e) On the basis of the written representations received from the directors of the Company as on 31<sup>st</sup> March 2023 taken on record by the Board of Directors of the Company and reports of the statutory auditors of the associate companies, none of the directors of the Company and its associate companies is disqualified as on 31<sup>st</sup> March 2023 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 - B" 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 matter to be included in the Auditors' Report under Section 197(16) of the Act:  
In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.  
According to the information and explanations given to us, and based on the reports issued by the other auditors of the associate companies, no remuneration has been paid to its director by the associate companies during the year.
  - (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) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company and its associates have disclosed the impact of pending litigations on its consolidated financial position of the Company and its associates in its Consolidated financial statements – Note 43 to the 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
    - (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.



- (iv) a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or its associates to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or its associates or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company or its associates from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or its associates shall whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under subclause (i) and (ii) of Rule 11 contain any material misstatement.
- (v) The final dividend declared and paid during the year by the Company relating to the financial year 2021-22 is in compliance with Section 123 of the Act.
- According to the information and explanations given to us, and based on the reports issued by other auditors of the associate companies, no dividend has been declared or paid during the year by the associate companies.
- (vi) Proviso to Rule 3(1) of the Companies (Accounts Rule), 2014, for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company and its associates w.e.f 1st April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the year ended 31st March 2023.

**For P.N. Raghavendra Rao & Co**  
Chartered Accountants  
Firm Registration Number: 003328S

**Pon Arul Paraneedharan - Partner**  
Membership Number: 212860  
UDIN: 23212860BGUSFB3632

Salem  
27<sup>th</sup> May 2023

#### **"Annexure - A" to the Independent Auditor's Report**

Referred to in paragraph 18 of the Independent Auditor's Report of even date to the members of **Sambandam Spinning Mills Limited** on the Consolidated financial statements for the year ended 31<sup>st</sup> March 2023

According to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of associate companies included in the Consolidated financial statements to which reporting under CARO is applicable, as provided to us, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the Consolidated financial statements.

**For P.N. Raghavendra Rao & Co**  
Chartered Accountants  
Firm Registration Number: 003328S

**Pon Arul Paraneedharan - Partner**  
Membership Number: 212860  
UDIN: 23212860BGUSFB3632

Salem  
27<sup>th</sup> May 2023

**“Annexure - B” to the Independent Auditor's Report**

Referred to in paragraph 19(f) of the Independent Auditor's Report of even date to the members of Sambandam Spinning Mills Limited on the Consolidated financial statements for the year ended 31<sup>st</sup> March 2023

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

1. We have audited the internal financial controls over financial reporting of Sambandam Spinning Mills Limited (“the Company”) and its associates as of 31<sup>st</sup> March 2023 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**

2. The respective Board of Directors of the Company and its associates are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



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

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:
- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
  - 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 authorization of management and directors of the company; and
  - provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

8. In our opinion, to the best of our information and according to the explanations given to us, the Company and its 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 31<sup>st</sup> March 2023, 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 ICAI.

**Other Matters**

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

Salem  
27<sup>th</sup> May 2023

**For P.N. Raghavendra Rao & Co**  
Chartered Accountants  
Firm Registration Number: 003328S

**Pon Arul Paraneedharan - Partner**  
Membership Number: 212860  
UDIN: 23212860BGUSFB3632



## Consolidated Balance Sheet as at 31.03.2023

(Rupees in Lakhs)

Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
<b>I. ASSETS</b>			
<b>1. Non-Current Assets</b>			
a) Property, Plant and Equipment	1	14,041.39	13,758.06
b) Capital Work in Progress	1	183.86	105.65
c) Right-of-use Assets	2	440.85	541.40
d) Intangible Assets	3	0.04	0.04
e) Biological Assets other than Bearer plants	4	88.85	–
f) Financial Assets			
i) Investments	5	222.71	218.22
ii) Other Financial Asset	6	441.00	355.14
g) Other Non-Current Assets	7	299.35	587.75
<b>Total Non-Current Assets</b>		<b>15,718.05</b>	<b>15,566.26</b>
<b>2. Current Assets</b>			
a) Inventories	8	6,916.38	10,302.26
b) Financial Assets			
i) Trade Receivables	9	3,121.31	3,692.06
ii) Cash and Cash Equivalents	10a	12.82	343.61
iii) Bank Balances other than Cash and Cash Equivalents	10b	83.41	462.61
iv) Other Financial Assets	11	301.87	211.97
c) Current Tax Assets (Net)	12	6.00	–
d) Other Current Assets	13	1,782.24	1,632.48
<b>Total Current Assets</b>		<b>12,224.03</b>	<b>16,644.99</b>
<b>TOTAL ASSETS</b>		<b>27,942.08</b>	<b>32,211.25</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share Capital	14	427.55	427.55
b) Other Equity	15	9,566.95	11,141.73
<b>Total Equity</b>		<b>9,994.50</b>	<b>11,569.28</b>
<b>LIABILITIES</b>			
<b>1. Non-Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	16	6,231.21	6,519.69
ii) Lease Liabilities	17	357.54	473.92
iii) Other Financial Liabilities	18	5.23	5.23
b) Provisions	19	393.72	508.93
c) Deferred Tax Liabilities (Net)	20	784.82	1,167.00
d) Other Non Current Liabilities	21	255.59	11.35
<b>Total Non-Current Liabilities</b>		<b>8,028.11</b>	<b>8,686.12</b>



## Consolidated Balance Sheet as at 31.03.2023

(Rupees in Lakhs)

Particulars	Note No.	As at 31.03.2023	As at 31.03.2022
<b>2. Current Liabilities</b>			
a) Financial Liabilities			
i) Borrowings	22	6,783.41	6,324.03
ii) Lease Liabilities	23	141.29	110.59
iii) Trade payables			
- Outstanding dues of Micro and Small Enterprises		144.13	384.63
- Outstanding dues of other than Micro and Small Enterprises	24	2,054.09	3,889.87
iv) Other Financial Liabilities	25	612.03	915.43
b) Other Current Liabilities	26	116.16	262.80
c) Provisions	27	68.36	53.10
d) Current Tax Liabilities (Net)	12	-	15.40
<b>Total Current Liabilities</b>		<b>9,919.47</b>	<b>11,955.85</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,942.08</b>	<b>32,211.25</b>

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

As per our report of even date attached

For and on behalf of the board

For **P.N.Raghavendra Rao & Co**

Chartered Accountants

Firm Registration No. : 003328S

**Pon Arul Paraneedharan** - Partner

Membership No : 212860

Salem

May 27, 2023

**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 31.03.2023** (Rupees in Lakhs)

Particulars	Note No.	Year ended 31.03.2023	Year ended 31.03.2022
<b>INCOME</b>			
I Revenue from Operations	28	26,325.14	35,493.93
II Other Income	29	419.98	42.89
III <b>Total Income (I+II)</b>		<u>26,745.12</u>	<u>35,536.82</u>
<b>EXPENSES</b>			
Cost of Materials Consumed	30	17,338.41	23,863.66
Changes in Inventories of Finished Goods and Work-in-Progress	31	1,848.57	(2,768.82)
Employee Benefits Expense	32	3,081.94	4,051.03
Finance Costs	33	1,253.71	1,204.78
Depreciation and Amortisation Expense	34,1,2,3	1,517.50	1,334.17
Other Expenses	35	3,214.80	5,702.91
IV <b>Total Expenses</b>		<u>28,254.93</u>	<u>33,387.73</u>
V <b>Profit/(Loss) before Share of profit of associates, Exceptional Item and Tax (III-IV)</b>		<u>(1,509.81)</u>	2,149.09
VI Share of profit of associates		4.98	63.04
VII <b>Profit/(Loss) before Exceptional Item and Tax (V+VI)</b>		<u>(1,504.83)</u>	2,212.13
VIII Exceptional Items		-	-
IX <b>Profit/(Loss) Before Tax (VII-VIII)</b>		<u>(1,504.83)</u>	2,212.13
X <b>Tax Expense:</b>			
Current Tax Expenses		-	512.36
Deferred Tax Expenses / (Income)		(331.84)	185.00
XI <b>Profit/(Loss) for the Period from continuing operations (IX-X)</b>		<u>(1,172.99)</u>	<u>1,514.77</u>
XII <b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of Defined benefits plan		(193.61)	197.95
Income tax relating to above		(50.34)	57.64
<b>Other Comprehensive Income for the Period</b>		<u>(143.27)</u>	<u>140.31</u>
XIII <b>Total Comprehensive Income for the Period (XI+XII)</b>		<u>(1,316.26)</u>	<u>1,655.08</u>
XIV <b>Earnings per Equity Share of Rs.10/- each:</b>			
Basic and Diluted (in Rupees)		(27.51)	35.52

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

As per our report of even date attached  
For **P.N.Raghavendra Rao & Co**  
Chartered Accountants  
Firm Registration No. : 003328S

**Pon Arul Paraneedharan** - Partner  
Membership No : 212860

Salem  
May 27, 2023

For and on behalf of the board

**S. Devarajan**  
Chairman and Managing Director  
DIN : 00001910

**S. Natarajan**  
Company Secretary

**S. Dinakaran**  
Joint Managing Director  
DIN : 00001932

**P. Boopalan**  
Chief Financial Officer



Consolidated Statement of Cash Flows for the year ended 31.03.2023		(Rupees in Lakhs)	
Particulars	Year ended 31.03.2023	Year ended 31.03.2022	
<b>A. Cash Flow from Operating Activities</b>			
Profit/ (Loss) before tax	(1,504.83)		2,212.13
Adjustments for -			
Share of profit of associates	(4.98)	(63.04)	
Depreciation & Amortisation Expense	1,517.50	1,334.17	
Finance Costs	1,213.20	1,227.81	
Interest Income	(30.81)	(19.05)	
Foreign Exchange Fluctuation	40.51	(23.03)	
Dividend Income	(0.06)	(0.75)	
Net Gain or Loss arising on Fair Value of Financial Asset and Impairment Provision	(44.80)	0.08	
(Profit)/Loss on sale of Property, Plant and Equipments	(25.32)	(8.37)	
	<u>2,665.24</u>		<u>2,447.82</u>
<b>Operating Profit/ (Loss) before Working Capital Changes</b>	<u>1,160.41</u>		<u>4,659.95</u>
Adjustments/Changes in Working Capital			
Inventories	3,385.88	(591.76)	
Trade Receivables	570.75	247.04	
Non Current and Current Financial Assets	203.44	(77.83)	
Other Non Current and Current Assets	138.64	(1,142.41)	
Trade Payables	(2,076.28)	(229.76)	
Non Current and Current Financial Liabilities	(287.48)	13.00	
Other Non Current and Current Liabilities	97.60	84.78	
Other Non Current and Current provisions	(293.56)	430.82	
	<u>1,738.99</u>		<u>(1,266.12)</u>
<b>Cash Generated from/(used in) Operations</b>	<u>2,899.40</u>		<u>3,393.83</u>
Less: Income Tax Paid (Net)	(21.40)		(547.03)
<b>Net Cash from/(used in) Operating Activities</b>	<u>2,878.00</u>		<u>2,846.80</u>
<b>B. Cash Flow from Investing Activities</b>			
Purchase of Property, Plant and Equipment & Capital Work-in-Progress	(1,748.55)	(4,633.08)	
Movement of Biological Assets other than Bearer plants	(88.85)	-	
Proceeds from sale of Property, Plant and Equipment	36.06	8.37	
Interest Received	30.81	19.05	
Dividend Received	0.06	0.75	
<b>Net Cash from/(used in) Investing Activities</b>	<u>(1,770.47)</u>		<u>(4,604.91)</u>
<b>C. Cash Flow from Financing Activities</b>			
Interest paid on Lease Liabilities	(63.08)	(70.90)	
Principal Repayment of Lease Liabilities	(126.36)	(109.10)	
Finance Costs Paid	(1,206.55)	(1,137.99)	
Dividend Paid	(213.23)	(170.58)	
Proceeds/(Repayment) from Current Borrowings (Net)	459.38	(157.03)	
Proceeds/(Repayment) from Long Term Borrowings (Net)	(288.48)	3,737.40	
<b>Net Cash from/(used in) Financing Activities</b>	<u>(1,438.32)</u>		<u>2,091.80</u>
<b>Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<u>(330.79)</u>		<u>333.69</u>
Cash and Cash Equivalents at the beginning of the year	343.61	9.92	
Cash and Cash Equivalents at the end of the year	12.82	343.61	
<b>Net Increase/(decrease) in Cash and Cash Equivalents</b>	<u>(330.79)</u>		<u>333.69</u>
As per our report of even date attached	For and on behalf of the board		
For <b>P.N.Raghavendra Rao &amp; Co</b>	<b>S. Devarajan</b>	<b>S. Dinakaran</b>	
Chartered Accountants	Chairman and Managing Director	Joint Managing Director	
Firm Registration No. : 003328S	DIN : 00001910	DIN : 00001932	
<b>Pon Arul Paraneedharan</b> - Partner	<b>S. Natarajan</b>	<b>P. Boopalan</b>	
Membership No : 212860	Company Secretary	Chief Financial Officer	
Salem			
May 27, 2023			


**Consolidated Statement of Changes in Equity for the year ended 31.03.2023 (Rupees in Lakhs)**
**A. Equity Share Capital**

Year Ended	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
31.03.2023	427.55	–	427.55
31.03.2022	427.55	–	427.55

**B. Other Equity**

(Rupees in Lakhs)

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	Securities Premium	General Reserve	Retained Earnings		
Balance at the beginning of 01.04.2021	539.09	4,464.67	4,835.67	(162.13)	9,657.23
Profit/(Loss) for the year	–	–	1,514.77	–	1,514.77
Other Comprehensive Income	–	–	–	140.31	140.31
<b>Total Comprehensive Income for the year</b>	–	–	<b>1,514.77</b>	<b>140.31</b>	<b>1,655.08</b>
Dividend Paid	–	–	170.58	–	170.58
<b>Balance as of 31.03.2022</b>	<b>539.09</b>	<b>4,464.67</b>	<b>6,159.79</b>	<b>(21.82)</b>	<b>11,141.73</b>
Balance at the beginning of 01.04.2022	539.09	4,464.67	6,159.79	(21.82)	11,141.73
Profit/(Loss) for the year	–	–	(1,172.99)	–	(1,172.99)
Other Comprehensive income	–	–	–	(143.27)	(143.27)
<b>Total Comprehensive income for the year</b>	–	–	<b>(1,172.99)</b>	<b>(143.27)</b>	<b>(1,316.26)</b>
Adjustment on account of consolidation	–	–	45.29	–	45.29
Dividend Paid	–	–	213.23	–	213.23
<b>Balance as of 31.03.2023</b>	<b>539.09</b>	<b>4,464.67</b>	<b>4,728.28</b>	<b>(165.09)</b>	<b>9,566.95</b>

**Notes :**

- (a) Dividends declared/paid during the year and amounts transferred to Retained Earnings Rs.213.23 lakhs (2021-22 Rs.170.58 lakhs).
- (b) Share application money pending allotment, Equity component of Compound financial instruments, Capital Reserves Debt/Equity instruments through OCI, effective portion of cash flow hedges, etc Rs.Nil (2021-22 Rs.Nil)

As per our report of even date attached

For **P.N.Raghavendra Rao & Co**

Chartered Accountants

Firm Registration No. : 003328S

**Pon Arul Paraneedharan** - Partner

Membership No : 212860

Salem

May 27, 2023

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 Financial Statements NON-CURRENT ASSETS Note 1 : Property, Plant and Equipment										
Particulars	Freehold Land	Buildings	Plant and Equipment	Solar Equipment	Wind Energy Converters	Furniture and Fixtures	Vehicles	Office and Other Equipments	Total	Capital Work in Progress
<b>Gross Carrying amount</b>										
Balance as at 01.04.2021	2,212.16	3,259.65	7,836.89	-	1,742.32	6.09	355.87	65.31	15,478.29	28.61
Additions	31.96	37.75	447.97	4,024.92	-	1.41	5.91	6.12	4,556.04	105.65
Deletions/Adjustments	-	-	1.94	-	-	-	-	-	1.94	28.61
<b>Balance as at 31.03.2022</b>	<b>2,244.12</b>	<b>3,297.40</b>	<b>8,282.92</b>	<b>4,024.92</b>	<b>1,742.32</b>	<b>7.50</b>	<b>361.78</b>	<b>71.43</b>	<b>20,032.39</b>	<b>105.65</b>
Additions	-	310.01	1,271.45	58.02	-	0.69	10.50	19.67	1,670.34	183.86
Deletions/Adjustments	-	-	4.74	-	-	-	8.91	-	13.65	105.65
<b>Balance as at 31.03.2023</b>	<b>2,244.12</b>	<b>3,607.41</b>	<b>9,549.63</b>	<b>4,082.94</b>	<b>1,742.32</b>	<b>8.19</b>	<b>363.37</b>	<b>91.10</b>	<b>21,689.08</b>	<b>183.86</b>
<b>Accumulated Depreciation</b>										
Balance as at 01.04.2021	-	672.39	3,001.16	-	1,190.92	4.95	184.02	22.81	5,076.25	-
Depreciation for the year	-	133.07	814.78	21.24	183.15	0.23	38.72	8.83	1,200.02	-
Withdrawn	-	-	1.94	-	-	-	-	-	1.94	-
<b>Balance as at 31.03.2022</b>	<b>-</b>	<b>805.46</b>	<b>3,814.00</b>	<b>21.24</b>	<b>1,374.07</b>	<b>5.18</b>	<b>222.74</b>	<b>31.64</b>	<b>6,274.33</b>	<b>-</b>
Depreciation for the year	-	139.29	851.47	274.34	62.23	0.33	38.68	9.94	1,376.28	-
Withdrawn	-	-	1.18	-	-	-	1.74	-	2.92	-
<b>Balance as at 31.03.2023</b>	<b>-</b>	<b>944.75</b>	<b>4,664.29</b>	<b>295.58</b>	<b>1,436.30</b>	<b>5.51</b>	<b>259.68</b>	<b>41.58</b>	<b>7,647.69</b>	<b>-</b>
<b>Net Carrying amount</b>										
Balance as at 31.03.2022	2,244.12	2,491.94	4,468.92	4,003.68	368.25	2.32	139.04	39.79	13,758.06	105.65
Balance as at 31.03.2023	2,244.12	2,662.66	4,885.34	3,787.36	306.02	2.68	103.69	49.52	14,041.39	183.86

Particulars	Capital Work in Progress Ageing Schedule				Total
	(Rupees in Lakhs)				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at 31.03.2023</b>					
Projects in progress	183.86	-	-	-	183.86
Projects temporarily suspended	-	-	-	-	-
<b>As at 31.03.2022</b>					
Projects in progress	105.65	-	-	-	105.65
Projects temporarily suspended	-	-	-	-	-


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements**
**Note :**
**(Rupees in Lakhs)**

1. Impairment loss recognized/reversed during the year Rs. Nil (2021-22 Rs.Nil)
2. Amount of Contractual Commitments for acquisition of Property, Plant and Equipment - Refer Note No.43
3. For details of Property, Plant and Equipment given as security against borrowings - Refer Note No.46
4. The Company has capitalised the specific borrowing cost of Rs. 17.95 lakhs (2021-22 Rs. Nil) during the year which were incurred specifically to get ready the qualifying assets for their intended use.
5. All the immovable properties are held in the name of the Company.
6. There are no proceedings initiated during the year or are pending against the company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
7. The Company does not have any Capital work-in-progress (CWIP) whose completion is overdue or has exceeded its original planned cost. All CWIP is expected to be completed in less than 1 year.

**Note 2 : Right of Use Assets**

Particulars	Total
<b>Leasehold Land and Buildings</b>	
<b>Gross Carrying amount</b>	
<b>Balance as at 01.04.2021</b>	<b>787.34</b>
Additions	-
Deletions/Adjustments	-
<b>Balance as at 31.03.2022</b>	<b>787.34</b>
Additions	40.67
Deletions/Adjustments	-
<b>Balance as at 31.03.2023</b>	<b>828.01</b>
<b>Accumulated Depreciation</b>	
<b>Balance as at 01.04.2021</b>	<b>111.79</b>
Depreciation for the year	134.15
Withdrawn	-
<b>Balance as at 31.03.2022</b>	<b>245.94</b>
Depreciation for the year	141.22
Withdrawn	-
<b>Balance as at 31.03.2023</b>	<b>387.16</b>
<b>Net Carrying amount</b>	
<b>Balance as at 31.03.2022</b>	<b>541.40</b>
<b>Balance as at 31.03.2023</b>	<b>440.85</b>

**Notes :**

1. Lease hold land and buildings is pursuant to application of Ind AS 116. Refer Note No. 47
2. Lease agreements are duly executed in favour of the company.





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

## Note 3 : Intangible Assets

(Rupees in Lakhs)

Particulars	Total
<b>Computer Software</b>	
<b>Gross Carrying amount</b>	
Balance as at 01.04.2021	0.48
Additions	—
Deletions/Adjustments	—
Balance as at 31.03.2022	0.48
Additions	—
Deletions/Adjustments	—
Balance as at 31.03.2023	0.48
<b>Accumulated Depreciation</b>	
Balance as at 01.04.2021	0.44
Amortisation for the year	—
Withdrawn	—
Balance as at 31.03.2022	0.44
Amortisation for the year	—
Withdrawn	—
Balance as at 31.03.2023	0.44
<b>Net Carrying amount</b>	
Balance as at 31.03.2022	0.04
Balance as at 31.03.2023	0.04

## Notes :

1. Impairment loss recognized/reversed during the year Rs.Nil (2021-22 Rs.Nil)

## Note 4 : Biological Assets other than Bearer plants

Particulars	As at 31.03.2023	As at 31.03.2022
Biological Assets - Cattles	88.85	—
	<u>88.85</u>	<u>—</u>
<b>Reconciliation of Carrying amount</b>		
Particulars	As at 31.03.2023	As at 31.03.2022
Balance at the beginning of the year	—	—
Cattles purchased during the year	81.90	—
Change in Fair Value/Cattles matured during the year	6.95	—
Cattles sold/discarded during the year	—	—
<b>Balance at the end of the year</b>	<u>88.85</u>	<u>—</u>

## Note :

1. As at 31.03.2023, there were 212 cattles as biological assets (31.03.2022 : Nil)
2. The fair valuation of biological assets is classified as Level 2 in the fair value hierarchy as they are determined based on the best available quote from the nearest market on the basis of age of cows and calves.



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 5 : Non - Current Financial Assets - Investments</b>		
<b>Investments in Equity instruments</b>		
<b>I. Quoted Equity Shares - At FVTPL</b>		
<b>Others</b>		
1,463 (31.03.2022 : 1,463) Equity shares of Rs.10 each in Karnataka Bank Limited	1.99	0.81
<b>II. Unquoted Equity Shares</b>		
<b>Associates</b>		
19,90,000 (31.03.2022 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	199.00	199.00
Less : Group Share of Profit/(Loss)	2.66	(2.32)
	<u>201.66</u>	<u>196.68</u>
7,04,060 (31.03.2022 : 7,04,060) Equity shares of Rs.10 each in Salem IVF Centre Private Limited	70.41	70.41
Less: Group Share of Profit/(Loss)	(70.41)	(70.41)
	<u>-</u>	<u>-</u>
<b>Others - At FVTPL</b>		
1,07,500 (31.03.2022 : 1,07,500) Equity shares of Rs.10 each in Sambandam Dairy Farm Limited (Previously known as Sambandam Investment and Leasing Limited)	19.06	20.73
	<u>222.71</u>	<u>218.22</u>
Aggregate cost of Quoted Investments	0.15	0.15
Aggregate market value of Quoted Investments	1.99	0.81
Aggregate amount of unquoted Investments	220.72	217.41
<b>Note : All the investments made by the Company are fully paid-up unless otherwise stated</b>		
<b>Note 6 : Other Non Current Financial Assets</b>		
<b>Unsecured and Considered Good</b>		
Security Deposits		
with Related Parties	23.00	23.00
with Others	417.90	332.04
Bank deposits with original maturity of greater than 12 months	0.10	0.10
	<u>441.00</u>	<u>355.14</u>
<b>Note 7 : Other Non Current Assets</b>		
<b>Unsecured and Considered Good, unless otherwise stated</b>		
Amount recoverable from employee ( Refer Note. 51)		
Considered good	250.00	250.00
Considered doubtful	1,059.26	1,059.26
	<u>1,309.26</u>	<u>1,309.26</u>
Less : Provision for doubtful amount	1,059.26	1,059.26
	<u>250.00</u>	<u>250.00</u>
Capital Advances	49.35	337.75
	<u>299.35</u>	<u>587.75</u>
<b>Note 8 : Inventories</b>		
Raw materials	3,046.83	4,563.76
Work-in-progress	2,146.67	2,000.91
Finished goods - Yarn	1,682.48	3,676.81
Stores and spares	40.40	60.78
	<u>6,916.38</u>	<u>10,302.26</u>
<b>Note :</b>		
1. There are no goods in transit as at the end of the current reporting period and the previous reporting period.		
2. Cost of materials consumed during the year, Refer Note No. 30		



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 9 : Trade Receivables</b>		
Undisputed, Unsecured - Considered Good Related Parties (Note No.45)	136.18	6.47
Undisputed, Unsecured - Considered Good Others	2,985.13	3,685.59
Undisputed, Unsecured - Credit Impaired	35.77	-
	<u>3,157.08</u>	<u>3,692.06</u>
Less : Provision for Expected Credit Losses	35.77	-
	<u>3,121.31</u>	<u>3,692.06</u>

## Trade Receivables Ageing as on 31.03.2023

Particulars	Outstanding as on 31.03.2023 for the following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 year - 2 year	2 year - 3 year	More than 3 year	
<b>Undisputed Trade receivables</b>							
Undisputed considered good related parties	134.14	2.04	-	-	-	-	136.18
Undisputed considered good others	1,256.29	1,608.61	67.60	0.94	16.19	35.50	2,985.13
Undisputed which have significant credit risk	-	-	-	-	-	-	-
Undisputed credit impaired	-	-	0.84	1.43	9.69	23.81	35.77
<b>Disputed Trade receivables</b>	-	-	-	-	-	-	-
<b>Total</b>	<b>1,390.43</b>	<b>1,610.65</b>	<b>68.44</b>	<b>2.37</b>	<b>25.88</b>	<b>59.31</b>	<b>3,157.08</b>

## Trade Receivables Ageing as on 31.03.2022

Particulars	Outstanding as on 31.03.2022 for the following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 year - 2 year	2 year - 3 year	More than 3 year	
<b>Undisputed Trade receivables</b>							
Undisputed considered good related parties	5.36	1.11	-	-	-	-	6.47
Undisputed considered good others	1,675.88	1,901.21	7.73	22.85	68.88	9.04	3,685.59
Undisputed which have significant credit risk	-	-	-	-	-	-	-
Undisputed credit impaired	-	-	-	-	-	-	-
<b>Disputed Trade receivables</b>	-	-	-	-	-	-	-
<b>Total</b>	<b>1,681.24</b>	<b>1,902.32</b>	<b>7.73</b>	<b>22.85</b>	<b>68.88</b>	<b>9.04</b>	<b>3,692.06</b>

## Note 10a : Cash and Cash Equivalents

Balances with Banks in Current Account	9.35	342.39
Cash on hand	3.47	1.22
	<u>12.82</u>	<u>343.61</u>


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 10b : Bank Balances other than Cash and Cash Equivalents</b>		
Earmarked Balances with banks		
Balance in Unclaimed Dividend accounts	10.43	9.83
Liquid assets deposits #	55.00	50.00
Deposits with Banks held as margin money #	17.98	402.78
	<u>83.41</u>	<u>462.61</u>
# represents deposits with original maturity of more than 3 months and less than 12 months		
<b>Note 11 : Other Current Financial Assets</b>		
Security Deposits		
with Related Parties	134.30	152.27
with Others	123.39	-
Interest accrued on deposits	2.10	14.75
Export incentive receivable	1.92	-
Employee advances	18.10	17.53
Rent receivable - from related party	-	4.05
- from others	-	1.25
Other receivable	22.06	22.12
	<u>301.87</u>	<u>211.97</u>
<b>Note 12 : Current Tax Assets/(Liabilities) - Net</b>		
Opening balance	(15.40)	(46.23)
Net Taxes paid/(refund) for the year	21.40	30.83
Current Tax Assets/(Liabilities) - Net	<u>6.00</u>	<u>(15.40)</u>
<b>Note 13 : Other Current Assets</b>		
<b>Unsecured Considered Good</b>		
Prepaid expenses	98.11	119.75
Supplier advances	240.22	188.17
Balance with Government Authorities	1,443.91	1,324.56
	<u>1,782.24</u>	<u>1,632.48</u>
<b>Note 14 : Equity Share Capital</b>		
<b>Authorised</b>		
50,00,000 Equity Shares (31.03.2022 : 50,00,000) of Rs. 10 each with voting rights	500.00	500.00
<b>Issued</b>		
42,86,400 Equity Shares (31.03.2022 : 42,86,400) of Rs. 10 each with voting rights	428.64	428.64
<b>Subscribed and paid up share capital</b>		
42,64,600 Equity Shares (31.03.2022 : 42,64,600) of Rs. 10 each with voting rights	426.46	426.46
Add : Forfeited Shares (Amount originally paid in respect of 21,800 Equity Shares)	1.09	1.09
	<u>427.55</u>	<u>427.55</u>

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

Particulars	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Amount (Rs. in Lakhs)	No. of Shares	Amount (Rs. in Lakhs)
<b>Equity Shares</b>				
At the beginning of the period	42,64,600	426.46	42,64,600	426.46
At the end of the period	42,64,600	426.46	42,64,600	426.46



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at	
	31.03.2023	31.03.2022

## b. Terms/rights and restrictions in respect of Equity Shares

The Company has only one class of equity shares having face 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. The Company declares and pays dividend in Indian rupees. The dividend recommended by the Board of Directors is subject to the approval of shareholders at the ensuing Annual General Meeting.

## c. Details of shareholders holding more than 5% Shares in the Company

Name of the Shareholder	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>Equity Shares with voting rights</b>				
S. Devarajan	5,25,419	12.32%	5,25,419	12.32%
S. Jegarajan	4,88,576	11.46%	4,88,576	11.46%
S. Dinakaran	4,19,044	9.83%	4,19,044	9.83%

## d. Details of shareholding of Promoters in the Company #

Name of the Shareholder	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	% of holding	No. of Shares	% of holding
<b>Equity Shares with voting rights</b>				
S. Devarajan	5,25,419	12.32%	5,25,419	12.32%
S. Jegarajan	4,88,576	11.46%	4,88,576	11.46%
S. Dinakaran	4,19,044	9.83%	4,19,044	9.83%
R. Natarajan	1,92,390	4.51%	1,92,390	4.51%
D. Saradhamani	1,01,180	2.37%	1,01,180	2.37%
D. Sudharshan	88,760	2.08%	88,760	2.08%
D. Senthilnathan	81,180	1.90%	81,180	1.90%
N. Porkodi	61,880	1.45%	61,880	1.45%
D. Rathipriya	41,580	0.98%	41,580	0.98%
V. Valarnila	37,160	0.87%	37,160	0.87%
D. Manjula	30,540	0.72%	30,540	0.72%
Ramya Jegarajan	26,540	0.62%	26,540	0.62%
J. Parameswari	22,575	0.53%	22,575	0.53%
J. Sakthivel	14,700	0.34%	14,700	0.34%
N. Usha	14,250	0.33%	14,250	0.33%
S. Sivakumar	6,928	0.16%	6,928	0.16%
D. Niranjankumar	5,800	0.14%	5,800	0.14%
D. Minusakthipriya	4,000	0.09%	4,000	0.09%
D. Anupama	3,220	0.08%	3,220	0.08%
R. Selvarajan	101	0.00%	101	0.00%
A. Sarayu	186	0.00%	186	0.00%
	<b>21,66,009</b>	<b>50.79%</b>	21,66,009	50.79%

# There is no change in the shareholding of promoters as compared to the previous year

## e. 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 at 31.03.2023 is Rs. Nil (31.03.2022 : Rs. Nil).


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
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**Note 15 : Other Equity**

Particulars	Note No	As at 31.03.2023	As at 31.03.2022
Securities Premium Reserve	A	539.09	539.09
General Reserve	B	4,464.67	4,464.67
Retained Earnings	C	4,728.28	6,159.79
Other Comprehensive Income	D	(165.09)	(21.82)
		<u>9,566.95</u>	<u>11,141.73</u>

Refer Statement of Changes in Equity for additions/ deletions during the period

**Notes :**

- A. Securities Premium Reserve represents premium received on issue of Equity Shares, 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. Retained earnings includes Revaluation reserve of Rs. 2707.94 lakhs which was transferred to retained earnings on the transition date, may not be available for distribution.
- D. Other Comprehensive Income represents the cumulative gain/loss arising on remeasurement of defined benefit obligation. This would not be reclassified to the Statement of Profit and Loss.

**NON-CURRENT LIABILITIES**
**Note 16 : Financial Liabilities - Long Term Borrowings**
**Secured Borrowings**

Term loan from Banks	5,623.99	4,750.98
Buyers Credit facility in Foreign currency	-	1,232.89

**Unsecured Borrowings**

From Directors	52.00	4.50
Fixed Deposits from members	555.22	531.32
	<u>6,231.21</u>	<u>6,519.69</u>

**Note :**

1. Refer Note 22 for Current maturities of Non Current Borrowings
2. Refer Note 46 for Nature of security for Borrowings
3. Refer Note 45 for Borrowings from Related parties
4. The company has utilised the borrowings only for the intended purpose for which the borrowings were availed.
5. The company has not utilised the borrowings raised on short term basis for long term puposes.

**Note 17 : Lease Liabilities (Non-Current)**

Lease Liabilities from Related party (Ind AS 116)	357.54	473.92
	<u>357.54</u>	<u>473.92</u>

**Note :**

1. Refer Note 23 for Current Maturities of Lease Liabilities
2. Refer Note 47 for disclosure under Ind AS 116
3. Refer Note 45 for Lease Liabilities from Related parties

**Note 18 : Other Non Current Financial Liabilities**

Security Deposits		
from Related parties	4.50	4.50
from Others	0.73	0.73
	<u>5.23</u>	<u>5.23</u>



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 19 : Non - Current Provisions</b>		
Provision for Employee benefits		
Compensated absences	151.33	453.98
Contribution to Gratuity Fund	242.39	54.95
	<u>393.72</u>	<u>508.93</u>
<b>Note 20 : Deferred Tax Liabilities (Net)</b>		
Deferred Tax Liabilities	1,485.32	1,290.89
Deferred Tax Assets	700.50	123.89
Net Deferred Tax Liabilities	<u>784.82</u>	<u>1,167.00</u>
<b>Note :</b> Refer Note. 40 for details of Deferred Tax Liabilities and Assets		
<b>Note 21 : Other Non Current Liabilities</b>		
Deferred Government Grant (EPCG)	-	11.35
Other payables	255.59	-
	<u>255.59</u>	<u>11.35</u>
<b>CURRENT LIABILITIES</b>		
<b>Note 22 : Financial Liabilities - Short Term Borrowings</b>		
<b>Secured Borrowings</b>		
Cash Credit facilities from Banks	4,921.38	4,851.14
Current Maturities of Long Term Borrowings	1,862.03	1,472.89
	<u>6,783.41</u>	<u>6,324.03</u>
<b>Note :</b>		
1. Refer Note 46 for Nature of Security for Borrowings		
2. The Quarterly returns/statement of Current Assets filed by the Company with banks are in agreement with the books of account		
<b>Note 23 : Lease Liabilities (Current)</b>		
Lease Liabilities from Related party (Ind AS 116)	141.29	110.59
	<u>141.29</u>	<u>110.59</u>
<b>Note :</b>		
1. Refer Note 47 for Disclosure under Ind AS 116		
2. Refer Note 45 for Lease Liabilities from Related parties		
<b>Note 24 : Trade Payables</b>		
Outstanding dues of trade payables to		
a) Micro and Small Enterprises	144.13	384.63
b) Other than Micro and Small Enterprises	2,054.09	3,889.87
	<u>2,198.22</u>	<u>4,274.50</u>

## Trade payables Ageings as on 31.03.2023

Particulars	Outstanding as at 31.03.2023 for the following periods from the due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
a) MSME	144.13	-	-	-	144.13
b) Others	2,029.83	6.60	6.19	11.47	2,054.09
c) Disputed Dues - MSME	-	-	-	-	-
d) Disputed Dues - Others	-	-	-	-	-
<b>Total</b>	<u>2,173.96</u>	<u>6.60</u>	<u>6.19</u>	<u>11.47</u>	<u>2,198.22</u>



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at				
	31.03.2023	As at 31.03.2022			
<b>Trade payables Ageings as on 31.03.2022</b>					
Particulars	Outstanding as at 31.03.2022 for the following periods from the due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
a) MSME	384.63	-	-	-	384.63
b) Others	3,822.12	8.38	7.11	52.26	3,889.87
c) Disputed Dues - MSME	-	-	-	-	-
d) Disputed Dues - Others	-	-	-	-	-
<b>Total</b>	<b>4,206.75</b>	<b>8.38</b>	<b>7.11</b>	<b>52.26</b>	<b>4,274.50</b>

**Note :**

The outstanding dues to Micro and Small Enterprises have been determined based on the information available with the Management. There are no outstanding dues to Micro and Small Enterprises exceeding 45 days from the date of acceptance.

**Additional Disclosure :**

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:

i) Principal amount due to suppliers under MSMED Act, as at the end of the year	<b>144.13</b>	384.63
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)	-	-

**Note 25 : Other Current Financial Liabilities**

Interest accrued but not due on borrowings	<b>31.06</b>	15.14
Unclaimed Dividends	<b>10.43</b>	9.83
Accrued expenses/liabilities	<b>165.68</b>	343.39
Employee payables	<b>404.86</b>	547.07
	<b>612.03</b>	915.43

**Note 26 : Other Current Liabilities**

Advance from customers	<b>77.93</b>	211.62
Statutory liabilities	<b>38.23</b>	51.18
	<b>116.16</b>	262.80

**Note 27 : Current Provisions**

Provision for Employee benefits	<b>68.36</b>	53.10
Contribution to Gratuity Fund	<b>68.36</b>	53.10




**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>Note 28 : Revenue from Operations</b>		
Sale of products		
Yarn	25,288.27	34,296.10
Fabric sales	6.74	87.41
Process waste	833.93	971.67
	<u>26,128.94</u>	<u>35,355.18</u>
Other Operating revenues		
Power generated by Wind Energy Converters (Net of Captive generation)	150.56	117.07
Scrap sales	13.21	5.25
Export incentives	32.43	16.43
	<u>196.20</u>	<u>138.75</u>
Total Revenue from Operations	<u>26,325.14</u>	<u>35,493.93</u>
<b>Note 29 : Other Income</b>		
Interest Income	30.81	19.05
Dividend income from Non-current investments	0.06	0.75
Other non-operating income		
Rent received	10.76	10.66
Certification charges	4.89	4.14
Profit on sale of Property, Plant and Equipment	25.32	8.37
Net Gain or Loss arising on Fair Value of Financial Asset and		
Impairment Provision	44.80	(0.08)
Provisions written back	303.34	-
	<u>419.98</u>	<u>42.89</u>
<b>Note 30 : Cost of Materials Consumed</b>		
Opening Stock of Raw materials	4,563.76	6,738.05
Add : Purchase of Raw materials	15,814.05	21,663.95
	<u>20,377.81</u>	<u>28,402.00</u>
Less : Closing Stock of Raw materials	3,046.83	4,563.76
Raw materials consumed	17,330.98	23,838.24
Others	7.43	25.42
	<u>17,338.41</u>	<u>23,863.66</u>
<b>Note 31 : Changes in Inventories of Finished Goods and Work-in-Progress</b>		
<b>Inventories at the end of the year</b>		
Finished Goods	1,682.48	3,676.81
Work-in-Progress	2,146.67	2,000.91
	<u>3,829.15</u>	<u>5,677.72</u>
<b>Inventories at the beginning of the year</b>		
Finished Goods	3,676.81	1,082.52
Work-in-Progress	2,000.91	1,826.38
	<u>5,677.72</u>	<u>2,908.90</u>
<b>Net Change in Inventories of Finished Goods and Work-in-Progress</b>	<u>1,848.57</u>	<u>(2,768.82)</u>
<b>Note 32 : Employee Benefits Expense</b>		
Salaries, Wages and Bonus	2,697.73	3,340.10
Contribution to Provident, Gratuity and other funds	258.48	407.37
Staff Welfare expenses	125.73	303.56
	<u>3,081.94</u>	<u>4,051.03</u>
<b>Note 33 : Finance Costs</b>		
Interest Expenses on Borrowings	1,150.12	1,156.91
Interest on lease liabilities (Ind AS 116)	63.08	70.90
Foreign Exchange Loss (Net)	40.51	-
Other borrowing costs - Premium on Forward Contracts	-	(23.03)
	<u>1,253.71</u>	<u>1,204.78</u>


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>Note 34 : Depreciation and Amortisation Expense</b>		
<b>Property, Plant and Equipment</b>		
Buildings	139.29	133.07
Plant and Machinery	851.47	814.78
Wind Energy Converters	62.23	183.15
Solar Equipments	274.34	21.24
Furniture and Fixtures	0.33	0.23
Office and Other Equipments	9.94	8.83
Vehicles	38.68	38.72
	<u>1,376.28</u>	<u>1,200.02</u>
<b>Right of Use Asset</b>		
Land and Buildings	141.22	134.15
	<u>141.22</u>	<u>134.15</u>
<b>Intangible Assets</b>		
Computer Software	-	-
	<u>-</u>	<u>-</u>
	<u>1,517.50</u>	<u>1,334.17</u>
Refer note 1, 2 and 3 on Property, Plant and Equipments, Right of Use Asset and Intangible Assets		
<b>Note 35 : Other Expenses</b>		
Cotton dyeing charges	121.47	243.30
Fabric conversion charges	4.50	28.03
Yarn mercerising and doubling charges	202.82	129.03
Consumption of stores and spares	411.58	716.80
Power and fuel (Net)	911.07	2,684.36
Rent	0.12	8.99
Repairs and maintenance - Buildings	90.52	248.61
- Plant and Machinery	332.00	347.50
- Others	19.23	8.86
Insurance	53.97	25.66
Rates and taxes	61.56	51.86
Packing and forwarding chages	179.02	315.23
Sales Promotion Expenses	60.19	11.36
Printing and Stationery	12.33	10.14
Postage and Courier	11.97	4.54
Telephone and Internet Charges	8.53	6.39
Brokerage and Commission on sales	199.56	330.49
Auditor Remuneration	8.00	8.00
Legal and Professional charges	58.31	37.06
Travel and Vehicle upkeep expenses	253.38	275.68
Donation and Charity	0.13	5.06
Directors' sitting fees	30.00	30.60
Coporate Social Responsibility Expenditure (Refer Note No. 38)	25.31	12.46
Provision for Expected Credit Losses	35.77	-
Bad debts	-	4.67
Bank and Other financial charges	65.63	77.59
Miscellaneous Expenses	57.83	80.64
	<u>3,214.80</u>	<u>5,702.91</u>
<b>Notes : Breakup of Auditor's Remuneration :</b>		
<b>Payment to Auditors as</b>		
i) Statutory audit	8.00	8.00
ii) Taxation matters	-	-
iii) Other services	-	-

**Note No. 36 A****Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023****1. Corporate Information:**

Sambandam Spinning Mills Limited (the 'Company') is a listed Public Company having its registered in Mill Premises, Kamaraj Nagar Colony, Salem District - 636 014, Tamil Nadu State. The Company's 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, 12.35 MW Wind Energy Converters located in Tirunelveli District, Tamil Nadu State and 9MW of solar energy plants which produce electricity for its own consumption and for sale.

The Board of Directors approved the Consolidated financial statements for the year ended 31st March 2023 at their Board meeting held on 27th May 2023.

**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 of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules 2015, as amended and other relevant provisions of the Act. The financial statements comply in all material aspects with Ind AS notified under the Act read with other relevant provisions of the Act.

The accounting policies are applied consistently to all the periods presented in the financial statements.

**(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.

The fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset/liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

**(iii) Current and Non - Current Classification**

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act 2013.

Deferred Tax assets and liabilities are classified as Non-current assets and liabilities.

The company has identified Twelve months for the classification as current and non current.

**(iv) 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.



**Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023 (Contd...)**

**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 exchange rates are generally recognized in the Statement of Profit and Loss.

**c) Revenue Recognition**

Revenue from contracts with customers is recognized on transfer of control of promised goods or service to a customer at an amount that reflects the consideration to which the company is expected to be entitled in exchange for those goods or services. The company recognizes the revenue at the amount of transaction price on the satisfaction of performance obligation. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

Revenue is recognized only to the extent that is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

**Sale of products**

Timing of recognition – Revenue from sale of products is recognized when the performance obligations are satisfied and the control of the products is transferred to customers based on the terms of contract. Revenue is recognized when collectability of the resulting receivable is reasonably assured.

Measurement of revenue -Revenue is measured based on the transaction price, which is the consideration, net of customer incentives, discounts, variable considerations, payments made to customers as specified in the terms of contract with customers. 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 recognized based on the contractual rates with the customers and the credit granted by the regulatory authorities to the said customers for units generated.

**Other Operating revenues**

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

**d) Other Income**

Other income comprising of interest income and rental income are accounted on accrual basis.

Dividend income from investments is recognized 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).



**Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023 (Contd...)**

**e) Government Grants**

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

Government grants are recognized 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) Current Tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current tax is the amount of income tax payable in respect of taxable profit for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. The 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.

**Deferred Tax**

Deferred tax is provided using the balance sheet 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 recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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. Unrecognized deferred tax assets are re-assessed at each reporting date and recognized 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 is recognized in Statement of Profit and Loss, except to the extent relates to items recognized in Other Comprehensive Income, in which case, it is recognized in Other Comprehensive Income. 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.



**Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023 (Contd...)**

The lease liability is initially measured at amortised 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.

**As a lessor :**

The Company classifies the lease when it does not transfer substantially all the risks and rewards of ownership of an asset as operating leases. The rental income under operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term.

**h) Property, Plant and Equipment**

Property, Plant and Equipment are measured at cost net of tax / duty credit availed less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Cost includes related taxes, duties, freight, insurance etc., attributable to acquisition and installation of assets and borrowing cost incurred up to the date of commencing operations, but excludes duties and taxes that are recoverable from taxing authorities.

Subsequent cost are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit 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 a separate asset is derecognized when replaced. Cost in the nature of repairs and maintenance are recognized in the Statement of Profit and Loss during the reporting period in which they are incurred.

Assets which are not ready for their intended use and other capital work in progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest. Advances given towards acquisition of Property, Plant and Equipment outstanding at each balance sheet date are disclosed as Capital Advances under Other Non-Current Assets.

**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.

**Depreciation/Amortisation methods, estimated useful lives and residual value**

Depreciation is calculated using the straight-line basis and the rates arrived are 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 year's)
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-rata basis on the assets acquired during the year. Leasehold asset's 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.



**Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023 (Contd...)**

**Derecognition**

An item of Property, plant and equipment is derecognized upon disposal / when no future economic benefits are expected to arise from the continued use of assets. Gains or losses on disposal are determined by comparing proceeds with the carrying amount.

**i) Intangible assets**

**i) Recognition**

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

**ii) Amortisation 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 recognized 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 that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**k) Biological Assets:**

**Livestock - Cattles**

Livestock are measured at fair value less cost to sell. Costs to sell include the transportation charges for transporting the cattle to the market but excludes finance costs and income taxes. Changes in fair value of livestock are recognized in the Statement of Profit and Loss. Costs such as vaccination, fodder and other expenses are expensed as incurred.

**l) Cash Flow Statement & Cash and Cash Equivalents**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

For the purpose of presentation in the Cash flow statement, 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.

**m) Trade Receivables**

Trade receivables are recognized initially at transaction price.

**n) 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.



**Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023 (Contd...)**

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.

**o) 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 Ind AS 36. Any impairment loss reduces the carrying value of the investment. The impairment losses so recognized is limited to the carrying value of the investment.

**p) Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument.

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

**Financial Assets**

**i) Classification**

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

- a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) 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 only when its business model for managing those assets changes.

**ii) Initial Recognition**

All financial assets are recognized initially at fair value, plus in the case of financial assets not at recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. However, trade receivables that do not contain a significant financing component are measured at transaction price.



**Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023 (Contd...)****iii) Subsequent measurement**

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets 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 represents the 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 recognized 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 asset's 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 recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized 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 (FVTPL) :**

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 recognized 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 associates) at fair value. Dividends from such investment are recognized 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 recognized in the other income.

**iv) Impairment of Financial Assets**

The Company assesses the expected credit losses associated with its assets carried at amortised cost in accordance with Ind AS 109. The Company recognizes impairment losses on its financial assets based on whether there has been a significant increase in credit risk. The Company applies the simplified approach in accordance with Ind AS 109 Financial Instruments on trade receivables, where lifetime impairment losses is recognized at each reporting date, right from initial recognition of the receivables.

The Company recognizes impairment loss on other financial assets measured at fair value at amortised cost, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk has not increased significantly, an amount equal to 12 month expected credit losses is measured as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime expected credit losses is measured and recognized as loss allowance.



**Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023 (Contd...)**

**v) Derecognition of Financial Assets**

A financial asset is derecognized only when

- a) The company has transferred the rights to receive cash flow from the financial asset or
- b) The rights to receive the cash flows of the financial assets have expired

**q) 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.

**r) 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.

**Financial Liabilities**

**Classification as debt or equity**

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

**Initial Recognition and Measurement**

All financial liabilities are initially recognized at the value of respective contractual obligations. The Company's financial liabilities includes loans and borrowings, trade and other payables are recognized at net of directly attributable transaction costs

**Subsequent Measurement**

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

**Derecognition of Financial Liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de- recognition of the original financial liability and the recognition of a new financial liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**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.



**Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023 (Contd...)**

**t) Provisions and Contingencies**

Provisions for legal claims and returns are recognized 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 recognized for future operating losses

When the effect of time value of money is material, the 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 finance costs.

A contingent liability is disclosed whenever there is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events is not recognized as it is not probable to determine the reliability and outflow of resources that will be required to settle the obligation.

**u) Employee benefits**

**(i) Short-term obligations**

All employee benefits that are expected to be settled within 12 months in which the employees render the related service are classified as short-term employee benefits and are recognized in respect of employee's services up to the end of the reporting period. 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. Therefore they are 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 and employee state insurance.

**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.



**Statement of Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2023 (Contd...)**

Remeasurement of gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in Other Comprehensive Income in the period in which they occur.

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 and employee state insurance 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.

**v) Earning per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- a) The profit/(loss) attributable to owners of the company
- b) By the weighted average number of equity shares outstanding during the financial year.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, other than the conversion of potential ordinary shares, that have changed the number of ordinary shares outstanding without a corresponding change in resources.

**(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:

- a) The profit/(loss) for the period attributable to the owners of the company
- b) The weighted average number of equity shares outstanding during the financial year, is adjusted for the effects of the all the dilutive potential equity shares.

**w) 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.



**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements**  
**Note 36B : Basis of Consolidation** (Rupees in Lakhs)

**36B.1 The Consolidated Financial Statements relate to Sambandam Spinning Mills Limited ("the Company") and its Associates**

**36B.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 consolidation are drawn upto the same reporting date as of the Investee Company i.e. year ended 31.03.2023
- b. The following Associates company is considered in the Consolidated financial statements using equity method.

S. No.	Name of the Associates	Nature of Business	Country	% of Ownership interest	
				31.03.2023	31.03.2022
1.	SPMM Health Care Services Private Limited	Healthcare services	India	49.75%	49.75%
2.	Salem IVF Centre Private Limited	Healthcare services	India	26.88%	26.88%

**36B.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 Total Comprehensive Income	Amount (Rs. lakhs)
1.	<b>Company</b> Sambandam Spinning Mills Limited	97.98%	9,792.84	100.42%	(1,177.97)	100.00%	(143.27)	100.38%	(1,321.24)
2.	<b>Associate (as per Equity method)</b> SPMM Health Care Services Private Limited	2.02%	201.66	(0.42)%	4.98	-	-	(0.38)%	4.98
3.	Salem IVF Centre Private Limited	-	-	-	-	-	-	-	-
	<b>Sub-Total</b>	<b>100.00%</b>	<b>9,994.50</b>	<b>100.00%</b>	<b>(1,172.99)</b>	<b>100.00%</b>	<b>(143.27)</b>	<b>100.00%</b>	<b>(1,316.26)</b>
	Add/(Less): Inter Company adjustments / elimination	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>100.00%</b>	<b>9,994.50</b>	<b>100.00%</b>	<b>(1,172.99)</b>	<b>100.00%</b>	<b>(143.27)</b>	<b>100.00%</b>	<b>(1,316.26)</b>


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
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**Note 37 : Details of Undisclosed Income, if any**

The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961).

**Note 38 : Expenditure incurred on Corporate Social Responsibilities**

i) Gross amount required to be spent by the Company during the year	23.11	12.43
ii) Amount spent during the year	25.31	12.46
iii) Amount unspent as at the year end (shortfall)	-	-
iv) Total of previous years shortfall	-	-

**Nature of CSR activities**

i) Promoting Healthcare and Sanitation	5.61	7.45
ii) Promoting Education	5.35	-
iii) Contribution to S. Palaniandi Mudaliar Charitable Trust (Related party)	14.35	5.01
<b>Total Expenditure incurred</b>	<b>25.31</b>	<b>12.46</b>
Balance to be carried forward	2.20	-

**Other disclosures with respect to Corporate Social Responsibility expenditure:**

- i) The Company has not made any provision in relation to CSR expenditure during the year and any previous year.

**Note 39 : Details of Crypto Currency or Virtual Currency, if any**

The Company has not traded or invested in Crypto currency or Virtual currency during the financial year ended 31.03.2023.

**Note 40 : Tax Expenses**

The major component of income tax expenses for the years ended 31.03.2023 and 31.03.2022 are as follows:

**a) Tax Expenses/(Benefit) recognised in Statement of Profit and Loss**
**Current Tax Expenses**

In respect of the current year	-	512.36
In respect of the earlier year	-	-
	-	512.36

**Deferred Tax Expenses/(Benefit)**

In respect of the current year	(331.84)	185.00
	(331.84)	185.00

**Income Tax Expenses/(Benefit) recognised in the Statement of Profit and Loss**

(331.84)	697.36
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**b) Tax Expenses recognised in Other Comprehensive Income**

Remeasurement of Defined Benefit Plans	(50.34)	57.64
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**Income Tax Expenses/(Benefit) recognised in Other Comprehensive Income**

(50.34)	57.64
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**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>Reconciliation of Income Tax Expenses/(Benefit) and accounting profit:</b>		
The Income Tax expenses/(benefit) for the year can be reconciled to the accounting profit of the year as follows:		
<b>Profit/(Loss) Before Tax from Continuing operations</b>	<b>(1,509.81)</b>	2,149.09
Income Tax Rate	<b>26.00%</b>	27.82%
Income Tax Expenses calculated	<b>(392.55)</b>	597.88
<b>Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income</b>		
Expenses that are not deductible in determining taxable profit	<b>621.88</b>	650.02
Expenses that are deductible in determining taxable profit	<b>(561.17)</b>	(550.54)
<b>Income tax expense/(benefit) recognised in Statement of profit and loss (relating to continuing operations)</b>	<b>(331.84)</b>	697.36

1. The surcharge has not been considered as the Company has incurred loss during the reporting period.
2. The Company has made an assessment on the impact of Section 115BAA of the Income Tax Act, 1961 and decided to continue with the existing tax structure.

**Movement of Deferred Tax Expenses/(Income) during the year:**

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.

The major components of deferred tax (liabilities) / assets arising on account of timing differences are as follows:

**Year Ended 31.03.2023**
**(Rupees in Lakhs)**

Particulars	Opening balance	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Closing Balance
<b>Deferred Tax (Liabilities)/Assets in relation to:</b>				
Property, Plant, and Equipment and Intangible Assets	(1,290.89)	(194.43)	-	(1,485.32)
Difference in treatment of expenses and Remeasurement of Defined Benefit Plans	123.89	(30.91)	50.34	143.32
Carry Forward Losses	-	557.18	-	557.18
	<b>(1,167.00)</b>	<b>331.84</b>	<b>50.34</b>	<b>(784.82)</b>

**Year Ended 31.03.2022**
**(Rupees in Lakhs)**

Particulars	Opening balance	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	Closing Balance
<b>Deferred Tax (Liabilities)/Assets in relation to:</b>				
Property, Plant, and Equipment and Intangible Assets	(1,068.55)	(222.34)	-	(1,290.89)
Difference in treatment of expenses and Remeasurement of Defined Benefit Plans	86.55	94.98	(57.64)	123.89
MAT Credit entitlement	53.80	(53.80)	-	-
	<b>(928.20)</b>	<b>(181.16)</b>	<b>(57.64)</b>	<b>(1,167.00)</b>


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Group Gratuity 31.03.2023	Group Gratuity 31.03.2022
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**Note 41 : Disclosure under IND AS 19:**
**A. Defined Contribution Plans**

The Company has defined contribution plans like Provident Fund and Employee State Insurance Scheme for the eligible employees of the Company in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary for the benefit of employees. The total expenses recognised in Statement of Profit and Loss is Rs. 196.39 Lakhs (for the year ended 31.03.2022 Rs. 218.81 lakhs)

**B. Defined Benefit Plans**
**Gratuity**

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

The 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.

The following table sets out the details of the defined benefits obligation and amount recognised in the financial statements.

**Principal Actuarial Assumptions**

Discount Rate	7.47%	7.13%
Salary Escalation Rate	5.00%	5.00%
Expected Return on Plan Assets	6.41%	7.13%
Attrition Rate	5.00%	5.00%

**1. Net Asset/(Liability) recognised in Balance sheet**

Present value of Defined Benefit Obligation	1,038.20	788.11
Fair value of Plan Assets	557.82	563.44
<b>Net liability arising from Defined Benefit Obligation - Funded</b>	<b>480.38</b>	<b>224.67</b>

The above provisions are reflected under 'Non Current Liabilities - Provisions and Current Liabilities - Provisions (Refer Note 19 and 27) to the Consolidated Financial Statements.

**2. Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:**

Current Service Cost	46.08	44.11
Net Interest Expenses	16.02	9.19
<b>Total Employer Expense recognised in Statement of Profit and Loss</b>	<b>62.10</b>	<b>53.30</b>

The Current Service Cost and the Net Interest Expense for the year are included in the Employee Benefits Expenses in Statement of Profit and Loss.




**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Group Gratuity 31.03.2023	Group Gratuity 31.03.2022
<b>3. Amounts recognised in Other Comprehensive Income in respect of these defined benefit plans are as follows:</b>		
<b>Remeasurement of Defined Benefit Obligation</b>		
Effect of Changes in Financial assumptions	(19.39)	(30.56)
Effect of Changes in Experience adjustments	224.52	262.23
(Return)/Loss on Plan Assets	(11.52)	(33.72)
<b>Net Cost in Other Comprehensive Income</b>	<u>193.61</u>	<u>197.95</u>
The remeasurement of the net Defined Benefit liability is included in Other Comprehensive Income.		
<b>4. Change in Obligations</b>		
Present Value of Defined Benefit Obligation at the beginning of the period	788.11	522.49
Current Service Cost	54.22	44.11
Interest Cost	46.08	32.14
Actuarial (Gains)/Losses arising from Experience Adjustments	205.14	231.67
Benefits paid	(55.35)	(42.30)
<b>Present Value of Defined Benefit Obligation at the end of the period</b>	<u>1,038.20</u>	<u>788.11</u>
<b>5. Change in Assets</b>		
Fair Value of Plan Assets at the beginning of the period	563.44	209.08
Expected Interest Income	38.21	22.94
Employer Contributions	-	340.00
Benefits paid	(55.35)	(42.30)
Actuarial Gain/(Loss)	11.52	33.72
<b>Fair Value of Plan Assets at the end of the period</b>	<u>557.82</u>	<u>563.44</u>

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. 8.80 Lakhs (2021-22 : Rs. 56.66 Lakhs)

**Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis 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. The defined benefit obligation increases/decreases are as follows:

Discount Rate +100 Basis points - Decreases by	57.05	42.44
Discount Rate -100 Basis points - Increases by	63.99	47.90
Salary Escalation Rate +100 Basis points - Increases by	60.79	47.38
Salary Escalation Rate +100 Basis points - Decreases by	55.09	42.67

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. 74.65 Lakhs (as at March 31, 2022 : Rs.53.10 Lakhs) to the defined benefit plans during the next financial year.


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**
**Maturity Profile of Defined benefit obligation**

Maturity Profile	31.03.2023	31.03.2022
1 year	137.21	90.79
2 year	85.45	90.76
3 year	76.17	58.45
4 year	59.38	51.51
5 year	76.11	155.85
More than 5 years	603.88	340.75
	<u>1,038.20</u>	<u>788.11</u>

**Long Term Compensated Balances**

The principal assumptions used for the purposes of the Actuarial valuation were as follows:

Discount Rate	7.23%	7.37%
Salary Escalation Rate	5.00%	5.00%

The directors of the Company who are entitled for compensated balances (leave salary) have waived 100% entitlement for the current year and two-third of the accumulated balances to an extent of Rs. 302.65 lakhs considering the prevailing business conditions.

**Note 42 : Earnings per Share**
**Basic and Diluted Earnings per Share**

From continuing operations	(27.51)	35.52
From discontinuing operations	-	-
<b>Total Earnings per share</b>	<u>(27.51)</u>	<u>35.52</u>

The earnings and weighted average number of equity shares used in the calculation of basic and diluted earnings per share are as follows:

<b>A. Net Profit after Tax available for equity shareholders (Rs. in Lakhs)</b>	(1,172.99)	1,514.77
<b>B. Weighted average number of Equity shares of Rs. 10/- each</b>		
i) Number of Shares at the beginning of the year	42,64,600	42,64,600
ii) Number of Shares at the end of the year	42,64,600	42,64,600
Weighted average number of Equity shares outstanding during the year	42,64,600	42,64,600
<b>C. Basic and Diluted Earnings per Share (in Rs.) (A/B)</b>	(27.51)	35.52

**Note 43 : Contingent liabilities and Capital Commitments**
**A. Contingent liabilities not provided for**

1. During the year 2008-09, TNEB Peak Hour penalty was levied by TANGEDCO. The Company has contested the same through Tamilnadu Spinning Mills Association (TASMA) vide Civil Appeal No. 10901099 of 2011 and obtained favourable order. Subsequently, TANGEDCO has filed Civil case appeal before the Hon'ble Supreme Court.  However, the company has paid the amount in full under protest.	130.16	130.16
2. The Company has preferred an appeal before Madras High Court challenging the Electricity tax on Night Hour Rebate imposed by TANGEDCO for the period from 2009 to 2013. Further, TANGEDCO has filed a Civil Appeal No 167168 of 2012 before Supreme Court which is also pending for disposal.  However, the company has paid the amount in full under protest.	7.16	7.16



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
3. The company has filed the case before Madras High Court challenging the Penalty towards Quota litigation on working methods, which is to be finalised by TNE Regulatory Commission (Writ Appeal No 5094 of 2012, APTEL Order on 13(f) Interim Appeal No 736 of 2019 in DFR No 1584 of 2019).  However the company has paid the amount in full under protest.	5.98	5.98
4. The Company has filed an appeal before Madras High Court towards captive consumption tax on self generated power which was exempted by Government due to green energy concept with retrospective period and the order was received in favour of TANGEDCO. Hence, the Company, through Tamilnadu Spinning Mills Association (TASMA) has filed Special Leave Petition No. 26742 of 2012 on this subject and interim orders were passed not to pay E-tax.  However the company has paid the amount in full under protest.	23.48	23.48
5. The Company has filed an appeal before Madras High Court contesting that the actual charges should be Rs. 15.89 lakhs (21,190 sq. mts @ Rs. 75/sq. mtr) against the demanded Infrastructure Development and Amenities Charges for construction of building at Unit-3 of Rs. 66.75 lakhs	66.75	66.75
6. The Company has preferred an appeal before Madras High Court challenging the Corporation tax for the period from 1998 to 2021.	36.10	36.10
7. The Company has filed Writ Appeal before Madras High Court challenging the TANGEDCO claim of electricity cost on the the under consumption by company than committed quantity consumption (W.A.No. 27999 of 2010).	69.38	69.38
8. The Company has been demanded 50% of deemed demand on GCP purchase units which has been included in EB bill and paid by Company every month. The Company had filed a Writ Petition No. 3382/2016 before Madras High Court and received a favourable order. However, TNEB has filed a Special Leave Petition before the Supreme Court.	69.92	69.92
9. TASMA (Tamilnadu Spinning Mills Association) in which company is a member has contested before Supreme Court towards E-tax demand @ 5% on recorded demand.	113.50	99.44
10. The Company has obtained interim stay from Hon'ble Madras High Court towards self generation tax demand on Solar Power energy generated (WP - 29182, 29175, 29178/03.11.2022 & WP - 29751/09.11.2022)	3.60	-
11. TASMA (Tamilnadu Spinning Mills Association) in which company is a member has preferred an appeal before Supreme Court towards self generation tax @ 10 paise/unit on captive consumption of windmill energy generated.	85.97	71.96
12. The Company has preferred an appeal before Appellate Tribunal, Coimbatore towards reversal of claim of GST Input Tax Credit for the FY 2015-16.  The company has paid Rs. 1.85 lakhs against the same.	14.77	14.77
13. The company has pre-closed the term-loan and cash credit facilities availed from State Bank of India during the year. The company is required to pay pre-payment charges to obtain no due certificate from the Bank.	74.57	-
	<u>701.34</u>	<u>595.10</u>

**B. Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account (net of advances) not provided for is Rs. 26.20 lakhs (31.03.2022 Rs. 706.46 lakhs).


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
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**Note 44 : Segment Information for the year ended 31.03.2023**

The Company is primarily engaged in the business of manufacturing and sale of yarn and related products, which is considered as single business segment based on nature of products, risk, returns and internal reporting business systems. Accordingly, there are no other reportable segments in terms of Ind AS 108 "Operating Segments".

**Geographical Segment Information**

India	24,681.80	34,600.71
Outside India	1,643.34	893.22
	<u>26,325.14</u>	<u>35,493.93</u>

There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.

All non current assets of the company are located in India.

**Note 45 : Related Party Disclosures as required under IND AS - 24:**
**a) List of Related Parties :**
**I. Key Management Personnel (KMP) :**

1. S. Devarajan - Chairman and Managing Director
2. S. Jegarajan - Joint Managing Director
3. S. Dinakaran - Joint Managing Director
4. D. Niranjana Kumar – Director – Marketing
5. J. Sakthivel – Director -Technical
6. P. Boopalan - Chief Financial Officer
7. S. Natarajan - Company Secretary

**II. Relatives of Key Management Personnel :**

1. S. Devarajan – HUF
2. S. Jegarajan – HUF
3. S. Dinakaran - HUF
4. D. Anupama
5. D. Sudharsan - Non Executive Director
6. S. Kandaswarna
7. D. Manjula
8. D. Minusakthipriya
9. J. Ramya
10. D. Rathipriya
11. D. Saradhamani
12. V. Valarnila
13. Parameshwari Jegarajan
14. V. Akcchaya

**III. Associate Company**

1. SPMM Health Care Services Private Limited
2. Salem IVF Centre Private Limited

**IV. Enterprises in which KMP and their relatives have a significant influence:**

1. Sambandam Siva Textiles Private Limited
2. S. Palaniandi Mudaliar Charitable Trust
3. Sambandam Spinning Mills Gratuity Trust
4. Sambandam Dairy Farm Private Limited
5. Sambandam Fabrics Private Limited
6. Kandagiri Spinning Mills Limited

**Note :**

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 considered as KMP for the purpose of disclosure requirement as per Ind AS 24 Related Party.



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

## b) Details of Transactions with Related Parties :

Name of Related Party	Nature of Transaction	2022 - 23	2021 - 22
Salem IVF Centre Private Limited	Rent Received	9.00	9.00
	Security Deposit - Rent	4.50	4.50
	Receivable at the end of the year	0.88	4.05
Sambandam Siva Textiles Private Limited	Sale of Wind Power	122.70	117.07
	Sale of Milk	8.84	9.50
	Sale of Fibre	1.28	—
	Purchase of goods	15.23	25.17
	Purchase of Agricultural product	2.81	3.52
	Purchase of Polyester Staple Fibre	1.45	—
	Receivable at the end of the year	7.09	6.47
S. Palaniandi Mudaliar Charitable Trust	Availing of Hospital services	20.88	9.18
	Sale of Milk	10.79	2.21
	CSR Expenditure	14.35	5.01
	Payable at the end of the year	0.43	2.28
Sambandam Dairy Farm Private Limited	Purchase of Milk	—	13.79
	Corporate loan received	—	100.00
	Sale of Cow	—	26.00
	Corporate loan repaid	—	100.00
	Inter Corporate Loan interest paid	—	4.33
Sambandam Fabrics Private Limited	Corporate Guarantee received in favour of CSB Bank towards loans availed by the Company	2,435.00	2,435.00
Sambandam Spinning Mills Gratuity Trust	Contribution towards Gratuity	62.09	53.30
Kandagiri Spinning Mills Limited (Related party w.e.f 6 <sup>th</sup> May 2022)	Lease Rental payments	165.00	—
	Security deposit - Lease	20.00	—
	Sale of yarn	128.34	—
	Receivable at the end of the year	128.21	—
S. Devarajan - Chairman and Managing Director	Remuneration	120.00	102.00
	Dividend Payment	26.27	20.86
S. Devarajan - HUF	Interest Payment - HUF	0.30	0.50
	Balances outstanding - Fixed deposits - HUF	3.00	3.00
S. Jegarajan - Joint Managing Director	Remuneration	116.40	98.70
	Interest Payment	0.23	—
	Dividend Payment	24.43	19.36
	Receipt of unsecured borrowings	6.00	—
	Balances outstanding - Unsecured Borrowings	6.00	—
S. Jegarajan - HUF	Interest Payment - HUF	0.10	0.11
	Balances outstanding - Fixed deposits - HUF	1.00	1.00
S. Dinakaran - Joint Managing Director	Remuneration	74.40	64.20
	Interest Payment	1.15	0.06
	Dividend Payment	20.95	16.62
	Receipt of unsecured borrowings	25.00	—
	Balances outstanding - Unsecured Borrowings	25.50	0.50
S. Dinakaran - HUF	Interest Payment - HUF	2.79	3.04
	Balances outstanding - Fixed deposits - HUF	26.25	26.25
D. Niranjana Kumar Director - Marketing	Remuneration	48.00	37.50
	Interest Payment	0.93	1.02
	Dividend Payment	0.29	0.23
	Balances outstanding - Unsecured Borrowings	9.00	9.00
J. Sakthivel - Director Technical	Remuneration	48.00	37.50
	Interest Payment	0.20	—
	Dividend Payment	0.73	0.59
	Receipt of unsecured borrowings	5.00	—
	Balances outstanding - Unsecured Borrowings	5.00	—



**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Name of Related Party	Nature of Transaction	2022 - 23	2021 - 22
P. Boopalan - Chief Financial Officer	Remuneration	30.00	28.00
S. Natarajan - Company Secretary	Remuneration	16.20	15.20
D. Anupama	Interest Payment	1.22	1.25
	Dividend Payment	0.16	0.13
	Balances outstanding - Fixed deposits	12.50	12.50
	Rent paid	4.60	4.60
	Rent advance paid	3.00	3.00
S. Kandaswarna	Interest Payment	0.20	0.24
	Dividend Payment	Rs. 1,500/-	Rs. 1,200/-
	Balances outstanding - Fixed deposits	2.00	2.00
D. Manjula	Interest Payment	6.25	6.09
	Dividend Payment	1.53	1.22
	Fixed deposits received	34.00	10.00
	Balances outstanding - Fixed deposits	92.25	58.25
D. Minusakthipriya	Interest Payment	2.26	2.08
	Dividend Payment	0.20	0.16
	Fixed deposits received	6.00	-
	Balances outstanding - Fixed deposits	24.75	18.75
J. Ramya	Dividend Payment	1.33	1.06
	Balances outstanding - Fixed deposits	6.00	-
D. Rathipriya	Interest Payment	2.67	2.80
	Dividend Payment	2.08	1.66
	Balances outstanding - Fixed deposits	25.50	25.50
D. Saradhamani	Interest Payment	0.21	0.24
	Dividend Payment	5.06	4.05
	Balances outstanding - Fixed deposits	2.00	2.00
V. Valarnila	Interest Payment	2.29	1.93
	Dividend Payment	1.86	1.48
	Fixed deposits received	6.50	6.00
	Balances outstanding - Fixed deposits	25.00	18.50
Parameshwari Jegarajan	Interest Payment	0.27	0.34
	Dividend Payment	1.13	0.90
	Balances outstanding - Fixed deposits	3.00	3.00
D. Sudharsan	Dividend Payment	4.44	3.55
V. Akcchaya	Interest Payment	0.20	0.24
	Dividend Payment	Rs. 500/-	Rs. 400/-
	Balances outstanding - Fixed deposits	2.00	2.00

**Details of Remuneration to KMP :**

Particulars	Year Ended 31.03.2023	Year Ended 31.03.2022
<b>Short - Term Employee Benefits - Remuneration</b>		
Chairman and Managing Director	120.00	102.00
Joint Managing Director	116.40	98.70
Joint Managing Director	74.40	64.20
Director - Marketing	48.00	37.50
Director - Technical	48.00	37.50
Chief Financial Officer	30.00	28.00
Company Secretary	16.20	15.20

**Note :** Leave encashment has been provided based on the actuarial reports



<b>Notes annexed to and forming part of the Consolidated Ind AS Financial Statements</b>						
<b>Note 46 : Details of Non-Current Borrowings / Current Borrowings:</b>						
Particulars	Particulars of Repayment	Year	(Rupees in Lakhs)			Rate of Interest
			Non-Current	Current Maturities	Total	
<b>I. Secured Borrowings:</b>						
<b>a. Term Loans from Banks</b>						
State Bank of India - Term Loan 5		As at 31.03.2023 As at 31.03.2022	- -	106.06	- 106.06	- 12.55%
State Bank of India - Covid GECL 2		As at 31.03.2023 As at 31.03.2022	- 472.93	167.00	- 639.93	- 7.95%
State Bank of India - Covid GECL		As at 31.03.2023 As at 31.03.2022	- 334.00	-	- 334.00	- 7.65%
Karnataka Bank Term Loan 5		As at 31.03.2023 As at 31.03.2022	- -	49.96	- 49.96	- 10.75%
Karnataka Bank Covid DPN 1	22 monthly instalment of Rs. 5.20 lakhs each and 1 monthly instalment of Rs 5.00 lakhs	As at 31.03.2023 As at 31.03.2022	51.80 119.40	67.60 62.40	119.40 181.80	9.25% 9.15%
Karnataka Bank - Covid Loan	47 monthly instalment of Rs. 1.97 lakhs each and 1 monthly instalment of Rs 1.85 lakhs	As at 31.03.2023 As at 31.03.2022	94.44 94.44	-	94.44 94.44	9.25% 9.00%
Canara Bank - Term Loan GM Solar	68 monthly instalment of Rs. 31.50 lakhs each and 1 monthly instalment of Rs. 31.55 lakhs	As at 31.03.2023 As at 31.03.2022	1,795.54 1,154.00	378.01 191.70	2,173.55 1,345.70	8.73% 8.28%
Canara Bank - GECL 1	34 monthly instalment of Rs. 14.33 lakhs each and 1 monthly instalment of Rs. 0.11 lakhs	As at 31.03.2023 As at 31.03.2022	315.33 -	172.00	487.33 -	8.70% -
Canara Bank - GECL 2	48 monthly instalment of Rs. 6.85 lakhs each and 1 monthly instalment of Rs. 5.09 lakhs and 1 monthly instalment of Rs. 0.02 lakhs	As at 31.03.2023 As at 31.03.2022	328.82 -	5.09	333.91 -	8.70% -
CSB Term Loan 1	12 monthly instalment of Rs. 27.97 lakhs each, 11 monthly instalment of Rs 34.96 lakhs each and 1 monthly instalment of Rs. 34.31 lakhs	As at 31.03.2023 As at 31.03.2022	419.53 754.92	334.98 314.66	754.51 1,069.58	9.58% 10.50%
CSB Term Loan 2	5 monthly instalment of Rs. 6.12 lakhs each and 1 monthly instalment of Rs. 5.65 lakhs	As at 31.03.2023 As at 31.03.2022	- 36.34	36.25 73.44	36.25 109.78	9.50% 10.50%



Notes annexed to and forming part of the Consolidated Ind AS Financial Statements							(Rupees in Lakhs)	
Particulars	Particulars of Repayment	Year	Non-Current	Current Maturities	Total	Rate of Interest		
CSB Term Loan 3	63 monthly instalment of Rs. 2.45 lakhs each and 1 monthly instalment of Rs. 2.12 lakhs	As at 31.03.2023 As at 31.03.2022	127.13 159.47	29.34 9.78	156.47 169.25	9.50% 10.50%		
CSB Term Loan 4	64 monthly instalment of Rs. 9.43 lakhs each and 1 monthly instalment of Rs. 2.51 lakhs	As at 31.03.2023 As at 31.03.2022	492.86 191.77	113.17 9.43	606.03 201.20	9.50% 10.50%		
CSB WCTL	48 monthly instalment of Rs. 9.29 lakhs each and 1 monthly instalment of Rs. 0.08 lakhs	As at 31.03.2023 As at 31.03.2022	446.00 -	- -	446.00 -	9.25% -		
HDFC Bank Covid Loan	34 monthly instalment of Rs. 4.02 lakhs each and 1 monthly instalment of Rs. 4.05 lakhs	As at 31.03.2023 As at 31.03.2022	88.46 140.73	52.27 48.25	140.73 188.98	9.58% 7.50%		
HDFC Bank - Solar TL 1	52 monthly instalment of Rs. 18.03 lakhs each	As at 31.03.2023 As at 31.03.2022	721.20 937.56	216.36 144.24	937.56 1,081.80	10.11% 7.50%		
HDFC Bank - Solar TL 2	51 monthly instalment of Rs. 3.37 lakhs each and 1 monthly instalment of Rs. 3.29 lakhs	As at 31.03.2023 As at 31.03.2022	134.74 175.16	40.42 26.95	175.16 202.11	10.16% 7.63%		
HDFC Bank - Solar TL 3	51 monthly instalment of Rs. 0.63 lakhs each and 1 monthly instalment of Rs. 0.71 lakhs	As at 31.03.2023 As at 31.03.2022	25.26 32.84	7.58 5.05	32.84 37.89	9.98% 7.59%		
HDFC Bank - Solar TL 4	51 monthly instalment of Rs. 0.63 lakhs each and 1 monthly instalment of Rs. 0.37 lakhs	As at 31.03.2023 As at 31.03.2022	25.00 -	7.50 -	32.50 -	10.17% -		
HDFC Bank - Solar TL 5	51 monthly instalment of Rs. 1.98 lakhs each and 1 monthly instalment of Rs. 2.14 lakhs	As at 31.03.2023 As at 31.03.2022	79.32 -	23.80 -	103.12 -	10.17% -		
HDFC Bank - Solar TL 6	51 monthly instalment of Rs. 0.35 lakhs each and 1 monthly instalment of Rs. 0.40 lakhs	As at 31.03.2023 As at 31.03.2022	14.04 -	4.21 -	18.25 -	10.17% -		





Notes annexed to and forming part of the Consolidated Ind AS Financial Statements							(Rupees in Lakhs)	
Particulars	Particulars of Repayment	Year	Non-Current	Current Maturities	Total	Rate of Interest		
HDFC Bank - GECL	48 monthly instalment of Rs. 2.02 lakhs each 1 monthly instalment of Rs. 0.04 lakhs	As at 31.03.2023 As at 31.03.2022	97.00 -	- -	97.00 -	10.21% -		
HDFC Bank Car Loan	Monthly Instalments - 2023-24 - Rs. 4.49 lakhs	As at 31.03.2023 As at 31.03.2022	- 4.49	4.49 7.21	4.49 11.70	10.01% 10.01%		
HDFC Bank Car Loan	Monthly Instalments - 2023-24 - Rs. 5.42 lakhs 2024-25 - Rs. 3.39 lakhs	As at 31.03.2023 As at 31.03.2022	3.39 8.81	5.42 4.97	8.81 13.78	9.50% 9.50%		
HDFC Bank Car Loan	Monthly Instalments - 2023-24 - Rs. 1.44 lakhs 2024-25 - Rs. 1.56 lakhs 2025-26 - Rs. 0.97 lakhs	As at 31.03.2023 As at 31.03.2022	2.53 3.97	1.44 1.32	3.97 5.29	8.70% 8.70%		
HDFC Bank Tempo Loan	Monthly Instalments - 2023-24 - Rs. 7.80 lakhs 2024-25 - Rs. 5.85 lakhs	As at 31.03.2023 As at 31.03.2022	5.85 13.65	7.80 7.80	13.65 21.45	8.70% 8.70%		
South Indian Bank Covid Loan 1	36 monthly instalment of Rs. 1.50 lakhs each	As at 31.03.2023 As at 31.03.2022	36.00 55.50	18.00 16.50	54.00 72.00	9.19% 9.00%		
South Indian Bank Covid Loan 2	47 monthly instalment of Rs. 1.27 lakhs each 1 monthly instalment of Rs. 1.31 lakhs	As at 31.03.2023 As at 31.03.2022	61.00 61.00	- -	61.00 61.00	9.25% 9.15%		
South Indian Bank Term Loan	38 monthly instalment of Rs. 8.33 lakhs each and 1 monthly instalment of Rs. 3.31 lakhs	As at 31.03.2023 As at 31.03.2022	258.75 -	61.10 -	319.85 -	10.80% -		
<b>Sub-Total</b>		As at 31.03.2023 As at 31.03.2022	5,623.99 4,750.98	1,586.83 1,246.73	7,210.82 5,997.71	- -		
<b>b. Term Loans from Others</b>								
Buyers Credit Loan - Canara Bank		As at 31.03.2023 As at 31.03.2022	- 1,232.89	- -	- 1,232.89	- -		
<b>Sub-Total</b>		As at 31.03.2023 As at 31.03.2022	- 1,232.89	- -	- 1,232.89	- -		



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

Particulars	Particulars of Repayment	Year	Non-Current	Current Maturities	Total	Rate of Interest
<b>II. Unsecured Borrowings</b>						
Fixed Deposits - Members	Repayable on - 2023-24 - Rs. 274.70 lakhs 2024-25 - Rs. 392.32 lakhs 2025-26 - Rs. 162.90 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>555.22</b> 531.32	<b>274.70</b> 224.16	<b>829.92</b> 755.48	<b>10 to 11%</b> 10 to 11%
From Directors	Repayable on - 2023-24 - Rs. 0.50 lakhs 2024-25 - Rs. 10.00 lakhs 2025-26 - Rs. 42.00 lakhs	<b>As at 31.03.2023</b> As at 31.03.2022	<b>52.00</b> 4.50	<b>0.50</b> 2.00	<b>52.50</b> 6.50	<b>10 to 11%</b> 10 to 11%
<b>Sub-Total</b>		<b>As at 31.03.2023</b> As at 31.03.2022	<b>607.22</b> 535.82	<b>275.20</b> 226.16	<b>882.42</b> 761.98	- -

Notes : 1. Term loans aggregating to Rs 7179.90 lakhs (31.03.2022 : Rs. 5945.54 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.

2. Term loans from banks aggregating to Rs 30.92 lakhs (31.03.2022 Rs 52.22 lakhs) are secured by hypothecation of certain cars.

3. All the above loans are guaranteed by four directors.

4. CSB Bank, TL 1 to TL 4 loans are secured by extending Corporate Guarantee received from Kandagiri Spinning Mills Limited and Sambandam Fabrics Private Limited (Related party) and also additionally secured with the equitable mortgage of land pertaining to Kandagiri Spinning Mills Limited and Land pertaining to Sambandam Fabrics Private Limited.

## Details of Current Borrowings

Particulars	Particulars of Repayment	Year	Non-Current	Current Maturities	Total	Rate of Interest
<b>I. Secured Borrowings :</b>						
<b>a. Cash Credit Facilities</b>						
State Bank of India	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	- 2,740.76	- 2,740.76	- 9.15%
Karnataka Bank	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>739.33</b> 780.15	<b>739.33</b> 780.15	<b>9.04%</b> 10.28%
HDFC Bank	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>837.33</b> 900.51	<b>837.33</b> 900.51	<b>8.78%</b> 8.45%
Canara Bank	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>2,827.04</b> -	<b>2,827.04</b> -	<b>8.58%</b> -
South India Bank	On Demand	<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>517.68</b> 429.72	<b>517.68</b> 429.72	<b>9.35%</b> 9.94%
<b>Sub-Total</b>		<b>As at 31.03.2023</b> As at 31.03.2022	- -	<b>4,921.38</b> 4,851.14	<b>4,921.38</b> 4,851.14	- -

Notes : 1. 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.

2. All the above loans are guaranteed by four directors.



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 47 : Leases</b>		
The Lease arrangements subsisting as on that date and eligible for recognition as Right to Use assets under Ind AS 116 are disclosed in Note No 2 to the Consolidated financial statements. All other lease arrangements as on that date were either Low value asset or short term leases and are recognised as an expenses in the Statement of Profit and Loss.		
The following are the disclosures in terms of Ind AS 116 :		
<b>A. Right of Use Asstes</b>		
<b>Opening Balance</b>	<b>541.40</b>	675.55
Additions during the year	<b>40.67</b>	-
Deletions during the year	-	-
Depreciation during the year	<b>141.22</b>	134.15
<b>Closing Balance</b>	<b>440.85</b>	541.40
<b>B. Movement in Long term lease liabilities during the year</b>		
<b>Opening Balance</b>	<b>584.51</b>	693.61
Additions during the year	<b>40.67</b>	-
Finance Cost accrued during the year	<b>63.08</b>	70.90
Payment of lease liabilities	<b>189.44</b>	180.00
<b>Closing Balance</b>	<b>498.83</b>	584.51
<b>C. Following is the breakup of Current and Non-Current Lease liabilities</b>		
Lease liabilities - Non Current	<b>357.54</b>	473.92
Lease liabilities - Current	<b>141.29</b>	110.59
	<b>498.83</b>	584.51
<b>D. Contractual maturities of lease liabilities on an undiscounted basis:</b>		
Maturity analysis of future lease payments :		
Not later than 1 year	<b>189.66</b>	180.00
Later than 1 year but not later than 5 years	<b>404.97</b>	366.45
Later than 5 years	-	-
	<b>594.63</b>	546.45
<b>E. Other disclosures as per Ind AS 116:</b>		
a. Carrying value of Right of Use of (ROU) asset (Note 2)	<b>440.85</b>	541.40
b. Depreciation charge for ROU asset (Note 34)	<b>141.22</b>	134.15
c. Interest Expense on Lease liability (Note 33)	<b>63.08</b>	70.90
d. Total Cash flow during the year for leases (Cash flow statement)	<b>189.44</b>	180.00
e. Additions to ROU (Other than upon transition) (Note 2)	<b>40.67</b>	-
f. Lease Liabilities classified as Current Lease Liabilities (Note 23)	<b>141.29</b>	110.59
g. Lease Liabilities outstanding (Non-Current) (Note 17)	<b>357.54</b>	473.92

Rental expenses recorded for short term leases for the current year is Rs. 0.12 lakhs

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease arrangements do not impose any covenants excepts 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 payments are discounted using the Company's incremental borrowing rate, the rate that the Company would have to pay to borrow funds necessary to obtain as asset of similar value to ROU asset in similar economic environment with similar terms, security and conditions.



## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Note 48 : Revenue from Contract with Customers (Ind AS 115)</b>		
<b>I. Disaggregated revenue information</b>		
<b>Type of goods and service</b>		
Sale of products		
Yarn	25,288.27	34,296.10
Fabric sales	6.74	87.41
Process waste	833.93	971.67
Other Operating revenues	196.20	138.75
<b>Total Revenue from Contract with Customers</b>	<b>26,325.14</b>	<b>35,493.93</b>
India	24,681.80	34,600.71
Outside India	1,643.34	893.22
<b>Total Revenue from Contract with Customers</b>	<b>26,325.14</b>	<b>35,493.93</b>

**Timing of Revenue Recognition**

Particulars	31.03.2023		31.03.2022	
	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 revenues	26,325.14	-	35,493.93	-
Less : Rebates and Discounts	-	-	-	-
<b>Total revenue from contract with customers</b>	<b>26,325.14</b>	-	35,493.93	-

**II. Contract balance**

Particulars	31.03.2023	31.03.2022
Trade receivables	3,121.31	3,692.06
Contract Assets / Liabilities	-	-

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

**III. Reconciliation of Revenue recognised in the Statement of Profit and Loss with the Contracted price:**

Particulars	31.03.2023	31.03.2022
Revenue as per contracted price	26,325.14	35,493.93
Adjustments:-		
Rebates and discounts	-	-
<b>Revenue from Contract with Customers</b>	<b>26,325.14</b>	35,493.93

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

The Company has not made any fresh investments, given loans or advances or provided security or guarantee during the current year. The carrying value of investments made in earlier years by the Company as at 31.03.2023 is Rs. 222.71 lakhs (31.03.2022 Rs. 218.22 lakhs)

**Note 50 : Details of Corporate Guarantee:**

- (a) M/s. Kandagiri Spinning Mills Limited has given Corporate Guarantee of Rs. 2279.38 lakhs to CSB Bank for the loan availed by the Company and it also extended its immovable property as collateral security for the loan.
- (b) M/s. Sambandam Fabrics Private Limited has given Corporate Guarantee of Rs. 2435 lakhs to CSB Bank for the loan availed by the Company and it also extended its immovable property as collateral security for the loan.


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
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**Note 51 :**

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

Pending recovery procedures, suitable adjustments/provisions have been made in the earlier year, to the financial statements and

- (i) a sum of Rs. 250 lakhs has been considered good and recoverable and
- (ii) the balance sum of Rs. 1059.20 lakhs has been considered doubtful and appropriate provision has been provided for. (Refer Note. 7)

**Note 52 : Net Debt Reconciliation**

Cash and Cash Equivalents	12.82	343.61
Current Borrowings (including current maturities of Non Current Borrowings)	(6,783.41)	(6,324.03)
Non Current Borrowings	(6,231.21)	(6,519.69)
<b>Net Debt</b>	<b>(13,001.80)</b>	<b>(12,500.11)</b>

Particulars	Other Assets	Liabilities from financing activities		Total
	Cash and Cash Equivalents	Non current borrowings	Current Borrowings	
Net Debt as at March 31, 2022				(12,500.11)
Cash Flows	(330.79)	288.48	(459.38)	(501.69)
<b>Net Debt as at March 31, 2023</b>	<b>(330.79)</b>	<b>288.48</b>	<b>(459.38)</b>	<b>(13,001.80)</b>

**Note 53 : Financial Instruments**
**Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. Capital includes paid up Equity capital, securities premium and all other reserves attributable to the equity shareholders of the Company. Debt refers to Long Term Borrowings, Short Term Borrowings and interest accrued thereon for the purpose of Capital Management of the Company.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product, 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 16 and 22 offset by cash and cash equivalents) 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.

**A) Financial Instruments by Categories**
**Gearing Ratio :**

Debt	13,014.62	12,843.72
Less: Cash and Cash Equivalents	12.82	343.61
Net Debt	13,001.80	12,500.11
Total Equity	9,991.84	11,526.31
<b>Net Debt to Total Equity ratio</b>	<b>1.30</b>	<b>1.08</b>


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
<b>Categories of Financial Instruments:</b>		
<b>I. Financial Assets</b>		
<b>a. Measured at Amortised cost:</b>		
Trade Receivables	3,121.31	3,692.06
Cash and Cash Equivalents	12.82	343.61
Other Bank Balances	83.41	462.61
Investments in Associates	199.00	153.71
Other Financial Assets	742.87	567.11
<b>Total</b>	<b>4,159.41</b>	<b>5,219.10</b>
<b>b. Mandatorily measured at FVTPL:</b>		
Investments other than Associates	21.05	21.54
<b>Total</b>	<b>21.05</b>	<b>21.54</b>
<b>II. Financial Liabilities</b>		
<b>a. Measured at Amortised cost:</b>		
Borrowings	13,014.62	12,843.72
Lease Liabilities (Ind AS 116)	498.83	584.51
Trade Payables	2,198.22	4,274.50
Other Financial Liabilities	617.26	920.66
<b>Total</b>	<b>16,328.93</b>	<b>18,623.39</b>

**B) Fair Value Hierarchy**

The following table provides the fair value measurement hierarchy of the Company's Financial Assets and Financial Liabilities:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset/liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

**As at March 31, 2023**

Particulars	Fair Value as on 31.03.2023	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
<b>Financial Assets measured at FVTPL</b>				
Investments in other than Associates	21.05	1.99	19.06	-

**As at March 31, 2022**

Particulars	Fair Value as on 31.03.2022	Fair Value Hierarchy		
		Level 1	Level 2	Level 3
<b>Financial Assets measured at FVTPL</b>				
Investments in other than Associates	21.54	0.81	20.73	-

**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.


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	As at 31.03.2023	As at 31.03.2022
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**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 analysis 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, 2023 would decrease/increase by Rs. 32.46 Lakhs (March 31, 2022: decrease /increase by Rs. 62.66 Lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

**C. 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. The details of such investments in equity instruments are given in Note No. 5.

**Equity price sensitivity analysis**

The fair value of equity instruments as at March 31, 2023 was Rs. 222.71 Lakhs (March 31, 2022: Rs. 218.22 Lakhs). A 5% change in prices of equity instruments held as at March 31, 2023 would result in an impact of Rs 1.05 Lakhs on equity (March 31, 2022 : Rs. 0.85 Lakhs).

**Foreign Currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rate. The Company's exposure to the risk of changes in foreign exchange rate relates primarily to the Company's foreign currency denominated financial assets and financial liabilities.

The Company does not have foreign currency exposure at the end of the reporting period.

**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	Total
<b>31.03.2023</b>				
Trade Payables	2,198.22	-	-	2,198.22
Other Financial Liabilities	612.03	5.23	-	617.26
Lease Liabilities (Ind AS 116)	141.29	357.54	-	498.83
Borrowings	6,783.41	6,231.21	-	13,014.62
	<u>9,734.95</u>	<u>6,593.98</u>	<u>-</u>	<u>16,328.93</u>


**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Total
<b>31.03.2022</b>				
Trade Payables	4,274.50	–	–	4,274.50
Other Financial Liabilities	915.43	5.23	–	920.66
Lease Liabilities (Ind AS 116)	110.59	473.92	–	584.51
Borrowings	6,324.03	6,519.69	–	12,843.72
	<u>11,624.55</u>	<u>6,998.84</u>	<u>–</u>	<u>18,623.39</u>

**Note 54 : Additional Regulatory Information:**
**i) Title Deeds not held in the name of the Company:**

The title deeds of all Immovable Properties are held in the name of the Company.

**ii) Fair value of Investment Property:**

The Company does not have any investment property as on the reporting date.

**iii) Revaluation of Property, Plant and Equipment:**

The Company has not revalued any of its Property, Plant and Equipment during the year.

**iv) Revaluation of Intangible Assets:**

The Company has not revalued any of its intangible assets during the year.

**v) Loans and advances granted to Promoters, Directors, KMP's and Related parties:**

The Company has not granted any loans to promoters, directors, KMPs and the related parties as defined under Companies Act, 2013 either jointly or severally with any other person that are repayable on demand or without specifying any terms or period of repayment.

**vi) Capital Work-in-Progress:**

The ageing schedule of Capital Work-in-Progress has been disclosed in the Note No. 1 to the Financial Statements.

**vii) Intangible Assets under Development : Not Applicable**
**viii) Details of Benami Property:**

The Company does not have any Benami property, where any proceedings initiated or pending against the Company for holding any Benami property.

**ix) Reconciliation of Statement of Current Assets filed by the Company with Banks for Working capital facilities availed by the Company:**

The Company has availed working capital facilities in excess of Rs. 5 crores in aggregate during the years. The quarterly stock statements filed by the Company are in agreement with the books of account of the Company.

**x) Wilful Defaulter:**

The Company has not been declared as willful defaulter by any Bank or Financial Institution (as defined under the Companies Act, 2013) or consortium thereof or other Lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.

**xi) Relationship with Struck off Companies:**

The Company does not have any transaction with Companies struck off under section 248 of the companies Act, 2013 or section 560 of the Companies Act, 1956

**xii) Registration/Satisfaction of Charges with Registrar of Companies:**

The Company has paid the term loans and cash credit facilities availed from State Bank of India and however the Company has not obtained no due certificate.

**xiii) Layers of Companies:**

The Company does not have any subsidiary Company as on the balance sheet date. However, the Company has associate companies which is in compliance with the number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.





## Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)

## xiv) Key Financial Ratios:

S.No.	Particulars	2022-23	2021-22	Change(%)	Reasons
(a)	Current Ratio (in times) [Current Assets / Current Liabilities]	<b>1.23</b>	1.39	(11.51)%	
(b)	Debt-Equity Ratio (in times) [Long term Borrowings + Short Term Borrowings + interest accrued thereon / Shareholder's Equity]	<b>1.31</b>	1.11	18.02%	
(c)	Debt Service Coverage Ratio (in times) [Earnings available for Debt Services (Net Profit after Tax + Depreciation + Interest and Other Non-cash adjustments) / Interest & Lease Payments + Installments]	<b>0.54</b>	1.54	(64.94)%	Due to reduction on earnings
(d)	Return on Equity Ratio (in %) [Net Profit after Taxes / Average Shareholder's Equity]	<b>(10.88)%</b>	13.99%	(177.77)%	Due to loss incurred by the Company
(e)	Inventory Turnover Ratio (in times) [Revenue from Operations / Average Inventory]	<b>3.06</b>	3.55	(13.80)%	
(f)	Trade Receivables Turnover Ratio (in times) [Revenue from Operations / Average Trade Receivables]	<b>7.73</b>	9.30	(16.88)%	
(g)	Trade Payables Turnover Ratio (in times) [Total Purchases / Average Trade Payables]	<b>4.89</b>	4.94	(1.01)%	
(h)	Net Capital Turnover Ratio (in times) [Revenue from Operations / Working Capital]	<b>11.42</b>	7.57	50.86%	Due to decrease in Working Capital and Turnover
(i)	Net Profit Ratio (in %) [Net Profit After Taxes / Revenue from Operations]	<b>(4.46)%</b>	4.27%	(204.45)%	Due to loss incurred by the Company and decrease in turnover
(j)	Return on Capital Employed (in %) [Earnings before Interest and Taxes (EBIT) / Capital employed]	<b>(1.11)%</b>	13.73%	(108.08)%	Due to loss incurred by the Company
(k)	Return on Investment (in %) [Earnings before Interest, Depreciation and Taxes (EBIDTA) / Investment (Total Assets)]	<b>4.51%</b>	14.55%	(69.00)%	Due to reduction on earnings



**Notes annexed to and forming part of the Consolidated Ind AS Financial Statements (Rupees in Lakhs)**

**(xvi) Approved Scheme of Arrangements:**

During the year, there is no approved scheme of arrangements.

**(xvii) Utilisation of Borrowed funds and Share premium:**

The Company or its associates has not advanced or loaned or invested funds to any other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries.

The Company or its associates has not received any fund from other persons or entities including foreign entities (intermediaries) with the understanding that the intermediary shall (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party (ultimate Beneficiaries) or (b) provide any guarantee or security or the like on behalf of the Ultimate Beneficiaries.

**Note 55 :**

**Details of Associates**

(Rs. in Lakhs)  
31.03.2023      31.03.2022

**Recognised share of profits/(losses) of associates**

The Company's share of profit/(loss) from continuing operations	4.98	63.04
The Company's share of post tax profit/(loss) from discontinued operations	-	-
The Company's share of total comprehensive income	-	-
Aggregate carrying amount of the Company's interests in these associates	<b>201.66</b>	196.68

**Unrecognised share of losses of associates**

The unrecognised share of loss of associates for the year consequent to investment being nil under equity accounting	2.66	0.71
Cumulative share of loss of associates	<b>32.22</b>	34.88

**Note 56 :**

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date attached

**For P.N. Raghavendra Rao & Co**

Chartered Accountants

Firm Registration No. : 003328S

For and on behalf of the board

**S. Devarajan**

Chairman and Managing Director

DIN : 00001910

**S. Dinakaran**

Joint Managing Director

DIN : 00001932

**Pon Arul Paraneedharan - Partner**

Membership No : 212860

**S. Natarajan**

Company Secretary

**P. Boopalan**

Chief Financial Officer

Salem

May 27, 2023

## Technology and Machinery

Built-in to perform. People, Infrastructure, technology form the core of our business. But performance comes at the expense of an efficient process that ties them all together. People driven process for the complexity of manufacturing, technology not for just technology's sake but as an ability to align it to increase productivity to internationally competitive levels. supply chain management and servicing innovation really differentiates the way we're built in, to perform.

o 4 Units

o 2400 Employees

o 1,25,000 Spindles



+ BLOW ROOM  
Trumac / Blendomat

+ CARDING  
Rieter / Trumac

+ CONTAMINATION CLEARER  
Rieter Vision Shield Joshi



+ SPINNING  
KTTM RXI / Sussion Elite  
Compact System - LMW

+ Auto Coner  
Schlafhorst / Muratec /  
with Uster Quantum Clearer

+ TFO - Veejay Lakshmi



+ COMBER - Rieter

+ DRAWING - Rieter

+ SIMPLEX - Zinser



SAMBANDAM  
SPINNING MILLS  
LIMITED



SINCE 1974

# SAMBANDAM SPINNING MILLS LIMITED

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