



Ref: 912 /SSML/CS/2016-17

24th August 2016

The DGM Listing,  
The Bombay Stock Exchange Ltd,  
Floor No. 25, P.J.Towers,  
Dalal Street,  
MUMBAI – 400 001.

Dear Sir,

**Sub : Annual Report 2015-16 duly approved and adopted at the 42<sup>nd</sup> AGM of the Company held on 06.08.2016**

**Ref : Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

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In accordance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, we herewith enclose Company's Annual Report for the Financial Year 2015-16 which was duly approved and adopted by the members as per the provisions of the Companies Act, 2013 at the 42<sup>nd</sup> Annual General Meeting of the Company held on 06.08.2016.

We have also uploaded the Annual Report for the Financial Year 2015-16 in our Company's Website '[www.sambandam.com](http://www.sambandam.com)' and also uploading now in BSE Website <http://listing.bseindia.com>.

Receipt of the above may kindly be acknowledged.

Thanking you,

Yours faithfully,  
for Sambandam Spinning Mills Limited

( S.Natarajan )  
Company Secretary



**SAMBANDAM SPINNING  
MILLS LIMITED**

**42<sup>nd</sup>** Annual Report  
**2015 - 2016**



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Board of Directors	<b>S. Devarajan</b>	- Chairman and Managing Director
	<b>S. Jegarajan</b>	- Joint Managing Director
	<b>S. Dinakaran</b>	- Joint Managing Director
	<b>D. Sudharsan</b>	- Non Executive Director
	<b>S. Abirami</b>	- Non Executive Director
	<b>P.S. Ananthanarayanan</b>	- Independent Director
	<b>Dr. V. Gopalan</b>	- Independent Director
	<b>N. Asoka</b>	- Independent Director
	<b>S. Gnanasekharan</b>	- Independent Director
	<b>Kameshwar M.Bhat</b>	- Independent Director
Company Secretary	<b>R.S. Shanmugam</b>	
Chief Financial Officer	<b>D. Niranjana Kumar</b>	
Chief Technical Officer	<b>J. Sakthivel</b>	
Statutory Auditors	<b>M.S. Krishnaswami &amp; Rajan</b>	
Secretarial Auditors	<b>B.K. Sundaram &amp; Associates</b>	
Cost Auditors	<b>S. Mahadevan &amp; Co</b>	
Bankers Under Consortium	<b>State Bank of India</b>	- Consortium Leader
	<b>Canara Bank</b>	- Consortium Member
	<b>Karnataka Bank Ltd</b>	- Consortium Member
	<b>Axis Bank Limited</b>	- Consortium Member
Multiple Banking Arrangement	<b>IDBI Bank Limited</b>	
Registered Office	<b>Mill Premises, Post Bag No.1, Kamaraj Nagar Colony, Salem 636 014, Tamil Nadu.</b>	
Corporate Identity No. (CIN)	<b>:</b>	<b>L17111TZ1973PLC000675</b>
Spinning Plants	<b>Unit I</b>	<b>: Kamaraj Nagar Colony, Salem 636 014, Tamil Nadu.</b>
		<b>Email : corporate@sambandam.com</b>
		<b>Tel : 0427 2240790, Fax : 0427 2240169</b>
	<b>Unit II</b>	<b>: Ayeepalayam, Athanur 636 301, Namakkal District, Tamil Nadu.</b>
	<b>Unit III</b>	<b>: Kavarakalpatty, Seshanchavadi Post Salem 636 111, Tamil Nadu.</b>
Wind Energy Converters	<b>Uthumalai Village, V.K. Pudur Taluk Tirunelveli District, Tamil Nadu.</b>	
	<b>Panangudi, Pazhavor and Parameshwarapuram Villages Radhapuram Taluk, Tirunelveli District, Tamil Nadu.</b>	
	<b>Gudimangalam Village, Udumalpet Taluk, Coimbatore District, Tamil Nadu.</b>	



## SAMBANDAM SPINNING MILLS LIMITED



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

### NOTICE TO SHAREHOLDERS

Notice is hereby given that the Forty Second Annual General Meeting (AGM) of the members of the Company will be held **at 10.45 a.m on Saturday the 6<sup>th</sup> August, 2016** at the Registered Office of the Company in Kamaraj Nagar Colony, Salem to transact the following business:

### ORDINARY BUSINESS

#### Item **ADOPTION OF FINANCIAL STATEMENTS**

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

“RESOLVED THAT the Standalone and Consolidated Audited Balance Sheet as at 31<sup>st</sup> March 2016 together with the Statement of Profit and Loss for the year ended as on that date and the Reports of the Directors and the Auditors thereon be and are hereby received, considered and adopted.”

#### Item **DECLARATION OF DIVIDEND**

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

“RESOLVED THAT dividend of rupees 2 ( two ) per equity share of rupees ten each be declared for the financial year ended 31<sup>st</sup> March 2016 and that the same be paid, only if approved by the Company's bankers, out of the profits of the Company for the financial year ended 31<sup>st</sup> March 2016 to those shareholders whose names appear in the Register of Members as on 30<sup>th</sup> July 2016 in the case of members holding shares in physical form and to the beneficial holders of the dematerialised shares as on 30<sup>th</sup> July 2016 as per the details provided by Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) in the case of the shares held in electronic form.”

#### Item **APPOINTMENT OF SRI S.DINAKARAN, DIRECTOR RETIRING BY ROTATION**

**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 Sections 149, 152 and other applicable provisions of the Companies Act 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Sri S.Dinakaran holding DIN 00001932, Director retiring by rotation at this AGM be and is hereby re-appointed as director of the Company.”



**Item APPOINTMENT OF STATUTORY AUDITORS**

**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 139(2) and other applicable provisions, if any, of the Companies Act 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. M.S.Krishnaswami & Rajan, Chartered Accountants (Firm registration No.01554S) be and they are hereby re-appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting for the financial year 2016-17 on a remuneration of Rs.4,25,000/- (Rupees four lakhs and twenty five thousand only) excluding the out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable service tax.

**SPECIAL BUSINESS**

**Item RATIFICATION OF THE REMUNERATION PAYABLE TO COST AUDITORS**

**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.2,25,000 payable for audit of cost accounts relating to the Spinning Division and Rs.25,000 payable for audit of cost accounts relating to the Wind Mill Division of the Company for the financial year ending 31<sup>st</sup> March 2017 to M/s.S.Mahadevan & Co., Cost Accountants as recommended by the Audit Committee and approved by the Board of Directors of the Company pursuant to section 148 of the Companies Act 2013 read with rule 14 and other applicable rules of the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) excluding the out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable service tax be and is hereby 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, proper or expedient to give effect to this resolution.”

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

**No. 6** To consider, and if thought fit, to pass with or without modification, the following Resolution, as an ORDINARY RESOLUTION :

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

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

For and on behalf of the Board of  
**Sambandam Spinning Mills Limited**  
**R.S. Shanmugam**  
**Company Secretary**

Place : **Salem**  
 Date : **May 21, 2016**

**NOTES :**

- 1 A Member entitled to attend and vote is entitled to appoint proxy/proxies to attend and vote instead of himself / herself and the proxy need not be a Member. Proxy Form for the AGM is attached. The proxy form in order to be effective should be deposited at the registered office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited Companies, Societies, etc., must be supported by appropriate Resolutions / Authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member is entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 days advance notice in writing is given to the Company.
- 2 Explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Items No.2 to 6 (though not mandatory for items No.2, 3 and 4 ) of the Notice to be transacted at the AGM is annexed hereto.
- 3 The Register of Members and the Share Transfer Books of the Company will remain closed from Sunday, 31<sup>st</sup> July 2016 to Saturday, 6<sup>th</sup> August 2016 (both days inclusive) for determining the entitlement of the shareholders to the dividend for year ended 31<sup>st</sup> March 2016.
- 4 Payment of dividend is subject to the approval of the Company's Bankers. Even if the resolution under item No.2 is passed by members at the AGM (by electronic voting or by postal ballot or by ballot paper) Dividend Warrants will be sent to the members only if approved by the Company's Bankers. In the case of shareholders opting for NECS/ECS, the dividend would in the normal course be credited to their respective accounts. Shareholders must inform the RTA in writing, if they hold shares in physical form (Share Certificate) and to their Depository Participants if they hold shares in DEMAT Form (Electronic Form) furnishing the Bank A/c details attaching a cancelled cheque leaf of that Bank Account for ensuring direct credit of the Dividend to their Bank Account.
5. Members holding shares in physical form are requested to notify the RTA any change in their address or bank A/c. particulars immediately and not later than 30.07.2016 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 30-07-2016, so that the dividend warrants could be sent to their Bank A/c / present address. Members are also advised to intimate the details of their bank account to enable electronic remittance of dividend warrants. This would help to avoid fraudulent encashment of dividend warrants. In case of shareholders holding shares in physical form, all intimations for recording change of address, bank mandate, or nominations and for redress of any grievance are to be sent to Cameo Corporate Services Limited, at 'Subramanian Building', No.1, Club House Road, Chennai – 600 002 who are the Registrars and Share Transfer Agents ( RTA ) of the Company. In case of persons holding shares in Demat form, all such intimations should be sent to their respective Depository Participants (DPs). Members can also submit their grievances by e-mail direct to the Company at the following e-mail ID : **cs@sambandam.com,**  
**corporate@sambandam.com**



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

The NECS compliant account number is required to be intimated to your Depository Participant (in case your shares are in Demat mode) or to the Company's RTA, M/s Cameo Corporate Services Limited, (in case your shares are in physical mode) for effecting the dividend payment direct to your bank account through the NECS mode. All such intimations, with a cheque leaf of that Bank A/c have to be done before 30.07.2016.. Members are encouraged to use the electronic platforms for receiving dividends.

- 7** As per the SEBI Regulations, a person holding the Company's shares / acquiring the Company's shares (voting rights) exceeding 5% of the paid up share capital (two lakhs 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 (more than two lakhs) equity shares of the Company shall inform the Company if they sell or transfer any of their shares within 2 working days of sale of their shares.

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

- 9** As per the provisions of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Accordingly, the Company has transferred to IEPF all unclaimed / unpaid dividends declared up to the financial year 2007-08.

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 27<sup>th</sup> September 2015 (date of last AGM) on the website of the Company ([www.sambandam.com](http://www.sambandam.com)) as also on the website of the Ministry of Corporate Affairs. Shareholders can ascertain the status of their unclaimed amounts from these websites, and write to the Company immediately to claim that amount.

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

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

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





- 13** Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Amended Rules 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 the Company is pleased to offer Electronic Voting (e-voting) facility to the members to cast their votes electronically on all Resolutions set forth in the Notice convening the 42<sup>nd</sup> AGM. The Company has engaged the services of Central Depository Securities Limited (CDSL) for this purpose.

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

- (i) THE CUT OFF DATE FOR THE PURPOSE OF E-VOTING HAS BEEN FIXED AS SATURDAY, 30<sup>th</sup> JULY 2016. MEMBERS HOLDING SHARES AS ON THIS CUT OFF DATE SHOULD ENDEAVOUR TO CAST THEIR VOTES IN ANY ONE OF THE THREE MODES.
- (ii) IN CASE A SHAREHOLDER BY INADVERTANCE OR OTHERWISE HAS VOTED UNDER MORE THAN ONE OPTION, HIS VOTING ONLY BY ONE MODE THROUGH REMOTE E-VOTING, POSTAL BALLOT OR VOTING AT THE MEETING WILL BE CONSIDERED IN THAT SERIATIM.
- (iii) VOTING RIGHTS OF SHAREHOLDERS SHALL BE IN PROPORTION TO THEIR SHAREHOLDINGS IN THE COMPANY AS ON THE CUT OFF DATE i.e. 30<sup>th</sup> JULY 2016
- (iv) CS B.KALYANASUNDARAM (MEMBERSHIP NO.672) OF M/S. B.K.SUNDARAM & ASSOCIATES PRACTISING COMPANY SECRETARIES has been appointed as SCRUTINIZER to scrutinize the e-voting process in a fair and transparent manner. Result of the voting on all resolutions will be declared within three days after the AGM. The results declared along with the Scrutinizer's Report will be available on the Company's Website within three (3) days of passing of the Resolutions at the AGM of the Company and the results will also be communicated to the Bombay Stock Exchange.
- (v) The Scrutinizer will ascertain the result after the conclusion of voting at the AGM by the following process:
  - a) First count/record the votes cast at the meeting by polling paper;
  - b) Then count/record the votes cast through postal ballot;
  - c) Thereafter unblock the votes cast through e-Voting;
  - d) All the above will be done in the presence of two witnesses not in the employment of the Company.
  - e) Prepare a consolidated Scrutinizer's Report (integrating the votes cast at the meeting, by postal ballot and e-Voting) of the total votes cast in favour or against, if any, and submit it to the Chairman.
  - f) The Scrutinizer's Report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the Meeting.
- (vi) Voting Results
  - a) The Chairman or a person authorized by him will declare the result of the voting based on the Scrutinizer's Report.
  - b) The results declared along with the Scrutinizer's Report will be placed on the Company's website [www.sambandam.com](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.
- (vii) The e-voting period begins at 9.15 a.m. on Tuesday, 2.8.2016 and ends at 5.00 p.m. on Friday 5.8.2016. 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. 30.7.2016 (Saturday) may cast their vote electronically. At the end of this period, the remote e-voting facility will be disabled by CDSL.



- 14** Notice of the AGM along with the Annual Report is being sent to the shareholders whose names are borne in the Register of Members as on 24.6.2016. Those who acquire the Company's shares subsequently and continue to hold the shares till the cut off date i.e. 30.7.2016 may contact the RTA, Cameo Corporate Services to obtain their pass word for casting their vote by e-voting. AGM Notice with the Ballot paper, Proxy Form, Attendance Slip and the Annual Report will be uploaded in the Company's Website [www.sambandam.com](http://www.sambandam.com). Print out of the ballot paper, Proxy Form and Attendance Slip can be taken and used by the shareholders entitled to vote at the AGM stating their Folio No., Client ID and shareholding details.
- 15** For e-voting, (a) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com), Click on 'Shareholders' tab; Select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"; (b) Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID); Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login. If you are holding shares in Demat form and have already done e-voting of any Company, then your existing password can be used.

If you are a first time user follow the steps given below.

Fill up the following details in the appropriate boxes:

<b>Members holding shares in Demat Form or in Physical Form</b>	
<b>PAN*</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <p>* Members who have not updated their PAN with the Company/RTA/ Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. The eight digit S.L.No. printed on your address slip posted on the Annual Report envelope is the sequence number for this purpose.</p> <p>Example : If your name is Ramesh with S.L.No.00003615 then enter Ra00003615 in the 'PAN field'. If the name is V.K.Mohan, with S.L.No.00000015 enter VK00000015 in the PAN field.</p>
<b>Date of Birth (DOB)</b>	Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format.
<b>Dividend Bank Details</b>	<p>Enter the Dividend Bank Details as recorded in your Demat account or in the company records for the said Demat account or folio.</p> <p>* Enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the Company enter the user ID (folio number) in the Dividend Bank details field as mentioned in instruction (v) above.</p>

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

Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to enter their login password in the new password field. Kindly note that this password is also to be used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.



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

- a) On the voting page, you will see Resolution Description and against each Resolution, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- b) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- c) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- d) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- e) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- f) If Demat account holder has forgotten the changed password then enter the User ID and Captcha code, click on Forgot Password & enter the details as prompted by the system.
- g) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- h) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- i) Shareholders may participate at the Annual General Meeting even after exercising their right to vote through remote e-voting or postal ballot but shall not be entitled / allowed to vote again at the meeting.
- j) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

Shareholders who are unable to exercise their voting right through e-voting can use the Postal Ballot Paper attached to this notice to exercise their voting right by placing tick mark at the appropriate box against each resolution stated on the Ballot paper to record their assent (Yes) or dissent (No), enter the date and place, affix signature at the place provided in that paper and send it to the Scrutinizer at his address furnished in the Postal Ballot Paper to reach him latest by 5.00 p.m. on Friday, 5.8.2016. Shareholders who have not exercised their voting right either by remote e-voting or by Postal Ballot can exercise their voting right at the Annual General Meeting using the Ballot Paper attached to this Notice.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013  
FOR ITEMS No.2 to 6**

**Item DECLARATION OF DIVIDEND**

**No.2** Board of Directors has recommended payment of 20% dividend on the paid up equity share capital of the Company for the financial year 2015-16 subject to the approval of the Company's Bankers. Even if the resolution under item No.2 is passed by members (by electronic voting or by polling at the AGM) Dividend could be paid only if approved by the Company's Bankers.

**Item APPOINTMENT OF SRI S.DINAKARAN, DIRECTOR RETIRING BY ROTATION**

**No.3** Sri S.Dinakaran, director retires by rotation. He is eligible and hence offers himself for reappointment by members. Sri S.Dinakaran DIN 00001932 has three decades of experience in Spinning Mills. He is holding 3,63,879 equity shares of the Company. He is related to the Chairman and Managing Director, another Joint Managing Director and the Chief Financial Officer of the Company. None of the other Directors or the Key Managerial Personnel or their relatives is interested or concerned in the Resolution.

**Item APPOINTMENT OF STATUTORY AUDITORS**

**No.4** M/s.M.S.Krishnaswami & Rajan, Chartered Accountants (Firm Registration No.01554S) was appointed Statutory Auditors of the Company at the last (41<sup>st</sup>) Annual General Meeting of the Company held on 27.9.2015 to hold office till the conclusion of this Annual General Meeting. As per Section 139(2) of the Companies Act, 2013, a listed Company can appoint a firm of auditors for not more than two terms of five years each. M/s.M.S.Krishnaswami & Rajan have been the statutory auditors of the Company for more than ten years. However, the Act provides a period of three years from the date of enforcement of this section (i.e. from 1.4.2014) to comply with this requirement. M/s.M.S.Krishnaswami & Rajan have confirmed their eligibility and willingness to be appointed for one more year. Board recommends their appointment as statutory auditors of the Company for approval of the members. None of the Directors or the Key Managerial Personnel or their relatives is interested in the Resolution.

**Item RATIFICATION OF THE REMUNERATION PAYABLE TO COST AUDITORS**

**No.5** As recommended by the Audit Committee at the Audit Committee Meeting held on 20<sup>th</sup> May 2016, board of directors have approved the appointment of M/s.S.Mahadevan & Co., Cost Accountants for audit of cost accounts relating to the Spinning Division on payment of remuneration of Rs.2,25,000 and for audit of cost accounts relating to the Wind Mill Division of the Company on payment of Rs.25,000/- aggregating to Rs.2,50,000/- ( Rupees two lakhs fifty thousand only ) excluding out of pocket expenses and service tax for the year ending 31<sup>st</sup> March 2017. Board of directors has accepted the recommendation of the Audit committee and approved their appointment. As per the provisions of Section 148 of the Companies Act 2013 and Rule 14 of the Companies (Audit and Auditors) Rules 2014, remuneration payable to the cost auditor as approved by the Board of directors of the Company shall be ratified by the shareholders. Resolution for this purpose is placed for consideration of members for ratification of the remuneration as stated in the resolution. None of the directors or the key managerial personnel or their relatives is interested in the resolution.

**Exp. Stat. Item No.6 : ACCEPTANCE OF DEPOSITS FROM MEMBERS OF THE COMPANY**

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 deposits from the shareholders of the Company. However, the relevant rules require certain procedure to be followed by the Company before accepting deposits from the members. After securing the approval of members at the AGM, board will decide about the timing for accepting 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.

**DECLARATION :**

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

For and on behalf of the Board of  
**Sambandam Spinning Mills Limited**  
**R.S. Shanmugam**  
**Company Secretary**

Place : **Salem**

Date : **May 21, 2016**

**Details of Director seeking re-appointment**

<b>Name of the Director</b>	<b>Sri S.Dinakaran</b>
DIN	00001932
Date of birth	8-03-1957
Date of Appointment	23-10-2002
Qualification	Graduate in Arts
Expertise in Specific Functional areas	He is an industrialist and he is the son of promoter director Sri S.P.Sambandam. He was appointed as Joint Managing Director of the Company on 23-10-2002 and has experience in the field of Marketing, Production and Administration for the past 34 years in the Company.
Directorship/Committee Membership in other Companies	<p style="text-align: center;"><b>Directorship</b></p> <ol style="list-style-type: none"> <li>1. Sambandam Investment &amp; Leasing Limited, Salem</li> <li>2. Sambandam Siva Textiles Private Limited, Salem</li> <li>3. SPMH Health Care Services Private Limited, Salem</li> <li>4. Sambandam Textiles Private Limited, Salem</li> <li>5. The Cotton Textiles Export Promotion Council, Mumbai</li> <li>6. Confederation of Indian Textile Industry, Mumbai</li> <li>7. Tamil Nadu Electricity Consumers' Association, Coimbatore</li> </ol>
No. of Shares in the Company	3,63,879
Inter-se relationship with any other director	He is related to Sri S.Devarajan and Sri S.Jegarajan (brothers) and Sri D.Niranjan Kumar (son), Chief Financial Officer
Number of Board meetings attended during the year	<p style="text-align: center;">Attended : Five (5)</p> <p style="text-align: center;">Board Meetings held during the year : Five (5)</p>



## SAMBANDAM SPINNING MILLS LIMITED

### BOARD'S REPORT

Your directors have pleasure in presenting the 42<sup>nd</sup> Annual Report together with the Audited Accounts for the year ended March 31, 2016 (the year).

1 Performance highlights	2015 - 16	2014 - 15
	(Rupees in Lakhs)	
<b>Revenue from Operations</b>		
Direct exports .. .. .	316	530
Merchandise exports .. .. .	3713	5227
Domestic Sales .. .. .	16383	18304
	<hr/>	<hr/>
<b>Total Yarn and Process Waste Sales</b>	<b>20412</b>	24061
Wind Turbine Generator Power sold to third party	97	120
Other Revenue .. .. .	33	52
	<hr/>	<hr/>
<b>Total Revenue from Operations</b>	<b>20542</b>	24233
<b>Profit</b>		
Gross profit [Profit before interest, depreciation & Tax]	2331	2767
Cash profit [Profit before depreciation & Tax]	1194	1593
	<hr/>	<hr/>
Profit before tax [PBT] .. .. .	126	508
Less : Provision for Current Tax .. .. .	45	0
Provision for Deferred Tax .. .. .	39	163
	<hr/>	<hr/>
Profit after tax [PAT] .. .. .	42	345
Profit carried from previous year .. .. .	107	85
	<hr/>	<hr/>
Profit available for appropriation .. .. .	149	430
	<hr/>	<hr/>
<b>APPROPRIATION OF PROFIT :</b>		
Transfer to General Reserve .. .. .	35	195
Adjustment relating to Fixed Assets .. .. .	-	26
Proposed Dividend on Equity Shares .. .. .	85	85
Tax on proposed equity dividend .. .. .	17	17
Surplus profit carried to Balance Sheet .. .. .	12	107
	<hr/>	<hr/>
	149	430
	<hr/>	<hr/>

### 2 DIVIDEND

With a view to maintain the dividend payment track record of the Company, your directors decided to recommend payment of Dividend at 20% for the year, same as the previous year, subject to the approval of the bankers of the Company.

### 3 MANAGEMENT DISCUSSION AND ANALYSIS

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

**a) INDUSTRY PERFORMANCE**

The year 2015-16 has been a year of major challenges faced by the spinning industry, which faced almost year long downtrend in Selling prices, coupled with wide fluctuations in cotton prices. The power situation was also bad in the first few months but got stabilized in the subsequent period. Market demand for yarn was also continuously subdued which forced many units to reduce the working days and lower their production for export orders from global retail giants. On the other hand, the marketing challenges are forcing established players to move away from traditional market to develop new markets where the quality, efficiency and productivity play a major part. In addition, those with latest sophisticated machinery have an edge, as they could shift between various products within a short production cycle time. The major challenge for the leading players is to be prepared for adapting to changes in the market and cater to smaller market lots and shorter cycle time of order to cash. This required rearrangement of their existing production facilities to adapt to market dynamics and improve their capability to cater to wider variety of markets.

Since Spinning is feeder industry to weaving and knitting sectors, its fortunes mainly depend upon the dynamics of those sectors. The weakest link in the Indian Industry has been weaving, knitting and finishing as compared to global leaders such as China, Italy, Germany and Turkey. Even the developing countries like Indonesia, Vietnam and Philippines have become our competitors due to lot of subsidies available in their respective countries. To strengthen the spinning, weaving and knitting sectors, a major thrust has been exerted by the consolidated efforts of the Indian Textile Machinery Manufacturers Association, end users and the Government to undertake a moonshot and come up with alternative technologies suited to Indian textile environment affordable to these sector. This should be feasible in the coming years, if dedicated efforts are undertaken with the financial support for R & D by the Government through its various schemes, such as Textile Modernisation Fund and 'Make-In-India' campaigns. This will naturally have a cascading effect on the spinning sector, which feed the weaving and knitting sectors.

**b) COMPANY'S PERFORMANCE**

- (i) During the year under review, your Company's turnover reduced to Rs.205.92 crores as against Rs.243.20 crores recorded in the previous year mainly due to subdued market conditions. Your Company's performance was adversely affected due to steep fall in the price of yarn both in the export market and domestic market. Export orders were much lower coupled with uneconomic price due to competition from other developing countries like Indonesia, Vietnam, Bangladesh and Philippines. In order to cope-up with the market conditions, production was reduced and several cost reduction measures were adopted by the Company such as tie-up with Private Power Producers to get the required power at a price lesser than the TANGEDCO Power, securing dedicated power supply from EB Substation to all the three units of the Company and minimum use of diesel Gensets, supported by your Company's Wind Turbine generated power. These measures helped to achieve improved level of plant utilization to maintain production and quality of the product and achieve reasonable profit after tax of Rs.42 lakhs as against Rs.345 lakhs recorded in the previous year.
- (ii) Your Company's Wind Turbine Generators (WTGs) recorded generation of electric power of the value of Rs.860 lakhs during the year (Rs.920 lakhs in 2014-15). Loss of Rs.595 lakhs in wind power generation during the year under review (as against Rs.1455 lakhs recorded during the year 2012-13) was on account of TANGEDCO imposing back-outing (not allowing full generation and not accounting fully the Wind Turbine generated power) during the high wind season which resulted in loss of possible generation of about 110 lakh units during the year.
- (iii) Even though Bank interest rates remained high during the year, Management's conscious decision to exercise strict control on inventory levels helped to reduce the working capital requirement resulting in considerable saving up to Rs.37.31 lakhs in the finance cost during the year.

**c) OUTLOOK FOR 2016-17**

Industry expects improvement during the current financial year as cotton prices are stabilizing and yarn prices have started improving from the first quarter of the financial year 2016-17. Considering the present market demand for products like Viscose, Modal, Linen Fiber and value added products like Gassed and Mercerized Yarn, your Company has planned to produce these new products in addition to the existing products Viz., Combed, Carded and Compact Yarn. The Company also started converting its yarn into fabric as a measure of value addition.

During the year 2016-17, power generated by the Company's Wind Turbine Generators are expected to be fully fed through its Grid by TANGEDCO (without back-out) which would result in securing full benefit of the Company's Wind Turbine Generators. In order to gain maximum benefit from the Wind Turbine generated power and the group captive power purchased from private power producers even during the power cut and load shedding period, dedicated feeder line connection from the E.B substation to all the three units of your Company has been secured. This will ensure uninterrupted power supply to the spinning mills of your company which will reduce the dependence on diesel generated power and also maximize production through out the day. Further, life of the electrical components could be enhanced due to avoidance of down time during frequent power cuts and thereby quality of the product could be maintained / improved further. As part of future plans, the deferred expansion project at Unit III will be taken up for implementation, at the appropriate time.

**d) RISKS AND CONCERNS**

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

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

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

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

**f) INTERNAL CONTROL AND SYSTEMS**

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

Your Company is certified ISO 9001, ISO14001 and OHSAS18001 for the systems. Further, your Company's laboratory is also certified by NABL.





**g) HUMAN RESOURCES MANAGEMENT**

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

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

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

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the *Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act 2013*. Management of the Company has set up an Internal Complaints Committee (ICC) to redress any complaint received regarding sexual harassment. All the employees of the Company are covered under this policy. Out of 773 permanent employees on the rolls of the Company, 146 are women and 627 are men. No complaint on sexual harassment has been received from any employee during the year and no complaint is pending at the end of the year.

**i) COST AUDIT**

In accordance with the provisions of the Companies Act 2013 and the Rules framed there under, Cost Audit for the Company was not applicable for the year 2014-15. However, it is applicable for the financial year commencing from 1<sup>st</sup> April 2015. On the recommendation of the Audit Committee, Board of Directors of the Company approved the appointment of M/s. S.MAHADEVAN & CO., Cost Accountants, Chennai, for audit of Cost Accounts of the Company for the years 2015-16 and 2016-17 and the resolution for ratification of the remuneration payable to the Cost Auditor for the year 2016-17 will be placed before the members for their ratification at the 42<sup>nd</sup> Annual General Meeting of the Company scheduled to be held on 6.8.2016.

In view of the Company maintaining the cost records continuously and in order to provide the comparable audited figures for the year *2014-15 in the Cost Audit Report for the year 2015-16, your directors decided to continue the Cost Audit for the year 2014-15 on a voluntary basis. The Cost Auditor will submit to the Board of Directors his report for the year 2015-16 after duly certifying the cost records. Cost Audit Report for the year 2015-16 will be submitted in XBRL format well before the due date.*

**j) BOARD MEETINGS :**

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

**k) DIRECTORS**

At the 40<sup>th</sup> Annual General Meeting of the Company held on 28.9.2014 members had appointed Sri P.S.Ananthanarayanan, Dr.V.Gopalan, Sri N.Asoka, Sri S.Gnanasekharan and Sri Kameshwar M Bhat, as Independent Directors of the Company for a term of five consecutive years from the date of that AGM till the conclusion of the 45<sup>th</sup> AGM of the Company. Since all the five Independent Directors are not liable to retire by rotation, out of the remaining five non-independent directors, Sri S.Dinakaran opted to retire by rotation at the ensuing 42<sup>nd</sup> Annual General Meeting. However, he is eligible for reappointment by members at the 42<sup>nd</sup> AGM of the Company.



The Chairman and Managing Director (CMD) and the two Joint Managing Directors (JMDs) were appointed by members at the 41st AGM of the Company held on 27.9.2015 for a term of 3 years from 1.10.2015 to 30.09.2018 in accordance with the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company and the revised (increased) remuneration payable to them during that period was also approved by members by passing Special Resolution at the 41<sup>st</sup> AGM. However, the CMD and the two JMDs have not availed the increased remuneration till 31.3.2016 in view of the Company's sub-due performance.

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

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

- i. in the preparation of the annual accounts for the financial year 2015-16, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- iii. 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;
- iv. they have prepared the annual accounts on a going concern basis;
- v. 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
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**m) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS**

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

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

None of the employees or directors of the Company has drawn remuneration exceeding Rs.5 lakhs per month or Rs.60 lakhs per annum during the year.

**o) BOARD EVALUATION**

Board of Directors carried out annual evaluation of its own performance and that of the Committees and the individual directors pursuant to the provisions of Section 134(3)(p) of the Companies Act 2013, and the corporate Governance requirements prescribed in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. Performance of the Board was evaluated after seeking input from the Directors on the basis of the criteria such as the Board Composition, effectiveness of board process, information flow and functioning of the Board. Performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as composition of the Committees, effectiveness of the Committee meetings, etc. and it was observed that the performance of the Board as well as the Committees was adequate.



Performance of the non-independent Directors were evaluated by the Independent directors at the meeting of the Independent directors on the basis of six criteria, viz. attendance and participation; Qualification, knowledge, skill and enterprise; updating of skill and knowledge; individual contribution; adherence to Company's policies and procedures and benefits derived by the Company. On the basis of the above criteria performance of all the non-independent directors were found to be adequate. As regards the performance of the Chairman & Managing Director, after taking into consideration the views of the Executive Directors and the non-executive directors the Independent Directors were of the unanimous view that the Chairman & Managing Director is not only well informed and knowledgeable about the Industry but also has the requisite experience to execute his duties as Chairman and Chief Executive of the Company. His insight and forward looking policies have elevated the status of the Company in the eyes of the stakeholders and the wholesome performance of the Company is in his safe hands and the future of the Company is bright.

Board's evaluation of the independent directors was recorded by the entire board excluding the director being evaluated.

**p) FAMILIARIZATION PROGRAMME OF THE INDEPENDENT DIRECTORS**

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

**q) DEPOSITS**

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

- |      |   |       |                  |
|------|---|-------|------------------|
| i.   | Deposits Accepted from shareholders during the year (2015-16)                       | :     | Rs. 303.65 lakhs |
| ii.  | Deposits remaining unpaid or unclaimed as at the end of the year                    | :     | NIL              |
| iii. | Any default in repayment of deposits or payment of interest thereon during the year | :     | NIL              |
| iv.  | Total Deposits outstanding at the end of the year                                   | - - : | Rs. 516.70 lakhs |
- Company has duly complied with the provisions of Section 73 of the Companies Act, 2013 read with relevant rules with respect to fixed deposits.

**r) INDUSTRY ASSOCIATIONS**

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

**s) REPORT ON PERFORMANCE OF THE ASSOCIATE COMPANIES :**

There are two associate Companies –

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

This Company has recorded total revenue of Rs.3,18,59,942 and profit after tax (PAT) of Rs.47,29,843 during the year ended 31.3.2016 as against Rs.3,92,43,571 Revenue and Rs.43,63,920 PAT recorded in the previous year.

**Salem IVF Centre Pvt. Ltd.** – 34.70% investment in the share capital of that Company.

This Company incorporated on 17<sup>th</sup> November 2014 has recorded total revenue of Rs.1,81,97,704 and Loss of Rs.93,31,265 during the second year (first full year) of its operations as against the revenue of Rs.22,47,925 and loss of Rs45,00,915 recorded in the Previous Year (Period from 17.11.2014 to 31.3.2016).



**t) CHANGES OR COMMITMENTS AFTER THE YEAR END ON 31.3.2016**

No material change or commitment affecting the financial position of the Company has occurred between the close of the financial year on 31.3.2016 and the date of this report.

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

- (i) Ratio of the remuneration of each Director, Company Secretary, Chief Financial Officer and Chief Technical Officer to the median remuneration of the employees of the Company; AND
- (ii) Percentage increase in their remuneration in 2015-16 as compared to the previous year (2014-15): (Median Remuneration : Rs.62,260 in 2015-16)

Name of whole-time Directors and KMP	Remuneration in 2015-16 Rs. lakhs	Remuneration in 2014-15 Rs. lakhs	% increase in 2015-16 Remn.	Ratio to Median Remn.	Ratio of 2015-16 Remuneration to	
					Revenue	Net Profit
Mr.S.Devarajan, CMD	36.00	36.00	NIL	57.82	0.17 %	86.62 %
Mr.S.Jegarajan, JMD	30.00	30.00	NIL	48.19	0.15 %	72.18 %
Mr.S.Dinakaran, JMD	6.00	6.00	NIL	9.64	0.03 %	14.44 %
Mr.R.S.Shanmugam Company Secretary	6.60	6.50	1.54	10.60	0.03 %	15.88 %
Mr. D.Niranjan Kumar, CFO	18.00	18.00	NIL	28.91	0.09 %	43.31 %
Mr.J.Sakthivel - CTO	18.00	18.00	NIL	28.91	0.09 %	43.31 %

Name of Non-executive Directors	#	Remuneration in 2015-16 Rs. lakhs	#	Remuneration in 2014-15 Rs. lakhs	% increase / (% decrease) in 2015-16 Remuneration	Ratio to Median Remuneration in 2015-16
Mr.D.Sudharsan,	-	0.75		0.80	(6.25 %)	1.20
Smt.S.Abirami	-	0.75		0.15*	N.A	1.20

Name of Independent Directors	#	Remuneration in 2015-16 Rs. lakhs	#	Remuneration in 2014-15 Rs. lakhs	% increase / (% decrease) in 2015-16 Remuneration	Ratio to Median Remuneration in 2015-16
Mr.P.S.Ananthanarayanan		2.65		2.70	(1.85%)	4.26
Dr. V.Gopalan		2.65		2.70	(1.85%)	4.26
Mr.N.Asoka		2.65		2.15	23.26%	4.26
Mr.S.Gnanasekharan		2.50		2.45	2.04%	4.02
Mr.Kameshwar M Bhat		2.50		0.55*	N.A	4.02

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

\* Part of the year – appointed at the AGM held on 28.9.2014.

- (iii) Percentage increase in the remuneration of employees in 2015-16 : NIL
- (a) No increase in the remuneration of any employee or Key Managerial Personnel during the year 2015-16
- (b) No increase in the sitting fees of Directors also.
- (c) Variation in the sitting fees paid to Directors depends on their attendance at the Board / Committee Meetings.



- (iv) Number of permanent employees on the rolls of the Company : 773
- (v) Explanation on the relationship between average increase in the remuneration of the employees and Key Managerial Personnel (KMP) as against the Company performance is not applicable due to above reference (iii) (a).
- (vi) No employee of the Company is in receipt of remuneration in excess of the highest paid remuneration of the director during the year.
- (vii) Variations in the Market Capitalisation & Price Earning Ratio as at the close of the Financial Year on 31.3.2015 and 31.3.2016 and percentage increase or decrease in the market quotation of the shares :
- Paid-up Capital : Rs.4,26,46,000 – 42,64,600 equity shares of Rs.10 each fully paid-up  
Equity shares of the Company are listed in the Bombay Stock Exchange (BSE)  
Equity shares were listed only after the last public issue in 1995.  
As such no market quotation at the time of last public issue of the Company's shares.  
Issue price of the equity share in 1995 was rupees fifty including premium of rupees forty per share

Year end date	Closing market Price per share	Earning Per Share	Price Earning Ratio	Market Capitalisation (Rupees lakhs)
31.3.2015	Rs.59.90	Rs.8.10	7.40	2554.49
31.3.2016	Rs.66.50	Rs.0.97	68.56	2835.96
Variation %	11.02 %	(88.02%)	826 %	11.02 %

- (viii) No variable component of the remuneration availed by any director.
- (ix) Remuneration payable to the Directors is as per the Remuneration Policy of the Company

### 23 AUDITORS

Auditors, M/s. M.S. Krishnaswami & Rajan, Chartered Accountants, retire at the ensuing annual general meeting and they have confirmed their eligibility and willingness to accept office, if re-appointed. On the recommendation of the Audit Committee your Company's Board is placing the Resolution u/s 139(2) of the Company's Act 2013 for appointing him as the Statutory Auditors of the Company for the current financial year – 2016-17.

### 24 CAUTIONARY NOTE

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

### 25 VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has an established vigil mechanism for Directors / Employees to report concerns about unethical behaviour, 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.corporate@sambandam.com>

## 26 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 VII.

## 27 EXTRACT OF ANNUAL RETURN

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

## 28 ACKNOWLEDGEMENT

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

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

Salem	<b>D.Niranjan Kumar</b>	<b>R.S.Shanmugam</b>	<b>S.Dinakaran</b>	<b>S. Devarajan</b>
May 21, 2016	Chief Financial Officer	Company Secretary	Joint Managing Director	Chairman & Managing Director

### Annexures to this Report

The following are the annexures to this report

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

**FORM AOC - 1****ANNEXURE - I****PART "A": SUBSIDIARIES**

Not Applicable since the Company does not have any subsidiary.

**PART "B": ASSOCIATES**

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

Sl. No.	Name of Associate	SPMM Healthcare Services P Ltd	Salem IVF P Ltd
1.	Latest audited Balance Sheet Date	31-03-2016	31-03-2016
2.	Shares of Associate held by the Company on the year end: Number of Shares Amount of Investment in Associates Extend of Holding %	19,90,000 Rs. 1,99,00,000 49.75%	7,04,060 Rs. 70,40,600 34.70%
3.	Description of how there is significant influence	Associate Company	Associate Company
4.	Reason why the associate / joint venture is not consolidated	Associate Companies accounts have been consolidated	
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	Rs. 94,20,167	Rs. 23,38,921
6.	Profit / (Loss) for the year	Rs. 47,29,843	(Rs. 93,31,265)
	Profit/(Loss) attributable to the Shareholding	Rs. 23,53,097	(Rs. 32,37,949)

- 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.

Salem  
May 21, 2016

For and on behalf of the Board  
**S. Devarajan**  
Chairman and Managing Director

**FORM NO. AOC-2****ANNEXURE - II**

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

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

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

**NOTE**

All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transactions (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors. There were no materially significant transactions with Related Parties during the financial year 2015-16 which were in conflict with the interest of the Company. Hence the related party transactions of the Company for the financial year 2015-16 not fall under the purview of disclosure under Form AOC – 2. Suitable disclosures as required under AS-18 have been made in Note 3.8 of the Notes to the financial statements.

Salem  
May 21, 2016

For and on behalf of the Board  
**S. Devarajan**  
Chairman and Managing Director

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

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

1. We have reviewed the financial statements and the cash flow statement for the year 2015-16 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the state of affairs of the company and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept overall responsibility for establishing and maintaining internal control for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness, of internal control. The internal auditor works with all levels of management and statutory auditors and reports significant issues to the audit committee of the Board. The auditors and the audit committee are apprised of any corrective action taken with regard to significant deficiencies in the design or operation of internal controls.
4. We have indicated to the auditors and to the audit committee:
  - a) All Significant changes in internal control over financial reporting during the year;
  - b) Significant changes in accounting policies during the year; and that the same have been disclosed in the notes to the financial statements; and
  - c) No Instance of significant fraud of which we have become aware of and which involve management or other employees having significant role in the Company's internal control system and financial reporting.

Salem  
May 21, 2016

**D. Niranjan Kumar**  
Chief Financial Officer

**S . Devarajan**  
Chairman & Managing Director

**ANNEXURE - IV****Conservation of energy, technology absorption and research and development and foreign exchange earnings and outgo****A. Conservation of energy**

<b>(a) Power and fuel consumption</b>		<b>2015-16</b>	<b>2014-15</b>
<b>1. Electricity</b>			
(i) Purchased units*	'000 KWH	<b>3,56,55</b>	3,30,76
Total cost	Rs. lakhs	<b>2609</b>	2530
Cost/unit	Rs.	<b>7.32</b>	7.65
*net of units generated thro' wind energy converters			
(ii) Own generation			
1) Through diesel generator			
Generated units	'000 KWH	<b>258.8</b>	152.7
Units per litre of diesel	KWH	<b>3.05</b>	3.98
Cost/unit	Rs.	<b>13.69</b>	12.77
2) Through steam turbine/generator		-	-
3) Through Wind energy converters			
Generated units(fed to TNEB Grid) '000 KWH		<b>1,14,55</b>	1,64,19
Cost/unit*	Rs.	<b>3.91</b>	3.26
*Cost includes maintenance charges, interest and depreciation			





<b>2. Coal</b>		–	–
<b>3. Furnace oil</b>		–	–
<b>4. Others</b>		–	–
<b>(b) Consumption per unit of production</b>			
Production (yarn)	Kgs. lakhs	<b>90.30</b>	100.62
Consumption of electricity	'000 KWH	<b>4,73,69</b>	5,10,22
Consumption per kg. of Yarn	KWH	<b>5.25</b>	5.06
<b>B. Technology absorption and research and development</b>		–	–
<b>C. Foreign exchange earnings and outgo</b>			
(a) Activities relating to exports			
Yarn exports (including merchandise exports)	Rs. lakhs	<b>4029</b>	5757
(b) Total Foreign exchange used and earned			
1) CIF value of Imports			
Capital goods*	Rs. lakhs	–	–
Spares for Capital goods*	Rs. lakhs	–	79.73
Raw materials – cotton*	Rs. lakhs	<b>670.41</b>	2170.62
*exclusive of net exchange difference			
2) Other expenditure in foreign currency			
Travel	Rs. lakhs	<b>5.85</b>	8.43
Interest	Rs. lakhs	<b>2.82</b>	7.66
Other matters	Rs. lakhs	<b>4.53</b>	6.98
3) Foreign exchange earned			
Yarn export	Rs. lakhs	<b>316.29</b>	530.09
Freight recovery	Rs. lakhs	<b>0.52</b>	3.32
Salem		For and on behalf of the Board	
May 21, 2016		<b>S. Devarajan</b> Chairman and Managing Director	

**ANNEXURE - V****Brief outline of the Company's CSR policy, programs undertaken during the year and reference to the web-link to the CSR policy.**

Sambandam Spinning Mills Ltd. (SSML) has been upholding the Group's tradition by earmarking a part of its income for carrying out its social responsibilities. Promoters of the Company believe that social responsibility is not just a corporate obligation that has to be carried out, but it is one's dharma. Therefore, philanthropic endeavour is a reflection of the Company's spiritual conscience and this provides a way to discharge its responsibilities to various sections of the society.

SSML has been carrying out Corporate Social Responsibility (CSR) activities for a long time through the SPMM Charitable Trust, and the Trust for Mentally Challenged Children, which are registered autonomous charitable trusts, in the field of Education and Healthcare, while also pursuing CSR activities for the benefit of the community in and around Salem.

**Corporate Social Responsibility Purpose Statement**

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



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

Accordingly, the programme areas include the following:

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

### Scope

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

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

### Implementation

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

- 1 Composition of the CSR Committee :
 

CHAIRMAN : SRI S.DEVARAJAN	-	Chairman and Managing Director
MEMBERS : SRI P.S.ANANTHANARAYAN	-	Chairman of Audit Committee
SRI S.JEGARAJAN	-	Joint Managing Director
SRI S.DINAKARAN	-	Joint Managing Director
SRI D.SUDHARSAN	-	Non-executive Director
- 2 Average net profit of the company for the last three financial years - Rs.7,31,04,587
- 3 Prescribed CSR Expenditure (two per cent of Rs.7,31,04,587) - Rs.14,62,092
- 4 Details of CSR spent during the financial year :
  - (i) Preventive Health Care (Item (i) of Schedule VII of the Comp.Act 2013) - Rs.3,60,000
  - (ii) Livelihood enhancement of differently abled - Provision of artificial limbs - Rs.1,00,000
  - (iii) Training to mentally challenged children - - Rs.15,500  
(item (ii) of Schedule VII of the Companies Act 2013)
  - (iv) Promote Education - Rs.30,000  
(Item (ii) of Schedule VII of the Companies Act 2013)
  - (v) Environment Sustainability (Garbage cleaning Cart to Salem Municipality) - Rs.5,890  
(Clause (iv) of Schedule VII of the Companies Act 2013)
- 5 Total amount spent during the financial year 2015-16 - - Rs.5,11,390
- 6 Amount unspent, if any - - - - Rs.9,50,702 \*

\* The balance amount of Rs.9,50,702/- has been earmarked to be spent on a specific project for making available safe drinking water and toilet facilities at the Girls High School in Ammapet Salem. However, on account of the annual examination and the summer vacation the school authorities requested the company to take up this project after May 2016. This expenditure is covered under Item (i) of Schedule VII of the Companies Act 2013.



## 7 Manner in which the amount spent during the financial year is detailed below.

Sl. No.	CSR project or activity identified.	Sector in which the Project is covered	Local area in which the programs were under taken in Tamil Nadu	Amount outlay - project or Program- wise Rupees	Amount spent on the projects or Programs Rupees	Cumulative Expenditure upto the reporting period Rupees	Amount spent: * Direct or through implementing agency Rupees
1	Promoting preventive health care	Item No(i) of Sch. VII of the Comp. Act 2013	Salem & Chennai	Rs.3,60,000	Rs.3,60,000	Rs.3,60,000	Rs.3,60,000
2	Livelihood enhancement & Training of differently abled Persons	Item No(ii) of under Sch. VII of the Comp. Act 2013	Salem & other Districts	Rs.1,15,500	Rs.1,15,500	Rs.1,15,500	Rs.1,15,500
3	Promote Education	Item No(ii) of under Sch. VII of the Comp. Act 2013	High School & Poly-technic in Salem Dt	Rs.30,000	Rs.30,000	Rs.30,000	Rs.30,000
4	Environment Sustainability	Clause (iv) of Schedule VII of the Companies Act 2013	Salem Town	Rs.5,890	Rs.5,890	Rs.5,890	Rs.5,890
5	Promoting Sanitation, and making available safe drinking water at the girls High School, Ammapet, Salem.	Item No(i) of under Sch. VII of the Comp. Act 2013	Salem Town	Rs.9,50,700			
		Total		Rs.14,62,090	Rs.5,11,390	Rs.5,11,390	Rs.5,11,390

## \* Details of the implementing agency:

The First item refers to Pediatric Surgery done at the SPMM Hospital to poor children jointly organised by Sharon Hospital.

The Second item on Livelihood Enhancement of differently abled has been organized through the Salem District Differently Abled Welfare Association. by providing Artificial Limbs to Amputees

The Third item for Promoting Education – payment to Athanur High School and Polytechnic.

The Fourth item is the cost of the Cart ( for cleaning Garbage) given to the Corporation of Salem – Ammapet 37<sup>th</sup> Division.

CSR Committee confirms that implementation and monitoring of the CSR projects detailed above are in compliance with the CSR objectives and the CSR Policy of the Company. However the balance amount of Rs.9,50,702 would be spent on the aforesaid CSR Project stated at Sl.No.5 above during the current financial year since the School authorities requested the Company to take up the project after the examination and the school term is over in May 2016.

Salem  
May 21, 2016

**S . DEVARAJAN**  
Chairman - CSR Committee

**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.



## ANNEXURE - VI

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

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

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

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**

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

To,  
**The Members**  
**M/S SAMBANDAM SPINNING MILLS LIMITED**  
**MILL PREMISES, P.B.NO.1, KAMARAJ NAGAR,**  
**SALEM-636014**

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/S Sambandam Spinning Mills Limited (the Company) and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2016 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 2016, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under read with the 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) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



We have also examined compliance with the applicable clauses of the 'The Listing Agreement' entered into by the Company with BSE Limited and fresh Listing Agreement entered into by the Company with BSE Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally 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 there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

**We further report that :**

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

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

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

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

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

FOR B.K. SUNDARAM & ASSOCIATES  
COMPANY SECRETARIES

Place : TRICHY  
Date : 19-05-2016

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

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



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

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

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

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**ANNEXURE TO SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016  
OF  
M/S SAMBANDAM SPINNING MILLS LIMITED**

1. Maintenance of secretarial records with reference to the provisions of the Companies Act,2013 & the Rules there under and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.
2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Audit. The verifications were done on a random test basis to ensure that 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 or to the spinning mills under the Textile Industry 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 : 19-05-2016

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



## ANNEXURE - VII

## FORM NO. MGT-9

**EXTRACT OF ANNUAL RETURN  
as at the financial year ended on 31<sup>st</sup> March 2016**

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

**I. REGISTRATION AND OTHER DETAILS:**

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

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

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

Sl. No.	Name and Address of the Company	CIN	Holding Subsidiary / Associate	% of shares held	Applicable Section
1	SPMM Health Care Services P Ltd	U85110TZ2003PTC010761	Associate	49.75%	2 (6) & 129
2	Salem IVF Centre Private Limited	U74999TZ2014PTC020878	Associate	34.70%	2 (6) & 129



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

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	2097903	1170	2099073	49.22	1980253	1170	1981423	46.46	(2.76)
b) Bodies Corp.	0	0	0	0	90000	0	90000	2.11	2.11
c) Any other	0	0	0	0	0	0	0	0	0
<b>Sub - Total (A) (1):-</b>	<b>2097903</b>	<b>1170</b>	<b>2099073</b>	<b>49.22</b>	<b>2070253</b>	<b>1170</b>	<b>2071423</b>	<b>48.57</b>	<b>(0.65)</b>
<b>(2) Foreign</b>									
a) Any Other...	0	0	0	0	0	0	0	0	0
<b>Sub - Total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A) (1) + (A) (2)</b>	<b>2097903</b>	<b>1170</b>	<b>2099073</b>	<b>49.22</b>	<b>2070253</b>	<b>1170</b>	<b>2071423</b>	<b>48.57</b>	<b>(0.65)</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) FI / Bank - GIC	76590	0	76590	1.79	76590	0	76590	1.79	0
b) Any other	0	0	0	0	0	0	0	0	0
<b>Sub - Total (B) (1)</b>	<b>76590</b>	<b>0</b>	<b>76590</b>	<b>1.79</b>	<b>76590</b>	<b>0</b>	<b>76590</b>	<b>1.79</b>	<b>0</b>
<b>(2) Non - Institutions</b>									
a) Bodies Corporate	132108	1800	133908	3.14	49064	1800	50864	1.19	(1.94)
b) Individuals									
i. Individual shareholders holding nominal share capital in upto or Rs. 1 lakh	566029	162516	728545	17.08	552255	150593	702848	16.48	(0.60)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	855411	198420	1053831	24.71	998276	198420	1196696	28.06	+3.35
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Any other									
Clearing Members	52	0	52	0.01	382	0	382	0.01	(0.01)
Hindu Undivided Families	165151	0	165151	3.87	158790	1	158791	3.72	(0.14)
Non resident Indians	7450	0	7450	0.17	7006	0	7006	0.16	(0.01)
<b>Sub - Total (B) (2):-</b>	<b>1726201</b>	<b>362736</b>	<b>2088937</b>	<b>48.98</b>	<b>1765773</b>	<b>350814</b>	<b>2116587</b>	<b>49.62</b>	<b>+0.65</b>
<b>Total Shareholding (B) = (B) (1) + (B) (2)</b>	<b>1802791</b>	<b>362736</b>	<b>2165527</b>	<b>50.77</b>	<b>1842363</b>	<b>350814</b>	<b>2193177</b>	<b>51.41</b>	<b>+0.65</b>
<b>C. Share held by custodian for GDR's and ADR's</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (A) + (B) + (C)</b>	<b>3900694</b>	<b>363906</b>	<b>4264600</b>	<b>100.00</b>	<b>3912616</b>	<b>351984</b>	<b>4264600</b>	<b>100.00</b>	<b>0.00</b>





<b>ii). Shareholding of Promoters</b>								
<b>Sl. No.</b>	<b>Shareholders Name</b>	<b>Shareholding at the beginning of the year</b>			<b>Shareholding at the end of the year</b>			<b>% change in share holding during the year</b>
		<b>No. of Shares</b>	<b>% of Total Shares of the Company</b>	<b>% of Shares Pledged/ encumbered to total shares</b>	<b>No. of Shares</b>	<b>% of Total Shares of the Company</b>	<b>% of Shares Pledged/ encumbered to total shares</b>	
1	S JEGARAJAN	440846	10.3373	– Nil –	442846	10.3842	– Nil –	0.05
2	S DEVARAJAN	388674	9.1139	– Nil –	401115	9.41	– Nil –	0.30
3	S DINAKARAN	359879	8.4387	– Nil –	363879	8.5325	– Nil –	0.10
4	A R NATARAJAN	192390	4.5113	– Nil –	192390	4.5113	– Nil –	–
5	A G VENKATESAN	115283	2.7032	– Nil –	0	0	– Nil –	(2.7)
6	D SARADHAMANI	101180	2.3725	– Nil –	101180	2.3725	– Nil –	–
7	D SUDHARSAN	77060	1.8069	– Nil –	79060	1.8538	– Nil –	0.05
8	S P SAMBANDAM	50750	1.1900	– Nil –	50750	1.1900	– Nil –	–
9	S DEVARAJAN ( HUF )	45895	1.0761	– Nil –	45895	1.0761	– Nil –	–
10	RATHIPRIYA D	41580	0.9750	– Nil –	41580	0.9750	– Nil –	–
11	D SENTHILNATHAN	38580	0.9046	– Nil –	38580	0.9046	– Nil –	–
12	V VALARNILA	37160	0.8713	– Nil –	37160	0.8713	– Nil –	–
13	D MANJULA	30540	0.7161	– Nil –	30540	0.7161	– Nil –	–
14	S DINAKARAN ( HUF )	28975	0.6794	– Nil –	28975	0.6794	– Nil –	–
15	S JEGARAJAN ( HUF )	28975	0.6794	– Nil –	28975	0.6794	– Nil –	–
16	J RAMYA	26540	0.6223	– Nil –	26540	0.6223	– Nil –	–
17	PARAMESWARI JEGARAJAN	22300	0.5229	– Nil –	22300	0.5229	– Nil –	–
18	A R ANNAMALAI	20527	0.4813	– Nil –	0	0	– Nil –	(0.48)
19	J SAKTHIVEL	14800	0.3470	– Nil –	14800	0.3470	– Nil –	–
20	N USHA	14250	0.3341	– Nil –	14250	0.3341	– Nil –	–
21	D NIRANJANKUMAR	4300	0.1008	– Nil –	5270	0.1235	– Nil –	0.02
22	D MINUSAKTHIPRIYA	4000	0.0937	– Nil –	4000	0.0937	– Nil –	–
23	S. SIVAKUMAR	6928	0.1624	– Nil –	6928	0.1624	– Nil –	–
24	V KALAIVANI	3251	0.0762	– Nil –	0	0.0000	– Nil –	(0.07)
25	R SELVARAJAN	2640	0.0619	– Nil –	2640	0.0619	– Nil –	–
26	S P SAMBANDAM (SHUF)	1170	0.0274	– Nil –	1170	0.0274	– Nil –	–
27	D ANUPAMA	400	0.0093	– Nil –	400	0.0093	– Nil –	–
28	A SARAYU	200	0.0046	– Nil –	200	0.0046	– Nil –	–
29	KANDAGIRI SPINNING MILLS LTD	0	0	– Nil –	90000	2.1103	– Nil –	2.11
	<b>TOTAL</b>	<b>2099073</b>	<b>49.2208</b>	<b>–</b>	<b>2071423</b>	<b>48.5725</b>	<b>–</b>	<b>(0.62)</b>



iii). Change in Shareholding of Promoters								
Sl. No.	Name	No. of Shares at the beginning (01-04-15)		Date	Decrease in shares holding	Reason	Cumulative Share holding during the year 01-04-15 to 31-03-16	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	A.G. Venkatesan	115283	2.70	17-04-2015	-11276	Sale of Shares	104007	2.43
				24-04-2015	-6000	Sale of Shares	98007	2.29
				08-05-2015	-98	Sale of Shares	98909	2.29
				29-05-2015	-190	Sale of Shares	97719	2.29
				26-06-2015	-6600	Sale of Shares	91119	2.13
				03-07-2015	-5001	Sale of Shares	86118	2.01
				24-07-2015	-705	Sale of Shares	85413	2.00
				31-07-2015	-3444	Sale of Shares	81969	1.92
				07-08-2015	-4555	Sale of Shares	77414	1.81
				14-08-2015	-1237	Sale of Shares	76177	1.78
				21-08-2015	-15	Sale of Shares	76162	1.78
				28-08-2015	-927	Sale of Shares	75235	1.76
				11-09-2015	-211	Sale of Shares	75024	1.75
				09-10-2015	-2721	Sale of Shares	72303	1.69
				16-10-2015	-307	Sale of Shares	71996	1.68
				23-10-2015	-152	Sale of Shares	71844	1.68
				30-10-2015	-575	Sale of Shares	71269	1.67
				06-11-2015	-182	Sale of Shares	71087	1.66
				13-11-2015	-226	Sale of Shares	70861	1.66
				20-11-2015	-9188	Sale of Shares	61673	1.44
				27-11-2015	-4400	Sale of Shares	57273	1.34
				11-12-2015	-690	Sale of Shares	56583	1.32
				25-12-2015	-7273	Sale of Shares	49310	1.15
				31-12-2015	-11000	Sale of Shares	38310	0.89
				22-01-2016	-4805	Sale of Shares	33505	0.78
				29-01-2016	-1314	Sale of Shares	32191	0.75
				05-02-2016	-377	Sale of Shares	31814	0.74
12-02-2016	-179	Sale of Shares	31635	0.74				
19-02-2016	-4635	Sale of Shares	27000	0.63				
26-02-2016	-2238	Sale of Shares	24762	0.58				
04-03-2016	-4947	Sale of Shares	19815	0.45				
18-03-2016	-189	Sale of Shares	19626	0.46				
25-03-2016	-895	Sale of Shares	18731	0.43				
31-03-2016	-2405	Sale of Shares	16326	0.38				



Sl. No.	Name	No. of Shares at the beginning (01-04-15)		Date	Decrease in shares holding	Reason	Cumulative Share holding during the year 01-04-15 to 31-03-16	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
2	A.R. Annamalai	20527	0.48	10-04-2015	-500	Sale of Shares	20027	0.46
				17-04-2015	-3000	Sale of Shares	17027	0.39
				24-05-2015	-1000	Sale of Shares	16027	0.37
				01-05-2015	-1000	Sale of Shares	15027	0.35
				08-05-2015	-1000	Sale of Shares	14027	0.32
				22-05-2015	-1050	Sale of Shares	12977	0.30
				29-05-2015	-1399	Sale of Shares	11578	0.27
				12-06-2015	-1000	Sale of Shares	10578	0.24
				19-06-2015	-1500	Sale of Shares	9078	0.21
				26-06-2015	-800	Sale of Shares	8278	0.19
				03-07-2015	-2278	Sale of Shares	6000	0.14
				10-07-2015	-500	Sale of Shares	5500	0.12
				24-07-2015	-457	Sale of Shares	5043	0.11
				31-07-2015	-1000	Sale of Shares	4043	0.09
				07-08-2015	-700	Sale of Shares	3343	0.07
				14-08-2015	-1160	Sale of Shares	2183	0.05
21-08-2015	-1	Sale of Shares	2182	0.05				
18-09-2015	-1000	Sale of Shares	1182	0.02				
3	V. Kalaivani	3251	0.07	17-04-2015	-3200	Sale of Shares	51	0.00
				29-01-2016	-51	Sale of Shares	0	0.00
4	S. Devarajan	388674	9.11	08-05-2015	+2750	Purchase of Shares	391424	9.17
				22-05-2015	+3100	Purchase of Shares	394524	9.25
				12-06-2015	+100	Purchase of Shares	394624	9.25
				26-06-2015	+4491	Purchase of Shares	399115	9.36
				04-12-2015	+2000	Purchase of Shares	401115	9.41
5	S. Jegarajan	440846	10.33	31-03-2016	+2000	Purchase of Shares	442846	10.38
6	S. Dinakaran	359879	8.43	04-12-2015	+2000	Purchase of Shares	361879	8.48
				18-12-2015	+1000	Purchase of Shares	362879	8.50
				31-12-2015	+1000	Purchase of Shares	363879	8.53
7	D. Sudharsan	77060	1.81	04-12-2015	+2000	Purchase of Shares	79060	1.85
8	D. Niranjana Kumar	4300	0.10	25-03-2016	+970	Purchase of Shares	5270	0.12



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

Sl. No.	Name	No. of Shares at the beginning (01-04-15)		Date	Increase/Decrease in shares holding	Reason	Cumulative Share holding at the year end 31-03-16	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	Vinodchandra Mansukhlal Parekh and Sanjeev Vinodchandra Parekh	136518	3.20	01-04-2015	0	Nil Movement during the year	136518	3.20
2	Kandagiri Spinning Mills Limited	90000	2.11	01-04-2015	0	Nil Movement during the year	90000	2.11
3	General Insurance Corporation of India	76590	1.80	01-04-2015	0	Nil Movement during the year	76590	1.80
4	Sanjeev Vinodchandra Parekh and Daksha Sanjeev parekh	67533	1.58	23-10-2015	+18828	Purchase of Shares	86361	2.02
5	Seema Goel	65000	1.52	01-04-2015	0	Nil Movement during the year	65000	1.52
6	N. Porkodi	61880	1.45	01-04-2015	0	Nil Movement during the year	61880	1.45
7	Chandrika Vinodchandra Parekh and Vinodchandra Mansukhlal Parekh	61351	1.44	01-04-2015	0	Nil Movement during the year	61351	1.44
8	Anil Kumar Goel	57893	1.36	07-08-2015	-893	Sale of Shares	57000	1.34
9	S. Santhi	48020	1.13	01-04-2015	0	Nil Movement during the year	48020	1.13
10	Sangita Kumarpal Parekh and Kumarpal Mansukhlal Parekh	42404	0.99	01-04-2015	0	Nil Movement during the year	42404	0.99

V). Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01-04-2015		Cumulative Shareholding during the year		Shareholding at the end of the year 31-03-2016	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>At the Beginning of the year :</b>							
1	Sri S. DEVARAJAN, CMD	388674	9.11	12441	0.29	401115	9.41
2	Sri S. JEGARAJAN, CMD	440846	10.34	2000	0.05	442846	10.38
3	Sri S. DINAKARAN, JMD	359879	8.44	4000	0.05	363879	8.53
4	Sri D. SUDHARSAN, Director	77060	1.81	2000	0.05	79060	1.85
5	Sri D. NIRANJAN KUMAR, CFO	4300	0.10	970	0.02	5270	0.12
<b>Total</b>		<b>1270759</b>	<b>29.80</b>	<b>21411</b>	<b>0.50</b>	<b>1292170</b>	<b>34.79</b>
Date wise Increase in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):		Nil	Nil	0	0	# 21411	0.50
<b>At the End of the year</b>						<b>1292170</b>	<b>34.79</b>

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



**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebted ness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	9207.78	NIL	213.05	9420.83
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>9207.78</b>	<b>NIL</b>	<b>213.05</b>	<b>9420.83</b>
<b>Change in Indebtedness during the financial year</b>				
☞ Addition	39.83	NIL	454.80	494.63
☞ Reduction	NIL	NIL	(151.15)	(151.15)
<b>Net Change</b>	<b>39.83</b>	<b>NIL</b>	<b>303.65</b>	<b>343.48</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	9247.61	NIL	516.70	9764.31
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>9247.61</b>	<b>NIL</b>	<b>516.70</b>	<b>9764.31</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount Rupees lakhs
		Sri S.Devarajan CMD	Sri S.Jegarajan JMD	Sri S.Dinakaran JMD	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.21,60,000/-	Rs.18,00,000/-	Rs.6,00,000/-	45.60
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.14,40,000/-	Rs.12,00,000/-	Nil	26.40
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission				
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (A)</b>	<b>Rs.36,00,000/-</b>	<b>Rs.30,00,000/-</b>	<b>Rs.6,00,000/-</b>	<b>72.00</b>
	<b>Ceiling as per the Act (Schedule V)</b>	<b>Rs.42 lakhs</b>	<b>Rs.42 lakhs</b>	<b>Rs.42 lakhs</b>	<b>Rs.126</b>



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

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr.P.S.Anantha narayanan	Dr.V.Gopalan	Mr. N.Asoka	Mr. S.Gnana sekharan	Kameshwar M Bhat	
	<b>1. Independent Directors</b>						
	Fee for attending Audit committee meeting	Rs. 1,50,000/-	Rs. 1,50,000/-	Rs. 1,50,000/-	Rs. 1,50,000/-	Rs. 1,50,000/-	Rs. 7,50,000/-
	Fee for attending Nomination and Remuneration committee meeting	Rs. 15,000/-	Rs. 15,000/-	Rs. 15,000/-	-	-	Rs. 45,000/-
	Fee for attending Separate Independent Director Meeting	Rs. 25,000/-	Rs. 25,000/-	Rs. 25,000/-	Rs. 25,000/-	Rs. 25,000/-	Rs. 1,25,000/-
	Fee for attending Board Meeting:	Rs. 75,000/-	Rs. 75,000/-	Rs. 75,000/-	Rs. 75,000/-	Rs. 75,000/-	Rs. 3,75,000/-
	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	Others	Nil	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>Rs. 2,65,000/-</b>	<b>Rs. 2,65,000/-</b>	<b>Rs. 2,65,000/-</b>	<b>Rs. 2,50,000/-</b>	<b>Rs. 2,50,000/-</b>	<b>Rs.12,95,000/-</b>

	2. Other Non-Executive Directors	Sri.	Smt.				Total Amount
		D.Sudharsan	D.Abirami				
	Fee for attending Board meeting	Rs. 75,000/-	Rs. 75,000/-				Rs. 1,50,000/-
	Commission	Nil	Nil				Nil
	Others	Nil	Nil				Nil
	<b>Total (2)</b>	<b>Rs. 75,000/-</b>	<b>Rs. 75,000/-</b>				<b>Rs. 1,50,000/-</b>
	Overall Ceiling as per the Act	Rs.1 lakh per meeting	Rs.1 lakh per meeting				

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
		Sri. R.S. Shanmugam	Sri D. Niranjan Kumar	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Rs. 6,60,000	Rs. 18,00,000	Rs. 24,60,000
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	<b>Rs. 6,60,000</b>	<b>Rs. 18,00,000</b>	<b>Rs. 24,60,000</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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



## REPORT ON CORPORATE GOVERNANCE

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

### 1. COMPANY'S PHILOSOPHY OF CODE OF GOVERNANCE

Company's philosophy on corporate governance is delineated below:

- Effectiveness measured by quality of leadership resulting in 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

#### (a) Composition of the Board

As on March 31 2016 Your Company's Board comprises of 10 Directors (out of which 50% of the Directors are Independent Directors). The board is primarily responsible for the overall management of the company's business. The Directors of board are from various fields with wide range of experience. The non executive directors including independent directors bring statutory and wider perspective in the board's deliberation and decisions. The composition of the Board of Directors with their attendance at the Board Meetings held during the year and other relevant details as required under Schedule V of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 are as follows:

Name of the Director	Categories of Director	No. of Board meetings attended	Whether attended last AGM	No. of directorship (including Sambandam Spinning Mills Limited)	No. of Membership of committees (including Sambandam Spinning Mills Limited)	Relationship with other directors	No. of equity shares held (There are no convertible instruments in our company)
Sri S.Devarajan	Executive (Promoter)	5 of 5	Yes	8	4	Relative of Sri S.Jegarajan Sri S.Dinakaran and Sri D.Sudharsan	4,01,115
Sri S.Jegarajan	Non - Executive (Promoter)	5 of 5	Yes	3	1	Relative of Sri S.Devarajan and Sri S.Dinakaran	4,42,846
Sri S.Dinakaran	Non - Executive (Promoter)	5 of 5	Yes	8	-	Relative of Sri S.Devarajan and Sri S.Jegarajan	3,63,879
Sri D.Sudharsan	Non - Executive (Promoter)	5 of 5	Yes	3	2	Relative of Sri S.Devarajan	79,060
Smt. S.Abirami	Non - Executive (Promoter)	5 of 5	Yes	1	-	Relative of Sri S.Devarajan and Sri D.Sudharsan	Nil
Sri P.S.Anantha Narayanan	Non - Executive (Independent)	5 of 5	Yes	2	2	Nil	Nil
Dr. V.Gopalan	Non - Executive (Independent)	5 of 5	Yes	3	2	Nil	Nil
Sri N.Asoka	Non - Executive (Independent)	5 of 5	Yes	3	4	Nil	Nil
Sri S.Gnanasekharan	Non - Executive (Independent)	5 of 5	Yes	2	2	Nil	Nil
Sri Kameshwar M. Bhat	Non - Executive (Independent)	5 of 5	Yes	2	2	Nil	Nil





Note : Only membership of Audit Committee and Stakeholders Relationship Committee as per Regulation 26(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, none of the Directors of the Company was a member of more than 10 specified Committees or Chairman of more than 5 such Committees in companies in which he/she as a Director. Your Company's Directors promptly notify any change(s) in the committee positions as and when they take place.

Board fulfills the key functions as prescribed under Clause 49 of the Listing Agreement / provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the Director seeking re-appointment at the ensuing Annual General Meeting have been furnished in the Notice convening the Meeting of the shareholders.

**(a) Board Meetings**

The Board of Directors met five times during the year and the time gap between any two meetings did not exceed 120 days. Board meetings were held on May 28, 2015, August 12, 2015, October 29, 2015, February 8, 2016 and February 22, 2016.

**(b) Independent Directors**

Your Company appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. 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 Clause 49 of the Listing Agreement/ provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company. All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year give a declaration that they meet the criteria of independence as provided under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

**Separate Meeting of the Independent Directors**

As required by Clause 49 of Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent directors was held on 26-5-15. All five Independent Directors attended the same. The Independent Directors discussed / review the matters specified in Clause 49 of the Listing Agreement / Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**3. AUDIT COMMITTEE**

**(a) Brief description of terms of reference**

- (i) The 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 requirements. The committee's purpose is to oversee the accounting and financial process of the company, the audits of the company's financial statement, the appointment, independence, performance and remuneration of statutory auditors including cost auditor, the performance of internal auditors and the companies risk management policies. The terms of ref of audit committee covers the areas mentioned under the part C of Schedule II of the SEBI ( Listing obligation and disclosure requirement ) regulation,2015 as well as sec 177 of the companies act 2013 s
- (ii) The audit committee invites CEO & whole time director ,CFO representative of statutory Auditors and internal auditors for each meeting , to provide inputs on issues relating to accounts,taxation,internal audit findings, internal controls and risk management etc .

**(b) Composition**

Audit Committee comprises of Sri P.S. Ananthanarayanan, Independent Director as Chairman, Independent Directors Sri Dr.V.Gopalan, Sri N. Asoka, Sri S. Gnanasekharan and Sri Kameshwar M. Bhat as Members. All members of the Audit Committee are financially literate and have expertise in accounting/financial management. The Managing Director, Chief Financial Officer, Internal Auditor and Statutory Auditors attended meetings of the Committee as invitees. Mr.R.S. Shanmugam, Company Secretary is the Secretary to the committee

**(c) Meetings and Attendance**

The Audit Committee met six times during the year namely on 8<sup>th</sup> May 2015, 27<sup>th</sup> May 2015, 11<sup>th</sup> August 2015, 28<sup>th</sup> October 2015, 7<sup>th</sup> February 2016 and on 22<sup>nd</sup> February 2016 and the time gap between any two meetings did not exceed more than four months

Name of the Director	Position	No.of Meetings attended
Sri P.S. Ananthanarayanan	Chairman	6 of 6
Dr. V. Gopalan	Member	6 of 6
Sri N. Asoka	Member	6 of 6
Sri S. Gnanasekharan	Member	6 of 6
Sri Kameshwar M. Bhat	Member	6 of 6

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

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

**(b) Composition**

The Nomination and Remuneration Committee comprises of Sri P.S. Ananthanarayanan, Independent Director as Chairman, Dr. V. Gopalan and Sri N. Asoka, Independent Directors as Members.

**(c) Meetings and Attendance**

During the year one Nomination and Remuneration Committee Meeting was held on 27.05.2015. 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 P.S. Ananthanarayanan	Chairman	1 of 1
Dr. V. Gopalan	Member	1 of 1
Sri N. Asoka	Member	1 of 1

**(b) Performance Evaluation criteria for Independent directors**

- ☞ Attendance and active participation in Board, Committees and General Meetings
- ☞ Qualification, Knowledge, Skills and Expertise
- ☞ Updation of skills and knowledge
- ☞ Participation in familiarization programmes
- ☞ Independent and unbiased opinion
- ☞ Informed and balanced decision making
- ☞ Leadership qualities
- ☞ Safeguarding Stakeholders interest
- ☞ Compliance with Articles of Association, Companies Act, 2013 and other laws and regulations



- ☞ Compliance with ethical standards, Corporate governance practices and code of conduct of the Company
- ☞ Review of integrity of financial information and risk management
- ☞ Active participation in determination of remuneration of directors, KMPs and other senior management
- ☞ Reporting of frauds, violation etc
- ☞ Safeguard of confidential information
- ☞ Information about the Company and the external environment in which it operates
- ☞ Reviewing vigil mechanism and safeguarding interest of whistle blowers
- ☞ Effective participation in the deliberations of related party transactions
- ☞ Seek expert opinion if required
- ☞ Moderates and arbitrates conflicts of interest between Stakeholder and Management in the interest of the Company as a whole.

#### 5. REMUNERATION OF DIRECTORS

(a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2015-2016.

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

Disclosed in the website of the Company under the web-link:  
<http://www.sambandam.com/investors>.

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

Non-executive Directors are entitled to a Sitting Fee for attending each meeting of the Board or any Committee(s) of the Board. Details of payment of Sitting Fee for the year 2015-16 are as follows.

Sl.No.	Name of the Director	Sitting fees Rs.
1.	Sri. S. Devarajan	-
2.	Sri. S. Jegarajan	-
3.	Sri. S. Dinakaran	-
4.	Sri. D. Sudharsan	75,000
5.	Smt. S. Abirami	75,000
6.	Sri P.S. Ananthanarayanan	2,65,000
7.	Dr. V. Gopalan	2,65,000
8.	Sri. S. Gnasekharan	2,50,000
9.	Sri. N. Asoka	2,65,000
10.	Sri. Kameshwar M. Bhat	2,50,000

**Details of Remuneration paid to the Managing Director and other executive Directors for the financial year ended March 31, 2016**

During the last AGM of the Company held on 27.09.2015, CMD SRI S.Devarajan, two JMD's Sri S.Jegarajan and Sri S.Dinakaran had been reappointed for a period of three years with effect from 01.10.2015 on an increased remuneration structure as follows:

Sri S.Devarajan, Chairman and Managing Director

Salary : Rs.2,40,000/- p.m, Allowance & Perquisites : Rs.1,60,000/- p.m.

Sri S.Jegarajan, Joint Managing Director

Salary : Rs.2,30,000/- p.m, Allowance & Perquisites : Rs.1,50,000/- p.m.

Sri S.Dinakaran, Joint Managing Director

Salary : Rs.1,60,000/- p.m, Allowance & Perquisites : NIL



Due to financial constraints, CMD and JMD's has forgone his increased salary and has only received the previous remuneration. Details of remuneration received by CMD and JMD's during the financial year 2015-16 is as follows

Rupees

Name of the Whole time Director	Salary	Perquisites	Total (Rs.)
Sri S. Devarajan	21,60,000	14,40,000	36,00,000
Sri S. Jagarajan	18,00,000	12,00,000	30,00,000
Sri S. Dinakaran	6,00,000	–	6,00,000

#### Stock Options

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

### 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

#### (a) Composition

Stakeholders' Relationship Committee consists of Sri N. Asoka, Independent Director as Chairman, Sri S. Jegarajan, Joint Managing Director and Sri D. Sudharsan, Director as Members.

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

#### (b) Compliance Officer

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

#### (c) Investors' requests

During the year, 55 request letters were received from investors on routine matters and all these were dealt with satisfactorily.

#### (d) Complaints

No complaints were received and no complaint was pending as on March 31, 2016. Comprehensive guidelines advising and cautioning the management staff and other relevant business associates on the procedure to be followed while dealing with the securities of the company have been issued and implemented.

### 7. GENERAL BODY MEETINGS

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

Year	Location	Date & Time
41st AGM - 2015	Mill Premises, Kamaraj Nagar Colony, Salem-636014.	September 27, 2015 at 10.30 a.m.
40th AGM - 2014	Mill Premises, Kamaraj Nagar Colony, Salem-636014.	September 28, 2014 at 10.30 a.m.
39th AGM - 2013	Mill Premises, Kamaraj Nagar Colony, Salem-636014.	August 14, 2013 at 10.45 a.m.

(b) Special Resolutions have been passed in the previous three Annual General Meetings held in 2013, 2014 and 2015.

**(c) Postal Ballot**

Pursuant to clause 35B of Listing Agreement, Company conducted Postal Ballot (in lieu of remote e-voting) for passing Special and ordinary resolution at the 41<sup>st</sup> Annual General Meeting held on 27-09-2015. Three Special Resolution was passed through Postal Ballot at the last AGM held on 27-09-2015.

Sri B. KALYANASUNDARAM (MEMEBERSHIP NO.672) OF M/S B.K.SUNDARAM & ASSOCIATES, PRACTISING COMPANY SECRETARIES having office at No.30, Pandamangalam Agraharam, Worur, Trichy-620003 was appointed as Scrutinizer for scrutinizing Postal Ballot/Remote E-voting/Polling voting processes.

Share holders were advised to send their assent (FOR) or dissent (AGAINST) in writing on the Postal Ballot Form enclosed with Notice and the details of the scrutinizer and the steps followed for voting through postal ballot were instructed in the postal ballot form. The Postal Ballot was conducted in a fair and transparent manner.

No Special Resolution was proposed to be passed through Postal Ballot during this year.

**8. MEANS OF COMMUNICATION**

Quarterly, half-yearly and annual financial results are communicated to the Bombay Stock Exchange at Mumbai immediately after these are considered by 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 Requirement) Regulations, 2015 are posted on our Company's website: www.sambandam.com. Further, all other price sensitive and other information is sent to the Bombay Stock Exchange enabling them to display the same on their website. There is no presentation to institutional investors during the year

**9. GENERAL SHARE HOLDER INFORMATION****(a) Details of 42<sup>nd</sup> Annual General Meeting to be held**

**Day** : Saturday  
**Date** : 6<sup>th</sup> August, 2016  
**Time** : 10.45 a.m.  
**Venue** : Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem 636 014

**(b) Financial Year** : 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.

**(c) Dividend Payment Date** : Commencing on September 9, 2016 – to be completed within the statutory time limit, subject to the approval of the Company's Bankers

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

The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001

The Listing Fees as applicable have been paid within prescribed time period.

**(e) Stock code**

Trading Symbol at BSE Limited	(DEMAT)	521240
ISIN under Depository System (NSDL & CDSL)	Equity Shares	INE304D0102

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

Month	Company Share Price		S&P BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr - 2015	78.60	58.00	29,094.61	26,897.54
May - 2015	82.00	57.50	28,071.16	26,423.99
Jun - 2015	72.95	60.90	27,968.75	26,307.07
Jul - 2015	89.00	67.70	28,578.33	26,307.07
Aug - 2015	105.00	68.00	28,417.59	25,298.42
Sep - 2015	79.80	63.25	26,471.82	24,833.54
Oct - 2015	82.00	66.55	27,618.14	26,168.71
Nov - 2015	78.00	60.10	26,824.30	25,451.42
Dec - 2015	109.95	62.80	26,256.42	24,867.73
Jan - 2016	113.55	65.65	26,197.27	23,839.76
Feb - 2016	78.00	50.85	25,002.32	22,494.61
Mar - 2016	67.85	50.75	25,479.62	23,133.18

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

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

M/s Cameo Corporate Services Limited, Subramanian Building, No.1 Club house Road, Chennai 600 002 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 R.S. Shanmugam Company Secretary is the secretary of the committee and the compliance officer. As on March 31, 2016, no share transfers/transmission was pending.

**(j) Distribution of Shareholding.**

No. of Shares	Shareholders		No. of shares	
	Number	%	Number	%
Upto – 50				
51 – 100	2816	75.6989	204527	4.7959
201 – 500	596	16.0215	157202	3.6862
501 – 1000	120	3.2258	92296	2.1642
1001 – 2000	58	1.5591	92046	2.1583
2001 – 5000	50	1.3439	159859	3.7483
5001 – 10000	19	0.5107	144787	3.3950
10001 and above	61	1.6397	3413883	80.0516
<b>Total</b>	<b>3720</b>	<b>100.00</b>	<b>42,64,600</b>	<b>100.00</b>

**Details of Shares**

Mode	No. of Shares	% to paid up Capital	No. of Holders
Physical	3,51,984	8.25%	1,197
<b>Electronic :</b>			
NSDL	35,04,675	82.18%	1,790
CDSL	4,07,941	9.57%	733
<b>Total</b>	<b>42,64,600</b>	<b>100.00%</b>	<b>3,720</b>

**Shareholding pattern as on March 31, 2016**

Sl. No.	Category	No. of Holders	No. of Shares	% to Paid up Capital
1.	Promoters	27	19,81,423	46.4621
2.	Residents (Individuals / Clearing Members)	3603	20,58,335	48.2656
3.	Financial Institutions/Insurance Co./ State Govt./ Govt. Companies/ UTI	1	76,590	1.7959
4.	Foreign Institutional Investors	0	0	0
5.	Non-Resident Indians / OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals / Foreign Port Folio Investor / corporate	12	7,006	0.1642
6.	Corporate Bodies / Limited Liability Partnership	73	1,40,864	3.303
7.	Mutual Funds	0	0	0
8.	Trusts	0	0	0
9.	Banks	0	0	0
10.	Clearing Members	4	382	0.0089
	<b>Total</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, 2016

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	1,170	0.03	20,70,253	48.54	20,71,423	48.57
Others	3,50,814	8.23	18,42,363	43.20	21,93,177	51.43

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.

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

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

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

**(m) Commodity Price Risk/ Foreign Exchange Risk and Hedging**

The Company did not engage in hedging activities.

**(n) Plant Location****Spinning mills**

Unit – I Kamaraj Nagar Colony, Salem 636 014.Tamil Nadu.  
 Unit – II Ayeepalayam, Athanur 636 301, Namakkal District.Tamil Nadu.  
 Unit – III Kavarakalpatty, Seshanchavadi Post, Salem 636 111.Tamil Nadu.

**Wind energy converters**

Panangudi, Pazhavor and Parameshwarapuram villages,  
 Radhapuram Taluk, Tirunelveli District, Tamil Nadu.  
 Uthumalai Village, Veerakeralam Pudur Taluk, Tirunelveli District, Tamil Nadu.  
 Gudimangalam Village, Udumalpet Taluk, Coimbatore District, Tamil Nadu.

**(o) Address for Correspondence**

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

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

Secretarial Department  
 Sambandam Spinning Mills Limited  
 No.1, Kamaraj Nagar Colony,  
 Salem 636 014  
 Phone : 0427 -2240790 to 94  
 Fax : 0427 – 2240169  
 e-mail: cs@sambandam.com

Website Address

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

Email ID of Investor Grievances

[cs@sambandam.com](mailto:cs@sambandam.com)

Name of the Compliance Officer

Sri R.S.Shanmugam, Company Secretary

**10. DISCLOSURES**

- (a) During the financial year ended 31st March, 2016 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- (b) Neither were 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.
- (c) 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.
- (d) The Company has complied with the mandatory requirements of the Listing obligations and disclosure Regulations. The Company has adopted various non-mandatory requirements as well, as discussed under relevant headings.
- (e) The Company has no subsidiary.





- (f) Your company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transactions. The necessary disclosures regarding the transactions with related parties are given in the Notes to the financial statements. During the year under review, Your Company had not entered into any material transaction with any of its related parties. The Policy on Related Party Transactions is hosted on the website of the Company under the web link: <http://www.sambandam.com/investors>
- (g) During the financial year ended 31st March, 2016 the company did not engage in commodity hedging activities.
- (h) Your Company has not adopted any alternative accounting treatment prescribed differently from the Accounting Standards.
- (i) Your Company laid down procedures to inform Board members about risk assessment and minimization and has implemented the Risk Management plan and continuously monitors it.
- (j) 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.
- (k) The Company has adopted a Code of Conduct for Directors and Senior Management of the Company, as required by Clause 49 of the Listing Agreement / Regulation 17(5) of the SEBI LODR. The Company has received confirmation from the Directors and Senior Management regarding compliance with the code for the year ended March 31, 2016. A Certificate from Managing Director to this effect is attached to this report. The code has been displayed on the Company's website.
- (l) The Chairman and 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 / Clause 49 of Listing Agreement with the Stock Exchange(s). The annual Compliance Certificate given by Chairman and Managing Director and Chief Financial Officer is published in Annual Report.
- (m) Details relating to appointment and re-appointment of Directors as required under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Notice to the Annual general Meeting.

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

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

**(a) The Board**

Since the Company does not have a Non-Executive Chairman, it does not maintain such office.

**(b) Shareholder Rights**

Quarterly/Half yearly financial results are forwarded to the Stock Exchanges and also uploaded on the website of the Company.

**(a) Modified Opinion in Audit Report**

There was no modified opinion in Independent Auditors' Report for the Financial year 2015-16.

**(b) 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 their findings of the internal audit to the Audit Committee Members.



13. 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 Listing obligations and disclosure requirements .

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

In accordance with Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 / Clause 49 of Listing Agreement with the Stock Exchange(s), I hereby declare that all the Board members and senior management personnel of the Company have complied with the Code of Conduct of the Company for the year ended March 31, 2016.

May 21, 2016  
Salem

**S.Devarajan**  
Chairman and Managing Director

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**To the Members of Sambandam Spinning Mills**

1. We have examined the compliance of conditions of Corporate Governance by Sambandam spinning Mills Ltd., (the Company) for the year ended March 31, 2016 as stipulated in Chapter IV of Securities and Exchange Board of India ( Listing obligations and disclosure requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with the Bombay Stock Exchange Limited, with the relevant records and documents maintained by the Company and furnished to us and the Report on Corporate Governance as approved by the Board of Directors.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the said compliance. It is neither an audit nor is this certificate an expression of opinion on the financial statements of the Company .
3. Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in Chapter IV of Securities and Exchange Board of India ( Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreements of the said Company with Bombay Stock Exchange Limited.
4. We further state that this certificate 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.

Salem  
May 21, 2016

**For M.S.Krishnaswami & Rajan**  
Chartered Accountant  
Registration No: 01554S

**R.Krishnen – Partner**  
Membership No.201133



## INDEPENDENT AUDITOR'S REPORT

To the Members of Sambandam Spinning Mills Limited

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **Sambandam Spinning Mills Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the order under Section 143 (11) of the Act.
4. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

7. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

8. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the 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 Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements.
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under the applicable law or accounting standards.
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 9 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **M.S. Krishnaswami & Rajan**  
Chartered Accountants  
Firm registration No.01554S

Salem  
May 21, 2016

**R. Krishnen** - Partner  
Membership No.201133

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

**(Referred to in paragraph 8 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

1. We have audited the internal financial controls over financial reporting of Sambandam Spinning Mills Limited ("the Company") as of March 31, 2016 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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.

Salem  
May 21, 2016

For **M.S. Krishnaswami & Rajan**  
Chartered Accountants  
Firm registration No.01554S  
**R. Krishnen** - Partner  
Membership No.201133



**“Annexure B” to the Independent Auditors' Report**

Referred to in paragraph 9 under 'Report on Other Legal & Regulatory Requirement' section of our report of even date to the standalone financial statements of the Company for the year ended March 31, 2016:

**In respect of fixed assets:**

1. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets have been physically verified by the Management in a phased manner, designed to cover all the items over a period of three years, which, in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
- (c) the title deeds of immovable properties of the Company are held in the name of the Company.
2. Inventories have been physically verified during the year by the management at reasonable intervals, and no material discrepancies were noticed on such physical verification.
3. (a) The Company has not granted any loans/guarantees, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Companies Act 2013, and accordingly, the provisions of clause (iii) of paragraph 3 of the Order are not applicable to the Company.
- (b) The Company has granted loan to one company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and based on the information and explanations furnished to us, We report that:
  - (i) the terms and conditions of grant of such loans are not prejudicial to the Company's interest.
  - (ii) The Schedule of repayment of principal and interest has been stipulated and such repayments are regular.
  - (iii) there are no amounts overdue
  - (iv) the provisions of Section 186 of the Companies Act, 2013 have been complied with regard to the above loans.
4. According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
5. According to the information and explanations given to us, the Company has not accepted any deposits from public and in respect of the deposits accepted from shareholders, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the Companies (Acceptance of Deposit) Rules, 2014.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed account and records have been made and maintained.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, records, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they became payable.



(b) According to the information and explanations given to us, there are no dues of Income tax, Wealth tax and Customs duty which have not been deposited on account of any dispute with the relevant authorities. Details of dues towards excise duty, service tax and sales tax and value added tax that have not been deposited as at March 31, 2016 on account of disputes are stated below: (Nature of dues, dues, period to which the amount relates, forum where dispute is pending) – Excise duty, Rs.84,65,342, Financial year 2001-02 to 2002-03, Customs, Excise and Service tax Appellate Tribunal; Service tax, Rs.8,05,696, Financial year 2004-05 to 2007-08, Customs, Excise and Service tax Appellate Tribunal; Sales tax, Rs.6,52,044, Financial year 1991-92, Deputy Commissioner of Commercial Taxes.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. According to the information and explanations given to us, the company has not borrowed any moneys from a financial institution, government or in the form of debentures.
9. Based upon the audit procedures performed and the information and explanations given by the management, the term loans were applied for the purposes for which the loans were taken. The Company has not raised any money by way of initial public offer or further public offers including debt instruments. Hence reporting on utilization of such money does not arise.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud of material significance by the Company or any fraud on the Company by its officer's or employee's has been noticed or reported during the year.
11. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company and accordingly the provisions of Clause 3 (xii) are not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013. The details of the transactions during the year have been disclosed in the financial statements as required by the Accounting Standards.
14. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non - cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. The Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934.

For **M.S. Krishnaswami & Rajan**  
Chartered Accountants  
Firm registration No.01554S

**R. Krishnen** - Partner  
Membership No.201133

Salem  
May 21, 2016

**Balance Sheet as at March 31, 2016**

Particulars	Note No.	As at March 31, 2016		As at March 31, 2015
		Rupees	Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	1.1	4,27,55,000		4,27,55,000
Reserves and surplus	1.2	72,94,28,434		73,55,37,536
			77,21,83,434	77,82,92,536
<b>Non-Current liabilities</b>				
Long - term borrowings	1.3	27,41,97,516		23,23,23,421
Deferred tax liabilities (Net)	1.4	32,50,64,373		32,11,64,373
Other long - term liabilities	1.5	26,49,000		26,49,000
Long - term provisions	1.6	2,15,74,863		1,99,01,606
			62,34,85,752	57,60,38,400
<b>Current liabilities</b>				
Short - term borrowings	1.7	50,59,52,496		51,10,23,088
Trade payables	1.8			
(a) total outstanding dues of micro enterprises and small enterprises		23,476		34,829
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		18,93,52,662		27,01,11,983
Other current liabilities	1.9	22,02,02,098		22,59,01,175
Short - term provisions	1.10	1,14,71,325		1,13,31,009
			92,70,02,057	101,84,02,084
<b>TOTAL</b>			<b>232,26,71,243</b>	<b>237,27,33,020</b>
<b>ASSETS</b>				
<b>Non-Current assets</b>				
Fixed assets				
Tangible assets	1.11	130,13,77,681		138,26,86,831
Intangible assets	1.12	48,158		-
Capital work-in-progress		-		-
		130,14,25,839		138,26,86,831
Non-current investments	1.13	2,37,50,872		1,97,10,272
Long-term loans and advances	1.14	22,67,20,215		20,98,29,997
			155,18,96,926	161,22,27,100
<b>Current assets</b>				
Inventories	1.15	35,51,24,340		34,42,19,848
Trade receivables	1.16	33,57,52,809		26,99,72,842
Cash and bank balances	1.17	2,21,68,393		8,38,70,164
Short-term loans and advances	1.18	1,44,02,816		2,79,97,865
Other current assets	1.19	4,33,25,959		3,44,45,201
			77,07,74,317	76,05,05,920
<b>TOTAL</b>			<b>232,26,71,243</b>	<b>237,27,33,020</b>

Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Balance Sheet

As per our report of even date  
For **M.S. Krishnaswami & Rajan**  
Chartered Accountants

**R. Krishnen** - Partner

Salem  
May 21, 2016

For and on behalf of the board

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

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

**R.S. Shanmugam**  
Company Secretary

**D. Niranjankumar**  
Chief Financial Officer




**Statement of Profit and Loss for the year ended March 31, 2016**

Particulars	Note No.	For the year ended March 31, 2016		For the year ended March 31, 2015
		Rupees	Rupees	Rupees
<b>Income</b>				
Revenue from operations	2.1	<b>205,42,22,774</b>		242,32,71,241
Other income	2.2	<b>50,12,309</b>		86,96,234
Total Revenue			<b>205,92,35,083</b>	243,19,67,475
<b>Expenses</b>				
Cost of materials consumed	2.3	<b>120,73,90,424</b>		137,47,44,701
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.4	<b>(5,90,78,568)</b>		6,50,10,555
		<b>114,83,11,856</b>		143,97,55,256
Employee benefits expense	2.5	<b>23,96,07,127</b>		24,57,83,112
Finance cost	2.6	<b>11,36,63,495</b>		11,73,94,366
Depreciation and amortization expense	2.7	<b>10,68,45,469</b>		10,85,17,522
Other Expenses	2.8	<b>43,82,50,663</b>		46,96,75,904
Total Expenses			<b>204,66,78,610</b>	238,11,26,160
<b>Profit before exceptional items and tax</b>			<b>1,25,56,473</b>	5,08,41,315
<b>Exceptional item</b>			<b>-</b>	-
<b>Profit before tax</b>			<b>1,25,56,473</b>	5,08,41,315
<b>Tax expense :</b>				
Current tax		<b>45,00,000</b>		-
Deferred tax		<b>39,00,000</b>		1,63,00,000
			<b>84,00,000</b>	1,63,00,000
<b>Profit for the year after tax from continuing operations</b>			<b>41,56,473</b>	3,45,41,315
<b>Earnings per Equity share (Face value Rs. 10)</b>				
<b>Basic and Diluted (in Rs.)</b>			<b>0.97</b>	8.10

Significant Accounting Policies and Notes to the Financial Statements are an integral part of this Statement of Profit and Loss

As per our report of even date  
For **M.S. Krishnaswami & Rajan**  
Chartered Accountants

**R. Krishnen** - Partner

Salem  
May 21, 2016

For and on behalf of the board

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

**R.S. Shanmugam**  
Company Secretary

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

**D. Niranjankumar**  
Chief Financial Officer


**Cash Flow Statement for the period ended March 31, 2016**

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>1. Cash flows from operating activities</b>		
1.1 Profit before tax and exceptional item	1,25,56,473	5,08,41,315
1.2 Adjustment for		
Depreciation and amortisation	10,68,45,469	10,85,17,522
Amortisation of cost of structures on leasehold land	-	4,88,042
Amount considered under investing activities		
(Profit) / Loss on disposal of assets	8,85,925	59,320
Income from investments	6,650	5,320
Amount considered under investing activities		
Interest paid	11,08,80,181	11,30,26,313
Interest received	(39,26,600)	(72,21,712)
1.3 Operating profit before working capital changes	22,72,48,098	26,57,16,120
1.4 Adjustment for changes in		
Increase / (Decrease) in trade payables	(8,07,70,674)	(7,50,98,396)
Increase / (Decrease) in long term provisions	16,73,257	7,58,069
Increase / (Decrease) in long term liabilities	-	4,50,000
Increase / (Decrease) in short term provisions	1,50,090	2,05,160
Increase / (Decrease) in other current liabilities	(32,44,014)	(17,27,702)
Decrease / (Increase) in trade receivables	(6,57,79,967)	98,19,934
Decrease / (Increase) in inventories	(1,09,04,492)	19,00,57,352
Decrease / (Increase) in long term advances	1,35,22,824	(2,00,97,543)
Decrease / (Increase) in short term advances	1,35,95,049	(33,48,938)
Decrease / (Increase) in other current assets	47,56,848	(49,28,493)
<b>1.5 Cash generated from operating activities</b>	10,02,47,019	36,18,05,561
1.6 Income tax paid/(refund)	(68,31,261)	(1,29,50,472)
<b>Net cash flow from operating activities [A]</b>	<u>9,34,15,758</u>	<u>34,88,55,089</u>
<b>2. Cash flows from investing activities</b>		
2.1 Payments for acquisition of assets	(1,68,24,127)	(1,83,24,390)
2.2 Proceeds from sale of tangible assets	22,71,944	1,52,395
2.3 Investment in equity shares	(40,40,600)	(30,00,000)
2.4 Inter corporate loan - Related party - given	(4,00,00,000)	-
2.5 Interest received	39,26,600	72,21,712
2.6 Dividend received	(6,650)	(5,320)
<b>Net cash flow used in investing activities [B]</b>	<u>(5,46,72,833)</u>	<u>(1,39,55,603)</u>


**Cash Flow Statement for the period ended March 31, 2016 (contd..)**

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>3. Cash flow from financing activities</b>		
3.1 Proceeds from long term borrowings	<b>24,02,36,000</b>	-
3.2 Repayments of long term borrowings	<b>(20,08,16,968)</b>	(23,86,68,995)
3.3 Proceeds from short term borrowings	<b>20,10,00,000</b>	24,33,68,370
3.4 Repayments of short term borrowings	<b>(8,85,00,000)</b>	(24,43,52,511)
3.5 Changes in cash credit facilities	<b>(11,75,70,592)</b>	8,42,75,498
3.6 Interest paid - Net	<b>(11,08,80,181)</b>	(11,30,26,313)
3.7 Dividend paid on equity shares	<b>(85,29,200)</b>	(85,29,200)
3.8 Dividend Tax paid on equity dividend paid	<b>(17,46,149)</b>	(14,49,538)
<b>Net cash flow from financing activities [C]</b>	<b>(8,68,07,090)</b>	(27,83,82,689)
<b>Net cash inflow / (outflow) [A+B+C]</b>	<b>(4,80,64,165)</b>	5,65,16,797
<b>Opening cash and cash equivalents</b>	<b>6,62,06,540</b>	96,89,743
<b>Closing cash and cash equivalents</b>	<b>1,81,42,375</b>	6,62,06,540
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(4,80,64,165)</b>	5,65,16,797
<b>Notes to the cash flow statement</b>		
Components of cash and cash equivalents:		
Cash and bank balances excluding those relating to unclaimed dividend and earmarked deposits held by banks as margin money	<b>1,81,42,375</b>	6,62,06,540
	<b>1,81,42,375</b>	6,62,06,540

As per our report of even date  
For **M.S. Krishnaswami & Rajan**  
Chartered Accountants

**R. Krishnen** - Partner

Salem  
May 21, 2016

For and on behalf of the board

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

**R.S. Shanmugam**  
Company Secretary

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

**D. Niranjankumar**  
Chief Financial Officer


**Notes annexed to and forming part of the Financial Statements**

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees	
<b>1.1 Share Capital</b>			
<b>Authorised</b>			
<b>Equity Share Capital</b>			
50,00,000 (2015 : 50,00,000) Equity shares of Rs.10 each with voting rights	<u>5,00,00,000</u>	<u>5,00,00,000</u>	
<b>Issued</b>			
42,86,400 (2015 : 42,86,400) Equity shares of Rs.10 each with voting rights	<u>4,28,64,000</u>	<u>4,28,64,000</u>	
<b>Subscribed and Paid up</b>			
42,64,600 (2015 : 42,64,600) Equity shares of Rs.10 each fully paid with voting rights	<u>4,26,46,000</u>	<u>4,26,46,000</u>	
Add Forfeited shares (amount originally paid up in respect of 21,800 equity shares)	<u>1,09,000</u>	<u>1,09,000</u>	
	<u><b>4,27,55,000</b></u>	<u><b>4,27,55,000</b></u>	
<b>Notes :</b>			
1. Reconciliation of Number of Shares			
Equity Shares with voting rights			
Shares outstanding as at April 1, 2015 / April 1, 2014	<b>42,64,600</b>	42,64,600	
Shares outstanding as at March 31, 2016 / March 31, 2015	<b>42,64,600</b>	42,64,600	
2. Shareholders holding more than 5% of the total share capital:			
<u>Name of the shareholder</u>	<u>No. of shares</u>		
	2016	%	2015
			%
Equity shares with voting rights			
S. Jegarajan	4,42,846	10.38	4,40,846
S. Devarajan	4,01,115	9.11	3,88,674
S. Dinakaran	3,63,879	8.44	3,59,879
3. Rights and restrictions in respect of equity shares			
The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder 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 the number of equity shares held by the shareholders.			
<b>1.2 Reserves and Surplus</b>			
<b>a) Securities Premium as at the beginning and end of the year</b>	<b>5,39,09,064</b>		5,39,09,064
<b>b) Revaluation Reserve</b>			
As at the beginning of the year	<b>27,78,61,075</b>		28,13,94,412
Transfer to General reserve (refer note no.3.9 to the Financial Statements)	<u><b>35,33,337</b></u>		<u>35,33,337</u>
As at the end of the year	<b>27,43,27,738</b>		<u>27,78,61,075</u>



## Notes annexed to and forming part of the Financial Statements (contd..)

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>c) Cenvat credit relating to capital assets</b>		
As at the beginning of the year	-	2,69,722
Transfer to Statement of Profit and Loss	-	2,69,722
As at the end of the year	-	-
<b>d) General Reserve</b>		
As at the beginning of the year	39,30,00,000	37,00,00,000
Transfer from Revaluation Reserve (refer note no.3.9 to the Financial Statements)	35,33,337	35,33,337
Transfer from Statement of Profit and Loss	34,66,663	1,94,66,663
As at the end of the year	40,00,00,000	39,30,00,000
<b>e) Surplus/(Deficit) - balance in Statement of Profit and Loss</b>		
As at the beginning of the year	1,07,67,397	85,31,083
Add: Current year profit	41,56,473	3,45,41,315
Less Appropriations		
Adjustment relating to Fixed Assets		25,62,989
Proposed equity dividend	85,29,200	85,29,200
Tax on proposed equity dividend	17,36,375	17,46,149
Transfer to General Reserve	34,66,663	1,94,66,663
As at the end of the year	11,91,632	1,07,67,397
	<u>72,94,28,434</u>	<u>73,55,37,536</u>
<b>1.3 Long term borrowings</b>		
Secured - Term loans from banks	22,31,87,516	21,10,18,421
Unsecured - Fixed deposits	5,10,10,000	2,13,05,000
	<u>27,41,97,516</u>	<u>23,23,23,421</u>
<b>Notes:</b>		
i) Refer note no.3.17 to the Financial Statements for the terms the loans		
ii) Fixed deposits includes deposits from directors Rs.9,25,000 (2015 : Rs.43,50,000)		
<b>1.4 Deferred tax liabilities (net)</b>		
Deferred tax liabilities		
- Timing differences on account of depreciation	33,22,31,003	32,77,75,189
Deferred tax assets		
- Provision for employees benefit	71,66,630	66,10,816
	<u>32,50,64,373</u>	<u>32,11,64,373</u>
<b>1.5 Other long term liabilities</b>		
Security deposits		
- from related parties (refer note 3.8 to the Financial Statements)	4,50,000	4,50,000
- from others	21,99,000	21,99,000
	<u>26,49,000</u>	<u>26,49,000</u>


**Notes annexed to and forming part of the Financial Statements (contd..)**

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>1.6 Long term provisions</b>		
Provision for employee benefit		
Compensated absences	2,15,74,863	1,99,01,606
	<u>2,15,74,863</u>	<u>1,99,01,606</u>
<b>1.7 Short term borrowings</b>		
<b>Secured from banks</b>		
Cash credit facilities	36,09,52,496	47,85,23,088
Short term loan	14,50,00,000	3,25,00,000
	<u>50,59,52,496</u>	<u>51,10,23,088</u>
<b>Notes :</b>		
Refer note no.3.17 to the Financial Statements for the terms the loans		
<b>1.8 Trade payables</b>		
Micro, Small and Medium enterprises	23,476	34,829
Other trade payables	18,93,52,662	27,01,11,983
	<u>18,93,76,138</u>	<u>27,01,46,812</u>
<b>1.9 Other current liabilities</b>		
Current maturities of Long term debts	19,62,81,444	19,87,36,507
Interest accrued but not due on borrowings	-	4,39,571
Interest accrued and due on borrowings	49,36,073	46,29,866
Unclaimed dividends	5,41,618	7,28,616
Other payables	1,84,42,963	2,13,66,615
	<u>22,02,02,098</u>	<u>22,59,01,175</u>
<b>Notes :</b>		
i) Refer note no.3.17 to the Financial Statements for terms of current maturities of long term debts		
ii) Other payables include :		
- contribution payable to Gratuity Fund	1,03,78,761	56,58,561
- advance from customers	36,49,525	1,19,87,280
- income tax (TDS) payable	3,70,295	3,83,860
- sales tax payable	26,13,411	1,89,529
<b>1.10 Short term provisions</b>		
Provision for employee benefit		
Compensated absences	12,05,750	10,55,660
Other provision		
Proposed dividend	85,29,200	85,29,200
Tax on proposed dividend	17,36,375	17,46,149
	<u>1,14,71,325</u>	<u>1,13,31,009</u>



**Notes annexed to and forming part of the Financial Statements (contd..)**  
**1.11 Tangible assets and Capital work in progress**

Description	Gross block (Cost / valuation)			Depreciation / amortisation / impairment			NET BLOCK			
	As on 01.04.2015	Additions	Deductions	As on 31.03.2016	Upto 31.03.2015	Charge during the year	Deductions/ Adjustments	Upto 31.03.2016	As on 31.03.2016	As on 31.03.2015
Land - freehold	23,25,01,000	-	-	23,25,01,000	-	-	-	-	23,25,01,000	23,25,01,000
Buildings	46,21,69,126	-	4,60,231	46,17,08,895	13,38,44,391	1,35,75,153	-	14,74,19,544	31,42,89,351	32,83,24,735
Structures on lease hold land	32,53,863	-	-	32,53,863	32,53,863	-	-	32,53,863	-	-
Plant and machinery	160,25,76,540	1,50,80,312	75,023	161,75,81,829	99,74,27,947	614,85,934	75,023	105,88,38,858	55,87,42,971	60,51,48,593
Wind energy converters	60,46,63,900	15,92,733	-	60,62,56,633	40,49,50,995	270,73,896	-	43,20,24,891	17,42,31,742	19,97,12,905
Furniture and fittings	22,87,627	1,96,599	-	24,84,226	17,92,171	4,73,252	-	22,65,423	2,18,803	4,95,456
Vehicles	2,82,22,433	1,15,31,604	71,86,603	3,25,67,434	138,47,143	36,99,537	44,88,965	1,30,57,715	1,95,09,719	1,43,75,290
Office Equipment	91,03,441	2,70,623	-	93,74,064	70,06,829	5,15,380	-	75,22,209	18,51,855	20,96,612
Live stock	32,240	-	-	32,240	-	-	-	-	32,240	32,240
<b>TOTAL</b>	<b>294,48,10,170</b>	<b>2,86,71,871</b>	<b>77,21,857</b>	<b>296,57,60,184</b>	<b>156,21,23,339</b>	<b>10,68,23,152</b>	<b>45,63,988</b>	<b>166,43,82,503</b>	<b>130,13,77,681</b>	<b>138,26,86,831</b>
Previous year	292,72,37,637	1,87,70,939	11,98,406	294,48,10,170	144,99,58,021	10,85,17,522	986,691	156,21,23,339	138,26,86,831	147,72,79,616
Capital work in progress										
Previous year										

**Notes :** i) Borrowing cost capitalised - Rs. Nil (2015 Rs. Nil)  
 ii) Deduction in buildings represents the additional compensation received from NHAI for the compulsory acquisition of certain portion of land and building of Unit II

**1.12 Non-Current assets - Intangible assets and Capital work in progress**

Description	Gross block (Cost / valuation)			Depreciation / amortisation / impairment			NET BLOCK			
	As on 01.04.2015	Additions	Deductions	As on 31.03.2016	Upto 31.03.2015	Charge during the year	Deductions/ Adjustments	Upto 31.03.2016	As on 31.03.2016	As on 31.03.2015
Computer software - acquired	1,67,68,414	70,475	-	1,68,38,889	1,67,68,414	22,317	-	1,67,90,731	48,158	-
Others trade name	1,35,45,000	-	-	1,35,45,000	1,35,45,000	-	-	1,35,45,000	-	-
<b>TOTAL</b>	<b>3,03,13,414</b>	<b>70,475</b>	<b>-</b>	<b>3,03,83,889</b>	<b>3,03,13,414</b>	<b>22,317</b>	<b>-</b>	<b>3,03,35,731</b>	<b>48,158</b>	<b>-</b>
Previous year	3,03,13,414	-	-	3,03,13,414	3,03,13,414	-	-	3,03,13,414	-	-
Capital work in progress										
Previous year										

**Notes :** i) Borrowing cost capitalised - Rs. Nil (2015 Rs. Nil)



## Notes annexed to and forming part of the Financial Statements (contd..)

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>1.13 Non-Current Investments</b>		
<b>Non-Trade Investments</b>		
Investments in Equity instruments		
i) Associates		
19,90,000 (2015 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	<b>1,99,00,000</b>	1,99,00,000
7,04,060 (2015 : 3,00,000) Equity shares of Rs.10 each in Salem IVF Centre Private Limited	<b>70,40,600</b>	30,00,000
ii) Others		
1,330 (2015 : 1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	<b>60,272</b>	60,272
1,07,500 (2015 : 1,07,500) Equity shares of Rs.10 each in Sambandam Investment and Leasing Limited	<b>10,75,000</b>	10,75,000
1,500 (2015 : 1,500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	<b>2,04,000</b>	2,04,000
	<b>2,37,50,872</b>	<b>2,42,39,272</b>
Less Provision for diminution in value towards SPMM Health Care Services Private Limited	<b>45,29,000</b>	45,29,000
	<b>2,37,50,872</b>	<b>1,97,10,272</b>
<b>Notes :</b>		
i) All investments are fully paid-up		
ii) Quoted investments (#) - Cost	<b>60,272</b>	60,272
- Market value	<b>1,36,126</b>	1,65,785
iii) Unquoted investments - Cost	<b>2,82,19,600</b>	2,41,79,000
<b>1.14 Long term Loans and advances</b>		
Unsecured, considered good		
Capital advances	<b>48,05,329</b>	1,67,23,548
Security deposits		
- with related parties (refer not 3.8 to the financial statements)	<b>3,00,000</b>	3,00,000
- with others	<b>3,74,56,277</b>	5,08,86,315
Other loans and advances		
- with related parties (Refer note no. 3.8 to the financial statements)		
inter corporate loans	<b>4,00,00,000</b>	-
- with others		
employee advances	<b>7,26,195</b>	8,18,981
Sales tax, ESI and others paid under protest	<b>2,34,97,252</b>	2,34,97,252
Advance income tax (net of provisions)	<b>34,24,543</b>	28,43,282
MAT credit entitlement	<b>11,65,10,619</b>	11,47,60,619
	<b>22,67,20,215</b>	<b>20,98,29,997</b>
<b>1.15 Inventories</b>		
Raw materials - Cotton, viscose, modaal	<b>16,39,26,149</b>	20,88,53,711
Work-in-progress - Cotton, viscose, modaal in process	<b>6,93,77,776</b>	4,68,17,144
Finished goods - Yarn	<b>11,86,77,685</b>	8,01,89,487
- Process waste	<b>9,62,289</b>	29,32,551
Stores and spares	<b>21,80,441</b>	54,26,955
	<b>35,51,24,340</b>	<b>34,42,19,848</b>





## Notes annexed to and forming part of the Financial Statements (contd..)

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
<b>1.16 Trade receivables</b>		
Unsecured, considered good		
Trade receivables		
Outstanding for more than six months from the date they are due for payment	65,73,598	76,62,122
Others	<u>32,91,79,211</u>	<u>26,23,10,720</u>
	<u><b>33,57,52,809</b></u>	<u>26,99,72,842</u>
<b>1.17 Cash and cash equivalents</b>		
<b>(i) Cash and cash equivalents</b>		
Balances with banks in - Current account	1,43,87,739	5,62,70,546
Cash on hand	<u>37,54,636</u>	<u>99,35,994</u>
	<u><b>1,81,42,375</b></u>	<u>6,62,06,540</u>
<b>(ii) Other bank balances</b>		
Earmarked balances with Banks		
- Unclaimed dividend accounts	5,41,618	7,28,616
- Liquid assets deposits *	-	8,16,852
Deposits with Banks held as margin money	<b>32,84,400</b>	1,61,18,156
* under Companies (Acceptance of Deposits) Rules, 1975 Of the above,		
Bank deposits with more than 12 months maturities Rs. 14,25,000 2015 Rs. 49,80,300)		
	<u><b>2,21,68,393</b></u>	<u>8,38,70,164</u>
<b>1.18 Short-term loans and advances</b>		
Unsecured, considered good		
Material advances	3,99,649	96,63,723
Employee advances	12,19,781	8,15,475
Other receivables	<u>1,27,83,386</u>	<u>1,75,18,667</u>
	<u><b>1,44,02,816</b></u>	<u>2,79,97,865</u>
Of the above,		
Other receivables include :		
- VAT credit	6,51,410	13,70,157
- Prepaid expenses	<b>93,58,239</b>	1,11,82,466
<b>1.19 Other current assets</b>		
Interest accrued on deposits	17,39,557	14,98,924
Interest subsidy receivable	<b>4,15,82,568</b>	3,25,50,896
Export incentive receivable	<u>3,834</u>	<u>3,95,381</u>
	<u><b>4,33,25,959</b></u>	<u>3,44,45,201</u>



## Notes annexed to and forming part of the Financial Statements (contd..)

Particulars	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
<b>2.1 Revenue from operations</b>		
Sale of products		
Yarn	189,62,29,268	232,80,47,002
Fabric sales	6,70,04,601	-
Process waste	7,80,06,318	7,81,34,962
	<u>204,12,40,187</u>	<u>240,61,81,964</u>
Revenue from services		
Yarn testing charges	14,48,650	15,41,004
Yarn conversion charges	1,14,306	-
Other operating revenues		
Power generated by wind energy converters (net of captive consumption)	97,43,302	1,20,43,429
Scrap sales	8,37,671	22,38,752
Export incentives	8,88,658	14,38,772
	<u>205,42,72,774</u>	<u>242,34,43,921</u>
Less Trade rebate and discounts	50,000	1,72,680
	<u>205,42,22,774</u>	<u>242,32,71,241</u>
<b>2.2 Other income</b>		
Interest income from		
Security deposits and bank deposits	39,26,600	72,21,712
Dividend income from Non-current investments	6,650	5,320
Other non-operating income Rent received	9,00,000	4,50,000
Net gain on foreign currency transactions and translations	1,79,059	10,19,202
	<u>50,12,309</u>	<u>86,96,234</u>
<b>2.3 Cost of materials consumed</b>		
Cotton, viscose, modaal	118,80,34,031	136,58,59,289
Others	1,93,56,393	88,85,412
	<u>120,73,90,424</u>	<u>137,47,44,701</u>
<b>Of the above</b>		
Imported items - Amount	6,70,41,308	21,70,62,537
- Percentage	5.55%	15.79%
Indigenous items - Amount	114,03,49,116	115,76,82,164
- Percentage	94.45%	84.21%
<b>2.4 Changes in Inventories of finished goods and work-in-progress</b>		
Work-in-progress	(2,25,60,632)	3,22,94,907
Finished goods	(3,65,17,936)	3,27,15,648
Net change in inventories	<u>(5,90,78,568)</u>	<u>6,50,10,555</u>
<b>2.5 Employee benefits expense</b>		
Salaries, wages and bonus	21,72,31,144	22,52,08,085
Contribution to provident, gratuity and other funds	1,22,89,650	92,77,003
Welfare expenses	1,00,86,333	1,12,98,024
	<u>23,96,07,127</u>	<u>24,57,83,112</u>



## Notes annexed to and forming part of the Financial Statements (contd..)

Particulars	For the year ended March 31, 2016 Rupees	For the year ended March 31, 2015 Rupees
<b>2.6 Finance costs</b>		
Interest	<b>11,08,80,181</b>	11,30,26,313
Other borrowing costs	<b>27,83,314</b>	43,68,053
	<u><b>11,36,63,495</b></u>	<u>11,73,94,366</u>
Other borrowing costs include amortisation on :		
Premium on forward contracts	<b>27,83,314</b>	43,68,053
<b>2.7 Depreciation and amortisation expense</b>		
<b>Tangible assets</b>		
Buildings	<b>1,35,75,153</b>	1,33,65,134
Plant and machinery	<b>6,14,85,934</b>	6,46,79,045
Wind energy converters	<b>2,70,73,896</b>	2,70,73,898
Furniture and fittings	<b>4,73,252</b>	4,11,459
Office equipments	<b>5,15,380</b>	5,00,282
Vehicles	<b>36,99,537</b>	24,84,704
Total depreciation on tangible assets (A)	<b>10,68,23,152</b>	10,85,17,522
<b>Intangible assets</b>		
Computer software - acquired	<b>22,317</b>	-
Total depreciation on tangible assets (B)	<b>22,317</b>	-
<b>Grand Total (A + B)</b>	<b>10,68,45,469</b>	<u>10,85,17,522</u>
<b>2.8 Other expenses</b>		
Conversion charges	<b>2,38,16,534</b>	1,42,24,268
Consumption of stores and spares	<b>2,39,56,161</b>	5,32,89,663
Power and fuel-net	<b>28,83,11,890</b>	28,60,94,899
Rent	<b>7,15,560</b>	4,15,560
Repairs and maintenance - Buildings	<b>21,97,551</b>	22,62,353
- Plant and machinery	<b>2,35,13,657</b>	2,46,94,298
Insurance	<b>18,47,861</b>	15,71,274
Rates and taxes	<b>19,61,007</b>	11,67,398
Packing and forwarding charges	<b>1,76,73,098</b>	2,30,72,840
Printing and Stationery	<b>7,33,158</b>	8,64,355
Brokerage and commission on sales	<b>1,72,50,470</b>	2,20,08,718
Travel and vehicle upkeep expenses	<b>1,31,16,551</b>	1,47,71,931
Donation and charity	<b>87,700</b>	61,700
Premium on hank yarn obligation charges	<b>18,80,165</b>	42,61,323
Directors' sitting fees	<b>14,45,000</b>	12,10,000
Expenditure on corporate social responsibility	<b>5,11,390</b>	2,80,000
Loss on sale of assets	<b>8,85,925</b>	59,320
Bank and other financial charges	<b>1,10,28,064</b>	1,21,53,889
Miscellaneous expenses	<b>73,18,921</b>	72,12,115
	<u><b>43,82,50,663</b></u>	<u>46,96,75,904</u>



**Statement on Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2016**

1. Basis of preparation of financial statements - The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the Accounting standards prescribed under section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except in so far as they relate to revaluation of net assets. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

2. Use of estimates – The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/materialise.
3. Revenue recognition – Revenue from sale of products is recognized on despatch of goods to customers in accordance with the terms of sales. Revenue from services is recognized in accordance with the specific terms of contract on performance. Other operating revenues comprise of income from ancillary activities incidental to the operations of the company and is recognized when the right to receive the income is established as per the terms of the contract.
4. Other Income – Interest and rental income are accounted on accrual basis. Dividend income is accounted when the right to receive is established.
5. Foreign currency transactions – Foreign currency transactions (including booking/cancellation of forward contracts) are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency, other than those covered by forward exchange contracts, are translated at year end foreign exchange rates. Exchange differences arising on settlements are recognized in the Statement of Profit and Loss. In case of forward exchange contracts which are entered into hedge the foreign currency risk of a receivable/payable recognized in these financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Statement of Profit and loss. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and loss.
6. Employee benefits – (i) Short term employee benefit obligations are estimated and provided for; (ii) Post employment benefits and other long term employee benefits – (1) Company's contribution to provident fund, labour welfare fund, employees state insurance corporation and other funds are determined under the relevant schemes and /or statute and charged to revenue; (2) Company's liability towards gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.



**Statement on Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2016 (contd.)**

7. Fixed Assets – Tangible fixed assets - All costs relating to acquisition of fixed assets net of value added tax and terminal excise duty refund under Export Promotion Capital Goods Scheme, subject to the economic life and the cost being in excess of certain limits, are capitalised. Expenditure directly related and incidental to construction are capitalized upto the date of attainment of commercial production. Interest and other related costs, including amortised cost of borrowings attributable only to major projects are capitalized as part of the cost of the respective assets. In the case of Wind energy converters, cost of land on which the converters have been erected is capitalised as cost of the said converters. Cost of structures on leasehold land, where the estimated useful life is more than ten years, is capitalized. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Intangible fixed assets – Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any duties and other taxes and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebate.

8. Depreciation/amortization – Tangible fixed assets - Depreciation on fixed assets is provided on straight line basis. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used:

Particulars	Depreciation
Plant and machinery (Continuous process Plant)	Over its useful life of 18 years as Technically assessed
Wind energy convertors	Over its useful life of 17 years as Technically assessed

Intangible fixed assets – (i) Computer software - over a period of 5 years; (ii) Trade name – Over a period of 5 years.

9. Impairment of assets – The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.
10. Investments – Non-current investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investment, if any. Current investments are valued at lower of cost and fair value.
11. Inventories – The governing principle of valuation of Inventories (other than process waste) is the lower of cost and net realisable value. The cost for the said purpose (i) in the case of stores and spare parts, is the weighted average cost (net of Cenvat credit/value added tax, if any), (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, and (iii) is without deduction of the adjustment made for power generated through Wind energy converters and adjusted against the cost of power purchased from state electricity board. Process waste is valued at net realizable value. Provision is made for obsolete, slow moving and damaged items of inventory, if any.



**Statement on Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2016 (contd.)**

12. Government grants – Capital grants from government relating to depreciable assets are treated as deferred income and disclosed as a capital reserve and amortised over the useful life of the concerned asset. Cenvat credit relating to capital assets acquired is treated as capital reserve and amortised over the useful life of the concerned assets by transfer profit and loss account and considered under depreciation. Grants/incentives other than those mentioned above are reckoned in the profit and loss account in the year of eligibility.
13. Borrowing costs - Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Statement in the period in which they are incurred.
14. Research and development – Revenue expenditure on research and development is charged to the profit and loss account as incurred. Capital expenditure on research and development, where the same represents cost of plant, machinery, equipment and other tangible assets, if any, is given the same accounting treatment as applicable to other capital expenditure.
15. Deferred tax - Deferred income tax charge reflects the impact of the current period timing differences between taxable income and accounting income, other than differences capable of getting reversed during the 'tax holiday' period, subject to consideration of prudence. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws to reassess realisation/liabilities.
16. Provisions and contingencies - To recognise a provision when (i) the company has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.
17. Cash flow statement – Cash flow statements are reported using the indirect method, whereby profit/(loss) before extra-ordinary items/exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipt or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information including taxes paid relating to these activities.



<b>3. Notes annexed to and forming part of the Financial Statements</b>		
	<b>March 31, 2016</b>	March 31, 2015
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>3.1 Information regarding Imports (c.i.f)</b>		
Raw materials	6,70,41,308	21,70,62,537
Machinery spares	–	79,73,266
<b>3.2 Foreign currency transactions and other financial information</b>		
<b>(i) Expenditure in foreign currency</b>		
Interest	2,82,287	7,66,120
Travel	5,85,531	8,43,387
Others	4,53,409	6,98,183
<b>(ii) Earnings in foreign currency</b>		
Export of goods (FOB value)	3,16,29,255	5,30,06,867
Others (freight recoveries)	52,365	3,31,758
(iii) Remittance of dividend to Non-Resident Shareholders	–	–
<b>3.3 Auditor's remuneration</b>		
(included under Miscellaneous expenses (refer Note 2.8 to the Financial statements))		
(i) For financial audit	4,25,000	4,25,000
(ii) For cost audit	2,50,000	2,50,000
(iii) For taxation matters	1,25,000	1,25,000
(iv) For other services	2,11,000	1,98,000
(v) For reimbursement of expenses	1,67,673	1,33,239
<b>3.4 Contingent liabilities</b>		
(i) Claims against the company not acknowledged as debts	5,07,19,221	4,59,05,014
(ii) Guarantees	96,66,200	96,66,200
(iii) Bills discounted with banks	–	–
Out flow relating to above not practicable to indicate in view of uncertainties involved		
<b>3.5 Capital commitments not provided for (net of advances)</b>	8,69,57,551	9,12,65,008
<b>3.6 Earnings per share</b>		
Profit after taxation as per Statement of Profit and Loss (A)	41,56,473	3,45,41,315
Number of equity shares outstanding (B)	42,64,600	42,64,600
Basic and Diluted earnings per share (in Rupees) (A/B)	0.97	8.10
<b>3.7 Segment information</b>		
The company's primary segment is identified as business segment based on nature of products, risks, return and the internal business reporting system (i.e. cotton yarn) and operates in a single geographical segment as per Accounting Standard 17.		
<b>3.8 Related party disclosure</b>		
(i) Related parties with whom transactions have taken place during the year		
(1) Key managerial personnel		
Sri S. Devarajan – Chairman and Managing Director		
Sri D. Niranjankumar – Chief Financial Officer		
Sri R.S. Shanmugam – Company Secretary		



## Notes annexed to and forming part of the Financial Statements (contd.)

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
(2) Relative of Key managerial personnel Smt D. Anubama Sri J. Sakthivel – Chief Technical Officer		
(3) Associate SPMM Healthcare Services Private Limited Salem IVF Centre Private Limited		
(4) Parties where significant influence exists Sambandam Siva Textiles Private Limited S. Palaniandi Mudaliar Charitable Trust Sambandam Spinning Mills Gratuity Trust Kandagiri Spinning Mills Limited		
(ii) Transactions with related parties		
(1) Key managerial personnel		
Sri S. Devarajan		
- Interest payment	74,420	35,750
- Dividend payment	7,98,230	7,77,348
- Remuneration	36,00,000	36,00,000
- Outstanding balances under Fixed deposits	–	3,25,000
Sri D. Niranjankumar		
- Interest payment	66,000	–
- Dividend payment	8,600	–
- Remuneration	18,00,000	18,00,000
- Outstanding balances under Fixed deposits	6,00,000	–
Sri R. S. Shanmugam		
- Remuneration	6,85,000	6,50,000
(2) Relative of Key managerial personnel Smt D. Anubama		
- Rent paid	3,60,000	60,000
- Rent advance paid	–	3,00,000
- Amount outstanding at end of the year	3,00,000	3,00,000
(3) Associate		
- Salem IVF Centre Private Limited		
- Rent received	9,00,000	4,50,000
- Rental advance received	–	4,50,000
- Rent advance outstanding at end of the year	4,50,000	4,50,000
- Rent receivable at end of the year	1,08,000	1,08,000
- Investment in shares	40,40,600	30,00,000
(4) Parties where significant influence exists Sambandam Siva Textiles Private Limited		
- Sale of wind power	97,43,302	1,20,43,429
- Outstanding balances at end of the year	–	–
S. Palaniandi Mudaliar Charitable trust		
- Payments for employee welfare services	16,12,249	14,14,765
- Contribution paid	–	–
Sambandam Spinning Mills Gratuity trust		
- Contribution paid/payable	47,20,200	15,90,406




**Notes annexed to and forming part of the Financial Statements (contd.)**

	<b>March 31, 2016</b>	March 31, 2015
	<b>(Rupees)</b>	(Rupees)
Kandagiri Spinning Mills Limited		
- Inter Corporate Loan paid	4,00,00,000	-
- Interest received on Inter Corporate Loan	5,94,590	-
- Balance at the end of the year	4,05,94,590	-
- Yarn Testing charges received	5,66,749	5,75,103

**3.9** Pursuant to the enactment of Companies Act, 2013 and according to the application guide on the provisions of Schedule II to the Companies Act, 2013, a sum of Rs.35,33,337, being the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost, has been transferred to General Reserve from Revaluation Reserve account.

**3.10** The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no overdues to parties on account of principal amount and/or interest and accordingly no additional disclosures have been made; and (ii) There are no amounts remaining unpaid or unclaimed for a period of seven years in respect of unpaid dividend, matured fixed deposits and interest thereon from the date they became payable by the company and hence there are no amounts remaining to be credited to the Investor Education and Protection Fund.

**3.11** Derivatives - The company uses derivative financial instruments such as forward contracts and option to hedge certain currency exposures, present and anticipated, denominated mostly in US dollars, Euro and Swiss Franks. Generally such contracts are taken for exposures materializing in the next six months. The company actively manages its currency rate exposures and uses these derivatives to mitigate the risk from such exposures. The company has hedged exposure of US \$ Nil (March 31, 2015 US \$ Nil) as at March 31, 2016 and has a net unhedged exposure of US \$ Nil (March 31, 2015 US\$ Nil) as at March 31, 2016.

**3.12** Raw material consumed – others include consumption of yarn for manufacture of double yarn.

**3.13** Power and fuel is net of value of power generated by Wind energy converters Rs.8,50,55,197 (2014-15 Rs.10,59,11,210).

**3.14** Repairs to buildings include amortization of cost of structures on leasehold land of Rs.Nil (2014-15 Rs.4,88,042).

**3.15** Human resources – Particulars of managerial remuneration (i) To Managing Director – Salary Rs.21,60,000 (2014-15 Rs.21,60,000), Perquisites Rs.14,40,000 (2014-15 Rs.14,40,000); and (ii) To Joint Managing Directors – Salary Rs.24,00,000 (2014-15 Rs.24,00,000), Perquisites Rs.12,00,000 (2014-15 Rs.12,00,000).

**3.16** Depreciation/amortisation – Amortised cenvat credit of Rs.Nil (2014-15 Rs.2,69,722) deducted from capital reserve has been netted against the depreciation charge relating to the concerned plant and machinery.



Notes annexed to and forming part of the Financial Statements (contd.)									
3.17 Details of Long Term Borrowings:									
Bank Name	March 31, 2016				Particulars of Repayment	March 31, 2015			
	Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %
<b>a. Secured Loans:</b>									
<b>i)</b>									
Central Bank of India	-	-	-	-	9 monthly instalments of Rs.10 lakhs each and one monthly instalment of Rs.9.91 lakhs (2015-16 Rs.99.91 lakhs)	-	99,91,384	99,91,384	13.50
State Bank of India TL 1	-	-	-	-	one monthly instalment of Rs.18 lakhs (2015-16 Rs.18 lakhs)	-	18,36,000	18,36,000	13.65
State Bank of India TL 2	-	8,52,00,000	8,52,00,000	13.90	12 monthly instalments of Rs.58 lakhs each and 12 monthly instalments of Rs.71 lakhs each (2015-16 Rs.696 lakhs and 2016-17 Rs.852 lakhs)	8,52,00,000	6,96,00,000	15,48,00,000	13.65
State Bank of India TL 4	1,57,50,000	2,70,00,000	4,27,50,000	13.90	12 monthly instalment of Rs.18 lakhs each, 16 monthly instalment of Rs.22.50 lakhs and 2 monthly instalment of Rs.33.75 lakhs each (2015-16 Rs.216 lakhs, 2016-17 Rs.270 lakhs and 2017-18 Rs.157.50 lakhs)	4,27,50,000	2,16,00,000	6,43,50,000	13.75
State Bank of India TL 5	14,25,00,000	75,00,000	15,00,00,000	13.95	6 monthly instalment of Rs.12.50 lakhs each, 48 monthly instalment of Rs.25 lakhs and 12 monthly instalment of Rs.18.75 lakhs each (2016-17 Rs.75 lakhs, 2017-18 Rs.300 lakhs, 2018-19 Rs.300 lakhs, 2019-20 Rs.300 lakhs, 2020-21 Rs.300 lakhs and 2021-22 Rs.225 lakhs)	-	-	-	-
Karnataka Bank TL 1	-	-	-	-	3 quarterly instalments of Rs.100 lakhs each and one quarterly instalment of Rs.101.25 lakhs (2015-16 Rs.401.25 lakhs)	-	4,01,25,000	4,01,25,000	14.00



**Notes annexed to and forming part of the Financial Statements (contd.)  
3.17 Details of Long Term Borrowings: (contd..)**

Bank Name	March 31, 2016				Particulars of Repayment	March 31, 2015			
	Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %
Karnataka Bank TL 2	-	4,97,38,000	4,97,38,000	13.50	4 quarterly instalments of Rs.88 lakhs each, 3 quarterly instalments of Rs.140 lakhs each and one quarterly instalment of Rs.77.38 lakhs (2015-16 Rs.352 lakhs, 2016-17 Rs.497.38 lakhs)	-	4,01,25,000	4,01,25,000	14.00
Karnataka Bank TL 4	67,30,000	1,15,56,000	1,82,86,000	12.75	12 monthly instalment of Rs.7.70 lakhs each, 17 monthly instalment of Rs.9.63 lakhs and 1 monthly instalment of Rs.19.15 lakhs (2015-16 Rs.92.40 lakhs, 2016-17 Rs.115.56 lakhs, 2017-18 Rs.67.30 lakhs)	1,82,86,000	92,40,000	2,75,26,000	13.75
Karnataka Bank TL 5	484,00,000	16,00,000	5,00,00,000	13.25	6 monthly instalments of Rs.4 lakhs each, 48 monthly instalments of Rs.8 lakhs each, 10 monthly instalments of Rs.7.70 lakhs each and two monthly instalment of Rs.7.50 lakhs each (2016-17 Rs.16 lakhs, 2017-18 Rs.88 lakhs, 2018-19 Rs.96 lakhs, 2019-20 Rs.96 lakhs, 2020-21 Rs.96 lakhs, 2021-22 Rs.93 lakhs and 2022-23 Rs.15 lakhs.	-	-	-	-
IDBI Term loan	50,25,000	100,00,000	1,50,25,000	14.00	8 quarterly instalments of Rs.25 lakhs each and one quarterly instalment of Rs.40.25 lakhs (2015-16 Rs.100 lakhs, 2016-17 Rs.100 lakhs, 2017-18 Rs.50.25 lakhs)	1,50,25,000	100,00,000	2,50,25,000	14.00



**Notes annexed to and forming part of the Financial Statements (contd.)**  
**3.17 Details of Long Term Borrowings: (contd..)**

Bank Name	March 31, 2016				Particulars of Repayment	March 31, 2015			Rate of Interest %
	Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	
HDFC Bank bus loan	27,80,562	21,66,660	49,47,222	10.01	36 monthly instalments (2016-17 Rs.21.67 lakhs, 2017-18 Rs.21.67 lakhs and 2018-19 Rs.6.13 lakhs)	-	-	-	-
HDFC Bank car loan	18,55,381	6,58,746	25,14,127	10.01	36 monthly instalments (2016-17 Rs.6.58 lakhs, 2017-18 Rs.6.20 lakhs, 2018-19 Rs.5.89 lakhs, 2019-20 Rs.5.12 lakhs and 2020-21 Rs.1.35 lakhs)	-	-	-	-
State Bank of India car loan	-	80,133	80,133	9.90	14 monthly instalments (2015-16 Rs.4.45 lakhs and 2016-17 Rs.0.73 lakhs)	19,328	5,05,255	5,24,583	9.90
State Bank of India car loan	-	-	-	-	12 monthly instalments (2015-16 Rs.3.31 lakhs)	-	3,31,285	3,31,285	9.90
<b>ii) Term loan from others</b>									
Kotak Mahindra Prime Limited car loan	146,573	1,21,905	2,68,478	9.90	36 monthly instalment (2015-16 Rs.0.39 lakhs, 2016-17 Rs.1.22 lakhs and 2017-18 Rs.1.47 lakhs)	-	3,07,583	3,07,583	9.90
<b>iii) Cash credit from banks</b>									
State Bank of India	-	10,09,03,481	10,09,03,481	12.05/ 13.80	On demand	-	20,94,56,874	20,94,56,874	13.25
State Bank of India adhoc	-	-	-	-	On demand	-	10,09,43,153	10,09,43,153	13.25
State Bank of India- Packing credit	-	-13,19,431	-13,19,431	9.75	On demand	-	-	-	-



**Notes annexed to and forming part of the Financial Statements (contd.)**  
**3.17 Details of Long Term Borrowings: (contd..)**

Bank Name	March 31, 2016				Particulars of Repayment	March 31, 2015			Rate of Interest %
	Non Current Rupees	Current Rupees	Total Rupees	Rate of Interest %		Non Current Rupees	Current Rupees	Total Rupees	
State Bank of India-DL	-	10,02,38,904	10,02,38,904	10.90	On demand	-	-	-	-
Karnataka Bank	-	9,73,02,821	9,73,02,821	12.75	On demand	-	7,20,25,731	7,20,25,731	13.25
Karnataka Bank adhoc	-	-	-	-	On demand	-	5,05,62,898	5,05,62,898	13.25
Axix Bank	-	519,63,929	519,63,929	12.25	On demand	-	5,17,27,449	5,17,27,449	12.75
Canara Bank	-	1,18,62,792	1,18,62,792	-	On demand	-	-61,93,017	-61,93,017	13.50
<b>iv) Short term loan from banks</b>									
Canara Bank WCDL	-	14,50,00,000	14,50,00,000	12.40	Repayable within 12 months	-	3,25,00,000	3,25,00,000	12.45
	22,31,87,516	70,15,73,940	92,47,61,456	-		21,10,18,421	70,97,59,595	92,07,78,016	-
<p>(i) Term loans from banks aggregating Rs.41,09,99,000 (March 31, 2015 Rs.40,85,91,477) are secured by a first charge on the Company's fixed assets subject to the charge stated in (ii) to (iii) infra and secured by a second charge on the Company's current assets; (ii) Term loans from banks to an extent of Rs.75,41,482 (March 31, 2015 Rs.8,55,868) are secured by hypothecation of certain buses and cars; (iii) Term loan from Kodak Mahindra Prime Limited of Rs.2,68,478 (March 31, 2015 Rs.3,07,583) is secured by hypothecation of car; (iv) Cash credit/short term loans are secured by a first charge on the Company's current assets and by a second charge on the Company's fixed assets excluding the charges mentioned in (ii) to (iii) supra; and (v) All the above loans are guaranteed by four directors.</p>									
<b>b. Unsecured Loans :</b>									
Fixed deposits	5,10,10,000	6,60,000,000	5,16,70,000	11.00 to 12.00		2,13,05,000	-	2,13,05,000	11.00 to 12.00
	5,10,10,000	6,60,000,000	5,16,70,000	-		2,13,05,000	-	2,13,05,000	-



**Notes annexed to and forming part of the Financial Statements (contd.)**

**3.18 Employee benefits -**

**(i) Defined Employee benefit plans - As per Actuarial valuation as on March 31, 2016**

	Gratuity (funded)					Compensated absences (unfunded)					Rs. lakhs	
	2015-16	2014-15	2013-14	2012-13	2011-12	2015-16	2014-15	2013-14	2012-13	2011-12		
A. Expenses recognised in the statement of profit and Loss Accounting for the year ended Mar 31, 2016												
(i) Current service cost	26.72	23.51	23.10	20.62	22.36	1.67	1.02	1.08	1.22	1.19		
(ii) interest cost	27.03	27.33	25.17	25.39	21.76	15.52	15.89	14.12	15.21	14.00		
(iii) Expected return on plan assets	(25.41)	(26.97)	(28.39)	(17.07)	(20.47)	-	-	-	-	-		
(iv) Net actuarial (gain) / loss recognised during the year	18.86	(7.97)	20.80	(20.25)	55.58	(6.99)	(9.33)	(9.55)	(11.76)	(9.14)		
Total expenses	47.20	15.90	40.68	8.69	79.23	10.20	7.58	5.65	4.67	6.06		
B. Actual return on plan assets												
(i) Expected return on plan assets	25.41	26.97	28.39	17.07	20.47	-	-	-	-	-		
(ii) Actuarial (gain) / loss on plan assets	(1.40)	(0.76)	(0.79)	(5.26)	(6.55)	-	-	-	-	-		
(iii) Actual return on plan assets	26.21	26.21	27.60	11.81	13.92	-	-	-	-	-		
C. Net asset / (liability) recognised in the balance sheet												
(i) Present value of the obligation	390.01	357.00	368.25	329.43	336.12	209.22	199.02	191.44	185.78	181.11		
(ii) Fair value of plan assets	293.12	295.42	313.56	315.43	211.05	-	-	-	-	-		
(iii) Funded status (surplus/deficit)	(96.89)	(61.58)	(54.69)	(14.00)	(125.07)	(209.22)	(199.02)	(191.44)	(185.78)	(181.11)		
(iv) Unrecognised past service cost	-	-	-	-	-	-	-	-	-	-		
(v) Net Asset / (liability) recognised in the balance sheet	(96.89)	(61.58)	(54.69)	(14.00)	(125.07)	209.22	(199.02)	(191.44)	(185.78)	(181.11)		
D. Change in Present value of the obligation during the year												
(i) Present value of the obligation as at beginning of the year	357.00	368.24	329.43	336.12	301.08	199.02	191.43	185.78	181.11	175.05		
(ii) Current service cost	26.72	23.51	23.10	20.62	22.36	1.67	1.02	1.08	1.22	1.19		
(iii) interest cost	27.03	27.33	25.17	25.39	21.76	15.52	15.89	14.12	15.21	14.00		
(iv) Benefits paid	(38.19)	(53.35)	(29.47)	(37.43)	(58.11)	-	-	-	-	-		
(v) Actuarial (gain) / loss on obligation	17.45	8.73	20.01	(15.27)	49.03	(6.99)	(9.32)	(9.55)	(11.76)	(9.14)		
(vi) Present value of obligation as at end of the year	390.01	357.00	368.24	329.43	336.12	209.22	199.02	191.43	185.78	181.11		



	Notes annexed to and forming part of the Financial Statements (contd.)										Rs. lakhs				
	Gratuity (funded)					Compensated absences (unfunded)									
	2015-16	2014-15	2013-14	2012-13	2011-12	2015-16	2014-15	2013-14	2012-13	2011-12	2015-16	2014-15	2013-14	2012-13	2011-12
E. Change in assets during the year															
(i) Fair value of plan assets as at beginning of the year	295.42	313.56	315.43	211.05	255.24	(6.99)	(9.32)	(9.55)	(11.76)	(9.14)					
(ii) Expected return on plan assets	25.41	26.97	28.39	17.07	20.47	-	-	-	-	-					
(iii) Contributions	11.88	9.00	-	130.00	-										
(iv) Benefits paid	(38.19)	(53.35)	(29.47)	(37.43)	(58.11)	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded					
(v) Actuarial (gain) / loss on plan assets	(1.40)	(0.76)	(0.79)	(5.26)	(6.55)	-	-	-	-	-					
(vi) Fair value of plan assets as at end of the year	293.12	295.42	313.56	315.43	211.05	-	-	-	-	-					
F. Experience adjustments in															
(i) Plan liabilities - loss(gain)	17.45	(8.73)	20.01	(15.27)	49.03	-	-	-	-	-					
(ii) Plan assets - loss(gain)	(1.40)	(0.76)	(0.79)	5.26	6.55	-	-	-	-	-					
G. Major categories of plan assets as a percentage of total plan															
(i) Government of india securities	-	-	-	-	-	-	-	-	-	-					
(ii) State Government Securities	-	-	-	-	-	-	-	-	-	-					
(iii) High Quality Corporate bonds	-	-	-	-	-	-	-	-	-	-					
(iv) Special Deposit Scheme	-	-	-	-	-	-	-	-	-	-					
(v) Other (Bank deposits)	-	-	-	-	-	-	-	-	-	-					
(vi) SBI Life insurance company	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%					
(vii) Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%					
H. Actuarial Assumptions															
(i) Discount rate	8%	8%	8%	8%	8%	7.80%	7.80%	8.30%	7.60%	8%					
(ii) Salary escalation rate	6%	6%	5%	5%	5%	6%	6%	6%	6%	5%					
(iii) Attrition rate	5%	5%	5%	5%	5%	1%	1%	1%	1%	5%					
(iv) Expected return on plan assets	8.60%	8.00%	9.00%	8.50%	8%	0%	0%	0%	0%	0%					



### Notes annexed to and forming part of the Financial Statements (contd.)

In the above actuarial valuation the estimated of future salary increases have reckoned the effect of inflation, seniority, promotion and other relevant factors.

- i) Gratuity fund is administered through group gratuity scheme with SBI Life Insurance Company Limited and by the Gratuity Trust through trustees.
- ii) During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

Salaries, wages and bonus include compensated absences of Rs.20,47,447 (2014-15 Rs.18,13,729) Contribution to provident, gratuity and other funds include contribution to provident fund and family pension fund contribution of Rs.75,69,450 (2014-15 Rs.76,86,597) and gratuity fund of Rs.47,20,200 (2014-15 Rs.15,90,406). Workmen and staff welfare expenses include contribution to employees state insurance of Rs.29,58,231 (2014-15 Rs.32,59,811).

#### 3.19 CSR EXPENDITURE

Rs. Lakhs

Particulars	2015-16	2014-15
(a) Gross amount required to be spent by the Company during the year	14.62	2.70
(b) Amount spent during the year on:		
(i) Construction / acquisition of any asset	–	–
(ii) Purposes other than (i) above	5.11	2.80

#### 3.20 Disclosure as required under Section 186 (4) of the Companies Act, 2013:

Rs. Lakhs

Particulars	2015-16	2014-15	Purpose
a) Loans given to M/s Kandagiri Spinning Mills Limited	400.00	–	Funding for Operations
Loan outstanding	400.00	–	–
b) Investment (refer note 1.13 to the financial statements)	282.80	282.80	–
c) Guarantees	–	–	–

3.21 The figures for the previous periods have been reclassified/regrouped/amended, wherever necessary.

Signatures to Statement of Accounting Policies and Notes to Financial Statements

For and on behalf of the Board

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

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

Salem,  
May 21, 2016

**R.S. Shanmugam**  
Company Secretary

**D. Niranjankumar**  
Chief Financial Officer





### INDEPENDENT AUDITOR'S REPORT

**To the Members of Sambandam Spinning Mills Limited**

#### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Sambandam Spinning Mills Limited** ("the Investee Company") and its associates, comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

2. The investee Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Investee Company, as aforesaid.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Investee Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Investee Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2016, and its consolidated profit and its consolidated cash flows for the year ended on that date.



#### Other Matters

8. The consolidated financial statement includes the Group's share of net profit of Rs.23.53 lakhs for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of one associate, whose financial statement has been audited by us.
9. The consolidated financial statement includes the Group's share of net loss of Rs.32.38 lakhs for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of one associate, whose financial statement has not been audited by us. The above financial statement has been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates the amounts and disclosures included in respect of these associate and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the reports of the other auditor.
10. 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 stated in para 9 above with respect to our reliance on the work done and the report of the other auditor and financial statement certified by the Management.

#### Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, 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 the reports of the other auditor;
  - c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements ;
  - d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, as applicable.
  - e) On the basis of written representations received from the directors of the Investee company as on March 31, 2016 taken on record by the Board of Directors of the Investee Company and the report of the other statutory auditors of its associate companies, none of the directors of the Group's Companies and its associates is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect of the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on the Auditors' report of the investee Company and associate Companies.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The consolidated financial statements have, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its consolidated financial position in its consolidated financial statements.
    - ii) The Investee Company and its associates did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under the applicable law or accounting standards.
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Investee Company and its associates

Salem  
May 21, 2016

For **M.S. Krishnaswami & Rajan**  
Chartered Accountants  
Firm registration No.01554S  
**R. Krishnen-Partner**  
Membership No.201133

**ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 11(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

1. We have audited the internal financial controls over financial reporting of **Sambandam Spinning Mills Limited** (hereinafter referred to as "the Investee Company") and its associate companies, which are companies incorporated in India, as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Investee Company for the year then ended.

**Management's Responsibility for Internal Financial Controls**

2. The respective Board of Directors of the Investee Company and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Investee Company and its associate Companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, deemed to be prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting assessing the risk that a material weakness exist, 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 in respect of investee company and its associate companies, which are companies incorporated in India, in terms of our reports referred to in the paragraph 9 below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

**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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of 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 and taking into consideration the reports of the associate companies referred to in the paragraph 9, the Investee Company and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

**Other Matters**

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one associate company, which are companies incorporated in India, is based on the corresponding reports issued by us.

**For M.S. Krishnaswami & Rajan**  
Chartered Accountants  
Firm registration No.01554S

**R. Krishnen - Partner**  
Membership No.201133

Salem  
May 21, 2016



## Consolidated Balance Sheet as at March 31, 2016

Particulars	Note No.	As at March 31, 2016	
		Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	1.1	4,27,55,000	
Reserves and surplus	1.2	<u>71,87,28,389</u>	76,14,83,389
<b>Non-Current liabilities</b>			
Long - term borrowings	1.3	27,41,97,516	
Deferred tax liabilities (Net)	1.4	32,50,64,373	
Other long - term liabilities	1.5	26,49,000	
Long - term provisions	1.6	<u>2,15,74,863</u>	62,34,85,752
<b>Current liabilities</b>			
Short - term borrowings	1.7	50,59,52,496	
Trade payables	1.8		
(a) total outstanding dues of micro enterprises and small enterprises		23,476	
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		18,93,52,662	
Other current liabilities	1.9	22,02,02,098	
Short - term provisions	1.10	<u>1,14,71,325</u>	
			92,70,02,057
<b>TOTAL</b>			<b><u>231,19,71,198</u></b>
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Fixed assets			
Tangible assets	1.11	130,13,77,681	
Intangible assets	1.12	48,158	
Capital work-in-progress		-	
		<u>130,14,25,839</u>	
Non-current investments	1.13	1,30,50,827	
Long-term loans and advances	1.14	<u>22,67,20,215</u>	154,11,96,881
<b>Current assets</b>			
Inventories	1.15	35,51,24,340	
Trade receivables	1.16	33,57,52,809	
Cash and bank balances	1.17	2,21,68,393	
Short-term loans and advances	1.18	1,44,02,816	
Other current assets	1.19	<u>4,33,25,959</u>	
			77,07,74,317
<b>TOTAL</b>			<b><u>231,19,71,198</u></b>

Significant Accounting Policies and Notes to the Consolidated Financial Statements are an integral part of this Consolidated Balance Sheet

As per our report of even date  
For **M.S. Krishnaswami & Rajan**  
Chartered Accountants

**R. Krishnen** - Partner

Salem  
May 21, 2016

For and on behalf of the board

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

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

**R.S. Shanmugam**  
Company Secretary

**D. Niranjankumar**  
Chief Financial Officer


**Consolidated Statement of Profit and Loss for the year ended March 31, 2016**

Particulars	Note No.	Rupees	For the year ended March 31, 2016 Rupees
<b>Income</b>			
Revenue from operations	2.1	205,42,22,774	
Other income	2.2	<u>50,12,309</u>	
Total Revenue			205,92,35,083
<b>Expenses</b>			
Cost of materials consumed	2.3	120,73,90,424	
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.4	<u>(5,90,78,568)</u>	
		114,83,11,856	
Employee benefits expense	2.5	23,96,07,127	
Finance cost	2.6	11,36,63,495	
Depreciation and amortization expense	2.7	10,68,45,469	
Other Expenses	2.8	<u>43,82,50,663</u>	
Total Expenses			204,66,78,610
<b>Profit before exceptional items and tax</b>			1,25,56,473
<b>Exceptional item</b>			-
<b>Profit before tax</b>			<u>1,25,56,473</u>
<b>Tax expense :</b>			
Current tax		45,00,000	
Deferred tax		<u>39,00,000</u>	
			84,00,000
<b>Profit for the year after tax from continuing operations</b>			41,56,473
Share of profit / (loss) of associates (net)			<u>(8,84,852)</u>
<b>Profit for the year</b>			<u>32,71,621</u>
<b>Earnings per Equity share (Face value Rs. 10)</b>			
<b>Basic and Diluted (in Rs.)</b>			0.77

Significant Accounting Policies and Notes to the Consolidated Financial Statements are an integral part of this Statement of Profit and Loss

As per our report of even date  
For **M.S. Krishnaswami & Rajan**  
Chartered Accountants

**R. Krishnen** - Partner

Salem  
May 21, 2016

For and on behalf of the board

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

**R.S. Shanmugam**  
Company Secretary

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

**D. Niranjankumar**  
Chief Financial Officer


**Consolidated Cash Flow Statement for the period ended March 31, 2016**

Particulars	As at March 31, 2016 Rupees
<b>1. Cash flows from operating activities</b>	
1.1 Profit before tax exceptional item and share of profit of associates	<b>1,25,56,473</b>
1.2 Adjustment for	
Depreciation and amortisation	10,68,45,469
Amortisation of cost of structures on leasehold land	-
Amount considered under investing activities	
(Profit) / Loss on disposal of assets	8,85,925
Income from investments	6,650
Amount considered under investing activities	
Interest paid	11,08,80,181
Interest received	(39,26,600)
Provision for diminution in value of long term investments	-
1.3 Operating profit before working capital changes	<b>22,72,48,098</b>
1.4 Adjustment for changes in	
Increase / (Decrease) in trade payables	(8,07,70,674)
Increase / (Decrease) in long term provisions	16,73,257
Increase / (Decrease) in long term liabilities	-
Increase / (Decrease) in short term provisions	1,50,090
Increase / (Decrease) in other current liabilities	(32,44,014)
Decrease / (Increase) in trade receivables	(6,57,79,967)
Decrease / (Increase) in inventories	(1,09,04,492)
Decrease / (Increase) in long term advances	1,35,22,824
Decrease / (Increase) in short term advances	1,35,95,049
Decrease / (Increase) in other current assets	47,56,848
<b>1.5 Cash generated from operating activities</b>	<b>10,02,47,019</b>
1.6 Income tax paid/(refund)	(68,31,261)
<b>Net cash flow from operating activities [A]</b>	<b>9,34,15,758</b>
<b>2. Cash flows from investing activities</b>	
2.1 Payments for acquisition of assets	(1,68,24,127)
2.2 Proceeds from sale of tangible assets	22,71,944
2.3 Investment in equity shares	(40,40,600)
2.4 Inter corporate loan - Related party - given	(4,00,00,000)
2.5 Interest received	39,26,600
2.6 Dividend received	(6,650)
<b>Net cash flow used in investing activities [B]</b>	<b>(5,46,72,833)</b>


**Consolidated Cash Flow Statement for the period ended March 31, 2016 (contd..)**

Particulars	As at March 31, 2016 Rupees
<b>3. Cash flow from financing activities</b>	
3.1 Proceeds from long term borrowings	24,02,36,000
3.2 Repayments of long term borrowings	(20,08,16,968)
3.3 Proceeds from short term borrowings	20,10,00,000
3.4 Repayments of short term borrowings	(8,85,00,000)
3.5 Changes in cash credit facilities	(11,75,70,592)
3.6 Interest paid - Net	(11,08,80,181)
3.7 Dividend paid on equity shares	(85,29,200)
3.8 Dividend Tax paid on equity dividend paid	(17,46,149)
<b>Net cash flow from financing activities [C]</b>	<b>(8,68,07,090)</b>
<b>Net cash inflow / (outflow) [A+B+C]</b>	<b>(4,80,64,165)</b>
<b>Opening cash and cash equivalents</b>	<b>6,62,06,540</b>
<b>Closing cash and cash equivalents</b>	<b>1,81,42,375</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(4,80,64,165)</b>
<b>Notes to the cash flow statement</b>	
Components of cash and cash equivalents:	
Cash and bank balances excluding those relating to unclaimed dividend and earmarked deposits held by banks as margin money	1,81,42,375
	<b>1,81,42,375</b>

As per our report of even date  
For **M.S. Krishnaswami & Rajan**  
Chartered Accountants

**R. Krishnen** - Partner

Salem  
May 21, 2016

For and on behalf of the board

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

**R.S. Shanmugam**  
Company Secretary

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

**D. Niranjankumar**  
Chief Financial Officer




**Notes annexed to and forming part of the Consolidated Financial Statements**

Particulars	As at March 31, 2016 Rupees	
<b>1.1 Share Capital</b>		
<b>Authorised</b>		
<b>Equity Share Capital</b>		
50,00,000 (2015 : 50,00,000) Equity shares of Rs.10 each with voting rights		5,00,00,000
<b>Issued</b>		
42,86,400 (2015 : 42,86,400) Equity shares of Rs.10 each with voting rights		4,28,64,000
<b>Subscribed and Paid up</b>		
42,64,600 (2015 : 42,64,600) Equity shares of Rs.10 each fully paid with voting rights		4,26,46,000
Add Forfeited shares (amount originally paid up in respect of 21,800 equity shares)		1,09,000
		<b>4,27,55,000</b>
<b>Notes :</b>		
1. Reconciliation of Number of Shares		
Equity Shares with voting rights		
Shares outstanding as at April 1, 2015 / April 1, 2014		42,64,600
Shares outstanding as at March 31, 2016 / March 31, 2015		42,64,600
2. Shareholders holding more than 5% of the total share capital:		
<u>Name of the shareholder</u>	<u>No. of shares</u>	
	2016	%
Equity shares with voting rights		
S. Jegarajan	4,42,846	10.38
S. Devarajan	4,01,115	9.11
S. Dinakaran	3,63,879	8.44
3. Rights and restrictions in respect of equity shares		
The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the even of liquidation of the Company, holder 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 the number of equity shares held by the shareholders.		
<b>1.2 Reserves and Surplus</b>		
<b>a) Securities Premium as at the beginning and end of the year</b>		5,39,09,064
<b>b) Revaluation Reserve</b>		
As at the beginning of the year	27,78,61,075	
Transfer to General reserve (refer note no.3.10 to the Financial Statements)	35,33,337	
As at the end of the year		27,43,27,738


**Notes annexed to and forming part of the Consolidated Financial Statements (contd..)**

Particulars	As at March 31, 2016 Rupees	
<b>c) General Reserve</b>		
As at the beginning of the year	39,30,00,000	
Transfer from Revaluation Reserve (refer note no.3.10 to the Financial Statements)	35,33,337	
Transfer from Statement of Profit and Loss	<u>34,66,663</u>	
As at the end of the year		40,00,00,000
<b>d) Surplus/(Deficit) - balance in Statement of Profit and Loss</b>		
As at the beginning of the year	1,07,67,397	
Add: Current year profit	32,71,621	
Less Appropriations		
Less Group share of loss as on April 1, 2015	98,15,193	
Proposed equity dividend	85,29,200	
Tax on proposed equity dividend	17,36,375	
Transfer to General Reserve	<u>34,66,663</u>	
As at the end of the year		<u>(95,08,413)</u>
		<b><u>71,87,28,389</u></b>
<b>1.3 Long term borrowings</b>		
Secured - Term loans from banks		22,31,87,516
Unsecured - Fixed deposits		<u>5,10,10,000</u>
		<b><u>27,41,97,516</u></b>
<b>Notes:</b>		
i) Refer note no.3.18 to the Financial Statements for the terms the loans		
ii) Fixed deposits includes deposits from directors Rs.9,25,000 (2015 : Rs.43,50,000)		
<b>1.4 Deferred tax liabilities (net)</b>		
Deferred tax liabilities		
- Timing differences on account of depreciation		33,22,31,003
Deferred tax assets		
- Provision for employees benefit		<u>71,66,630</u>
		<b><u>32,50,64,373</u></b>
<b>1.5 Other long term liabilities</b>		
Security deposits		
- from related parties (refer note 3.9 to the Financial Statements)		4,50,000
- from others		<u>21,99,000</u>
		<b><u>26,49,000</u></b>


**Notes annexed to and forming part of the Consolidated Financial Statements (contd..)**

Particulars	As at March 31, 2016 Rupees
<b>1.6 Long term provisions</b>	
Provision for employee benefit	
Compensated absences	2,15,74,863
	<u>2,15,74,863</u>
<b>1.7 Short term borrowings</b>	
<b>Secured from banks</b>	
Cash credit facilities	36,09,52,496
Short term loan	14,50,00,000
	<u>50,59,52,496</u>
<b>Notes :</b>	
Refer note no.3.18 to the Financial Statements for the terms the loans	
<b>1.8 Trade payables</b>	
Micro, Small and Medium enterprises	23,476
Other trade payables	18,93,52,662
	<u>18,93,76,138</u>
<b>1.9 Other current liabilities</b>	
Current maturities of Long term debts	19,62,81,444
Interest accrued but not due on borrowings	-
Interest accrued and due on borrowings	49,36,073
Unclaimed dividends	5,41,618
Other payables	1,84,42,963
	<u>22,02,02,098</u>
<b>Notes :</b>	
i) Refer note no.3.18 to the Financial Statements for terms of current maturities of long term debts	
ii) Other payables include :	
- contribution payable to Gratuity Fund	1,03,78,761
- advance from customers	36,49,525
- income tax (TDS) payable	3,70,295
- sales tax payable	26,13,411
<b>1.10 Short term provisions</b>	
Provision for employee benefit	
Compensated absences	12,05,750
Other provision	
Proposed dividend	85,29,200
Tax on proposed dividend	17,36,375
	<u>1,14,71,325</u>



Notes annexed to and forming part of the Consolidated Financial Statements (contd..)											
1.11 Tangible assets and Capital work in progress											Rupees
Description	Gross block (Cost / valuation)				Depreciation / amortisation / impairment				NET BLOCK		
	As on 01.04.2015	Additions	Deductions	As on 31.03.2016	Upto 31.03.2015	Charge during the year	Deductions/ Adjustments	Upto 31.03.2016	As on 31.03.2016	As on 31.03.2016	
Land - freehold	23,25,01,000	-	-	23,25,01,000	-	-	-	-	23,25,01,000	-	
Buildings	46,21,69,126	-	4,60,231	46,17,08,895	13,38,44,391	1,35,75,153	-	14,74,19,544	31,42,89,351	-	
Structures on lease hold land	32,53,863	-	-	32,53,863	32,53,863	-	-	32,53,863	-	-	
Plant and machinery	160,25,76,540	1,50,80,312	75,023	161,75,81,829	99,74,27,947	614,85,934	75,023	105,88,38,858	55,87,42,971	-	
Wind energy converters	60,46,63,900	15,92,733	-	60,62,56,633	40,49,50,995	270,73,896	-	43,20,24,891	17,42,31,742	-	
Furniture and fittings	22,87,627	1,96,599	-	24,84,226	17,92,171	4,73,252	-	22,65,423	2,18,803	-	
Vehicles	2,82,22,433	1,15,31,604	71,86,603	3,25,67,434	138,47,143	36,99,537	44,88,965	1,30,57,715	1,95,09,719	-	
Office Equipment	91,03,441	2,70,623	-	93,74,064	70,06,829	5,15,380	-	75,22,209	18,51,855	-	
Live stock	32,240	-	-	32,240	-	-	-	-	32,240	-	
<b>TOTAL</b>	<b>294,48,10,170</b>	<b>2,86,71,871</b>	<b>77,21,857</b>	<b>296,57,60,184</b>	<b>156,21,23,339</b>	<b>10,68,23,152</b>	<b>45,63,988</b>	<b>166,43,82,503</b>	<b>130,13,77,681</b>	<b>138,26,86,831</b>	
Previous year	292,72,37,637	1,87,70,939	11,98,406	294,48,10,170	144,99,58,021	10,85,17,522	986,691	156,21,23,339	138,26,86,831	-	
Capital work in progress											
Previous year											

**Notes :** i) Borrowing cost capitalised - Rs. Nil (2015 Rs. Nil)  
ii) Deduction in buildings represents the additional compensation received from NHAI for the compulsory acquisition of certain portion of land and building of Unit II

1.12 Non-Current assets - Intangible assets and Capital work in progress											
Description	Gross block (Cost / valuation)				Depreciation / amortisation / impairment				NET BLOCK		
	As on 01.04.2015	Additions	Deductions	As on 31.03.2016	Upto 31.03.2015	Charge during the year	Deductions/ Adjustments	Upto 31.03.2016	As on 31.03.2016	As on 31.03.2016	
Computer software - acquired	1,67,68,414	70,475	-	1,68,38,889	1,67,68,414	22,317	-	1,67,90,731	48,158	-	
Others trade name	1,35,45,000	-	-	1,35,45,000	1,35,45,000	-	-	1,35,45,000	-	-	
<b>TOTAL</b>	<b>3,03,13,414</b>	<b>70,475</b>	<b>-</b>	<b>3,03,83,889</b>	<b>3,03,13,414</b>	<b>22,317</b>	<b>-</b>	<b>3,03,35,731</b>	<b>48,158</b>	<b>-</b>	
Previous year	3,03,13,414	-	-	3,03,13,414	3,03,13,414	-	-	3,03,13,414	-	-	
Capital work in progress											
Previous year											

**Notes :** i) Borrowing cost capitalised - Rs. Nil (2015 Rs. Nil)


**Notes annexed to and forming part of the Consolidated Financial Statements (contd..)**

Particulars	As at March 31, 2016 Rupees
<b>1.13 Non-Current Investments</b>	
<b>Non-Trade Investments</b>	
Investments in Equity instruments	
i) Associates	
19,90,000 (2015 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	
Cost of acquisition	1,99,00,000
Less Group share of loss as on March 31, 2015	1,28,32,930
Add Current year group share of profit	23,53,097
Carrying amount of investment	<u>94,20,167</u>
7,04,060 (2015 : 3,00,000) Equity shares of Rs.10 each in Salem IVF Centre Private Limited	
Cost of acquisition	70,40,600
Less Group share of loss as on March 31, 2015	15,11,263
Less Current year group share of Loss	32,37,949
Carrying amount of investment	<u>22,91,388</u>
ii) Others	
1,330 (2015 : 1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	60,272
1,07,500 (2015 : 1,07,500) Equity shares of Rs.10 each in Sambandam Investment and Leasing Limited	10,75,000
1,500 (2015 : 1,500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	2,04,000
	<u>1,30,50,827</u>
<b>Notes :</b>	
i) All investments are fully paid-up	
ii) Quoted investments (#) - Cost	60,272
- Market value	1,36,126
iii) Unquoted investments - Cost	1,29,90,555
<b>1.14 Long term Loans and advances</b>	
Unsecured, considered good	
Capital advances	48,05,329
Security deposits	
- with related parties (refer not 3.8 to the Financial Statements)	3,00,000
- with others	3,74,56,277
Other loans and advances	
- with related parties (Refer note no. 3.9 to the financial statements) inter corporate loans	4,00,00,000
- with others	
employee advances	7,26,195
Sales tax, ESI and others paid under protest	2,34,97,252
Advance income tax (net of provisions)	34,24,543
MAT credit entitlement	11,65,10,619
	<u>22,67,20,215</u>


**Notes annexed to and forming part of the Consolidated Financial Statements (contd..)**

Particulars	As at March 31, 2016 Rupees
<b>1.15 Inventories</b>	
Raw materials - Cotton, viscose, modaal	16,39,26,149
Work-in-progress - Cotton, viscose, modaal in process	6,93,77,776
Finished goods - Yarn	11,86,77,685
- Process waste	9,62,289
Stores and spares	21,80,441
	<u>35,51,24,340</u>
<b>1.16 Trade receivables</b>	
Unsecured, considered good	
Trade receivables	
Outstanding for morethan six months from the date they are due for payment	65,73,598
Others	32,91,79,211
	<u>33,57,52,809</u>
<b>1.17 Cash and cash equivalent</b>	
<b>(i) Cash and cash equivalent</b>	
Balances with banks in - Current account	1,43,87,739
Cash on hand	37,54,636
	<u>1,81,42,375</u>
<b>(ii) Other bank balances</b>	
Earmarked balances with Banks	
- Unclaimed dividend accounts	5,41,618
- Liquid assets deposits *	-
Deposits with Banks held as margin money	32,84,400
* under Companies (Acceptance of Deposits) Rules, 1975 Of the above,	
Bank deposits with morethan 12 months maturities Rs. 14,25,000	
2015 Rs. 49,80,300)	
	<u>2,21,68,393</u>
<b>1.18 Short-term loans and advances</b>	
Unsecured, considered good	
Material advances	3,99,649
Employee advances	12,19,781
Other receivables	1,27,83,386
	<u>1,44,02,816</u>
Of the above,	
Other receivables include :	
- VAT credit	6,51,410
- Prepaid expenses	93,58,239
<b>1.19 Other current assets</b>	
Interest accrued on deposits	17,39,557
Interest subsidy receivable	4,15,82,568
Export incentive receivable	3,834
	<u>4,33,25,959</u>


**Notes annexed to and forming part of the Consolidated Financial Statements (contd..)**

Particulars	For the year ended March 31, 2016 Rupees
<b>2.1 Revenue from operations</b>	
Sale of products	
Yarn	189,62,29,268
Fabric sales	6,70,04,601
Process waste	7,80,06,318
	<u>204,12,40,187</u>
Revenue from services	
Yarn testing charges	14,48,650
Yarn conversion charges	1,14,306
Other operating revenues	
Power generated by wind energy converters (net of captive consumption)	97,43,302
Scrap sales	8,37,671
Export incentives	8,88,658
	<u>205,42,72,774</u>
Less Trade rebate and discounts	50,000
	<u>205,42,22,774</u>
<b>2.2 Other income</b>	
Interest income from	
Security deposits and bank deposits	39,26,600
Dividend income from Non-current investments	6,650
Other non-operating income Rent received	9,00,000
Net gain on foreign currency transactions and translations	1,79,059
	<u>50,12,309</u>
<b>2.3 Cost of materials consumed</b>	
Cotton, viscose, modaal	118,80,34,031
Others	1,93,56,393
	<u>120,73,90,424</u>
<b>Of the above</b>	
Imported items - Amount	6,70,41,308
- Percentage	5.55
Indigenous items - Amount	114,03,49,116
- Percentage	94.45
<b>2.4 Changes in Inventories of finished goods and work-in-progress</b>	
Work-in-progress	(2,25,60,632)
Finished goods	(3,65,17,936)
Net change in inventories	<u>(5,90,78,568)</u>
<b>2.5 Employee benefits expense</b>	
Salaries, wages and bonus	21,72,31,144
Contribution to provident, gratuity and other funds	1,22,89,650
Welfare expenses	1,00,86,333
	<u>23,96,07,127</u>



## Notes annexed to and forming part of the Consolidated Financial Statements (contd..)

Particulars	For the year ended March 31, 2016 Rupees
<b>2.6 Finance costs</b>	
Interest	11,08,80,181
Other borrowing costs	27,83,314
	<u>11,36,63,495</u>
Other borrowing costs include amortisation on :	
Premium on forward contracts	27,83,314
<b>2.7 Depreciation and amortisation expense</b>	
<b>Tangible assets</b>	
Buildings	1,35,75,153
Plant and machinery	6,14,85,934
Wind energy converters	2,70,73,896
Furniture and fittings	4,73,252
Office equipments	5,15,380
Vehicles	36,99,537
Total depreciation on tangible assets (A)	<u>10,68,23,152</u>
<b>Intangible assets</b>	
Computer software - acquired	22,317
Total depreciation on tangible assets (B)	<u>22,317</u>
<b>Grand Total (A + B)</b>	<u>10,68,45,469</u>
<b>2.8 Other expenses</b>	
Conversion charges	2,38,16,534
Consumption of stores and spares	2,39,56,161
Power and fuel-net	28,83,11,890
Rent	7,15,560
Repairs and maintenance - Buildings	21,97,551
- Plant and machinery	2,35,13,657
Insurance	18,47,861
Rates and taxes	19,61,007
Packing and forwarding charges	1,76,73,098
Printing and Stationery	7,33,158
Brokerage and commission on sales	1,72,50,470
Travel and vehicle upkeep expenses	1,31,16,551
Donation and charity	87,700
Premium on hank yarn obligation charges	18,80,165
Directors' sitting fees	14,45,000
Expenditure on corporate social responsibility	5,11,390
Loss on sale of assets	8,85,925
Bank and other financial charges	1,10,28,064
Miscellaneous expenses	73,18,921
	<u>43,82,50,663</u>





**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2016**

- 1) Basis of preparation of consolidated financial statements - The consolidated financial statements of the investee company and its associates ("the Group") have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) to comply with the Accounting standards prescribed under section 133 of the Companies Act, 2013 as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention except in so far as they relate to revaluation of net assets.

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

- 2) Use of estimates – The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/materialise.
- 3) Revenue recognition – Revenue from sale of products is recognized on despatch of goods to customers in accordance with the terms of sales. Revenue from services is recognized in accordance with the specific terms of contract on performance. 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.

Revenue from service is recognized when the service to the customers, which is generally on completion of services. Insurance claims are accounted, as and when settled or received.

- 4) Other Income – Interest and rental income are accounted on accrual basis. Dividend income is accounted when the right to receive is established.
- 5) Foreign currency transactions – Foreign currency transactions (including booking/cancellation of forward contracts) are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency, other than those covered by forward exchange contracts, are translated at year end foreign exchange rates. Exchange differences arising on settlements are recognized in the Statement of Profit and Loss. In case of forward exchange contracts which are entered into hedge the foreign currency risk of a receivable/payable recognized in these financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Statement of Profit and loss. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and loss.
- 6) Employee benefits – (i) Short term employee benefit obligations are estimated and provided for; (ii) Post employment benefits and other long term employee benefits – (1) Company's contribution to provident fund, labour welfare fund, employees state insurance corporation and other funds are determined under the relevant schemes and /or statute and charged to revenue; (2) Company's liability towards gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.



**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2016 (contd.)**

- 7) Fixed Assets – Tangible fixed assets - All costs relating to acquisition of fixed assets net of value added tax and terminal excise duty refund under Export Promotion Capital Goods Scheme, subject to the economic life and the cost being in excess of certain limits, are capitalised. Expenditure directly related and incidental to construction are capitalized upto the date of attainment of commercial production. Interest and other related costs, including amortised cost of borrowings attributable only to major projects are capitalized as part of the cost of the respective assets. In the case of Wind energy converters, cost of land on which the converters have been erected is capitalised as cost of the said converters. Cost of structures on leasehold land, where the estimated useful life is more than ten years, is capitalized. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Intangible fixed assets – Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any duties and other taxes and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebate.

- 8) Depreciation/amortization – Tangible fixed assets - Depreciation on fixed assets is provided on straight line basis. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used:

Particulars	Depreciation
Plant and machinery (Continuous process Plant)	Over its useful life of 18 years as Technically assessed
Wind energy convertors	Over its useful life of 17 years as Technically assessed

Intangible fixed assets – (i) Computer software - over a period of 5 years; (ii) Trade name – Over a period of 5 years.

- 9) Impairment of assets – The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.
- 10) Investments – Non-current investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investment, if any. Current investments are valued at lower of cost and fair value.
- 11) Inventories – The governing principle of valuation of Inventories (other than process waste) is the lower of cost and net realisable value. The cost for the said purpose (i) in the case of stores and spare parts, is the weighted average cost (net of Cenvat credit/value added tax, if any), (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, and (iii) is without deduction of the adjustment made for power generated through Wind energy converters and adjusted against the cost of power purchased from state electricity board. Process waste is valued at net realizable value. Provision is made for obsolete, slow moving and damaged items of inventory, if any.

**Statement on Significant Accounting Policies forming part of the Consolidated Financial Statements for the year ended March 31, 2016 (contd.)**

- 12) Government grants – Capital grants from government relating to depreciable assets are treated as deferred income and disclosed as a capital reserve and amortised over the useful life of the concerned asset. Cenvat credit relating to capital assets acquired is treated as capital reserve and amortised over the useful life of the concerned assets by transfer profit and loss account and considered under depreciation. Grants/incentives other than those mentioned above are reckoned in the profit and loss account in the year of eligibility.
- 13) Borrowing costs - Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Statement in the period in which they are incurred.
- 14) Research and development – Revenue expenditure on research and development is charged to the profit and loss account as incurred. Capital expenditure on research and development, where the same represents cost of plant, machinery, equipment and other tangible assets, if any, is given the same accounting treatment as applicable to other capital expenditure.
- 15) Deferred tax - Deferred income tax charge reflects the impact of the current period timing differences between taxable income and accounting income, other than differences capable of getting reversed during the 'tax holiday' period, subject to consideration of prudence. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws to reassess realisation/liabilities.
- 16) Provisions and contingencies - To recognise a provision when (i) the company has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.
- 17) Cash flow statement – Cash flow statements are reported using the indirect method, whereby profit/(loss) before extra-ordinary items/exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipt or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information including taxes paid relating to these activities.



### 3. Notes annexed to and forming part of the Consolidated Financial Statements

#### 3.1 Basis of consolidation

The Consolidated Financial Statements relate to Sambandam Spinning Mills Limited (the Investee Company) and its associate companies ( SPMM Health Care Services Private Limited and Salem IVF Centre Private Limited) together constitute "the Group".

#### Principles of Consolidation

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements" and Accounting Standard 23 (AS 23) "Accounting for Investment in Associates in Consolidated Financial Statements" prescribed under section 133 of the Companies Act, 2013, as applicable.

The following associate companies have been considered in the preparation of Consolidated Financial Statements of the Group in accordance with Accounting Standard 23 "Accounting for Investment in Associates in Consolidated Financial Statements".

Sl.No.	Name of the Associate	Country of Incorporation	% of ownership Interest
1.	SPMM Health Care Services Private Limited	India	49.75%
2.	Salem IVF Centre Private Limited	India	34.795%

**March 31, 2016**  
**(Rupees)**

#### 3.2 Information regarding Imports (c.i.f)

Raw materials	6,70,41,308
Machinery spares	-

#### 3.3 Foreign currency transactions and other financial information

##### (i) Expenditure in foreign currency

Interest	2,82,287
Travel	5,85,531
Others	4,53,409

##### (ii) Earnings in foreign currency

Export of goods (FOB value)	3,16,29,255
Others (freight recoveries)	52,365

##### (iii) Remittance of dividend to Non-Resident Shareholders

-

#### 3.4 Auditor's remuneration

(included under Miscellaneous expenses (refer Note 2.8 to the Financial statements))

For financial audit	4,25,000
For cost audit	2,50,000
For taxation matters	1,25,000
For other services	2,11,000
For reimbursement of expenses	1,67,673

#### 3.5 Contingent liabilities

(i) Claims against the company not acknowledged as debts	5,07,19,221
(ii) Guarantees	96,66,200
(ii) Bills discounted with banks	-
Out flow relating to above not practicable to indicate in view of uncertainties involved	

#### 3.6 Capital commitments not provided for (net of advances)

8,69,57,551

#### 3.7 Earnings per share

Profit after taxation as per Statement of Profit and Loss (A)	32,71,621
Number of equity shares outstanding (B)	42,64,600
Basic and Diluted earnings per share (in Rupees) (A / B)	0.77


**Notes annexed to and forming part of the Consolidated Financial Statements (contd.)**
**March 31, 2016**
**(Rupees)**
**3.8 Segment information**

The company's primary segment is identified as business segment based on nature of products, risks, return and the internal business reporting system (i.e. cotton yarn) and operates in a single geographical segment as per Accounting Standard 17.

**3.9 Related party disclosure**

(i) Related parties with whom transactions have taken place during the year

- (1) Key managerial personnel  
Sri S. Devarajan – Chairman and Managing Director  
Sri D. Niranjankumar – Chief Financial Officer  
Sri R.S. Shanmugam – Company Secretary
- (2) Relative of Key managerial personnel  
Smt D. Anubama  
Sri J. Sakthivel – Chief Technical Officer
- (3) Associate  
SPMM Healthcare Services Private Limited  
Salem IVF Centre Private Limited
- (4) Parties where significant influence exists  
Sambandam Siva Textiles Private Limited  
S. Palaniandi Mudaliar Charitable Trust  
Sambandam Spinning Mills Gratuity Trust  
Kandagiri Spinning Mills Limited

(ii) Transactions with related parties

(1)	Key managerial personnel	
	Sri S. Devarajan	
	- Interest payment	74,420
	- Dividend payment	7,98,230
	- Remuneration	36,00,000
	- Outstanding balances under Fixed deposits	-
	Sri D. Niranjankumar	
	- Interest payment	66,000
	- Dividend payment	8,600
	- Remuneration	18,00,000
	- Outstanding balances under Fixed deposits	6,00,000
	Sri R. S. Shanmugam	
	- Remuneration	6,85,000
(2)	Relative of Key managerial personnel	
	Smt D. Anubama	
	- Rent paid	3,60,000
	- Rent advance paid	-
	- Amount outstanding at end of the year	3,00,000
(3)	Associate	
	- Salem IVF Centre Private Limited	
	- Rent received	9,00,000
	- Rental advance received	-
	- Rent advance outstanding at end of the year	4,50,000
	- Rent receivable at end of the year	1,08,000
	- Investment in shares	40,40,600



**Notes annexed to and forming part of the Consolidated Financial Statements (contd.)**  
**March 31, 2016**  
**(Rupees)**

(4)	Parties where significant influence exists	
	Sambandam Siva Textiles Private Limited	
	- Sale of wind power	97,43,302
	- Outstanding balances at end of the year	-
	S. Palaniandi Mudaliar Charitable trust	
	- Payments for employee welfare services	16,12,249
	- Contribution paid	-
	Sambandam Spinning Mills Gratuity trust	
	- Contribution paid/payable	47,20,200
	Kandagiri Spinning Mills Limited	
	- Inter Corporate Loan paid	4,00,00,000
	- Interest received on Inter Corporate Loan	5,94,590
	- Balance at the end of the year	4,05,94,590
	- Yarn Testing charges received	5,66,749

**3.10** Pursuant to the enactment of Companies Act, 2013 and according to the application guide on the provisions of Schedule II to the Companies Act, 2013, a sum of Rs.35,33,337, being the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost, has been transferred to General Reserve from Revaluation Reserve account.

**3.11** The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no overdues to parties on account of principal amount and/or interest and accordingly no additional disclosures have been made; and (ii) There are no amounts remaining unpaid or unclaimed for a period of seven years in respect of unpaid dividend, matured fixed deposits and interest thereon from the date they became payable by the company and hence there are no amounts remaining to be credited to the Investor Education and Protection Fund.

**3.12** Derivatives - The company uses derivative financial instruments such as forward contracts and option to hedge certain currency exposures, present and anticipated, denominated mostly in US dollars, Euro and Swiss Franks. Generally such contracts are taken for exposures materializing in the next six months. The company actively manages its currency rate exposures and uses these derivatives to mitigate the risk from such exposures. The company has hedged exposure of US \$ Nil (March 31, 2015 US \$ Nil) as at March 31, 2016 and has a net unhedged exposure of US \$ Nil (March 31, 2015 US\$ Nil) as at March 31, 2016.

**3.13** Raw material consumed – others include consumption of yarn for manufacture of double yarn.

**3.14** Power and fuel is net of value of power generated by Wind energy converters Rs.8,50,55,197 (2014-15 Rs.10,59,11,210).

**3.15** Repairs to buildings include amortization of cost of structures on leasehold land of Rs.Nil (2014-15 Rs.4,88,042).

**3.16** Human resources – Particulars of managerial remuneration (i) To Managing Director – Salary Rs.21,60,000 (2014-15 Rs.21,60,000), Perquisites Rs.14,40,000 (2014-15 Rs.14,40,000); and (ii) To Joint Managing Directors – Salary Rs.24,00,000 (2014-15 Rs.24,00,000), Perquisites Rs.12,00,000 (2014-15 Rs.12,00,000).

**3.17** Depreciation/amortisation – (i) Amortised cenvat credit of Rs.Nil (2014-15 Rs.2,69,722) deducted from capital reserve has been netted against the depreciation charge relating to the concerned plant and machinery.



**Notes annexed to and forming part of the Consolidated Financial Statements (contd.)**

**3.18 Details of Long Term Borrowings:**

	Bank Name	March 31, 2016				Rate of Interest %	Particulars of Repayment
		Non Current Rupees	Current Rupees	Total Rupees			
a. i)	<b>Secured Loans: Term loans from Banks</b>						
	Central Bank of India	-	-	-	-	-	9 monthly instalments of Rs.10 lakhs each and one monthly instalment of Rs.9.91 lakhs (2015-16 Rs.99.91 lakhs)
	State Bank of India TL 1	-	-	-	-	-	one monthly instalment of Rs.18 lakhs (2015-16 Rs.18 lakhs)
	State Bank of India TL 2	-	8,52,00,000	8,52,00,000	13.90		12 monthly instalments of Rs.58 lakhs each and 12 monthly instalments of Rs.71 lakhs each (2015-16 Rs.696 lakhs and 2016-17 Rs.852 lakhs)
	State Bank of India TL 4	1,57,50,000	2,70,00,000	4,27,50,000	13.90		12 monthly instalment of Rs.18 lakhs each, 16 monthly instalment of Rs.22.50 lakhs and 2 monthly instalment of Rs.33.75 lakhs each (2015-16 Rs.216 lakhs, 2016-17 Rs.270 lakhs and 2017-18 Rs.157.50 lakhs)
	State Bank of India TL 5	14,25,00,000	75,00,000	15,00,00,000	13.95		6 monthly instalment of Rs.12.50 lakhs each, 48 monthly instalment of Rs.25 lakhs and 12 monthly instalment of Rs.18.75 lakhs each (2016-17 Rs.75 lakhs, 2017-18 Rs.300 lakhs, 2018-19 Rs.300 lakhs, 2019-20 Rs.300 lakhs, 2020-21 Rs.300 lakhs and 2021-22 Rs.225 lakhs)
	Karnataka Bank TL 1	-	-	-	-	-	3 quarterly instalments of Rs.100 lakhs each and one quarterly instalment of Rs.101.25 lakhs (2015-16 Rs.401.25 lakhs)



**Notes annexed to and forming part of the Consolidated Financial Statements (contd.)**  
**3.18 Details of Long Term Borrowings: (contd..)**

Bank Name	March 31, 2016				Rate of Interest %	Particulars of Repayment
	Non Current Rupees	Current Rupees	Total Rupees			
Karnataka Bank TL 2	-	4,97,38,000	4,97,38,000	13.50	4 quarterly instalments of Rs.88 lakhs each, 3 quarterly instalments of Rs.140 lakhs each and one quarterly instalment of Rs.77.38 lakhs (2015-16 Rs.352 lakhs, 2016-17 Rs.497.38 lakhs)	
Karnataka Bank TL 4	67,30,000	1,15,56,000	1,82,86,000	12.75	12 monthly instalment of Rs.7.70 lakhs each, 17 monthly instalment of Rs.9.63 lakhs and 1 monthly instalment of Rs.19.15 lakhs (2015-16 Rs.92.40 lakhs, 2016-17 Rs.115.56 lakhs, 2017-18 Rs.67.30 lakhs)	
Karnataka Bank TL 5	484,00,000	16,00,000	5,00,00,000	13.25	6 monthly instalments of Rs.4 lakhs each, 48 monthly instalments of Rs.8 lakhs each, 10 monthly instalments of Rs.7.70 lakhs each and two monthly instalment of Rs.7.50 lakhs each (2016-17 Rs.16 lakhs, 2017-18 Rs.88 lakhs, 2018-19 Rs.96 lakhs, 2019-20 Rs.96 lakhs, 2020-21 Rs.96 lakhs, 2021-22 Rs.93 lakhs and 2022-23 Rs.15 lakhs.	
IDBI Term loan	50,25,000	100,00,000	1,50,25,000	14.00	8 quarterly instalments of Rs.25 lakhs each and one quarterly instalment of Rs.40.25 lakhs (2015-16 Rs.100 lakhs, 2016-17 Rs.100 lakhs, 2017-18 Rs.50.25 lakhs)	





**Notes annexed to and forming part of the Consolidated Financial Statements (contd.)**  
**3.18 Details of Long Term Borrowings: (contd..)**

Bank Name	March 31, 2016				Rate of Interest %	Particulars of Repayment
	Non Current Rupees	Current Rupees	Total Rupees			
HDFC Bank bus loan	27,80,562	21,66,660	49,47,222	10.01	36 monthly instalments (2016-17 Rs.21.67 lakhs, 2017-18 Rs.21.67 lakhs and 2018-19 Rs.6.13 lakhs)	
HDFC Bank car loan	18,55,381	6,58,746	25,14,127	10.01	36 monthly instalments (2016-17 Rs.6.58 lakhs, 2017-18 Rs.6.20 lakhs, 2018-19 Rs.5.89 lakhs, 2019-20 Rs.5.12 lakhs and 2020-21 Rs.1.35 lakhs)	
State Bank of India car loan	-	80,133	80,133	9.90	14 monthly instalments (2015-16 Rs.4.45 lakhs and 2016-17 Rs.0.73 lakhs)	
State Bank of India car loan	-	-	-	-	12 monthly instalments (2015-16 Rs.3.31 lakhs)	
<b>ii) Term loan from others</b>						
Kotak Mahindra Prime Limited car loan	146,573	1,21,905	2,68,478	9.90	36 monthly instalment (2015-16 Rs.0.39 lakhs, 2016-17 Rs.1.22 lakhs and 2017-18 Rs.1.47 lakhs)	
<b>iii) Cash credit from banks</b>						
State Bank of India	-	10,09,03,481	10,09,03,481	12.05/ 13.80	On demand	
State Bank of India adhoc	-	-	-	-	On demand	
State Bank of India- Packing credit	-	-13,19,431	-13,19,431	9.75	On demand	



**Notes annexed to and forming part of the Consolidated Financial Statements (contd.)**

**3.18 Details of Long Term Borrowings: (contd..)**

Bank Name	March 31, 2016				Rate of Interest %	Particulars of Repayment
	Non Current Rupees	Current Rupees	Total Rupees			
State Bank of India-DL	-	10,02,38,904	10,02,38,904	10.90	On demand	
Karnataka Bank	-	9,73,02,821	9,73,02,821	12.75	On demand	
Karnataka Bank adhoc	-	-	-	-	On demand	
Axix Bank	-	519,63,929	519,63,929	12.25	On demand	
Canara Bank	-	1,18,62,792	1,18,62,792	-	On demand	
<b>iv) Short term loan from banks</b>						
Canara Bank WCDL	-	14,50,00,000	14,50,00,000	12.40	Repayable within 12 months	
	22,31,87,516	70,15,73,940	92,47,61,456	-		
<p>(i) Term loans from banks aggregating Rs.41,09,99,000 (March 31, 2015 Rs.40,85,91,477) are secured by a first charge on the Company's fixed assets subject to the charge stated in (ii) to (iii) infra and secured by a second charge on the Company's current assets; (ii) Term loans from banks to an extent of Rs.75,41,482 (March 31, 2015 Rs.8,55,868) are secured by hypothecation of certain buses and cars; (iii) Term loan from Kodak Mahindra Prime Limited of Rs.2,68,478 (March 31, 2015 Rs.3,07,583) is secured by hypothecation of car; (iv) Cash credit/short term loans are secured by a first charge on the Company's current assets and by a second charge on the Company's fixed assets excluding the charges mentioned in (ii) to (iii) supra; and (v) All the above loans are guaranteed by four directors.</p>						
<b>b. Unsecured Loans :</b>						
Fixed deposits	5,10,10,000	6,60,000.00	5,16,70,000	11.00 to 12.00	-	
	5,10,10,000	6,60,000.00	5,16,70,000	-	-	


**Notes annexed to and forming part of the Consolidated Financial Statements (contd.)**
**3.19 Employee benefits -**
**(i) Defined Employee benefit plans - As per Actuarial valuation as on March 31, 2016**

Rs. lakhs

	Gratuity (funded) 2015-16	Compensated absences (unfunded) 2015-16
A. Expenses recognised in the statement of profit and Loss Accounting for the year ended Mar 31,2016		
(i) Current service cost	26.72	1.67
(ii) interest cost	27.03	15.52
(iii) Expected return on plan assets	(25.41)	-
(iv) Net actuarial (gain) / loss recognised during the year	18.86	(6.99)
Total expenses	47.20	10.20
B. Actual return on plan assets		
(i) Expected return on plan assets	25.41	-
(ii) Actuarial (gain) / loss on plan assets	(1.40)	-
(iii) Actual return on plan assets	26.21	-
C. Net asset / (liability) recognised in the balance sheet		
(i) Present value of the obligation	390.01	209.22
(ii) Fair value of plan assets	293.12	-
(iii) Funded status (surplus/deficit)	(96.89)	(209.22)
(iv) Unrecognised past service cost	-	-
(v) Net Asset / (liability) recognised in the balance sheet	(96.89)	209.22
D. Change in Present value of the obligation during the year		
(i) Present value of the obligation as at beginning of the year	357.00	199.02
(ii) Current service cost	26.72	1.67
(iii) interest cost	27.03	15.52
(iv) Benefits paid	(38.19)	-
(v) Actuarial (gain) / loss on obligation	17.45	(6.99)
(vi) Present value of obligation as at end of the year	390.01	209.22
E. Change in assets during the year		
(i) Fair value of plan assets as at beginning of the year	295.42	(6.99)
(ii) Expected return on plan assets	25.41	-
(iii) Contributions	11.88	
(iv) Benefits paid	(38.19)	Unfunded
(v) Actuarial (gain) / loss on plan assets	(1.40)	-
(vi) Fair value of plan assets as at end of the year	293.12	-



**Notes annexed to and forming part of the Consolidated Financial Statements (contd.)**  
**3.19 Employee benefits (Contd..)**

Rs. lakhs

	Gratuity (funded) 2015-16	Compensated absences (unfunded) 2015-16
F. Experience adjustments in		
(i) Plan liabilities - loss(gain)	17.45	-
(ii) Plan assets - loss(gain)	(1.40)	-
G. Major categories of plan assets as a percentage of total plan		
(i) Government of india securities	-	-
(ii) State Government Securities	-	-
(iii) High Quality Corporate bonds	-	-
(iv) Special Deposit Scheme	-	-
(v) Other (Bank deposits)	-	-
(vi) SBI Life insurance company	100%	-
(vii) Total	100%	-
H. Actuarial Assumptions		
(i) Discount rate	8%	7.80%
(ii) Salary escalation rate	6%	6%
(iii) Attrition rate	5%	1%
(iv) Expected return on plan assets	8.60%	0%

In the above actuarial valuation the estimated of future salary increases have reckoned the effect of inflation, seniority, promotion and other relevant factors.

- ii) Gratuity fund is administered through group gratuity scheme with SBI Life Insurance Company Limited and by the Gratuity Trust through trustees.
- iii) During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

Salaries, wages and bonus include compensated absences of Rs.20,47,447 (2014-15 Rs.18,13,729) Contribution to provident, gratuity and other funds include contribution to provident fund and family pension fund contribution of Rs.75,69,450 (2014-15 Rs.76,86,597) and gratuity fund of Rs.47,20,200 (2014-15 Rs.15,90,406). Workmen and staff welfare expenses include contribution to employees state insurance of Rs.29,58,231 (2014-15 Rs.32,59,811).

**3.20 CSR EXPENDITURE**

Rs. Lakhs

Particulars	2015-16
(a) Gross amount required to be spent by the Company during the year	14.62
(b) Amount spent during the year on:	
(i) Construction / acquisition of any asset	-
(ii) Purposes other than (i) above	5.11


**Notes annexed to and forming part of the Consolidated Financial Statements (contd.)**
**3.21 Disclosure as required under Section 186 (4) of the Companies Act, 2013:**

Particulars	Rs. Lakhs	
	2015-16	Purpose
a) Loans given to M/s Kandagiri Spinning Mills Limited	400.00	Funding for Operations
Loan outstanding	400.00	—
b) Investment (refer note 1.13 to the financial statements)	282.80	—
c) Guarantees	—	—

**3.22 Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries, Joint Ventures and Associates**

S. No.	Name of the Entity	Net Assets		Share in Profit or Loss	
		As a % of Consolidated Net Assets	Amount Rs. Lakhs	As a % of Consolidated Profit or (Loss)	Amount Rs. Lakhs
1.	<b>Investee Company</b> Sambandam Spinning Mills Limited	101.39	7,824.49	127.02	41.56
	<b>Associate (Investment as per the equity method)</b>				
	<b>Indian</b>				
2.	SPMM Health Care Services Private Limited	2.45	189.35	144.56	47.30
3.	Salem IVF Centre Private Limited	0.86	66.03	(285.18)	(93.31)
	<b>Sub Total</b>	<b>104.70</b>	<b>8,079.87</b>	<b>(13.60)</b>	<b>(4.45)</b>
	Less: Effect of intercompany adjustments / eliminations	4.70	362.38	(113.61)	(37.17)
	<b>Total</b>	<b>100.00</b>	<b>7,717.49</b>	<b>100.01</b>	<b>32.72</b>

Notes : Net Assets and Share in Profit or Loss for Investee Company and Associates are as per the Standalone Financial Statements of the respective entities.

Name of Associate	Latest Audited Balance Sheet date	Network	Profit / (Loss) for the year
		Rs. Lakhs	Considered in consolidation
<b>(A) Associates</b>			
SPMM Health Care Services Private Limited	31-Mar-2016	189.35	47.30
Salem IVF Centre Private Limited	31-Mar-2016	66.03	(93.31)

**3.23** Since this is the first year of consolidation, previous year figures have not been given.

**3.24** The figures for the previous periods have been reclassified/regrouped/amended, wherever necessary.

Signatures to Statement of Accounting Policies and Notes to Consolidated Financial Statements

For and on behalf of the Board

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

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

Salem,  
May 21, 2016

**R.S. Shanmugam**  
Company Secretary

**D. Niranjankumar**  
Chief Financial Officer

# SAMBANDAM SPINNING MILLS LIMITED



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

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013  
and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....

Registered Address : .....

E-mail Id : .....

Folio No..... DP ID No ..... Client ID No .....

I / We, being the Member(s) of Sambandam Spinning Mills Limited, holding ..... Shares hereby appoint

1. Name: .....E-mail Id .....

Address: .....

.....Signature..... or failing him

2. Name: .....E-mail Id .....

Address: .....

.....Signature..... or failing him

3. Name: .....E-mail Id .....

Address: .....

.....Signature..... or failing him

as my / our proxy to attend for me/us and on my / our behalf at the Forty Second Annual General Meeting of the Company held at the Sambandam Spinning Mills Limited at Kamaraj Nagar Colony. Salem – 636 014 on Saturday, the 6<sup>th</sup> August 2016 at 10.45 a.m and at adjournment thereof in respect of such resolutions as are indicated below: (Please turn to next page)



# SAMBANDAM SPINNING MILLS LIMITED

Registered Office : KAMARAJ NAGAR COLONY, SALEM – 636 014  
Corporate Identity Number (CIN) : L17111TZ1973PLC000675

## **Attendance Slip**

(To be presented at the entrance of the venue of the AGM)

I hereby record my presence at the Forty Second Annual General Meeting of the Company held at the Sambandam Spinning Mills Limited at Kamaraj Nagar Colony. Salem – 636 014 on Saturday, the 6<sup>th</sup> August 2016 at 10.45 a.m and any adjournment thereof

Folio No / DP ID No / Client ID No .....

Name of the Member ..... Signature.....

Name of the Proxy holder ..... Signature.....

1. Only Member / Proxy holder can attend the Meeting.
2. Member / Proxy holder should bring the AGM notice and the Annual Report for reference at the meeting

Please put a tick (✓) mark at the appropriate column against the respective Resolutions to record your assent (Yes) or your dissent (No). If you leave the 'Yes' or 'No' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner he / she thinks appropriate.

Sl. No.	Resolutions	Type of Resolution	No. of Shares Held	Yes	No
1.	ADOPTION OF FINANCIAL STATEMENTS	ORDINARY			
2.	DECLARATION OF DIVIDEND	ORDINARY			
3.	APPOINTMENT OF SRI S. DINAKARAN DIRECTOR RETIRING BY ROTATION	ORDINARY			
4.	APPOINTMENT OF STATUTORY AUDITORS	ORDINARY			
5.	RATIFICATION OF REMUNERATION PAYABLE TO THE COST AUDITORS	ORDINARY			
6.	ACCEPTANCE OF DEPOSITS FROM MEMBERS OF THE COMPANY	ORDINARY			

Place :

Date :

(Signature of Member)

Signed this ..... day of August 2016

Signature of Member .....

Signature of Proxy holder(s) .....

Affix Re.1 Revenue Stamp
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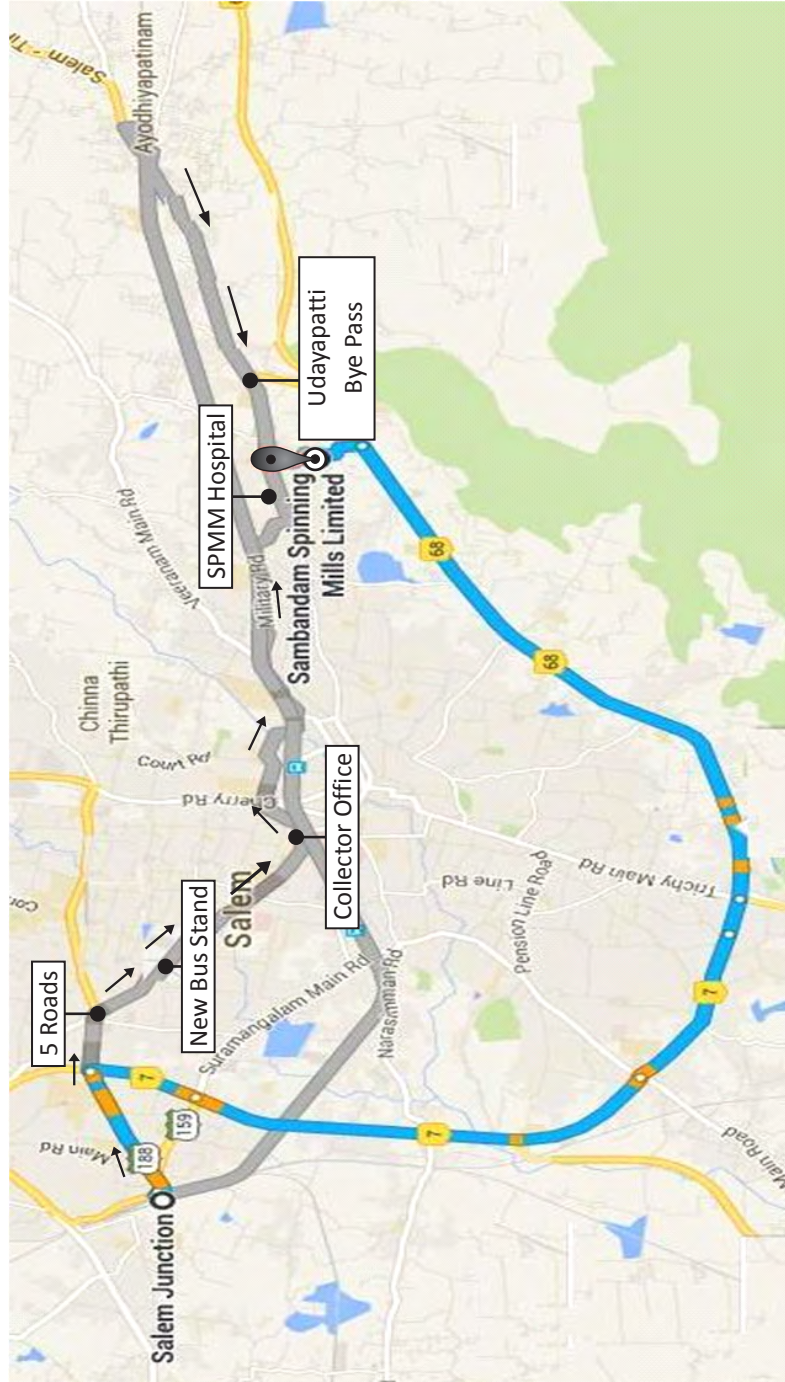
**Note: This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 10.45 am on 04.08.2016.**

Note [Proxy]:

- 1) This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 10.45 am on 04.08.2016.
- 2) Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by appropriate Resolutions / Authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
- 3) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member is entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 days advance notice in writing is given to the Company.



**AGM Venue**  
 Sambandam Spinning Mills Limited,  
 Registered Office, Kamaraj Nagar Colony,  
 Salem - 636 014.







**SAMBANDAM SPINNING MILLS LIMITED**

**Registered Office : Mill Premises, Post Box No.1,  
Kamaraj Nagar Colony, Salem - 636 014**