



# Super Spinning Mills Limited

Regd. & Central Office : "Elgi Towers" P.B. 7113, Green Fields, 737-D, Puliakulam Road, Coimbatore - 641 045.  
CIN : L17111TZ1962PLC001200



August 03, 2019

Listing Department <b>BSE Ltd</b> Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001  <b>Scrip Code: - 521180</b>	Listing Department <b>National Stock Exchange of India Limited</b> "Exchange Plaza", C-1, Block G Bandra – Kurla Complex Bandra (E), Mumbai 400 051  <b>Scrip Code: - SUPERSPIN</b>
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Dear Sir,

**Sub: Submission of Annual Report for the year 2018-19**

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, enclosed herewith the Annual Report of the Company along with the Notice of AGM for the year 2018-19.

Further it is informed that the company has commenced dispatch of the said notice and the Annual Report to the members of the company on Saturday, August 3, 2019.

The said documents are also uploaded on the website of the Company viz. [www.superspining.com](http://www.superspining.com).

Kindly take the above on record.

Thanking you  
Yours truly

For Super Spinning Mills Ltd

Narmatha G K  
Company Secretary

RECOGNISED EXPORT - TRADING HOUSE

**SUPER**

# Super Spinning Mills Limited

CIN: L17111TZ1962PLC001200

## Corporate Information

**Chairman and Managing Director**

**Board of Directors**

**Chief Financial Officer**

**Company Secretary**

**Auditors**

**Secretarial Auditor**

**Bankers**

**Registrar and Share Transfer Agents**

**Registered Office**

Mr. Sumanth Ramamurthi

Mr. Sudarsan Varadaraj

Mr. C G Kumar

Mrs. Suguna Ravichandran

Mr. B Lakshmi Narayana

Mr. A R Balasundharam

Mr. C S K Prabhu

Mr. B Vijayakumar

Mr. B Sathyanarayana Reddy

Mrs. Narmatha G K

M/s. Sethia, Prabhadr Hegde & Co.,

Mr. M D Selvaraj, MDS & Associates

Union Bank of India

State Bank of India

IDBI Bank

Andhra Bank

Link Intime India Pvt Ltd (Coimbatore Branch)

"Surya" 35, May Flower Avenue,

Behind Senthil Nagar, Sowripalayam Road,

Coimbatore – 641 028

Phone : 0422-2314792, 2315792

Fax : 0422 - 2314792.

E-mail : coimbatore@linkintime.co.in

"ELGI TOWERS", PB 7113

Green Fields, 737-D Puliakulam Road

Coimbatore – 641045

Tamil Nadu

Tel : (0422) 2311711

Fax : (0422) 2311611

E-mail : investors@ssh.saraelgi.com

Website : www.superspining.com

**Mills Location**

A Unit : Kirikera, Andhra Pradesh

B Unit : Kotnur, Andhra Pradesh

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## Notice to the Members

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Notice is hereby given that the **57th Annual General Meeting** of the Company will be held on **Wednesday, the 28th August 2019 at 3.30 P.M** at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore - 641 018, to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the audited financial statements including Statement of Profit and Loss (including other comprehensive income) along with the Statement of Cash Flows and the Statement of changes in equity for the financial year ended March 31, 2019, the Balance Sheet as at that date, the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. A R Balasundharam (DIN 07802383), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business

3. Ratify the remuneration of Cost Auditors for the financial year ending 31st March, 2020.

To consider and if thought fit, pass the following resolution as an **Ordinary Resolution**

**RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the remuneration of Mr.R.Krishnan, Cost Accountant (Membership No.7799), appointed by the Board of Directors of the Company, as Cost Auditors to conduct audit of the cost records maintained by the Company for the financial year ending 31st March 2020, at ₹ 50,000/- (Rupees Fifty Thousand Only) exclusive of applicable Taxes and out of pocket expenses, be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and are hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

4. Re-appointment of Mr. Sumanth Ramamurthi (DIN: 00002773), Chairman and Managing Director of the Company.

To consider and if thought fit, pass the following resolution as an **Ordinary Resolution**

**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the members be and is hereby accorded for the re-appointment of Mr. Sumanth Ramamurthi (DIN: 00002773), as Chairman and Managing Director of the Company, for a period of three years with effect from 01st April 2020, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors at their meeting held on 30th May 2019 on the terms and conditions as mentioned below.

- I. Salary: ₹ 2,45,000/- per month with an annual increment upto 10% of salary
- II. Commission: 1.5% of Net Profit of the Company in each year computed in accordance with section 198 of the Companies Act, 2013.
- III. Allowances & Perquisites

In addition to salary and commission the following allowances and perquisites shall be allowed as detailed below:

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1. Housing: Unfurnished residential accommodation will be provided. In its absence, 60% of the salary will be paid as house rent allowance.
  2. Perquisites: The following perquisites shall be allowed subject to a maximum of 40% of the salary
    - i. Medical: Reimbursement of expenses actually incurred for self and his family.
    - ii. Leave Travel Concession: Leave Travel Concession for self and his family.
    - iii. Insurance: Life, Health and personal accident insurance cover for self.

In any year, if the perquisites specified in Part-2 above, are not availed in full, the unutilized portion of the limit shall be encashed at the end of every year.

3. Free use of Company car with driver and reimbursement of conveyance expenses and telephones.
4. Mr. Sumanth Ramamurthi shall also be eligible for the following benefits, which shall not be included in the computation of the ceiling on the remuneration.

PF: Contribution to Provident Fund to the extent it is not taxable under the Income Tax Act, 1961.

Gratuity: Gratuity payable at the rate not exceeding 15 days salary of each year of completed service or as may be notified by the Government from time to time.

**RESOLVED FURTHER THAT** in the event of no profits or inadequacy of profits, the remuneration payable to Mr. Sumanth Ramamurthi, Chairman and Managing Director, of the Company shall not exceed the limits specified in Part II of Section II of Schedule V of the Companies Act, 2013 or such limits as may be notified by the Government from time to time.

**RESOLVED FURTHER THAT** the terms and conditions set out for appointment shall be altered and varied from time to time by the Board as it may, in its discretion deems fit.

5. Re-appointment of Mr. Coimbatore Gopal Kumar (DIN: 02823567), as an Independent Director of the Company.

To consider and if thought fit, pass the following resolution as a **Special Resolution**.

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 as amended, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (SEBI Listing Regulations) and as per the recommendations of the nomination and remuneration committee and board of directors, Mr. Coimbatore Gopal Kumar (DIN: 02823567), independent non-executive director of the company who has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and is eligible for re-appointment, be and is hereby re-appointed as an independent director of the company, for a second term of five consecutive years with effect from 1st June 2019 and is not liable to retire by rotation.

**RESOLVED FURTHER THAT** the board of directors of the company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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6. Re-appointment of Mr. Sudarsan Varadaraj (DIN: 00133533), as an Independent Director of the Company  
To consider and if thought fit, pass the following resolution as a **Special Resolution**.

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 as amended, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (SEBI Listing Regulations) and as per the recommendations of the nomination and remuneration committee and board of directors, Mr. Sudarsan Varadaraj (DIN: 00133533), independent non-executive director of the company who has submitted a declaration that he meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and is eligible for re-appointment, be and is hereby re-appointed as an independent director of the company, for a second term of five consecutive years with effect from 1st June 2019 and is not liable to retire by rotation.

**RESOLVED FURTHER THAT** the board of directors of the company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

7. Re-appointment of Mrs. Suguna Ravichandran (DIN: 00170190), as an Independent Director of the Company.

To consider and if thought fit, pass the following resolution as a **Special Resolution**.

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 as amended, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (SEBI Listing Regulations) and as per the recommendations of the nomination and remuneration committee and board of directors, Mrs. Suguna Ravichandran (DIN: 00170190), independent non-executive director of the company who has submitted a declaration that she meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and is eligible for re-appointment, be and is hereby re-appointed as an independent director of the company, for a second term of five consecutive years with effect from 1st June 2019 and is not liable to retire by rotation.

**RESOLVED FURTHER THAT** the board of directors of the company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

8. Payment of Consultancy fees to Mr. A.R.Balasundharam (DIN: 07802383), Non-executive Director of the Company.

To consider and if thought fit, pass the following resolution as a **Special Resolution**.

**RESOLVED THAT** pursuant to Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Sections 197,198 and any other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force), the consent of the shareholders of the company be and is hereby accorded for the payment of consultancy fees not exceeding Rs.18,00,000/- per annum (exclusive of applicable taxes &

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sitting fees) to Mr.A.R.Balasundharam (DIN: 07802383), Non-executive Director for a period of one year with effect from 01st June 2019 for rendering consultancy services to the Company.

**RESOLVED FURTHER THAT** the board of directors of the company be and are hereby authorised to do all acts and take all such Steps as may be necessary, proper or expedient to give effect to this resolution.

**Notes:**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM FOR THE AGM IS ENCLOSED.**

**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

- Members may note that M/s. Sethia, Prabhad Hegde & Co., (Firm Registration No: 013367S) Chartered Accountants were appointed as the Statutory auditors of the Company by the shareholders at the 55th Annual General Meeting of the Company to hold office for a period of five years from the conclusion of that Annual General Meeting till the conclusion of the 60th Annual General Meeting, subject to ratification by the shareholders at every Annual General Meeting. However, the Ministry of Corporate Affairs vide notification dated May 7, 2018 has done away with the requirement of seeking ratification of members for appointment of auditors at every Annual General Meeting. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 57th Annual General Meeting.
  - Pursuant to Section 102 of the Companies Act, 2013 the Statement setting out material facts and reasons for the proposed special business set out in item nos. 3 to 8 above, is annexed hereto.
  - Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
  - Members / Proxies attending the meeting are requested to bring the attendance slips duly filled and signed for attending the meeting.
  - Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer books of the company will remain closed from Thursday, 22<sup>nd</sup> August 2019 to Wednesday, 28<sup>th</sup> August 2019 (both days inclusive).
  - Details as stipulated under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by the Institute of Company Secretaries of India in respect of Director seeking appointment / re-appointment at the Annual General Meeting are furnished and forms integral part of the Notice. The Directors have furnished the requisite consents/declarations for their re-appointment.
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8. Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof and Bank particulars to the Company or its Registrar & Share Transfer Agent and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company/RTA without any delay.
  9. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward their queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
  10. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or Registrar and Share Transfer Agent, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such members after making requisite changes thereon.
  11. To support the "Green Initiative", the members who have not registered their e-mail addresses are requested to register the same with the Registrar and Share Transfer Agent / Depositories.
  12. Copies of the Annual Report 2018-19, the Notice of the 57th Annual General Meeting of the Company and instructions for e-voting along with the Attendance Slip and Proxy Form are being sent only through electronic mode to all the members whose e-mail addresses are registered with the Company / Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2018-19 are being sent through permitted mode.
  13. Members may also note that the Notice of the 57th Annual General Meeting and the Annual Report 2018-19 will be available on the Company's website [www.superspining.com](http://www.superspining.com). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on any working day.
  14. In terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, securities of the listed companies can only be transferred in dematerialized form w.e.f April 01st, 2019. In view of the above, members are advised to dematerialize shares held by them in physical form.
  15. The SEBI has mandated the submission of PAN by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in Physical form can submit their PAN to the Company or to M/s Link Intime India Pvt Limited, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028.
  16. Pursuant to Section 72 of the Act, Members holding shares in physical form are advised to file Nomination Form in the prescribed form SH-13 with the Company's Registrar and Share Transfer Agents. In respect of shares held in electronic/demat form, the members may please contact their respective Depository Participant.
  17. In case of Joint holders attending the meeting, only such joint holders who is higher in the order of names will be entitled to vote.
  18. Members are requested to note that the venue of the 57th Annual General Meeting at Ardra Convention Centre, "Kaanchan", No. 9, North Huzur Road, Coimbatore - 641 018 and the route map containing the complete particulars of the venue is attached to this Notice.
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19. Voting through electronic means:

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 the Company is pleased to provide its members the facility to exercise their right to vote at the 57th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by M/s.Link Intime India Private Limited (LI IPL)
2. The facility for voting, either through electronic voting system or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting may exercise their vote through polling paper at the meeting.
3. The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
4. The Company has engaged the services of M/s.Link Intime India Pvt Ltd as the Agency to provide e-voting facility.

The instructions for members for voting electronically are as under :-

The voting period begins on Sunday, 25th August, 2019 9.00 A.M. and ends on Tuesday, 27th August 2019 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, 21st August, 2019 may cast their vote electronically. The e-voting module shall be disabled by LI IPL for voting thereafter.

**Log-in to e-Voting website of Link Intime India Private Limited (LI IPL)**

- i. Visit the e-voting system of LI IPL. Open web browser by typing the following URL:  
<https://instavote.linkintime.co.in>.
- ii. Click on "Login" tab, available under 'Shareholders' section.
- iii. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
- iv. Your User ID details are given below
  - a. **Shareholders holding shares in demat account with NSDL:** Your User ID is 8 Character DP ID followed by 8 Digit Client ID
  - b. **Shareholders holding shares in demat account with CDSL:** Your User ID is 16 Digit Beneficiary ID
  - c. **Shareholders holding shares in Physical Form (i.e. Share Certificate):** Your User ID is Event No + Folio Number registered with the Company
- v. Your Password details are given below:

If you are using e-Voting system of LI IPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

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Click on “Sign Up” tab available under ‘Shareholders’ section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

<b>For Shareholders holding shares in Demat Form or Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> <li>Members who have not updated their PAN with Depository Participant or in the company record are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN Field.</li> </ul>
DOB/ DOI	Enter the DOB (Date of Birth)/ DOI as recorded with Depository Participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number. <ul style="list-style-type: none"> <li>Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).</li> </ul>

If you are holding shares in demat form and had registered on to e-Voting system of LI IPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

**If Shareholders holding shares in Demat Form or Physical Form have forgotten password:**

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on “SUBMIT”.

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

**NOTE:** The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LI IPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

❖ **Cast your vote electronically**

- vi. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View “Event No” of the company, you choose to vote.
- vii. On the voting page, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.

Cast your vote by selecting appropriate option i.e. Favour/Against as desired.

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Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

- viii. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- ix. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- x. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- xi. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

❖ **General Guidelines for shareholders:**

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as '**Custodian / Mutual Fund / Corporate Body**'.

They are also required to upload a scanned certified true copy of the board resolution / authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the '**Custodian / Mutual Fund / Corporate Body**' login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
  - Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
  - In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 - 49186000.
5. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 21st August 2019.
  6. Mr. M.D.Selvaraj, FCS of MDS & Associates, Company Secretaries in Practice, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  7. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  8. The Results shall be declared within 2 days of the conclusion of the Annual General Meeting. The results declared along with the Consolidated Scrutinizer's Report shall be placed on the Company's website [www.superspinning.com](http://www.superspinning.com) and on the website of LIPL and communicated to the Stock Exchanges where the Company's shares are listed.
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**Statement pursuant to Section 102 of the Companies Act, 2013:**

**Item No. 3**

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of Mr.R.Krishnan, Cost Accountant (Registration No. 7799) as Cost Auditor to conduct the audit of the cost records of the company for the financial year 2019-20 on a fee of ₹ 50,000/- exclusive of applicable Taxes and out of pocket expenses. In accordance with the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors has to be ratified by the members of the company.

Accordingly, the consent of the members is sought for passing an ordinary resolution as set out at Item no. 3 of the notice, for ratification of the remuneration payable to the cost auditor for the financial year 2019-20.

None of the Directors or Key Managerial Personnel of your company and their relatives are concerned or interested financially or otherwise in the resolution set out in Item No.3 of the notice.

The Board recommends the resolution set out in Item No. 3 of the notice for the approval of the members.

**Item No. 4**

Mr. Sumanth Ramamurthi, Chairman and Managing Director of the Company was appointed for a period of 2 years from 01.04.2018 and his appointment is due for renewal on 01.04.2020. Mr. Sumanth Ramamurthi aged 60 years, with a qualification of Electrical Engineering, has more than three decades of experience in the fields of textile and engineering industry. He joined the company during 1992. He is one of the promoter and main contributory to the growth and development of the Company.

Considering his contributions and as per the recommendation of the Nomination and Remuneration Committee, the Board at their meetings held on 30th May 2019, has approved his reappointment as the Chairman and Managing Director of the Company for a further period of three years from 01st April 2020 to 31st March 2023, on such remuneration as set out in the resolution, in accordance with Section 197 read with Schedule V of the Companies Act, 2013.

Further, pursuant to the provisions of Section 196,197,203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the re-appointment shall be subject to the approval of the shareholders of the Company in the General Meeting. Hence, the Board recommends the resolution set out in Item No.4 of the Notice for the approval of the members.

The disclosures as required under Section II(A) of Part II of Schedule V of the Companies Act, 2013 forms part of this report.

Except Mr.Sumanth Ramamurthi, being the recipient of remuneration/appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution as set out in Item No.4 of the Notice.

**Item No.5,6&7**

Mr. Coimbatore Gopal Kumar (DIN: 02823567), Mr. Sudarsan Varadaraj (DIN: 00133533) and Mrs. Suguna Ravichandran (DIN: 00170190) were appointed as Independent Directors of the Company as per the provisions of Section 149, 150, 152, 160 and Schedule IV of the Companies Act, 2013 read with the relevant Rules thereunder as amended, at the Annual General Meeting held on 10th September 2014 to hold office upto 31st May 2019, for a term of five consecutive years.

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As the above named Independent Directors shall be completing their first term of appointment upon completion of five years from the respective dates of their appointment during the current year, as per Section 149(10) of the Companies Act, 2013, they are eligible for re-appointment for another term of five consecutive years subject to approval of the Members by way of passing a Special Resolution.

Based on the performance evaluation of Independent Directors, the Nomination and Remuneration Committee has recommended the re-appointment of the above said directors to the Board. The experience and contributions made by them during their tenure were taken note of by the Board at their meetings held on 30th May 2019. The Board further decided that the continued association of Mr. Coimbatore Gopal Kumar, Mr. Sudarsan Varadaraj and Mrs. Suguna Ravichandran would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, the Board re-appointed Mr. Coimbatore Gopal Kumar, Mr. Sudarsan Varadaraj and Mrs. Suguna Ravichandran as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

All the above named persons have consented to their re-appointment and confirmed that they do not suffer from any disqualifications for appointment as Independent Directors. The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under sub-section 6 of Section 149 of the Act and as per Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). In the opinion of the Board, they fulfill the conditions for re-appointment as Independent Directors and they are independent of the Management.

Details of Directors whose re-appointment as Independent Directors is proposed at Item Nos. 5, 6 and 7 are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The Company has also received notices from a Member under Section 160 of the Companies Act, 2013 (the Act) proposing their re-appointment as Independent Directors for the second term of 5 consecutive years.

A copy of the draft letter for re-appointment of the Independent Directors setting out the terms and conditions of their re-appointment is available for inspection by the Members at the Registered Office of the Company during the office hours on all working days other than on Saturdays and Sundays till the date of the Annual General Meeting.

The Board recommends the resolutions set out in item no 5,6 & 7 in relation to appointment of Mr. Coimbatore Gopal Kumar, Mr. Sudarsan Varadaraj, and Mrs. Suguna Ravichandran, as Independent Directors for another term of five (5) consecutive year, for the approval by the shareholders of the Company.

Except Mr. Coimbatore Gopal Kumar, Mr. Sudarsan Varadaraj, and Mrs. Suguna Ravichandra who are deemed to be interested, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5, 6 and 7 of the Notice.

#### **Item No.8**

Pursuant to Regulation 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the Shareholders of the Company by special resolution shall be obtained every year, in which the annual remuneration payable to single non-executive director exceeds fifty percent of the total annual remuneration payable to all non-executive directors.

The company pays consultancy fee to Mr. A R Balasundharam for the services rendered by him as consultant. The remuneration payable to Mr. A R Balasundharam, non-executive director, will exceed fifty percent of the

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annual remuneration payable to all the non-executive directors. The Company does not pay any remuneration to the non-executive directors other than sitting fee for attending the board and committee meetings.

As per the recommendation of the Nomination and Remuneration Committee the Board at their meeting held on 30th May 2019 has approved the payment of consultancy fees not exceeding ₹18,00,000/- per annum (exclusive of applicable taxes & sitting fees) to Mr.A.R.Balasundharam, Director of the Company for rendering consultancy services to the Company for a period of one year with effect from 1st June 2019. The payment of consultancy fees would be in addition to the sitting fees payable for attending the meetings of the Board and the Committees thereof.

The Board recommends the resolution set out in Item No. 8 of the Notice for the approval of the members.

Except Mr.A.R.Balasundharam, being the beneficiary, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution as set out in Item No. 8 of the Notice.

By order of the Board  
 For Super Spinning Mills Limited

**Narmatha G K**  
 Company Secretary

Coimbatore  
 30<sup>th</sup> May, 2019

**Statement of Information to be provided under, Section II(A) of Part II of Schedule V of the Companies Act, 2013**

**I. General Information**

**1. Nature of Industry:**

Textiles

**2. Date or expected date of commencement of commercial production:**

The Company was incorporated on 06.06.1962 and commenced commercial production subsequently.

**3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not applicable

**4. Financial performance based on given indicators**

(₹ in Lakhs)

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Sales and other income	21716.32	26361.75
Profit / (Loss) before tax and depreciation	(1017.44)	(1604.22)
Profit / (Loss) after tax	(1446.09)	(2159.04)
Paid up Equity Capital	550.00	550.00
Other Equity	12005.60	12934.87
Basic Earnings per share	(2.91)	(3.93)

**5. Foreign investments and collaborations, if any: Nil**

**II. Information about the Appointees / Beneficiaries:**

<b>Particulars</b>	<b>Mr.Sumanth Ramamurthi</b>
Back ground details	Mr.Sumanth Ramamurthi aged 59 years is an industrialist, having more than three decades of experience in the fields of textile and engineering industries and is a Director on the Board of six other companies. He has a B.S Degree in Electrical Engineering from the University of Missouri, USA.
Past remuneration	₹ 50.88 Lakhs
Recognition or awards	Nil
Job profile and his suitability	Mr. Sumanth Ramamurthi as Chairman and Managing Director shall be in-charge of the entire affairs of the company and shall have substantial powers of management subject to the superintendence of the Board. Mr. Sumanth Ramamurthis is a qualified Electrical Engineer (USA) and has been associated with the company for over three decades. Considering his experience, he is best suitable for the job.
Remuneration Proposed	As per Item No. 4 of the resolution annexed to the Notice
Comparative remuneration profile with respect to industry, size of the company profile of the position and person	Salary to be given is at par with the industry standards
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Nil

**III. Other Information**

- Reasons of loss or inadequate profits:  
The high cost of raw material, lower value realization for yarn and fluctuation in the value of the Indian rupee have affected the Company's operating performance resulting in losses
- Steps taken or proposed to be taken for improvement:  
The Company has made efforts to increase yarn realization through productivity and cost control measures.
- Expected increase in productivity and profits in measurable terms:  
The Company expects to see a growth in turnover ranging from 5% to 10% and proportionate increase in productivity resulting in reasonable profits as a result of these measures.

**IV Disclosures**

- The following disclosures have been mentioned in the Board of Directors report under the heading "Corporate Governance" attached to the annual report:
  - All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the Directors
  - Details of fixed component and performance linked incentives along with the performance criteria
  - Service contracts, notice period, severance fees
  - Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:



**Additional information of Directors seeking appointment / re-appointment as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015) and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India**

<b>Name</b>	<b>Mr.Sumanth Ramamurthi</b>	<b>Mr. C G Kumar</b>	<b>Mrs. Suguna Ravichandran</b>
DIN	00002773	02823567	00170190
Age	60 Years	47 Years	60 Years
Qualification	B.S-Electrical Engineering	Bachelor of Law	Chartered Accountant
Expertise	More than three decades of experience in the fields of textile and engineering industry	More than one decade of experience as an Advocate.	More than two decades of experience as a Practicing Chartered Accountant.
Terms and Conditions of re-appointment	As specified in Item No. 4 of the AGM Notice.	As specified in Item No. 5 of the AGM Notice.	As specified in Item No.7 of the AGM Notice.
Remuneration last drawn	Gross remuneration drawn as on 31.03.2019: ₹ 50.88 Lakhs	₹ 1.10 Lakhs	₹ 0.70 Lakhs
Remuneration proposed to be paid	As per Item No. 4 of the resolution annexed to the Notice	As per Item No. 5 of the resolution annexed to the Notice	As per Item No. 7 of the resolution annexed to the Notice
Date of first appointment on the Board	22.02.1992	01.06.2014	01.06.2014
Position held	Chairman and Managing Director	Independent Director	Independent Director
Shareholding in the Company	94,40,530 Equity Shares	Nil	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is not related to any of the Directors of the Company.	He is not related to any of the Directors of the Company.	She is not related to any of the Directors of the Company.
Number of meetings of the Board attended during the year	7	7	7
Directorships of other Boards	Precot Meridian Ltd Elgi Electric and Industries Ltd Elgi Ultra Industries Ltd Super Farm Products Private Ltd Super Sara Textiles Ltd Sara Elgi Industries Ltd	Nil	The Lakshmi Mills Company Ltd Versa Pack Private Ltd
Membership/ Chairmanship of Committees of other Boards	<b>Audit Committee</b> Precot Meridian Ltd-Member <b>Stakeholders Relationship Committee</b> Precot Meridian Ltd -Chairman <b>Corporate Social Responsibility Committee</b> Precot Meridian Ltd – Chairman	Nil	<b>Audit Committee</b> The Lakshmi Mills Company Ltd-Member



<b>Name</b>	<b>Mr.A.R.Balasundharam</b>	<b>Mr. Sudarsan Varadaraj</b>
DIN	07802383	00133533
Age	56 Years	61 Years
Qualification	B.Tech - Textiles	B.E (Hons), M.S (ME)
Expertise	More than three decades of experience in the fields of textile professional.	More than three decades of experience in the fields of Automobile and Rubber Industries.
Terms and Conditions of re-appointment	As specified in Item No. 8 of the AGM Notice.	As specified in Item No. 6 of the AGM Notice.
Remuneration last drawn	Consultancy fees of Rs.18 Lakhs and Sitting fees of Rs.1.26 Lakhs.	₹ 0.38Lakhs
Remuneration proposed to be paid	As per Item No. 8 of the resolution annexed to the Notice	As per Item No. 6 of the resolution annexed to the Notice
Date of first appointment on the Board	01.06.2017	13.03.1993
Position held	Non Executive Director	Independent Director
Shareholding in the Company	Nil	72810
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is not related to any of the Directors of the Company.	He is not related to any of the Directors of the Company.
Number of meetings of the Board attended during the year	7	4
Directorships of other Boards	Nil	Elgi Rubber Company Ltd KLRF Ltd Elgi Equipments Ltd Titan Tyrecare Products LLP Elgi Ultra Industries Ltd LRG Technologies Ltd Festo India P Ltd Tyre Point P Ltd Elgi Rubber Company Ltd, Kenya Elgi Rubber Company Ltd, Srilanka Elgi Rubber Company LLC, USA Borrachas E Equipamentos ELGI Ltda - Brasil Rubber Resources BV, The Netherlands Pincott International Pty, Australia Elgi Rubber Company BV, The Netherlands LRG Tecnologia Ltda, Brasil





Name	Mr.A.R.Balasundharam	Mr. Sudarsan Varadaraj
Membership/ Chairmanship of Committees of other Boards	Nil	<b>Nomination &amp; Remuneration Committee</b> Kovilpatti Lakshmi Roller Flour Mills Ltd-Member <b>Audit Committee</b> Kovilpatti Lakshmi Roller Flour Mills Ltd-Member <b>Stakeholders Relationship Committee</b> Elgi Rubber Company Ltd-Member <b>Corporate Social Responsibility Committee</b> Elgi Rubber Company Ltd-Chairman Kovilpatti Lakshmi Roller Flour Mills Ltd-Member

Coimbatore  
30<sup>th</sup> May, 2019

By Order of the Board  
For Super Spinning Mills Limited

**Narmatha G K**  
Company Secretary



## Director's Report

### Dear Shareholders,

Your Directors hereby present the 57th Annual Report on the business and operations of your company along with audited financial statements for the year ended 31st March, 2019.

### Financial Highlights :

The summary of the financial performance of the Company for the year ended 31<sup>st</sup> March 2019 is as follows.

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Revenue from operation	<b>20,812.23</b>	26,087.92
Other Income	<b>904.09</b>	273.83
Total Revenue	<b>21,716.32</b>	26,361.75
Earnings before Finance Cost, Depreciation & Tax	<b>248.18</b>	(222.49)
Less: Finance Cost	<b>1,265.63</b>	1,381.73
Earnings before Depreciation & Tax	<b>(1,017.45)</b>	(1,604.22)
Less: Depreciation and amortization	<b>409.15</b>	554.82
Profit/(Loss) before Exceptional items & Tax	<b>(1,426.60)</b>	(2,159.04)
Add: Exceptional Items	<b>(19.50)</b>	-
Add: Profit from discontinued operations	<b>(156.48)</b>	-
Profit/(Loss) before tax	<b>(1,602.58)</b>	(2,159.04)
Less: Current and deferred Tax	-	-
Add: Other Comprehensive Income	<b>673.30</b>	-
Profit/(Loss) after Tax	<b>(929.27)</b>	(2,159.04)

### Review of business operations

During the year under review, your Company continued to operate below its normal rated capacity. On account of unviable nature of operations, the Company discontinued its manufacturing facility in SUPER SARA unit from May 2018, resulting in a

lower turnover during the year. Some of the plant and machinery at this unit have been gainfully shifted to Super A and Super B units. The land and building at Super Sara unit has been leased to a leading auto component manufacturer with effect from March 2019.

On account of severe working capital constraints, the Company could not operate Super A and B units at its normal full capacity. This resulted in the fixed costs being absorbed over a lower volume, thus affecting the profitability. Besides this, the cotton yarn market was very sluggish during most part of the year affecting the movement as well the price realisation.

However, in spite of these adverse circumstances, the Earnings before Depreciation and Interest was positive at Rs. 248 lakhs as against a loss of ₹ 222 lakhs in the previous year. After deducting the finance costs and depreciation, operating loss during the year amounted to ₹ 1427 lakhs as against a loss of ₹ 2159 lakhs during the previous year. Further, the losses arising out of the SUPER SARA unit aggregated to ₹ 156.48 lakhs which is shown under Profit/loss from Discontinued Operations, as required under Ind AS 105 of Companies (Indian Accounting Standards) Rules, 2015 specified as per the provisions of the Companies Act, 2013 as amended from time to time. As mandated by IND AS, the lands has been revalued at its current value resulting in a revaluation profit of ₹1472 lakhs. This has been included in other comprehensive income as stipulated in IND AS. After considering this, the net loss of the Company was brought down to ₹ 929 lakhs as against the net loss in the previous year of ₹ 2159 lakhs.

Further, we had to pay FSI charges of ₹ 980.13 lakhs to AP Transco which was under protest about 4 years back, which was also disputed by us and pending before the Supreme Court. Since the final decision of the Supreme Court went against the Company, the opening balance of Retained earnings as at April 1, 2017 grouped under "Other Equity" forming part of the Balance sheet above, has been adjusted to the extent of Prior period item (expenses/losses) amounting to ₹ 980.13 lakhs. The same is given effect as per the disclosure requirement as

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enumerated in Ind AS - 8 as notified under Companies (Indian Accounting Standards) Rules, 2015 of the Companies Act, 2013 as amended.

### **Outlook for the current year**

Due to volatility of cotton prices, there is an element of uncertainty in the cotton yarn markets. To ease the working capital situation, the Company is in the process of disposing some of the surplus land owned by the Company in Coimbatore and Hindupur, after getting the necessary approvals from the Company's bankers. In view of the lower working capital requirements for synthetic and blended yarn, we are in the process of migrating to man made fibres. Also a portion of our manufacturing facilities is being given on buyback to well established customers with a view to further reduce the working capital requirements. As a result of the above steps, we hope to show an improved performance during the current year.

### **Change in the nature of business**

There was no change in the nature of principal business of the Company during the financial year ended 31<sup>st</sup> March 2019.

### **Transfer to Reserves**

During the year under review, no amount has been transferred to general reserves. However, the current year loss of ₹ 929.27 Lakhs has been adjusted against the retained earnings under the head other equity.

### **Dividend**

Due to losses incurred by the Company during the year under review the Directors have not recommended any Dividend for the year ended 31st March 2019.

### **Share Capital**

The issued, subscribed and paid-up share capital of the Company as on 31st March 2019 stood at ₹ 5,50,00,000/- divided into 5,50,00,000 equity shares of ₹ 1/- each. During the year under review the Company has not made any fresh issue of shares.

### **Transfer of Unclaimed Dividend to Investor Education and Protection Fund**

There was no amount to be transferred during the year to the Investor Education and Protection Fund established by the Central Government.

### **Extract of Annual Return**

The extract of Annual Return in the prescribed Form No.MGT-9 pursuant to Section 92(3) read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished as **Annexure 1** to this Report.

### **Board and Committee meetings**

Detailed composition of the Board & various Committees, number of meetings held during the year, attendance particulars of the directors in such meetings are provided in this annual report under Corporate Governance Report.

### **Statement on compliance with Secretarial Standards**

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on the meeting of the Board of Directors (SS-1) and General Meetings (SS-2).

### **Directors Responsibility Statement**

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures from those standards;
  - b) the directors had 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
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the financial year and of the loss of the company for that period;

- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Details in respect of frauds reported by Auditors under Section 143(12) of the Companies Act, 2013 other than those which are reportable to the Central Government**

There have been no frauds reported by the Auditors pursuant to Section 143(12) of the Companies Act, 2013.

**Declaration of Independent Directors**

The Company has received declarations from all the Independent Directors of the Company, confirming that they meet the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, they have also declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

**Company's Policy Relating to Directors Appointment, Payment of Remuneration and other matters provided**

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations has

formulated a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and Senior Management. The Nomination and Remuneration Policy of the Company is annexed herewith as **Annexure 2** and can also be accessed on the Company's website at the link <http://www.superspinning.com/wp-content/uploads/2019/03/NominationAndRemunerationPolicy.pdf>

**Comments on Auditors' Report**

There were no qualifications, reservations, adverse remarks or disclaimers made by M/s. Sethia, Prabhad & Hegde, Statutory Auditors and Mr. M.D.Selvaraj of MDS & Associates, Secretarial Auditor in their report.

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

During the year under review the Company has not granted any loans or given any security or made any investments pursuant to the provisions of Section 186 of the Companies Act, 2013. However, the details in respect of investments made by the Company in the earlier years are disclosed in the notes to the financial statements.

**Particulars of contracts or transactions with related parties**

All the transactions entered into by the Company with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year 2018-19 were in the ordinary course of business and on arms' length basis.

The particulars of contract and arrangement entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto are disclosed in **Annexure 3** (Form No. AOC-2) and forms part of this Report.

The policy on related party transactions as approved by the Board of Directors of the Company has been

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uploaded on the company's website and may be accessed through the link at <http://www.superspinning.com/wp-content/uploads/2019/03/PolicyOnRelatedPartyTransaction.pdf>

#### **Material changes and commitments affecting the financial position of the company**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between 31st March 2019 and the date of the report.

#### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached herewith as **Annexure 4** to this report.

#### **Risk Management Policy of the company**

The Company recognizes that risk is an integral part of business and it is committed to managing the risks in a proactive and efficient manner. Keeping the same in mind, the Board of Directors of the Company has formulated the Risk Management Policy. The Company does not face any risk other than those prevalent in the industry and it has taken all possible steps to overcome such risks. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis Report, which forms part of this report.

#### **Audit Committee**

The Company has constituted Audit Committee in accordance with Section 177 of the Companies Act, 2013. Kindly refer the Report on Corporate Governance for matters relating to the composition, meetings and functions of the committee.

The Board has accepted the Audit Committee's recommendations during the year wherever required and hence no disclosure is required under Section 177(8) of the Companies Act, 2013, with respect to rejection of any recommendations of Audit Committee by the Board.

#### **Whistle Blower Policy (Vigil Mechanism)**

It is required to formulate a Whistle Blower policy in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to enable the directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Company has a policy which provides for adequate safeguards against victimization of director(s) / employee(s) who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower policy has been uploaded on the company's website and may be accessed through the link at <http://www.superspinning.com/wp-content/uploads/2016/08/WhistleBlowerPolicy.pdf>.

#### **Corporate Social Responsibility initiatives**

The Corporate Social Responsibility Committee comprises of Mr. C S K Prabhu, Mr. Sumanth Ramamurthi and Mr. A R Balasundharam

The company has adopted a Corporate Social Responsibility Policy defining therein the CSR activities to be undertaken by the Company in line with the provisions of Schedule VII of the Companies Act, 2013. The Corporate Social Responsibility Committee of the Board is responsible for the implementation and effective monitoring of the CSR activities of the Company.

The Annual Report on Company's CSR activities of the Company is furnished in the prescribed format as **Annexure 5** to this report.

#### **Annual evaluation of the Board on its own performance and of the individual Directors**

SEBI had issued a guidance note on Board Evaluation specifying the criteria for evaluation of performance of the Board of Directors, Committees and the individual Directors. In accordance with the same, the Nomination and Remuneration Committee has adopted suitable criteria to evaluate the Independent Directors, Committees of the Board and the Board of Directors. The Independent Directors of the Company

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had also convened a separate meeting for this purpose on 9th February, 2019. All the results of evaluation have been communicated to the Chairman of the Board.

### **Board of Directors**

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. A R Balasundharam (DIN: 07802383), Non-Executive Director of the Company, who retires by rotation at the ensuing Annual General Meeting, being eligible offers himself for re-appointment. The Board recommends his reappointment in the forthcoming Annual General Meeting.

The term of office of Mr. C S K Prabhu and Mr. Balakrishnan Vijayakumar, Independent directors expires on 31st May 2019. Both the directors have expressed their desire to retire from the duties of the Board. The Board recalled the tireless efforts and valuable contributions rendered by them during their long decades of association with the Company and placed on record their sincere appreciation to Mr. C S K Prabhu and Mr. Balakrishnan Vijayakumar.

Mr. C G Kumar, Mr. Sudarsan Varadaraj and Mrs. Suguna Ravichandran were appointed as independent directors of the company pursuant to Section 149 of the Companies Act, 2013 for the first term of 5 years and will hold office upto 31st May 2019. Considering their knowledge, expertise and experience in their respective fields and the substantial contribution made by these directors during their tenure as an independent directors since their appointment, the nomination & remuneration committee and the board has recommended the reappointment of these directors as independent directors on the board of the company, to hold office for the second term of five consecutive years commencing from 1st June, 2019 and not liable to retire by rotation. The company has received declaration from all the directors that they continue to fulfill the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (including statutory re-enactment thereof for the time being in force).

In terms of the provisions of Section 160(1) of the Companies Act, 2013, the company has received notice from a member signifying his intention to propose the candidature for the reappointment of Mr. C G Kumar, Mr. Sudarsan Varadaraj and Mrs. Suguna Ravichandran for the office of Independent Directors.

The board of directors recommends the re-appointment of the independent directors by way of passing special resolution(s).

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 30th May 2019, has approved the reappointment of Mr. Sumanth Ramamurthi as the Chairman and Managing Director of the Company for a further period of three years with effect from 01st April 2020. The terms and conditions of his appointment, including his remuneration, are subject to the approval of the Shareholders in the ensuing Annual General Meeting.

Accordingly, necessary resolution proposing the re-appointment of Mr. Sumanth Ramamurthi as Chairman and Managing Director of the Company, has been included in the Agenda of the Notice convening the Annual General Meeting for the approval of the members.

### **Key Managerial Personnel**

Key Managerial Personnel of the Company required under Sec 2(51) and 203 of the Companies Act, 2013 are Mr. Sumanth Ramamurthi, Chairman and Managing Director; Mr. B Sathyanarayan Reddy, Chief Financial Officer and Mrs. Narmatha G K, Company Secretary.

Mr. Dhilip Kumar who was the Chief Financial Officer, had resigned from the services of the Company from 14.01.2019 and Mr. B Sathyanarayana Reddy was appointed as the Chief Financial Officer of the Company on 09.02.2019

Mrs. Ramaa Krishnan who was the Company Secretary, had resigned from the services of the Company from 12.09.2018 and Mrs. Narmatha G K was appointed as the Company Secretary of the Company on 14.09.2018

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### **Subsidiaries, Joint Ventures and Associate Companies**

The Company does not have any subsidiaries, Joint Ventures or Associate Companies.

### **Fixed Deposits**

The Company has not accepted or renewed any fixed deposits from the public and shareholders, during the year under review and hence there were no unpaid deposits as on 31st March 2019.

### **Details of significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and Company's operation in future**

There are no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

### **Adequacy of internal financial controls with reference to the financial statements**

The Company has in place, adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable regulations. During the year, the Internal Auditor of the Company were assigned the responsibility for ensuring and reviewing the adequacy of legal compliance systems in the Company as required under the Companies Act, 2013.

The audit Committee of the Board constantly reviews the observations of the internal auditor with respect to the internal control systems and their adequacy, significant risk areas, control mechanism and the operations of the Company. It also discusses and implements the recommendations made for corrective action through the internal audit reports. The committee also reviews the statutory auditors' report, key issues, significant process and accounting policies.

The Directors and the Management confirms that the Internal Financial Controls (IFC) is adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3) (i) of the

Companies Act, 2013 certifying the adequacy of Internal Financial Controls is annexed with the Auditors Report.

### **Auditors**

#### **Statutory Auditors**

M/s.Sethia, Prabhad Hegde & Co., Chartered Accountants (FRN 013367S), Bengaluru were appointed as the statutory auditors of the company for a period of five years at the 55th Annual General Meeting of the company held on 1st December 2017. Pursuant to the amendment of Section 139 of the Companies Act, 2013, the company is no longer required to seek the ratification of the appointment of the auditor at every annual general meeting.

The company has received a certificate from M/s.Sethia, Prabhad Hegde & Co., Chartered Accountants, confirming that they are not disqualified from continuing as statutory auditors of the company.

#### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with corresponding rules framed thereunder, the Company has appointed Mr. M.D.Selvaraj, MDS & Associates, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The report of the Secretarial Audit in Form No. MR-3 for the financial year 2018-19 is annexed herewith as **Annexure 6** to this report.

Further, the Secretarial Compliance Report for the year ended 31st March, 2019 issued by the Practicing Company Secretary pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been filed with BSE Limited and the National Stock Exchange of India Limited. A copy of the same is available on the Company's website: [www.superspinning.com](http://www.superspinning.com)

#### **Cost Auditors**

Based on the recommendation of the Audit Committee, the Board of Directors has appointed Mr. R.Krishnan, Cost Accountant, (Membership No. 7799) as the Cost

Auditor of the company for the financial year 2019-20. Pursuant to Section 148 of the Companies Act 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is subject to the ratification of the members in a general meeting. The Board recommends the ratification of his remuneration. The Cost Audit Report for the financial year 2018-2019 will be filed within the required period under Companies Act, 2013.

### **Particulars of Employees**

The details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure 7** to this report.

### **Corporate Governance**

A detailed review of the operations, performance and future outlook of the Company and its businesses is given in the Management's Discussion and Analysis Report (Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015), which forms part of this Report.

The Corporate Governance Report is annexed and forms part of this report. The Company has complied with the conditions relating to Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report of the Statutory Auditors of the Company confirming the compliance of conditions of Corporate Governance as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed and forms part of this report.

### **Disclosure under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place a policy on Sexual Harassment of Women at workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Internal Complaint Committee has been setup to redress complaints received regularly. There was no complaint received from any employee during the financial year 2018-19 and hence no complaint is outstanding as on 31st March ,2019 for redressal

### **Personnel Relations**

The Company continues to enjoy the cordial relationship with its employees at all levels.

### **Acknowledgements**

The Directors thank the Company's Bankers, Financial Institutions, Customers, Vendors, Investors, Suppliers and Business Associates for their unstinted support.

Your Directors wish to place on record their appreciation of the confidence reposed by the shareholders in the Company at all times.

The Board of Directors also wishes to place on record their appreciation for the contributions made by the employees towards the growth of the Company.

For and on behalf of the Board  
**Sumanth Ramamurthi**  
Chairman and Managing Director  
DIN: 00002773

Coimbatore  
30<sup>th</sup> May, 2019



**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on 31st March, 2019**

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

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	L17111TZ1962PLC001200
ii)	Registration Date	06.06.1962
iii)	Name of the Company	Super Spinning Mills Limited
iv)	Category / Sub-category of the Company	Company Limited by Shares / Non Govt. Company
v)	Address of the Registered office and contact details	'Elgi Towers', PB 7113, Green Fields Puliakulam Road, Coimbatore - 641 045 Tel : 0422-2311711 Fax: 0422-2311611 E-mail: investors@ssh.saraelgi.com Website: www.superspining.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited, "Surya" 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028 Phone : 0422-2314792, 2315792, Fax : 0422 - 2314792. E-mail : coimbatore@linkintime.co.in

**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:-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Cotton Yarn	13111	95.84%

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

The Company does not have any holding, subsidiary or associate companies.

**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 (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) Promoters</b>									
[1] Indian									
(a) Individuals / HUF	18396410	-	18396410	33.45	18396410	-	18396410	33.45	-
(b) Central Government	-	-	-	-	-	-	-	-	-
(c) State Government(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corporate	3611910	-	3611910	6.57	3611910	-	3611910	6.57	-
(e) Banks / FI	-	-	-	-	-	-	-	-	-
(d) Any Other - Trust	1362910	-	1362910	2.48	1362910	-	1362910	2.48	-
<b>Sub Total (A)(1)</b>	<b>23371230</b>	<b>-</b>	<b>23371230</b>	<b>42.50</b>	<b>23371230</b>	<b>-</b>	<b>23371230</b>	<b>42.50</b>	<b>-</b>
[2] Foreign									
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Others - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corporate	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)</b>	<b>23371230</b>	<b>-</b>	<b>23371230</b>	<b>42.50</b>	<b>23371230</b>	<b>-</b>	<b>23371230</b>	<b>42.50</b>	<b>-</b>
<b>(B) Public Shareholding</b>									
<b>[1] Institutions</b>									
(a) Mutual Funds	1470	-	1470	-	1470	-	1470	-	-
(b) Banks / FI	-	-	-	-	-	-	-	-	-
(c) Central Government	-	-	-	-	-	-	-	-	-
(d) State Government(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIs	-	1000	1000	-	-	1000	1000	-	-
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(1)</b>	<b>1470</b>	<b>1000</b>	<b>2470</b>	<b>-</b>	<b>1470</b>	<b>1000</b>	<b>2470</b>	<b>-</b>	<b>-</b>

**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 (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>[2] Non-Institutions</b>									
(a) Bodies Corporate									
(i) Indian	3222377	18000	3240377	5.89	2906292	18000	2924292	5.32	(0.57)
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	20049530	1232590	21282120	38.69	20445593	1070310	21515903	39.12	0.43
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2639244	380820	3020064	5.49	2886898	220110	3107008	5.65	0.16
(c) Others	-	-	-	-	-	-	-	-	-
(i) Clearing Member	221795	-	221795	0.41	172090	-	172090	0.31	(0.10)
(ii) NRI	446809	-	446809	0.81	446926	-	446926	0.81	-
(iii) HUF	2429228	-	2429228	4.42	2340574	-	2340574	4.26	(0.16)
(iv) Market Maker	8217	-	8217	0.01	26529	-	26529	0.05	0.04
(v) Any Other	977690	-	977690	1.78	1092978	-	1092978	1.98	0.20
<b>Sub Total (B)(2)</b>	<b>29994890</b>	<b>1631410</b>	<b>31626300</b>	<b>57.50</b>	<b>30317880</b>	<b>1308420</b>	<b>31626300</b>	<b>57.50</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>29996360</b>	<b>1632410</b>	<b>31628770</b>	<b>57.50</b>	<b>30319350</b>	<b>1309420</b>	<b>31628770</b>	<b>57.50</b>	<b>-</b>
(C) Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Total (A)+(B)+(C)</b>	<b>53367590</b>	<b>1632410</b>	<b>55000000</b>	<b>100.00</b>	<b>53690580</b>	<b>1309420</b>	<b>55000000</b>	<b>100.00</b>	<b>-</b>

**ii) Shareholding of Promoters**

S. No.	Shareholder's Name	No. of Shares held at the beginning of the year (as on 01.04.2018)			No. of Shares held at the end of the year (as on 31.03.2019)			% Change during the year
		No. of Shares Held	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares Held	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Sumanth.R.	8790530	15.98	-	8790530	15.98	-	-
2	Nikhil Govind Ramamurthi	4000000	7.27	-	4000000	7.27	-	-
3	Sanjay Krishna Ramamurthi	4000000	7.27	-	4000000	7.27	-	-
4	Super Farm Products (P) Ltd	2845914	5.17	-	2845914	5.17	-	-
5	Elgi Electric And Industries Ltd	765996	1.39	-	765996	1.39	-	-
6	Nikhil Govind Ramamurthi Family Trust	681800	1.24	-	681800	1.24	-	-
7	Sanjay Krishna Ramamurthi Family Trust	681110	1.24	-	681110	1.24	-	-
8	Sumanth R (HUF)	650000	1.18	-	650000	1.18	-	-
9	Ranganayaki N	314670	0.57	-	314670	0.57	-	-
10	Hemalatha R	208000	0.38	-	208000	0.38	-	-
11	Chitra Vidyaprakash	157680	0.28	-	157680	0.28	-	-
12	Nithya Vidyaprakash	92560	0.17	-	92560	0.17	-	-
13	D Vidyaprakash	76330	0.14	-	76330	0.14	-	-
14	Indira Lakshmi Vidyaprakash	46190	0.08	-	46190	0.08	-	-
15	Nivedita Lakshmi Narayanaswamy	27670	0.05	-	27670	0.05	-	-
16	Arjun Prakash V	22280	0.04	-	22280	0.04	-	-
17	N Krishnasamraj	8000	0.01	-	8000	0.01	-	-
18	Ajeya Vel Narayanaswamy	2500	-	-	2500	-	-	-
	<b>TOTAL</b>	<b>23371230</b>	<b>42.49</b>	<b>-</b>	<b>23371230</b>	<b>42.49</b>	<b>-</b>	<b>-</b>

**iii) Change in Promoters' Shareholding**

There are no changes in shareholding of promoters during the year

**iv) Shareholding Pattern of top ten Shareholders:**

(other than Directors, Promoters and Holders of GDRs and ADRs);

S. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No.of Shares Held	% of total Shares of the company	No.of Shares Held	% of total Shares of the company
1	Gagandeep Credit Capital Pvt Ltd				
	At the beginning of the year	1400000	2.55	1400000	2.55
	Increase/Decrease in shareholding during the year	-	-	-	-
	At the end of the year	1400000	2.55	1400000	2.55
2	Nemish S Shah				
	At the beginning of the year	760500	1.38	760500	1.38
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	760500	1.38	760500	1.38
3	Vinodchandra Mansukhlal Parekh				
	At the beginning of the year	702692	1.28	702692	1.28
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	702692	1.28	702692	1.28
4	S Sundravathanen				
	At the beginning of the year	299530	0.54	299530	0.54
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	299530	0.54	299530	0.54
5	Mentor Capital Ltd				
	At the beginning of the year	300000	0.55	300000	0.55
	Transfer of shares as on 04.05.2018	(38577)	(0.07)	261423	0.48
	At the end of the year	261423	0.48	261423	0.48

**iv) Shareholding Pattern of top ten Shareholders:**

(other than Directors, Promoters and Holders of GDRs and ADRs);

S. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares Held	% of total Shares of the company	No. of Shares Held	% of total Shares of the company
6	Sanjeev Vinodchandra Parekh				
	At the beginning of the year	238393	0.43	238393	0.43
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	238393	0.43	238393	0.43
7	Jairam Varadaraj				
	At the beginning of the year	230870	0.42	230870	0.42
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year	230870	0.42	230870	0.42
8	Devi D				
	At the beginning of the year	176370	0.32	176370	0.32
	Transfer of shares as on 30.11.2018	10	0.00	176380	0.32
	Transfer of shares as on 22.02.2019	(5900)	(0.01)	170480	0.31
	Transfer of shares as on 01.03.2019	5900	0.01	176380	0.32
	At the end of the year	176380	0.32	176380	0.32
9	Yogesh Shah**				
	At the beginning of the year	39726	0.07	39726	0.07
	Transfer of shares as on 11.05.2018	2178	0.00	41904	0.07
	Transfer of shares as on 25.05.2018	1008	0.00	42912	0.07
	Transfer of shares as on 08.06.2018	1008	0.00	43920	0.08
	Transfer of shares as on 27.07.2018	1008	0.00	44928	0.08
	Transfer of shares as on 03.08.2018	12431	0.02	57359	0.10
	Transfer of shares as on 10.08.2018	35284	0.07	92643	0.17
	Transfer of shares as on 17.08.2018	31080	0.05	123723	0.23
	Transfer of shares as on 24.08.2018	108	0.00	123831	0.23
	Transfer of shares as on 31.08.2018	315	0.00	124146	0.23
	Transfer of shares as on 21.09.2018	8660	0.01	132806	0.24
	Transfer of shares as on 29.09.2018	18800	0.04	151606	0.28
Transfer of shares as on 12.10.2018	314	0.00	151920	0.28	

**iv) Shareholding Pattern of top ten Shareholders:**  
(other than Directors, Promoters and Holders of GDRs and ADRs);

S. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares Held	% of total Shares	No. of Shares Held	% of total Shares
	Transfer of shares as on 04.01.2019	108	0.00	152028	0.28
	Transfer of shares as on 11.01.2019	4907	0.01	156935	0.29
	Transfer of shares as on 18.01.2019	1115	0.00	158050	0.29
	Transfer of shares as on 25.01.2019	1260	0.00	159310	0.29
	Transfer of shares as on 08.02.2019	2250	0.00	161560	0.29
	Transfer of shares as on 15.02.2019	215	0.00	161775	0.29
	At the end of the year	161775	0.29	161775	0.29
10	C Muralikrishnan**				
	At the beginning of the year	-	-	-	-
	Transfer of shares as on 09.10.2018	160710	0.29	160710	0.29
	At the end of the year	160710	0.29	160710	0.29
11	Prithvi Finlease India Limited #				
	At the beginning of the year	185781	0.34	185781	0.34
	Transfer of shares as on 06.04.2018	(4000)	(0.01)	181781	0.33
	Transfer of shares as on 20.04.2018	(801)	0.00	180980	0.33
	Transfer of shares as on 27.04.2018	1311	0.00	182291	0.33
	Transfer of shares as on 04.05.2018	(1992)	0.00	180299	0.33
	Transfer of shares as on 11.05.2018	(1026)	0.00	179273	0.33
	Transfer of shares as on 18.05.2018	1000	0.00	180273	0.33
	Transfer of shares as on 25.05.2018	2803	0.00	183076	0.33
	Transfer of shares as on 01.06.2018	(1000)	0.00	182076	0.33
	Transfer of shares as on 08.06.2018	1814	0.00	183890	0.33
	Transfer of shares as on 22.06.2018	1925	0.00	185815	0.34
	Transfer of shares as on 30.06.2018	1075	0.00	186890	0.34
	Transfer of shares as on 06.07.2018	1000	0.00	187890	0.34
	Transfer of shares as on 13.07.2018	3000	0.00	190890	0.35
	Transfer of shares as on 20.07.2018	3000	0.00	193890	0.35
	Transfer of shares as on 03.08.2018	(4000)	0.00	189890	0.35
	Transfer of shares as on 10.08.2018	(4000)	0.00	185890	0.34
	Transfer of shares as on 31.08.2018	1705	0.00	187595	0.34
	Transfer of shares as on 07.09.2018	1290	0.00	188885	0.34
	Transfer of shares as on 21.09.2018	(3002)	0.00	185883	0.34

**iv) Shareholding Pattern of top ten Shareholders:**  
 (other than Directors, Promoters and Holders of GDRs and ADRs);

S. No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares Held	% of total Shares	No. of Shares Held	% of total Shares
	Transfer of shares as on 29.09.2018	3990	0.00	189873	0.35
	Transfer of shares as on 05.10.2018	(1000)	0.00	188873	0.34
	Transfer of shares as on 12.10.2018	1000	0.00	189873	0.35
	Transfer of shares as on 19.10.2018	1000	0.00	190873	0.35
	Transfer of shares as on 26.10.2018	(90873)	0.00	100000	0.18
	Transfer of shares as on 16.11.2018	1000	0.00	101000	0.18
	Transfer of shares as on 14.12.2018	(1000)	0.00	100000	0.18
	Transfer of shares as on 28.12.2018	500	0.00	100500	0.18
	Transfer of shares as on 11.01.2019	(500)	0.00	100000	0.18
	Transfer of shares as on 18.01.2019	1000	0.00	101000	0.18
	Transfer of shares as on 25.01.2019	50	0.00	101050	0.18
	Transfer of shares as on 01.02.2019	1000	0.00	102050	0.19
	Transfer of shares as on 15.02.2019	1000	0.00	103050	0.19
	Transfer of shares as on 08.03.2019	(2000)	0.00	101050	0.18
	Transfer of shares as on 15.03.2019	(1050)	0.00	100000	0.18
	Transfer of shares as on 22.03.2019	1000	0.00	101000	0.18
	Transfer of shares as on 29.03.2019	2000	0.00	103000	0.19
	At the end of the year	103000	0.19	103000	0.19
12	Sangitha Hitesh Patel#	211000	0.38	211000	0.38
	Transfer of shares as on 06.07.2018	(9604)	(0.01)	201396	0.37
	Transfer of shares as on 13.07.2018	(58228)	(0.11)	143168	0.26
	Transfer of shares as on 20.07.2018	(60392)	(0.11)	82776	0.15
	Transfer of shares as on 27.07.2018	(82776)	(0.15)	0	0
	At the end of the year	0	0	0	0

\*\* Not in the list of Top 10 shareholders as on 31.03.2018. The same is reflected above, since the shareholder is one of the Top 10 shareholder as on 31.03.2019.

# Ceased to be in the list of Top 10 shareholders as on 31.03.2019. The same is reflected above, since the shareholder is one of the Top 10 shareholder as on 31.03.2018.



**v) Shareholding of Directors and Key Managerial Personnel:**

S.	Name of Directors and	Shareholding at the		Cumulative Shareholding	
		No.of Shares	% of total	No.of Shares	% of total
<b>1</b>	<b>Sumanth Ramamurthi*</b>				
	At the beginning of the year	9440530	17.16	9440530	17.16
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	9440530	17.16	9440530	17.16
<b>2</b>	<b>A S Thirumoorthy#</b>				
	At the beginning of the year	5000	0.01	5000	0.01
	Transfer of shares on 30.06.2018	(5000)	0.01	(5000)	0.01
	At the end of the year	-	-	-	-
<b>3</b>	<b>Sudarsan Varadaraj</b>				
	At the beginning of the year	72810	0.13	72810	0.13
	Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	72810	0.13	72810	0.13
<b>4</b>	<b>C G Kumar</b>	NIL			
<b>5</b>	<b>Suguna Ravichandran</b>				
<b>6</b>	<b>A R Balasundharam</b>				
<b>7</b>	<b>B Lakshmi Narayana</b>				
<b>8</b>	<b>C S K Prabhu</b>				
<b>9</b>	<b>B Vijayakumar</b>				
<b>10</b>	<b>B Sathyanarayana Reddy</b>				
<b>11</b>	<b>Narmatha G K</b>				

\* Including 6,50,000 shares held in HUF # Resigned with effect from 31st May,2018

**V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding / accrued but not due for payment** (₹ in Lakhs)

Name & Type of Transaction	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6871.39	453.00	-	7324.39
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	55.11	-	-	55.11
<b>Total (i+ii+iii)</b>	<b>6926.50</b>	<b>453.00</b>	-	<b>7379.50</b>
Change in Indebtedness during the financial year				
Additions	-	30	-	30
Reductions	2263.55	-	-	2263.55
<b>Net Change</b>	<b>(2263.55)</b>	<b>30</b>	-	<b>(2233.55)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	4601.76	483.00	-	5145.95
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	61.19	-	-	61.19
<b>Total (i+ii+iii)</b>	<b>4662.95</b>	<b>483.00</b>	-	<b>5145.95</b>

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

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

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Sumanth Ramamurthi Chairman and MD	A S Thirumoorthy Managing Director*	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	50.88	10.26	61.14
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others	-	-	-
5	Others			
	<b>Total (A)</b>	<b>50.88</b>	<b>10.26</b>	<b>61.14</b>
	Ceiling as per the Act	As per Schedule V		

\*Resigned with effect from 31st May 2018

**B. Remuneration to Other Directors**

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Name of Directors							Total Amount
		CSK Prabhu	B.Vijaya kumar	Sudarsan Varadaraj	C G Kumar	Suguna Ravichandran	B. Lakshmi Narayana	A.R. Bala Sundharam	
1	Independent Directors								
	Fee for attending board committee meetings	1.16	0.24	0.38	1.10	0.70	1.00	-	<b>4.58</b>
	Commission	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1.16</b>	<b>0.24</b>	<b>0.38</b>	<b>1.10</b>	<b>0.70</b>	<b>1.00</b>	<b>-</b>	<b>4.58</b>
2	Other Non-Executive Directors								
	Fee for attending board committee meetings	-	-	-	-	-	-	1.26	<b>1.26</b>
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.26</b>	<b>1.26</b>
	<b>Total (B)=(1+2)</b>	<b>1.16</b>	<b>0.24</b>	<b>0.38</b>	<b>1.10</b>	<b>0.70</b>	<b>1.00</b>	<b>1.26</b>	<b>5.84</b>
	<b>Total Managerial Remuneration</b>	<b>1.16</b>	<b>0.24</b>	<b>0.38</b>	<b>1.10</b>	<b>0.70</b>	<b>1.00</b>	<b>1.26</b>	<b>5.84</b>
	<b>Overall Ceiling as per the Act</b>	Not Exceeding one lakh per meeting							

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(₹ in Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		CS	CS	CFO	CFO	CFO	
		*Ramaa Krishnakumar	**Narmatha G K	# C Shankar	^Dhilipkumar A	\$ Sathyarayanan Reddy B	
1	Gross salary (Sec 17 of Income Tax Act, 1961) (a) Salary (b) Value of perquisites (c) Profits in lieu of salary	2.96	2.28	2.09	3.76	1.30	12.38
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others	-	-	-	-	-	-
5	Others	-	-	-	-	-	-
	<b>Total</b>	<b>2.96</b>	<b>2.28</b>	<b>2.09</b>	<b>3.76</b>	<b>1.30</b>	<b>12.38</b>

\* resigned w.e.f 12.09.2018

\*\* appointed on 14.09.2018

# resigned w.e.f 02.06.2018

^ resigned w.e.f 14.01.2019

\$ appointed on 09.02.2019

**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			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					

Coimbatore  
30<sup>th</sup> May, 2019

For and on behalf of the Board  
**Sumanth Ramamurthi**  
Chairman and Managing Director  
DIN: 00002773

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**NOMINATION AND REMUNERATION POLICY****Introduction:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

**Objective and purpose of the Policy:**

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the textile industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 28<sup>th</sup> May, 2014.

**Effective Date:**

This policy shall be effective from 1<sup>st</sup> April, 2014

**Definitions**

- Board means Board of Directors of the Company.
  - Directors mean Directors of the Company.
  - Committee means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
  - Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
  - Key Managerial Personnel (KMP) means-
    - i. Executive Chairman and / or Managing Director;
    - ii. Whole-time Director;
    - iii. Chief Financial Officer;
    - iv. Company Secretary;
    - v. Such other officer as may be prescribed under the applicable statutory provisions / regulations.
  - Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors. This would also include all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.
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**Constitution of the Nomination and Remuneration Committee:**

The Remuneration Committee was constituted on 31<sup>st</sup> July 2008 consisting of four Independent Directors. The Board has changed the nomenclature of Remuneration Committee constituted by renaming it as Nomination and Remuneration Committee on 28<sup>th</sup> May, 2014.

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

**Role Of Committee**

The role of the Committee inter alia will be the following:

- a) to formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) to recommend to the Board the appointment and removal of Senior Management
- c) to carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.
- d) to recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.
- e) to make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- f) ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- g) to devise a policy on Board diversity;
- h) to develop a succession plan for the Board and to regularly review the plan;

**Membership**

- a) The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- b) The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.
- c) Membership of the Committee shall be disclosed in the Annual Report.
- d) Term of the Committee shall be continued unless terminated by the Board of Directors.

**Chairman**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**Frequency Of Meetings**

The nomination and remuneration committee shall meet at least once in a year.

**Secretary**

The Company Secretary of the Company shall act as Secretary of the Committee.

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### **Nomination Duties**

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction & training programme in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Companies Act, 2013;
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Determining the appropriate size, diversity and composition of the Board;
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board.
- Considering any other matters as may be requested by the Board

### **Remuneration Duties**

The duties of the Committee in relation to remuneration matters include:

- ❖ to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- ❖ to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- ❖ to delegate any of its powers to one or more of its members or the Secretary of the Committee
- ❖ to consider any other matters as may be requested by the Board;
- ❖ Professional indemnity and liability insurance for Directors and senior management.

### **Minutes Of Committee Meeting**

Proceedings of all meetings must be recorded by way of minutes and signed by the Chairman of the Committee at the subsequent meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

### **Policy Review**

This policy was last modified and adopted on 9th February 2019 and will be reviewed as and when deemed necessary.

Coimbatore  
30<sup>th</sup> May, 2019

For and on behalf of the Board  
**Sumanth Ramamurthi**  
Chairman and Managing Director  
DIN: 00002773

**ANNEXURE- 3**

**Form No. AOC-2  
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies  
(Accounts) Rules, 2014)**

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

**1. Details of contracts or arrangements or transactions not at arm's length basis**

Not Applicable

**2. Details of material contracts or arrangement or transactions at arm's length basis**

a. Name of the related party	M/s. Elgi Electric and Industries Limited
Nature of relationship	Mr. Sumanth Ramamurthi, Chairman and Managing Director is interested as Director/Shareholder
b. Nature of contracts/ arrangements/transactions	Sales and purchase of goods & availing and rendering of services and other transactions in the ordinary course of business upto a maximum aggregate value of Rs.50 Crores per annum.
c. Duration of the contracts/ arrangements/ transactions	5 years with effect from 01.01.2019
d. Salient terms of the contracts or arrangements or transactions including the value, if any;	The proposed transaction would be carried at arm's length basis and in the normal course of business
e. Date(s) of approval by the Board, if any.	27th October 2018
f. Amount paid as advances, if any.	-

Coimbatore  
30<sup>th</sup> May, 2019

For and on behalf of the Board  
**Sumanth Ramamurthi**  
Chairman and Managing Director  
DIN: 00002773



**Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo**

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**(A) Conservation of energy**

- i) the steps taken or impact on conservation of energy;
  - 1) TFO M/c Pot Conversion wherein 30% of energy saving is observed
  - 2) CDS system for Ring frames in place Elite System
  - 3) T5 Tube lights are being replaced with LED tube lights
- (ii) the steps taken by the company for utilizing alternate sources of energy;
 

Solar energy is being sourced
- (iii) the capital investment on energy conservation equipments;
 

The Company has invested ₹ 42 Lakhs during the year under review towards Energy conservation equipments.

**(B) Technology absorption**

- i) the efforts made towards technology absorption - NIL
- ii) the benefits derived like product improvement, cost reduction, product development or import substitution; - NIL
- iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
  - a) the details of technology imported; NIL
  - b) the year of import; N.A.
  - c) whether the technology been fully absorbed; N.A.
  - d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; N.A.
- iv) the expenditure incurred on Research and Development. NIL

**(C) Foreign Exchange earnings and outgo**

The foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows

**₹ in Lakhs**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Total Foreign Exchange earnings	<b>3,010.57</b>	3,767.64
Total Foreign Exchange outflow	<b>455.64</b>	<b>491.96</b>

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**Annual Report on Corporate Social Responsibility (CSR) Activities****1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes**

The Company has framed a Corporate Social Responsibility Policy with intent on improving the welfare of the people by providing education and basic sanitation facilities to the impoverished classes of people. Besides improving welfare, the policy framed in accordance with Schedule VII of the Companies Act, 2013 also focuses on environmental sustainability and preservation of national heritage, art and culture. The company also intends to promote sports among the rural masses through its various initiatives. The detailed policy on the Corporate Social Responsibility has been posted on the website of the Company and can be accessed at the link <http://www.superspinning.com/wpcontent/uploads/2015/05/CorporateSocialRespPolicy.pdf>.

**2. Composition of CSR Committee**

The CSR Committee of the Board of Directors has been constituted with the following directors as its members:

- Mr. C S K Prabhu - Chairman (Upto 31<sup>st</sup> May, 2019)
- Mr. B Lakshmi Narayana - Chairman (w.e.f. 1<sup>st</sup> June, 2019)
- Mr. Sumanth Ramamurthi - Member
- Mr. A R Balasundharam - Member

**3. Average Net Profit of the Company for last three Financial Years:**

There was net loss for the immediately preceding three financial years.

**4. Prescribed CSR Expenditure (2% of the amount as in item 3 above)**

The Company was not required to spend on the Corporate Social Responsibility activities as the average net profits of the immediately preceding three financial years of the Company was in the negative.

**5. Details of CSR spent during the Financial Year 2018-19**

a) Total amount to be spent for the financial year

The Company was not required to spend any amount on CSR activities.

b) Amount unspent, if any;

Nil

c) Manner in which the amount spent during the financial year is detailed below:

As the company was not required to spend any amount on CSR expenses the disclosure with regard to the manner in which the amount was spent during the financial year does not arise.

**6. Reasons for not spending an amount equal 2% of the Average Net Profits of the last three financial years:**

The Company was not required to spend on the Corporate Social Responsibility activities as the average net profits of the preceding three financial years of the Company was in the negative.

**7. Responsibility statement of the CSR Committee:**

The CSR Committee confirms that the implementation and governance of CSR Programs have been elaborated in the Company's CSR policy.

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

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members,  
Super Spinning Mills Limited  
(CIN: L17111TZ1962PLC001200)  
'ELGI Towers', P.B No: 7113 Green Fields,  
Puliakulam Road,  
Coimbatore - 641045.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Super Spinning Mills Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. Super Spinning Mills Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I 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, 2019 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) 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;
- v) The following Law, as identified by the management, is specifically applicable to the industry to which the Company belongs,

- 
- a) Hank Yarn Packing Notification, 2003 issued under Textile (Development and Regulation) Order, 2001 pursuant to Section 3 of the Essential Commodities Act, 1955;

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

- a) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI);
- b) Listing Agreement entered into by the Company with the BSE Limited and National Stock Exchange of India Limited;

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Standards etc., mentioned above.

I further report that, during the year under review, there were no actions/ events in pursuant of the following Rules/Regulations requiring compliance thereof by the Company:

- a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;
- d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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I 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.

I further report that during the period, there were no instances of:

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- Redemption / buy-back of securities
- Major decision taken by the members in pursuant to Section 180 of the Companies Act, 2013.
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations.

Place : Coimbatore

Date : 30<sup>th</sup> May, 2019

**M D SELVARAJ**

MDS & Associates

Company Secretaries

FCS No.: 960; C P No.: 411

*This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report*

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To  
The Members,  
Super Spinning Mills Limited  
(CIN: L17111TZ1962PLC001200)  
'ELGI Towers', P.B No: 7113 Green Fields,  
Puliakulam Road,  
Coimbatore - 641 045.

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore  
Date : 30<sup>th</sup> May, 2019

**M D SELVARAJ**  
MDS & Associates  
Company Secretaries  
FCS No.: 960; C P No.: 411

**Annexure 7**

**Particulars pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- i) (a) **The ratio of the remuneration of each director to the median employee's remuneration for the financial year is given below:**

<b>Name</b>	<b>Ratio</b>
Mr.Sumanth Ramamurthi, Chairman and Managing Director	18:1
Mr. A.R.Balasundharam	0.45:1
Mr. C S K Prabhu	0.4:1
Mr. B Vijayakumar	0.08:1
Mr. Sudarsan Varadaraj	0.13:1
Mr. C G Kumar	0.39:1
Mrs. Suguna Ravichandran	0.24:1
Mr. B.Laskhmi Narayana	0.35:1

Sitting Fees paid to Non-Executive Directors has been considered as their remuneration.

- (b) The percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the financial year

<b>S No</b>	<b>Name of the Director / CFO / CEO / CS / Manager</b>	<b>Designation</b>	<b>Percentage increase in Remuneration</b>
1	Mr.Sumanth Ramamurthi	Chairman and Managing Director	9.89 %
2	Mr. B Sathyanarayana Reddy	Chief Financial Officer	-
3	Mrs. Narmatha G K	Company Secretary	-

- ii) The percentage increase in the median remuneration of employees in the financial year: 2%
- iii) The number of permanent employees on the rolls of Company: 522
- iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration. Average increase in remuneration is 2% for Employees and Managerial Personnel.
- v) Your Directors affirm that the remuneration is as per the remuneration policy of the Company.

Coimbatore  
 30<sup>th</sup> May, 2019

For and on behalf of the Board  
**Sumanth Ramamurthi**  
 Chairman and Managing Director  
 DIN: 00002773

**Statement pursuant to section 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

i) Names of the top ten employees in terms of remuneration drawn and the name of every employee who was in receipt of remuneration not less than Rupees One Crore and two lakhs per annum or Rupees Eight Lakhs Fifty Thousand per month

Name	Date of Joining	Designation	Qualification & Experience	Age	% of share holding	Remuneration (₹ in Lakhs) (p.a.)	Last Employed
Sumanth Ramamurthi	04.01.1992	Chairman and Managing Director	B.S. (Electrical)USA. 25 Years	59	17.16	50.88	—
Subba Rao G.V.	21.03.2018	DGM-Production	DTT - 16 Years	34	0.00%	15.60	Lucky Spinners Co. Ltd
Navaneethakrishnan R	23-01-2017	DGM - Technical	DTT, MBA - 24 Years	43	0.00%	12.00	Hindustan Spinners Ltd
Rangaraj C	05-06-2017	Sr. Manager - HR	MSW, DLLAL, PGDPMIR, PGDBA-22 Years	47	0.00%	12.00	BFG International Ltd
Nataraj S M	02-05-2018	DGM - Marketing	DTT, MBA- 25 Years	46	0.00%	11.00	Bannari Amman Spinning Mills Ltd
A.S.Thirumoorthy*	31.10.2008	Managing Director	FCA, B.Sc., Mathematics. 32 Years.	59	0.00%	10.26	KSB Pumps Limited
Shanmugasundaram K V	24.04.2017	Sr Manager- Production	DTT- 25 Years	45	0.00%	8.99	Jayavarma Textiles Pvt Ltd
A.S.Balaji	01.01.1990	Manager- Cotton	B.Com - 28 Years	55	0.00%	8.13	RP & GT Processing Limited
V.Balasundaram *	13.11.2015	GM-Productions	DTT, MLM- 29 Years	54	0.00%	6.64	Madura Coats Private Limited
N.Sreedhar *	11.02.2016	VP-Operations	DTT, MBA - 28 Years.	50	0.00%	5.25	National Textile Corporation Limited

\*part of Financial year 2018-19

Note: 1. All the executives are in the permanent rolls of the Company.

2. None of the employees are related to any of the Directors of the Company.

3. Remuneration includes Salary, Allowances, contribution to Provident Fund and other taxable perquisites.

For and on behalf of the Board  
**Sumanth Ramamurthi**  
 Chairman and Managing Director  
 DIN: 00002773

Coimbatore  
 30th May, 2019



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## Management Discussion and Analysis

### Industry Conditions and Review of Operations

Following are some of the major challenges faced by the spinning industry.

- (a) India, which was enjoying a dominant position in international cotton yarn trade, is losing its market share. This is mainly because of new entrants like Bangladesh, Vietnam, Cambodia resulting in fall in India's share in Cotton yarn trade.
- (b) As a result of this, Indian cotton yarn exports is stagnant for the last several years. This has resulted in an over-supply situation in the domestic market resulting in a downward pressure in prices of cotton yarn.
- (c) With volatility in cotton prices and lack of pricing power has resulted in low margins and low return on investment.

In addition to this, due to discontinuation of operations in Super Sara Unit, the Company recorded a turnover of ₹ 208 crores during this year as against ₹ 260 crores in the previous year.

### Opportunities

The perceptible shift to man made fibers in the international textile market is already having a similar effect in the Indian textile markets. With the right government policies for encouraging higher consumption of fabrics made from man made fibers present an opportunity to your company in the years to come.

### Threats

High volatility in cotton prices, shortage of skilled man power and intense competition from other emerging economies are some of the threats faced by the industry. In addition to this stagnant farm income and slow down in economic growth could also be considered as threats.

### Risks and concerns

The nature and the magnitude of the risks associated with the Company are reviewed and placed before the Board periodically. Various measures for modernization have been introduced to reduce the dependency of labour, which also ensures optimum capacity utilization & quality outputs.

### Health, safety and Security Environment

Our Company has always been adopting all possible safety measures concerning the health and safety of the Workers and staffs at all levels. This has improved the morale among the workers and staffs and also the working environment at large.

### Human Resources/Industrial Relations

Employer-Employee relations continued to remain cordial during the year at all the units of the Company. Necessary measures are being adopted to improve the life, work culture, productivity, efficiency and effectiveness of the workers and staff at all levels. Even under the situation of Non availability of skilled manpower, the costs of recruiting, training and deploying trained labour still remains a major constraint to the Company. The Company has 522 permanent employees on roll as on 31st March 2019.

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## Report on Corporate Governance

### Report on Corporate Governance

The Directors of the Company present the Report on Corporate Governance for the year ended 31st March, 2019, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

### Company's philosophy on Code of Governance

Good Governance ensures that the best corporate practices are followed by a Company. The Company's philosophy on Corporate Governance finds expression in a self-governing model of voluntary adherence of all statutory rules and regulations, timely disclosures, transparent accounting policies and practices, maintenance of the highest degree of integrity and ethical conduct towards all the stakeholders namely shareholders, employees, financial institutions, suppliers and business partners. Company believes that sound Corporate Governance is vital to enhance and retain stakeholder trust.

### Board of Directors - Composition, Category and Attendance

The Board of Directors comprises of experts drawn from diverse fields/profession. The Board has an optimum combination of Executive, Non-Executive and Independent Directors of which six are Independent Directors including one Woman Director as per requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

The details of composition of the Board of Directors and number of directorship held in other Companies / Board Committees by each member of the Board of Directors of the Company as on 31st March, 2019 is as under:

Name of the Director	Category	No. of Directorships in other Companies ##	Committee of other Board's in which he is a Member / Chairman*	No. of Board Meetings attended	Whether attended the AGM held on 29.08.2018
Mr. Sumanth Ramamurthi (DIN : 00002773)	Chairman and Managing Director	5	1/1	7	Yes
Mr. Sudarsan Varadaraj (DIN : 00133533)	Independent and Non-Executive	5	2/NIL	4	No
Mr. C G Kumar (DIN : 02823567)	Independent and Non-Executive	-	NIL/NIL	7	No
Mrs. Suguna Ravichandran (DIN : 00170190)	Independent and Non-Executive	1	1/NIL	7	Yes
Mr. B Lakshmi Narayana (DIN : 00504396)	Independent and Non-Executive	3	1/NIL	6	Yes
Mr. A R Balasundharam (DIN : 07802383)	Non-Independent and Non-Executive	-	NIL/NIL	7	Yes
Mr. C S K Prabhu # (DIN : 00002913)	Independent and Non-Executive	2	1/2	6	Yes
Mr. B Vijayakumar # (DIN : 00015583)	Independent and Non-Executive	5	2/Nil	3	No

## Excluding Directorships in Private and Foreign Companies

\* Only Audit Committee and Stakeholders' Relationship Committee has been considered.

# Retired from the Directorship of the Company w.e.f 31st May 2019

None of the Directors on the Board are related to each other.

During the year 2018-19, Seven Board Meetings were held at the Registered Office on 19th May 2018, 28th July 2018, 10th September 2018, 27th October 2018, 22nd January 2019, 9th February 2019 and 28th February 2019. The Company has held at least one Board meeting in every quarter and the gap between two meetings did not exceed one hundred and twenty days. The necessary quorum was present in all the meetings.

None of the Directors hold directorship in more than 20 Companies (including limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the disclosures received from the Directors, none of the Directors serve as member of more than 10 Committees nor the Chairman / Chairperson of more than 5 Committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Directors	Details of the other listed entities where the Directors hold directorship	
	Name of the listed entity	Designation
Mr. Sumanth Ramamurthi (DIN: 00002773)	Precot Meridian Limited	Non-Executive-Independent Director
Mr. Sudarsan Varadaraj (DIN No.00133533)	Kovilpatti Lakshmi Roller Flour Mills Limited	Non-Executive-Non-Independent Director
	Elgi Equipments Limited	Non-Executive-Non-Independent Director
	Elgi Rubber Company Limited	Executive Chairman & Managing Director
Mr. C G Kumar (DIN : 02823567)	Nil	Nil
Mrs. Suguna Ravichandran (DIN : 00170190)	The Lakshmi Mills Company Limited	Non-Executive-Independent Director
Mr. B Lakshmi Narayana (DIN : 00504396)	Super Sales India Limited	Non-Executive-Independent Director
Mr. A R Balasundharam (DIN : 07802383)	Nil	Nil
Mr. B. Vijayakumar (DIN .00015583) Retired on 31.05.2019	Elgi Equipments Limited LGB Forge Limited L G Balakrishnan & Bros Limited	Non-Executive-Independent Director Chairman, Non-Executive Director Chairman, Executive Director
Mr. C S K Prabhu (DIN : 00002913) Retired on 31.05.2019	Bannari Amman Spinning Mills Limited	Non-Executive-Independent Director
	Shiva Texyarn Limited	Non-Executive-Independent Director

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**Shareholding of Non-Executive Directors**

Mr. Sudarsan Varadaraj is holding 72,810 equity shares in the Company as on 31<sup>st</sup> March 2019. None of the other Non-Executive Directors are holding any shares in the Company.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year

**Familiarization program for Independent Directors**

The Company familiarizes its Independent Directors with their roles, rights and responsibility in the Company, nature of the Industry, unit-wise operational and financial aspects etc as per Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Directors are also appraised about the new products and technology related aspects.

The details of familiarization program for the independent directors are placed on the Company's website <http://www.superspinning.com/wp-content/uploads/2019/03/FamiliarizationProgram.pdf>.

**Key Board qualifications, expertise and attributes:**

The Board of Directors comprises of experts who bring in the necessary skills and competence that allow them to make effective decisions or contributions to the Board, its committees and the management.

The list of core skills/ expertise/ competencies pertaining to the business, as identified and available with the Board of Directors is as follows:

- Behavioural - The Board members effectively participate and contribute in the Board meetings and maintain board confidentiality. The Board possesses key attributes and competencies on the whole enabling them to function well as a team.
- Governance - The essential governance, legal and compliance knowledge is possessed by all the directors which aids in protecting the shareholders interest.
- Technical - The Directors possesses required skills and specialist knowledge to assist the management in the key areas. All the directors have the ability to understand the financial statements.
- Industry - The Directors have necessary experience and knowledge in the textile industry which enables them to guide the management.

**Confirmation on the fulfillment of the conditions of independence:**

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

**Resignation of Independent Directors before expiry of tenure:**

During the year under review, Mr A R Balasundharam, resigned as Independent Director and was subsequently appointed as Non-Executive, Non-Independent Director of the Company.

Subject to the above, none of the Independent Directors has resigned before the expiry of the tenure during the year under review.

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**Separate Meeting of the Independent Directors:**

Pursuant to the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Independent Directors meeting was held on 9th February 2019 without the attendance of Non-Independent Directors and members of Management, to review the performance of the Chairman, Non-Independent Directors and access the quality, quantity and timeliness of flow of information between the Company and the Board. The terms and conditions for appointment of Independent Directors are placed on Company's website [www.superspinning.com](http://www.superspinning.com).

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

**Committee of Directors**

**a) Audit Committee**

The Board has constituted a well-qualified Audit Committee in compliance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Three members of the Committee are Independent Directors including Chairman. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc.

**Terms of Reference:**

The role, powers and functions of the Audit Committee are as per Section 177 of the Companies Act, 2013 and The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors.

**Composition and Meetings:**

The Audit Committee met four times during the year on 19th May 2018, 28th July 2018, 27th October 2018 and 9th February 2019. The composition of the Audit Committee and particulars of meetings attended by the members of the Audit Committee are given below:

<b>Name</b>	<b>Category</b>	<b>No. of Meetings Attended</b>
Mr. C S K Prabhu, Chairman (upto 31.05.2019)	Non-Executive - Independent	3
Mr. C G Kumar	Non-Executive - Independent	4
Mr. B Lakshmi Narayana	Non-Executive - Independent	4
Mr. A R Balasundharam	Non-Executive- Non-Independent	4

The Chairman of the Audit Committee had attended the Annual General Meeting for the FY 2017-18.

The Statutory Auditors, Internal Auditors and Executives of the Company attended the meetings to discuss on the financials, internal controls etc. The minutes of the Audit Committee Meetings were placed at the Board Meetings. The Company Secretary acts as the Secretary of the Committee. The Audit Committee considered and reviewed the accounts for the year 2018-19, before it was placed in the Board.

**b) Nomination and Remuneration Committee**

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013

**Terms of Reference:**

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013. The committee recommends policy relating to remuneration and employment of directors and senior management, evaluates the performance of the Board, reviews the employment policy and plays vital role in other matters which the Board of Directors may deem necessary from time to time.

**Composition and Meetings:**

The Committee comprises of 3 members, all being Non- Executive Independent Directors. During the year under review, the Committee of the Board met four times on May 19, 2018, July 28, 2018, September 10, 2018 and February 8, 2019.

The composition of Nomination and Remuneration Committee and the meetings attended by the members are as under.

<b>Name</b>	<b>Category</b>	<b>No. of Meetings Attended</b>
Mr. C S K Prabhu, Chairman (upto 31.05.2019)	Non-Executive Independent	4
Mr. Sudarsan Varadaraj	Non-Executive Independent	4
Mr. B Vijayakumar	Non-Executive Independent	2

The Chairman of the Committee had attended the Annual General Meeting for FY 2017-18. The Company Secretary is the Secretary to the Committee.

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 178 of the Companies Act 2013.

**Performance Evaluation of Non-Executive and Independent Directors / Performance evaluation criteria**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 37(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committee, and Stakeholder Relationship Committee. A peer review was done by all the Directors evaluating every other Director. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance. Feedback on the appraisal has been provided to the board members

**Remuneration of Directors**

Remuneration of the Executive Directors are decided by the Board based on the recommendations and approval of the Nomination and Remuneration Committee as per the remuneration policy of the company, within the ceiling fixed by the shareholders and within the overall ceiling limits prescribed under the Companies Act, 2013.

The remuneration paid / payable to the Executive Directors of the Company for the year ended 31st March, 2019 is as follows.

<b>Name of the Director</b>	<b>Remuneration (₹ in Lakhs)</b>	<b>Service Contract</b>
Mr. Sumanth Ramamurthi, Chairman and Managing Director	50.88	01.04.2017 to 31.03.2020
Mr. A S Thirumoorthy, Managing Director	10.26	01.04.2017 to 31.05.2018

Note : Remuneration includes Salary, Allowances, Perquisites and Company's contribution to Provident Fund.

No performance linked incentives were paid.

No sitting fees were paid to Executive Chairman and Managing Director.

Managing Director & Executive Chairman are not entitled to severance fees

Except for Mr. A R Balasundharam , Vide a Special Resolution as approved by the members of the Company dated 29th August 2018, the Company does not pay remuneration to any of its Non-Executive Directors except sitting fees for attending the Board/Committee Meeting(s).

**Remuneration paid to Non-Executive Director (other than sitting fee)**

<b>Name of the Director</b>	<b>Salary, Allowance and Perquisites (In ₹)</b>
Mr. AR Balasundharam Non-Executive Director	18,00,000

The Non-Executive Directors are paid sitting fees for attending each Board and Committee Meetings as per details furnished below:

<b>Name of the Non-Executive Director</b>	<b>Sitting Fees (In ₹)</b>
Mr. C S K Prabhu	1,16,000
Mr. AR Balasundharam	1,26,000
Mr. Sudarsan Varadaraj	38,000
Mr. B Vijayakumar	24,000
Mr. C G Kumar	1,10,000
Ms.Suguna Ravichandran	70,000
Mr. B Lakshmi Narayana	1,00,000

The Company currently does not have any Stock Option Scheme.

**Policy for appointment and remuneration of directors, KMP and senior management**

The nomination and remuneration committee (N&R Committee) and the board of directors, have adopted a nomination and remuneration policy, which, inter alia, deals with the criteria for appointment of the directors, KMP and senior management personnel and their remuneration. The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's website at the link <http://www.superspinning.com/wp-content/uploads/2019/03/NominationAndRemunerationPolicy.pdf>

### **Criteria for appointment of directors**

While recommending the appointment of the directors to the board, the Nomination and Remuneration Committee shall consider criteria / attributes like qualification, expertise, experience of the directors in their respective fields, professional or business standing and diversity of the board. The Nomination and Remuneration Committee has the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

### **c) Stakeholders Relationship Committee**

The SRC primarily considers and resolves grievances of the security holders of the Company and looks into the mechanism for addressing the same. It also suggests improvements to investor relations initiatives undertaken at the Company.

This committee deals in matters relating to transfer and transmission of shares, issue of duplicate share certificates and review of dematerialized shares. The share transfers / transmissions are approved by the committee. The minutes of the same are placed at the Board Meetings from time to time.

#### **Terms of Reference:**

The Stakeholders Relationship Committee is constituted in compliance with provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Composition and Meetings:**

The Stakeholders Relationship Committee comprises of 3 members. The Chairman of the Committee is a Non- Executive, Independent Directors. During the year 2018-19, 11 meetings of the Stakeholders Relationship Committee were held on 05th May 2018, 18th July 2018, 10th August 2018, 17th August 2018, 24th September 2018, 09th October 2018, 30th November 2018, 10th December 2018, 24th January 2019, 11th March 2019 and 21st March 2019.

The composition of the Stakeholders Relationship Committee and particulars of meetings attended by the members is as follows:

<b>Name of the Member</b>	<b>No. of Meetings Attended</b>
Mr. C S K Prabhu, Chairman (upto 31.05.2019)	10
Mr. Sumanth Ramamurthi	11
Mr. A R Balasubdham	9
Mr. A S Thirumoorthy*	1

\* Resigned from the Directorship of the Company w.e.f 31st May 2018

The Company Secretary is the Secretary to the Committee and is the Compliance Officer as per SEBI (LODR) Regulations, 2015. The Chairman of the Committee had attended the Annual General Meeting held for the FY 2017-18.

#### **Details of Investors Complaints**

During the year the Company **has not received any complaints from the shareholders**. There were no complaints pending unresolved during the year ended 31st March 2019.



Pursuant to Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

**Disclosure with respect to Unclaimed Suspense Account**

Pursuant to Regulation 39(4) read with Schedule VI of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company had transferred on 05.07.2014, its unclaimed shares to “**Super Spinning Mills Limited unclaimed suspense account**” opened with Coimbatore Capital Limited. The details of the Unclaimed Securities Suspense Account is given below:

<b>Particulars</b>	<b>Number of Shareholders</b>	<b>Number of Equity shares</b>
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	492	9,77,690
Number of shareholders who approached the Company for transfer of shares from suspense account during of the year	9	8,800
Number of shareholders to whom shares were transferred from suspense account during of the year	9	8,800
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 <sup>st</sup> March, 2019	483	9,68,890

The voting rights on the outstanding unclaimed shares as on 31st March, 2019 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company’s Registrar & Share Transfer Agent.

**d) Corporate Social Responsibility (CSR) Committee:**

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility Committee.

The Committee comprises Mr C S K Prabhu, Mr Sumanth Ramamurthi and Mr A R Balasundharam as members. The Committee met on 19th May 2018.

However, the Company has not required to incur any expenditure on the CSR initiatives during the year under review as the average net profits of the preceding three financial years of the Company was in negative.

**Management Discussion and Analysis Report:**

Management Discussion and Analysis Report forms part of the Annual Report.

## General Body Meetings

Location and time for last three AGMs held and the Special Resolutions, if any, passed thereat, are as given below:

Year	Location	Date	Time	Special Resolutions passed in the AGM's
2016	Ardra Convention Centre, Kaanchan No.9, North Huzur Road, Coimbatore - 641 018	08.09.2016	3.30 PM	Appointment of Mr. Vijay Venkataswamy as an Independent Director of the Company.
2017	Ardra Convention Centre, Kaanchan No.9, North Huzur Road, Coimbatore - 641 018	01.12.2017	3.30 PM	NIL
2018	Ardra Convention Centre, Kaanchan No.9, North Huzur Road, Coimbatore - 641 018	29.08.2018	3.30 PM	Payment of Consultancy fees to Mr.A.R.Balasundharam, Non Executive Director

All resolutions moved at the last Annual General Meeting were passed by the requisite majority of shareholders.

## EGM and Postal Ballot

During the year, no EGM was held. During the year, the Company has conducted a Postal Ballot vide Notice dated 27th October 2018 for approval of the Material Related Party Transaction with M/s. Elgi Electric and Industries Limited

The details of resolution passed through Postal Ballot last year and the voting pattern for the said resolutions are disclosed as under:

Resolution Particulars	Type of Resolution	No. of votes polled	Votes cast in favour		Votes cast against		Invalid Votes Cast
			No. of votes	%	No. of votes	%	
1. Approval for Material Related Party Transaction with M/s. Elgi Electric and Industries Limited	Ordinary	8,86,409	5,97,979	67.46	2,88,430	32.54	2,64,430

Sri. M.D. Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore, was appointed as the scrutinizer for carrying on the postal ballot process in a fair and transparent manner.

## Postal Ballot proposed to be conducted:

No postal ballot is proposed to be conducted in the current financial year.

## Procedure for postal ballot:

Pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolutions as specified in the Notice of the Postal Ballot dated 27th October 2018 (as specified above) were transacted through Postal Ballot / e-voting during the last year. The Company had engaged the services of M/s. Link Intime India Private Limited ("LI IPL") for providing e-voting facility to the members.

The members were provided the option of exercising their right to vote on the said resolution through postal ballot / e-voting during the period commencing from 9:00 AM on Sunday, the 11th November 2018 to 5.00 PM on Monday, the 10th December 2018. Upon completion of the voting period, the scrutinizer completed the scrutiny of votes cast and submitted his report to the Chairman and Managing Director. The results of the voting were declared on Thursday, 13th December 2018 on the website of the Company, Stock Exchanges and LIPL.

### **Means of Communication**

The quarterly and annual financial results are published in the newspapers viz., Business Standard (all editions) and Maalai Murasu (Vernacular paper) and displayed on website of the company [www.superspinning.com](http://www.superspinning.com). The Company regularly intimates quarterly and annual financial results to the Stock Exchanges immediately after the same was taken on record by the Board. The results are not separately circulated to the shareholders.

There were no specific presentations made to Institutional Investors or to the analysts during the year.

### **General Shareholder Information**

#### **Annual General Meeting :**

Financial Year : 1st April 2018 to 31st March 2019  
Day, Date and Time : Wednesday, 28th August 2019 at 3.30 P.M  
Venue : Ardra Convention Centre, Kaanchan, No.9,  
North Huzur Road, Coimbatore - 641018  
Date of Book closure : 22nd August 2019 to 28th August 2019  
(both days inclusive)  
Dividend Payment Date : Not Applicable

#### **Listing of shares on Stock Exchanges**

##### **BSE Limited**

25th Floor, PJ Towers  
Dalal Street, Fort  
Mumbai - 400 001

##### **National Stock Exchange of India Ltd**

Exchange Plaza, 5th Floor, Plot No. C/1  
'G' Block, Bandra-Kurla Complex  
Bandra (East), Mumbai - 400 051

### **STOCK MARKET DATA**

#### **Type of Security: Equity**

The Equity Shares of the company are listed on The BSE Limited and National Stock Exchange of India Limited. The company confirms that it has paid annual listing fees to "The BSE Limited and National Stock Exchange of India Limited" for the year 2018-19.

#### **Stock Code**

<b>Name of the stock Exchange</b>	<b>Scrip code</b>
Bombay Stock Exchange Ltd	521180
National Stock Exchange of India Ltd	SUPERSPIN
ISIN with NSDL & CDSL	INE662A01027

**MARKET PRICE DATA FOR THE YEAR 2018 - 19**

Month	BSE Limited				National Stock Exchange			
	Share Price		Sensex		Share Price		S&P Nifty	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
April'18	15.94	11.50	35,213	32,973	15.75	11.60	10,759	10,111
May'18	15.20	11.05	35,994	34,303	15.05	11.00	10,929	10,418
June'18	11.85	7.80	35,877	34,785	11.50	7.85	10,893	10,551
July'18	9.30	4.92	37,645	35,107	9.25	4.90	11,366	10,605
August'18	10.62	7.59	38,990	37,129	10.25	7.35	11,760	11,235
September'18	8.83	6.18	38,934	35,986	8.80	6.30	11,752	10,850
October'18	7.08	5.45	36,617	33,292	7.15	5.40	11,036	10,005
November'18	8.00	6.37	36,389	34,303	8.10	6.15	10,922	10,342
December'18	8.69	6.35	36,555	34,426	8.60	6.30	10,985	10,334
January'19	8.25	6.40	36,701	35,376	8.25	6.45	10,987	10,584
February'19	6.95	5.67	37,172	35,287	7.15	5.55	11,118	10,586
March'19	7.99	5.50	38,749	35,927	8.15	5.50	11,630	10,817

Note: The Face Value is ₹ 1/-

**Reconciliation of Share Capital Audit**

A qualified Company Secretary in Practice carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The reconciliation of share capital audit report confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL & CDSL.

**Share Transfer System**

The company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrar and Share Transfer Agents, Link Intime India Private Limited and approved by the Stakeholders Relationship Committee of the Company. The Share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by the Registrar and Share Transfer Agents, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. All the applications received either for transfer or dematerialization will be processed only after getting the approval from the members of the Stakeholders Relationship Committee.

**Distribution of Shareholding Pattern of Shareholding as on 31<sup>st</sup> March 2019**

Category	No. of Share Holders	No. of shares held	% of share Holding
Promoters and promoters group	18	2,33,71,230	42.49
Mutual Funds	1	1,470	-
Foreign Institutional Investors/ NRI/ OCB	95	4,47,926	0.82
Bodies Corporate	207	31,22,911	5.68
Public	9987	2,80,56,463	51.01
<b>Total</b>	<b>10,308</b>	<b>5,50,00,000</b>	<b>100.00</b>

**Distribution of shareholdings as on 31<sup>st</sup> March 2019**

Shares	No of Shareholders	% of share holding	No of Shares	% of share holding
1 - 500	5174	50.19	12,15,405	2.21
501 - 1000	1927	18.69	17,33,515	3.15
1001 - 2000	1113	10.80	18,17,101	3.30
2001 - 3000	566	5.49	14,99,490	2.73
3001 - 4000	239	2.32	8,70,179	1.58
4001 - 5000	313	3.04	15,12,141	2.75
5001 - 10000	463	4.49	35,76,143	6.50
10001 Above	513	4.98	4,27,76,026	77.78
<b>Total</b>	<b>10308</b>	<b>100.00</b>	<b>5,50,00,000</b>	<b>100.00</b>

**Demat and Physical Shares as on 31<sup>st</sup> March, 2019**

Particulars	No. of Shareholders	No. of Shares	% to Share capital
National Securities Depository Limited	5773	4,24,66,072	77.21
Central Depository Services (India) Limited	4284	1,12,24,508	20.41
Physical	251	13,09,420	2.38
<b>Total</b>	<b>10308</b>	<b>5,50,00,000</b>	<b>100.00</b>

With effect from 1st April, 2019, the applications for transfer of shares held in physical form will not be processed by the listed entity / registrar and share transfer agent, except in case of transmission or transposition, in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The custodial fee to the depositories (NSDL & CDSL) was paid for the year 2019-20.

**Outstanding GDRs/ADRs/Warrants or any Convertible Instruments and their likely impact on equity**

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR.

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**Plant Locations**

<p><b>A unit</b>          Kirikera, Hindupur, Ananthapur Dist, Andhra Pradesh.</p>	<p><b>B unit</b>          Kotnur, Hindupur, Ananthapur Dist, Andhra Pradesh.</p>
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<p><b>Address for Correspondence &amp; Registered Office</b>          Mrs. Narmatha G K          Company Secretary &amp; Compliance Officer          Super Spinning Mills Limited          "Elgi Towers", PB No. 7113          737-D, Green Fields, Puliakulam Road          Coimbatore - 641 045, Tamil Nadu          Phone : 91-422-2311711, 4351711          Fax : 91- 422 - 2311611          E Mail : investors@ssh.saraelgi.com          Web : www.superspinning.com</p>	<p><b>Address for Correspondence with Registrar and Share Transfer Agents</b>          Link Intime India Pvt Limited          Coimbatore Branch Office          "SURYA' 35 Mayflower Avenue          Behind Senthil Nagar          Sowripalayam, Coimbatore - 641 028.          Tamil Nadu          Phone : 91 - 422 - 2314792          Fax : 91 - 422 - 2314792, 2315792          E Mail : coimbatore@linkintime.co.in</p>
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**Disclosure**

**Related Party Transactions**

**a) Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large**

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large.

The details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions.

**b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, or any matter relating to capital markets, during the last three years**

The company has complied with all the requirements of the Listing Agreement of the stock exchange as well as regulations and guidelines of SEBI including SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No penalties have been levied or strictures have been passed by SEBI, stock exchange or any other statutory authority on matters relating to capital markets during the last three years.

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**c) Details of establishment of vigil mechanism, whistle blower policy and affirmation that no personnel has been denied access to the Audit Committee**

The company has adopted a whistle blower policy to provide a formal mechanism to the Directors and employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the company's code of Conduct or ethics policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the chairman of the audit committee. It is affirmed that no personnel of the company has been denied access to the audit committee.

Your company hereby affirms that no complaints were received during the year under review.

**d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements**

The company has complied with all the mandatory requirements of corporate governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company has adopted the non-mandatory requirement of reporting of internal auditors to Audit Committee as recommended under Regulation 27(1) read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has not adopted any other non- mandatory requirements.

**e) Web link where policy for determining "material" subsidiaries is disclosed**

The Company has framed a Material Subsidiaries Policy and the same is placed on the Company's website and the web link for the same is <http://www.superspinning.com/wp-content/uploads/2015/01/Policy-on-Subsidiaries.pdf>.

**f) Web link where policy on dealing with related party transactions**

The Company has framed Related Party Transaction Policy and the same is placed on the Company's website and the web link for the same is <http://www.superspinning.com/wp-content/uploads/2019/03/PolicyOnRelatedPartyTransaction.pdf>.

**g) Disclosure of commodity price risks and commodity hedging activities**

During the financial year ended 31<sup>st</sup> March 2019, the Company did not engage in commodity hedging activities.

**h) Disclosure on accounting treatment**

In the preparation of the financial statements, the Company has followed the accounting standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**i) Disclosure on risk management**

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Audit Committee.

There has been no instances of non-compliance of any requirement of corporate governance report as stated above.

The Company has complied with all the mandatory requirements specified in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**j) Credit Rating**

The company does not have any debt instruments or fixed deposit programme or any scheme or proposal involving mobilization of funds either in India or abroad that requires credit rating.

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**k) Other disclosures**

The company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report.

During the year under review, the recommendations made by the different committees have been accepted and there were no instances where the board of directors had not accepted any recommendation of the committees.

The company has paid a sum of Rs. 6,00,000/- plus out of pocket expenses and applicable taxes as fees on consolidated basis to the statutory auditor and all entities in the network firm / entity of which the statutory auditor is a part for the services rendered by them.

As per the provisions of the sexual harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013, the company has constituted an internal complaints committee. During the year 2018- 19, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

**Certificate from CEO / CFO**

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on 30.05.2019 as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Code of Conduct**

The Board of Directors has laid down a code of conduct for all Board Members and Senior Management of the Company. The same has been posted on the website of the Company. All Board members and senior management personnel have affirmed their compliance with the code of conduct for the year under review.

**Code for Prevention of Insider Trading**

The Company has framed a code of conduct for monitoring the trading done by Insiders based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all directors / officers / designated employees.

The Company has also formulated "The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Declaration for code of conduct**

I hereby affirm and state that all board members and senior management personnel of the company have given a declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2018-2019.



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To  
 The Members of  
 M/s. SUPER SPINNING MILLS LIMITED  
 (CIN: L17111TZ1962PLC001200)  
 'Elgi Towers', P.B No:7113 Green Fields  
 Puliakulam Road  
 Coimbatore - 641045

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. SUPER SPINNING MILLS LIMITED** having CIN: L17111TZ1962PLC001200 and having registered office at 'Elgi Towers', P.B No:7113 Green Fields, Puliakulam Road, Coimbatore - 641045 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March 2019** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Sumanth Ramamurthi (Chairman & Managing Director)	00002773	22/02/1992
2	Mr. C S K Prabhu	00002913	21/11/2003
3	Mr. Balakrishnan Vijayakumar	00015583	27/08/1984
4	Mr. Sudarsan Varadaraj	00133533	13/03/1993
5	Mr. Coimbatore Gopal Kumar	02823567	01/06/2014
6	Mrs.Suguna Ravichandran	00170190	01/06/2014
7	Mr. B Lakshminarayana	00504396	01/06/2017
8	Mr. Appanaickenpatti Ramasamy Balasundharam	07802383	01/06/2017

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore  
 Date: 30.05.2019

**M D SELVARAJ**  
 MDS & Associates  
 Company Secretaries  
 FCS No.: 960; C P No.: 411




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## Auditors` Certificate on Corporate Governance

To **The Members of Super Spinning Mills Limited,**

We have examined the compliance of conditions of Corporate Governance by **M/s. Super Spinning Mills Limited** ('the company'), for the year ended 31st march, 2019, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46 (2) and paras C and D of the Schedule V of the securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

The compliances of conditions of Corporate Governance are the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

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

For Sethia, Prabhath Hegde & Co  
Chartered Accountants  
Registration No. 013367S

**(Timmayya Hegde)**

Partner

Membership No.226267

Coimbatore  
May 30, 2019

### Certification by Chief Executive Officer and Chief Financial Officer

To the Board of Directors of Super Spinning Mills Limited,

We, Sumanth Ramamurthi, Chairman cum Managing Director and B Sathyanarayana Reddy, Chief Financial Officer of Super Spinning Mills Limited, certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2019 and to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year ended 31<sup>st</sup> March 2019 are fraudulent, illegal or in violation of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such the internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
  - i. There have not been any significant changes in internal control over financial reporting during the year ended 31<sup>st</sup> March 2019.
  - ii. There have not been any significant changes in accounting polices during the year ended 31<sup>st</sup> March 2019.
  - iii. There have been no instances during the year ended 31<sup>st</sup> March 2019 of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system over financial reporting.

Coimbatore  
30<sup>h</sup> May 2019

**Sumanth Ramamurthi**  
Chairman and Managing Director  
DIN : 00002773

**B Sathyanarayana Reddy**  
Chief Financial Officer

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## **INDEPENDENT AUDITOR'S REPORT ON THE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS**

**To the members of SUPER SPINNING MILLS LIMITED**

**Report on IND AS Financial Statements**

### **Opinion**

We have audited the accompanying Ind AS financial statements of **M/s.Super Spinning Mills Limited** ('the Company'), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, its losses including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Basis for opinion**

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' responsibilities for the audit of the Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Ind AS financial statements for the financial year ended 31st March 2019. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the audit of the Ind AS financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements:

Sr No.	Key audit matters	How our audit addressed the key audit matter
1.	<p>Goods and service tax (GST) - Declaration of excess turnover in GSTR 3B return as compared to books of accounts to the tune of Rs. 11,118.09 lakhs in the month of April 2018</p>	<p>We have verified the GST returns in conjunction with books of accounts and during the examination, it has come to our attention that the Company has filed the GSTR 3B return erroneously by declaring Rs. 11,118.09 lakhs in excess of actual turnover recorded in the books of accounts.</p> <p>This would lead to issuance of Notice by the concerned department asking to pay GST on such excess declaration made by the Company.</p> <p>However, the management has responded as below:</p> <p>This was a typographical error happened while filing GSTR 3 B for the month of Apr' 18. Inadvertently one zero had been suffixed to the actual Turnover of Rs.1,235.34 lakhs and wrongly shown the taxable turnover as Rs.12,353.43 lakhs.</p> <p>We have correctly reported tax payable and paid the taxes accordingly, only the taxable turnover has been wrongly mentioned.</p> <p>We have communicated the errors immediately to the GST authorities on 14-12-2018 once it was noticed by us.</p>
2.	<p>Payroll data authentication - Internal control weakness identified in authentication of payroll data processed on monthly basis in the factory Units i.e. "Super A &amp; B"</p>	<p>We have verified the month wise payroll data in conjunction with the ID and address proofs of few employees on sample basis, during which it was to our observation that most of the name in the payroll register do not match with the ID proofs.</p> <p>In addition to above, the process of checks and balances from the Accounts department was not adequate on receipt of payroll data for payment processing by Human Resource department on monthly basis.</p> <p>Also, we have noticed that the Company has paid wages in cash on monthly basis to few of its workers which adds to the concern mentioned in the above paragraph giving more space for leakage of funds .</p> <p>To conclude, this has led to Internal control weakness in authentication of payroll data and payments made in cash on monthly basis leading to scope for misappropriation and leakage of funds.</p> <p>However, the management has responded as below:</p> <p>We will take necessary steps in order to sort out the concerns address by the Auditor within a reasonable timeline.</p> <p>We have already initiated to examine and fix internal control weakness identified by the Auditor with regard to payroll data authentication and avoidance of cash payment of wages henceforth.</p>

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**Information other than the financial statements and auditors' report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Chairman's Letter, Management Discussion and Analysis, Corporate Governance and Directors' Report, but does not include the Ind AS financial statements and our auditors' report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of management for the Ind AS financial statements**

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Rules specified in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the audit of the Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting
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a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up-to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

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

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

1. As required by 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
    - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Rules specified in the Companies (Indian Accounting Standards) Rules, 2017 as amended from time to time;
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- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure A” forming part of the Independent Auditors Report. Our report expresses an disclaimer of opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting;
- g) In our opinion, the managerial remuneration for the year ended 31st March 2019 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act; and
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigation on its financial position in its Ind AS financial statements included in Note No. 42 forming part of the Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor’s Report) Order 2016 (“the order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the “Annexure B” statement on the matters specified in paragraphs 3 and 4 of the order to the extent applicable.

For **M/s Sethia, Prabhada Hegde & Co**  
Chartered Accountants  
Registration No. 013367S

**Timmayya Hegde**  
Partner  
Membership No. 226267

Coimbatore  
May 30, 2019

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## **Annexure - A to the Independent Auditors' Report**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of **SUPER SPINNING MILLS LIMITED** ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations 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 Ind AS financial statements.

#### **Inherent Limitations of Internal Financial controls over Financial Reporting**

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

#### **Disclaimer of Opinion**

The Company was not able to provide us with sufficient appropriate audit evidence on the system of internal financial control over financial reporting based on criteria considering the essential components of internal control as stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Due to the aforesaid reason, we are unable to and do not provide any opinion as to whether the Company had adequate internal financial control over financial reporting as at March 31, 2019 and whether such internal financial controls were operating effectively.

For **M/s Sethia, Prabhad Hegde & Co**  
Chartered Accountants  
Registration No. 013367S

**Timmayya Hegde**  
Partner  
Membership No. 226267

Coimbatore  
May 30, 2019

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## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of **SUPER SPINNING MILLS LIMITED** for the year ended 31<sup>st</sup> March, 2019)

We report that:

- i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties are held in the name of the company.
  - ii) (a) In our opinion and according to the information and explanations given to us, the management has conducted the physical verification of inventories at reasonable intervals during the year under review.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) According to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventories and no material discrepancies were noticed on their physical verification.
  - iii) (a) The Company had not granted any loans, secured or unsecured to any companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year. Hence, comments on the provisions of clause (iii) (a) to (c) of the said Order do not arise.
  - iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, guarantees and investments made.
  - v) In our opinion and according to the information and explanations given to us, during the year, the Company has not accepted any deposit within the meaning of Section 73 to 76 of the Companies Act, 2013, and rules framed there under.
  - vi) 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 (1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 as amended and are of the opinion that prima-facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
  - vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales-tax, excise duty, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have been regularly deposited during the year by the company with
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appropriate authorities. There are no undisputed statutory dues as referred to above as at 31<sup>st</sup> March 2019 outstanding for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us, the disputed statutory dues that have not been deposited on account of matters pending before the appropriate authority are as under:

<b>Name of Statute</b>	<b>Nature of Dues</b>	<b>Issues in the Appeal</b>	<b>Unpaid Amount (₹ in lakhs)</b>	<b>Period to which the amount relates</b>	<b>Forum Where Dispute is Pending</b>
Income Tax Act, 1961	Income Tax	Disallowance on account of replacement of machinery	523.74	1993-1999 2000-2004 2004-2005 2005-2009 2011-12	CIT(Appeals), Coimbatore CIT(Appeals), Coimbatore ITAT, Chennai CIT(Appeals), Coimbatore CIT(Appeals), Coimbatore
APGST Act, 1957	Sales Tax	Disallowance of Stock Transfer to branch & Tax due on other pending declaration forms	162.96	2010-11	STAT, Visakhapatnam
APGST Act, 1957	Sales Tax	Disallowance of Stock Transfer to branch & Tax due on other pending declaration forms	432.00	2011-12	STAT, Visakhapatnam
Central Excise Act, 1944	Export Rebate claim	Appealed against the rejection of refund of export rebate claim which was received earlier.	25.41	2006-2007	Commissioner of Central Excise and Customs (Appeals), Guntur
Central Excise Act, 1944	Export Rebate claim	Appealed against the rejection of refund of export rebate claim which was received earlier.	39.77	2006-07	Commissioner of Central Excise and Customs (Appeals), Guntur

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- viii) The company has not defaulted in repayment of loans and borrowing to financial institution, bank, government or dues to debenture holders.
- ix) The company has not raised any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian accounting standards (Ind AS).
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **M/s Sethia, Prabhad Hegde & Co**  
Chartered Accountants  
Registration No. 013367S

**Timmayya Hegde**  
Partner  
Membership No. 226267

Coimbatore  
May 30, 2019

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**5 Year Highlights**

₹ lakhs

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Operating Results</b>					
Sales and Other Income	44635	35027	30678	26362	21716
Operating Profit	1813	686	1321	(222)	746
Finance Cost	2304	2143	1700	1382	1266
Gross Profit	(491)	(1457)	(379)	(1604)	(520)
Depreciation	1037	995	956	555	409
Taxes	(541)	(299)	(263)	-	-
Net Profit	(1174)	(582)	(1072)	(2159)	(929)
<b>Performance Parameters</b>					
Net Fixed Assets	9294	7119	6999	21382	17135
Share Capital	550	550	550	550	550
Reserves	5521	4938	4236	13915	12006
Net Worth	6071	5488	4786	14465	12556
Return on Net Worth (%)	(19.34)	(10.61)	(22.39)	(15)	(7)
Bank Borrowings	12485	11150	8753	6871	5274
Debt : Equity	2.06 : 1	2.03 : 1	1.83 : 1	0.48:1	0.42:1
Earnings per Share (in ₹)	(2.13)	(1.06)	(1.95)	(3.93)	(2.91)



## Balance Sheet as at 31st March 2019

Particulars	Note No.	₹ lakhs	
		As at March 31, 2019	As at March 31, 2018
<b>I. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, plant and equipment	4	17,069.78	20,582.79
(b) Intangible assets	4	-	798.92
(c) Capital work in progress	5	12.68	-
(d) Investment property	6	52.43	93.56
(e) Financial assets			
i. Investments	7	1,327.05	1,327.05
ii. Other financial assets	8	349.72	600.70
(f) Other non-current assets	9	211.85	15.32
<b>Total non-current assets</b>		<b>19,023.50</b>	<b>23,418.34</b>
<b>Current assets</b>			
(a) Inventories	10	2,485.43	1,782.41
(b) Financial assets			
i. Trade receivables	11	1,073.24	1,195.04
ii. Cash and cash equivalents	12	14.97	158.22
iii. Other financial assets	13	2,862.80	2,497.87
(c) Non-Current Assets Held for Sale	14	4,480.59	-
(d) Other current assets	15	144.41	226.66
<b>Total current assets</b>		<b>11,061.45</b>	<b>5,860.20</b>
<b>Total Assets</b>		<b>30,084.95</b>	<b>29,278.54</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity share capital	16	550.00	550.00
(b) Other equity	17	12,005.60	12,934.87
<b>Total equity</b>		<b>12,555.60</b>	<b>13,484.87</b>
<b>2. Liabilities</b>			
<b>(a) Non-current liabilities</b>			
i. Financial liabilities			
ii. Borrowings	18	179.75	855.76
iii. Provisions	19	655.31	539.49
iv. Deferred Tax Liabilities (net)	20	-	-
v. Other non-current liabilities	21	170.98	-
<b>Total non-current liabilities</b>		<b>1,006.50</b>	<b>1,395.25</b>

Particulars	Note No.	₹ lakhs	
		As at March 31, 2019	As at March 31, 2018
<b>(b) Current liabilities</b>			
i. Financial liabilities			
ii. Borrowings	22	<b>4,232.56</b>	5,650.63
iii. Trade payables	23		
- Total outstanding dues of micro and small enterprises; and		<b>31.33</b>	-
- Total outstanding dues of creditors other than micro and small enterprises		<b>6,619.54</b>	6,286.62
(c) Other current liabilities	24	<b>5,482.47</b>	2,324.45
(d) Short Term Provisions	25	<b>157.40</b>	136.72
<b>Total current liabilities</b>		<b>16,523.31</b>	<b>14,398.42</b>
<b>Total liabilities</b>		<b>17,529.35</b>	<b>15,793.67</b>
<b>Total Equity and Liabilities</b>		<b>30,084.95</b>	<b>29,278.54</b>

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

For and on behalf of the Board

As per our report of even date attached

**Sumanth Ramamurthi**  
 Chairman and  
 Managing Director  
 DIN : 00002773

**A R Balasundharam**  
 Director  
 DIN : 07802383

For **M/s Sethia, Prabhad Hegde & Co**  
 Chartered Accountants  
 FRN 013367S

**G K Narmatha**  
 Company Secretary

**B Sathyanarayana Reddy**  
 Chief Financial Officer

**Timmayya Hegde**  
 Partner, Membership No.226267

Coimbatore  
 30th May, 2019



## Statement of Profit and Loss for the year ended 31st March 2019

Particulars	Note No.	₹ lakhs	
		Year ended March 31, 2019	Year ended March 31, 2018
<b>CONTINUING OPERATIONS</b>			
<b>A Income</b>			
Revenue from operations	26	20,812.23	26,087.92
Other income	27	904.09	273.83
<b>Total income</b>		<b>21,716.32</b>	<b>26,361.75</b>
<b>B Expenses</b>			
Cost of materials consumed	28	14,330.21	15,723.59
Changes in inventories of finished goods	29	(656.37)	948.31
Excise Duty Expenses		-	-
Power and Fuel	30	2,578.46	3,895.38
Employee Benefits Expense	31	3,315.44	3,532.68
Finance costs	32	1,265.63	1,381.73
Depreciation and amortisation expense	33	409.15	554.82
Other expenses	34	1,900.39	2,484.28
<b>Total expenses</b>		<b>23,142.91</b>	<b>28,520.79</b>
<b>C Profit before exceptional items and tax</b>		<b>(1,426.59)</b>	<b>(2,159.04)</b>
Exceptional items	35	(19.50)	-
<b>D Profit before tax from continuing operations</b>		<b>(1,446.09)</b>	<b>(2,159.04)</b>
Income tax expense	36	-	-
Current tax		-	-
Deferred tax charge/ (credit) relating to earlier years		-	-
<b>Profit for the year</b>		<b>(1,446.09)</b>	<b>(2,159.04)</b>
<b>E Profit before tax from discontinued operations</b>	46	<b>(156.48)</b>	-
Income tax expense		-	-
Current tax		-	-
Deferred tax charge/ (credit) relating to earlier years		-	-
<b>Profit for the year</b>		<b>(156.48)</b>	-
<b>F Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of goodwill arising in business combination		(798.70)	-
Fair value changes in Freehold Land		1,472.00	-
Remeasurement of post employment benefit obligations		-	-
Income tax relating to these items		-	-
Other comprehensive income for the year, net of tax		673.30	-
<b>Total comprehensive income for the year</b>		<b>(929.27)</b>	<b>(2,159.04)</b>
<b>Earnings per share</b>			
Basic earnings per share	37	(2.91)	(3.93)
Diluted earnings per share		(2.91)	(3.93)

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

For and on behalf of the Board

As per our report of even date attached

**Sumanth Ramamurthi**  
Chairman and  
Managing Director  
DIN : 00002773

**A R Balasundharam**  
Director  
DIN : 07802383

For **M/s Sethia, Prabhada Hegde & Co**  
Chartered Accountants  
FRN 013367S

**G K Narmatha**  
Company Secretary

**B Sathyanarayana Reddy**  
Chief Financial Officer

**Timmayya Hegde**  
Partner, Membership No.226267

Coimbatore, 30th May, 2019





## Statement of Cash Flows for the year ended 31st March 2019

Particulars	₹ lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. Cash Flow from operating activities :</b>		
Profit before income tax	(1,602.57)	(2,159.04)
Adjustments for		
Depreciation and amortisation expense	409.15	554.82
(Profit)/ Loss on sale of assets	(835.28)	(129.41)
(Profit)/ Loss on sale of investments	-	(6.46)
Interest received	(33.08)	(33.86)
Finance costs	1,265.63	1,381.73
	<u>(796.16)</u>	<u>(392.22)</u>
Change in operating assets and liabilities		
(Increase)/ decrease in Other financial assets	(113.94)	219.53
(Increase)/ decrease in inventories	(703.02)	1,516.47
(Increase)/ decrease in trade receivables	121.80	5.41
(Increase)/ decrease in Other assets	(114.28)	209.43
Increase/ (decrease) in provisions and other liabilities	3,604.98	874.39
Increase/ (decrease) in trade payables	364.25	450.02
Cash generated from operations	2,363.62	2,883.03
Less : Income taxes paid (net of refunds)	-	(3.69)
<b>Net cash from operating activities (A)</b>	<u>2,363.62</u>	<u>2,879.34</u>
<b>B. Cash Flows From Investing Activities</b>		
Purchase of PPE (including changes in CWIP)	(254.71)	(206.43)
Sale proceeds of PPE	1,172.80	222.87
(Purchase)/ disposal proceeds of Investments property	41.13	-
(Purchase)/ disposal proceeds of Investments	-	6.46
Interest income	33.08	(31.51)
<b>Net cash used in investing activities (B)</b>	<u>992.30</u>	<u>(8.61)</u>
<b>C. Cash Flows From Financing Activities</b>		
Proceeds from/ (repayment of) long term borrowings	(821.56)	(1,393.40)
Proceeds from/ (repayment of) short term borrowings	(1,418.07)	(63.18)
Finance costs	(1,259.54)	(1,403.07)
<b>Net cash from/ (used in) financing activities (C)</b>	<u>(3,499.17)</u>	<u>(2,859.65)</u>



Particulars	₹ lakhs	
	Year ended March 31, 2019	Year ended March 31, 2018
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(143.25)</b>	11.08
Cash and cash equivalents at the beginning of the financial year	<u>158.22</u>	<u>147.14</u>
<b>Cash and cash equivalents at end of the year</b>	<u><b>14.97</b></u>	<u>158.22</u>
<b>Notes:</b>		
1. The above cash flow statement has been prepared under indirect method prescribed in Ind AS 7 "Cash Flow Statements".		
2. Components of cash and cash equivalents		
Balances with banks		
- in current accounts	<b>12.53</b>	54.30
- in deposit accounts	-	99.41
Cash on hand	<b>2.44</b>	4.51
	<u><b>14.97</b></u>	<u>158.22</u>

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

For and on behalf of the Board

As per our report of even date attached

**Sumanth Ramamurthi**  
Chairman and  
Managing Director  
DIN : 00002773

**A R Balasundharam**  
Director  
DIN : 07802383

For **M/s Sethia, Prabhad Hegde & Co**  
Chartered Accountants  
FRN 0133675

**G K Narmatha**  
Company Secretary

**B Sathyanarayana Reddy**  
Chief Financial Officer

**Timmayya Hegde**  
Partner, Membership No.226267

Coimbatore,  
30th May, 2019



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

### (A) Equity Share Capital

₹ lakhs

Balance at the beginning of April 1, 2018	550.00
Changes in equity share capital during the year	-
Balance at the end of March 31, 2019	550.00

### (B) Other Equity

Particulars	General Reserve	Securities Premium Reserve	Capital Reserve	Other comprehensive income	Retained Earnings	Total
<b>Balance as at April 1, 2017</b>	8,666.85	1,487.50	51.02	(72.75)	5,941.42	16,074.04
Prior period adjustment (Expense)*	-	-	-	-	(980.13)	(980.13)
Total Comprehensive Income for the year	-	-	-	-	(2,159.04)	(2,159.04)
<b>Balance as at April 1, 2018</b>	8,666.85	1,487.50	51.02	(72.75)	2,802.25	12,934.87
Additions/ (deductions) during the year	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	673.30	(1,602.57)	(929.27)
Ind AS adjustments	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	8,666.85	1,487.50	51.02	600.55	1,199.67	12,005.60

\* Refer Note no. 17e for changes in Opening balance of Retained Earnings on account of Prior period adjustment under Ind AS 8

The significant accounting policies and the accompanying notes form an integral part of the financial statements.

For and on behalf of the Board

As per our report of even date attached

**Sumanth Ramamurthi**  
Chairman and  
Managing Director  
DIN : 00002773

**A R Balasundharam**  
Director  
DIN : 07802383

For **M/s Sethia, Prabhada Hegde & Co**  
Chartered Accountants  
FRN 013367S

**G K Narmatha**  
Company Secretary

**B Sathyanarayana Reddy**  
Chief Financial Officer

**Timmayya Hegde**  
Partner, Membership No.226267

Coimbatore,  
30th May, 2019

## Notes to financial statements for the year ended March 31, 2019

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### 1 Corporate Information

Super Spinning Mills Limited is a public limited company incorporated under the provisions of the Companies Act, 1956. The company is engaged in the manufacture and selling of cotton, cotton yarn and allied products and its shares are listed on the BSE Limited and National Stock Exchange of India Limited. The company has manufacturing units in Tamil Nadu and Andhra Pradesh.

Further, during the year, the company has permanently suspended the operations of Super SARA unit at Hindupur, Andhrapradesh and UPVC WINDOWS & PROFILES units at Coimbatore, Tamilnadu and accordingly has reported the same to stock exchanges as per the mandatory guidelines issued by Securities Exchange Board of India (SEBI). (Refer Note no. 46 forming part of the financial statements for details)

### 2 Basis of preparation of financial statements

#### Statement of compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

#### Basis of preparation and presentation

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- a) Derivative financial instruments
- b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

#### Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs (up to two decimals).

The financial statements are approved for issue by the Company's Board of Directors on 30th May 2019.

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## Notes to financial statements for the year ended March 31, 2019

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### 2A Critical accounting estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

#### **Property, Plant and Equipment, Intangible Assets and Investment Properties**

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

#### **Current tax**

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

#### **Deferred Tax Assets (including MAT Credit Entitlement)**

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### **Fair value**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### **Impairment of Trade Receivables**

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

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**Notes to financial statements for the year ended March 31, 2019**

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**Impairment of Non-financial assets (PPE/Intangible Assets/Investment Properties)**

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

**Defined Benefit Plans and Other long term benefits**

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**Provisions and contingencies**

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

**2B Recent accounting pronouncements****Standards issued but not yet effective**

The following standards have been notified by Ministry of Corporate Affairs  
a. Ind AS 116 – Leases (effective from April 1, 2019)

The Company is evaluating the requirements of the above standards and the effect on the financial statements is also being evaluated.

**3 Significant Accounting Policies****a) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
  - ii) Held primarily for the purpose of trading
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## Notes to financial statements for the year ended March 31, 2019

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- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

### b) Fair value measurement

The Company has applied the fair value measurement wherever necessitated at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability;
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non - financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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## Notes to financial statements for the year ended March 31, 2019

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Level 1 : Quoted (unadjusted) market prices in active market for identical assets or liabilities;

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has designated the respective team leads to determine the policies and procedures for both recurring and non - recurring fair value measurement. External valuers are involved, wherever necessary with the approval of Company's board of directors. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the asset or liability and the level of the fair value hierarchy as explained above. The component wise fair value measurement is disclosed in the relevant notes.

### c) Revenue Recognition

#### **Sale of goods**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue on sale of goods is recognised when the risk and rewards of ownership is transferred to the buyer, which generally coincides with the despatch of the goods or as per the inco-terms agreed with the customers.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. It comprises of invoice value of goods including excise duty and after deducting discounts, volume rebates and applicable taxes on sale. It also excludes value of self-consumption.

#### **Sale of services**

Income from sale of services is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

#### **Export entitlements**

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### **Interest Income**

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial

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## Notes to financial statements for the year ended March 31, 2019

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asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

### **Rental income**

Rental income from operating lease is recognised on a straight line basis over the term of the relevant lease, if the escalation is not a compensation for increase in cost inflation index.

### **Dividend income**

Dividend income is recognized when the company's right to receive dividend is established by the reporting date, which is generally when shareholders approve the dividend.

## **d) Property, plant and equipment and capital work in progress**

### **Presentation**

Property, plant and equipment and capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs of a qualifying asset, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Advances paid towards the acquisition of tangible assets outstanding at each balance sheet date, are disclosed as capital advances under long term loans and advances and the cost of the tangible assets not ready for their intended use before such date, are disclosed as capital work in progress.

### **Component Cost**

All material/ significant components have been identified for our plant and have been accounted separately. The useful life of such component are analysed independently and wherever components are having different useful life other than plant they are part of, useful life of components are considered for calculation of depreciation.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

Machinery spares/ insurance spares that can be issued only in connection with an item of fixed assets and their issue is expected to be irregular are capitalised. Replacement of such spares is charged to revenue. Other spares are charged as revenue expenditure as and when consumed.

### **Derecognition**

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

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## Notes to financial statements for the year ended March 31, 2019

### e) Depreciation on property, plant and equipment

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.

Depreciation is provided on straight line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Assets Category	Estimated useful life (in years)
Plant and Machinery Single Shift	20
Plant and Machinery Triple Shift	10
Roads, fences, walls	15

Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/ disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded/ sold. Additions to fixed assets, costing Rs.5,000 each or less are fully depreciated retaining its residual value.

The residual values, estimated useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

### f) Intangible assets

#### Intangible assets acquired separately

Intangible assets acquired separately are measured on initial recognition at cost. The cost of a separately acquired intangible asset comprises (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and (b) any directly attributable cost of preparing the asset for its intended use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

#### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

#### Intangible assets internally generated

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally - generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, the intangible asset first meets the recognition criteria referred in Ind AS 38 "Intangible Assets". Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

## Notes to financial statements for the year ended March 31, 2019

### Useful life and amortisation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Estimated useful lives of the intangible assets are as follow:

Assets Category	Estimated useful life (in years)
ERP software and other software	5

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

### Intangible assets with indefinite useful life

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### Subsequent cost and measurement

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

### g) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 - Property, plant and equipment's requirements for cost model. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Though the Company measures investment property using the cost-based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model.

## Notes to financial statements for the year ended March 31, 2019

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An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the period in which the property is derecognised.

### **h) Non Current Assets Held for Sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

### **i) Inventories**

Inventories are carried at the lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined on weighted average basis as follows :

- i) Raw materials, packing materials and Store and Spare Parts : At purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.
- ii) Work in progress: At material cost, conversion costs and appropriate share of production overheads
- iii) Finished goods and waste : At material cost, conversion costs, appropriate share of production overheads and Excise Duty. Post implementation of GST from July 1, 2017 no excise duty is included in the closing stock of finished goods as at March 31, 2018 and March 31, 2019.

### **j) Financial Instruments**

#### **Financial assets**

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

#### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified on the basis of their

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## Notes to financial statements for the year ended March 31, 2019

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contractual cash flow characteristics and the entity's business model of managing them.

### **Financial assets are classified into the following categories:**

- Financial instruments (other than equity instruments) at amortised cost
- Financial Instruments (other than equity instruments) at Fair value through Other comprehensive income (FVTOCI)
- Other Financial Instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### **Financial instruments other than equity instruments at amortised cost**

The Company classifies a financial instruments (other than equity instruments) at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

### **Financial instruments other than equity instruments at FVTOCI**

The Company classifies a financial instrument (other than equity instrument) at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### **Financial instruments other than equity instruments at FVTPL**

The Company classifies all other financial instruments, which do not meet the criteria for categorization as at amortized cost or as FVTOCI, as at FVTPL.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

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## Notes to financial statements for the year ended March 31, 2019

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Where the Company makes an irrevocable election of equity instruments at FVTOCI, it recognises all subsequent changes in the fair value in other comprehensive income, without any recycling of the amounts from OCI to profit and loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Name of the financial asset
Amortised cost	Trade receivables, Loans to employees and related parties, deposits, interest receivable, unbilled revenue and other advances recoverable in cash.
FVTOCI	Equity investments in companies other than Subsidiaries and Associates as an option exercised at the time of initial recognition.
FVTPL	Other investments in equity instruments, forward exchange contracts. (to the extent not designated as hedging instrument)

### Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for



## Notes to financial statements for the year ended March 31, 2019

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measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets that are debt instruments and are measured at FVTOCI
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime Expected Credit Loss (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Company considers all contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument and Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss, net of lien available on securities held against the receivables. This amount is reflected under the head 'other expenses' in the profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
  - Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.
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## Notes to financial statements for the year ended March 31, 2019

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

Name of the financial asset	Impairment Testing Methodology
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL and as at amortised cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated



## Notes to financial statements for the year ended March 31, 2019

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upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

### Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward and options contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

#### (a) Derivatives fair valued through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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## Notes to financial statements for the year ended March 31, 2019

### Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

S.No	Original classification	Revised classification	Accounting treatment
1	Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
2	FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
3	Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
4	FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
5	FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
6	FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

Financial assets and financial liabilities are offset and the net amount is reported in the balance



## Notes to financial statements for the year ended March 31, 2019

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sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### k) Foreign currency transactions and translations

#### Transactions and balances

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The Company enters into forward exchange contract to hedge its risk associated with Foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract is amortized as expense or income over the life of the contract. In case of monetary items which are covered by forward exchange contract, the difference between the yearend rate and rate on the date of the contract is recognized as exchange difference. Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for that year.

### l) Borrowing Costs

Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

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## Notes to financial statements for the year ended March 31, 2019

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### m) Government grants

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income. The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset.

### n) Taxes

#### Current income tax

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

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

#### Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Where there is deferred tax assets arising from carry forward of unused tax losses and unused tax created, they are recognised to the extent of deferred tax liability.

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**Notes to financial statements for the year ended March 31, 2019**

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**o) Retirement and other employee benefits****Short-term employee benefits**

A liability is recognised for short-term employee benefit in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

**Defined contribution plans**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and super annuation fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

**Defined benefit plans**

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

**Compensated absences**

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined

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## Notes to financial statements for the year ended March 31, 2019

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by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

### **Other long term employee benefits**

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

### **p) Business Combinations**

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do

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## Notes to financial statements for the year ended March 31, 2019

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not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in statement of profit and loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in statement of profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to statement of profit and loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### q) Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### r) Provisions, contingent liabilities and contingent asset

#### Provisions

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

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the management.

#### Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable

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## Notes to financial statements for the year ended March 31, 2019

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that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

### **Contingent assets**

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognised in the financial statements.

### **s) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

### **t) Cash Flow Statement**

Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

### **u) Earnings per share**

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate

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## Notes to financial statements for the year ended March 31, 2019

### 4 Property, plant and equipment

₹ lakhs

Particulars	Tangible Assets									
	Freehold Land	Buildings	Plant and Equipment	Furniture and Fittings	Data Processing Equipment	Vehicle	Total	Intangible Assets - Software	Goodwill on merger	Total
<b>Deemed Cost as at April 1, 2017</b>	<b>15,027.77</b>	<b>3,017.53</b>	<b>3,183.30</b>	<b>83.32</b>	<b>120.19</b>	<b>9.76</b>	<b>21,441.87</b>	<b>1.32</b>	<b>798.70</b>	<b>800.02</b>
Additions	-	3.44	199.85	0.74	3.41	-	207.44	-	-	-
Disposals	-	-	(1,446.25)	-	-	-	(1,446.25)	-	-	-
<b>Cost as at March 31, 2018</b>	<b>15,027.77</b>	<b>3,020.97</b>	<b>1,936.90</b>	<b>84.06</b>	<b>123.60</b>	<b>9.76</b>	<b>20,203.06</b>	<b>1.32</b>	<b>798.70</b>	<b>800.02</b>
Additions during the year	-	56.99	176.09	4.02	1.75	3.19	242.03	-	-	-
Addition due to Remeasurement	1,472.00									
Reclassified under Non current assets held for sale under Note no. 14	(4,480.59)									
Disposals	(84.97)	(255.71)	(1,713.14)	(54.59)	(189.12)	(11.18)	(2,308.70)	-	-	-
<b>Cost as at March 31, 2019</b>	<b>11,934.22</b>	<b>2,822.25</b>	<b>399.85</b>	<b>33.49</b>	<b>(63.77)</b>	<b>1.77</b>	<b>18,136.39</b>	<b>1.32</b>	<b>798.70</b>	<b>800.02</b>
<b>Depreciation/Amortisation</b>										
<b>As at March 31, 2017</b>	-	<b>131.00</b>	<b>177.09</b>	<b>36.73</b>	<b>74.14</b>	<b>(0.17)</b>	<b>418.79</b>	<b>0.55</b>	-	<b>0.55</b>
Charge for the year	-	157.66	382.64	5.78	8.10	0.09	554.27	0.55	-	0.55
On disposals	-	-	(1,352.79)	-	-	-	(1,352.79)	-	-	-
<b>As at March 31, 2018</b>	-	<b>288.66</b>	<b>(793.06)</b>	<b>42.51</b>	<b>82.24</b>	<b>(0.08)</b>	<b>(379.73)</b>	<b>1.10</b>	-	<b>1.10</b>
Charge for the year	-	122.212	278.407	5.183	2.844	0.285	408.93	0.22	-	0.22
Impairment during the year (Discontinued Operations)*	-								798.70	798.70
On disposals	-	(101.10)	(1,627.87)	(51.91)	(179.68)	(10.62)	(1,971.18)	-	-	-
As at March 31, 2019	-	309.77	(2,142.52)	(4.21)	(94.60)	(10.41)	(1,941.98)	1.32	798.70	800.02
<b>Net Block</b>										
As at March 31, 2018	15,027.77	2,732.31	2,729.96	41.55	41.36	9.84	20,582.79	0.22	798.70	798.92
As at March 31, 2019	11,934.22	2,512.48	2,542.37	37.70	30.83	12.18	17,069.78	0.00	-	0.00

\* disclosed under Other Comprehensive Income in the Statement of Profit and loss



## Notes to financial statements for the year ended March 31, 2019

	As at March 31, 2019	₹ lakhs As at March 31, 2018
<b>5 Capital Work-in-progress</b>		
Plant & Equipment	12.68	—
	<u>12.68</u>	<u>—</u>
<b>6 Investment Property</b>		
Land	52.43	93.56
	<u>52.43</u>	<u>93.56</u>
<b>7 Non-current investments</b>		
<b>Investments in Equity shares in Others FVTPL</b>		
<b>Trade Unquoted</b>		
9,38,000 (Previous year 9,38,000) Equity Shares of ₹10/- each fully paid in Andhra Pradesh Gas Power Corporation Limited *	1,326.05	1,326.05
10,000 (Previous year 10,000) Equity Shares of ₹10/- each fully paid in Cotton Sourcing Company Ltd	1.00	1.00
	<u>1,327.05</u>	<u>1,327.05</u>
<b>Total non-current investments</b>		
Aggregate amount of quoted investments	—	—
Aggregate market value of quoted investments	—	—
Aggregate cost of unquoted investments	1,327.05	1,327.05
Aggregate amount of impairment in value of investments	—	—
* In respect investments made pursuant to power purchase agreements, the exit price is equivalent to the initial investment. Accordingly, the fair value of those investments have been considered at the original investment value as per Ind AS 113		
<b>8 Other non-current financial assets</b>		
(Unsecured, considered good)		
Security deposits and other receivables	347.59	594.39
Unamortised interest expense	2.12	6.31
	<u>349.72</u>	<u>600.70</u>
<b>9 Other non-current assets</b>		
(Unsecured, considered good)		
Advance to suppliers towards goods/services	206.85	10.32
Advance for investments	5.00	5.00
	<u>211.85</u>	<u>15.32</u>
<b>10 Inventories</b>		
Raw Materials	493.22	460.39
Work-in-progress	483.91	624.94
Finished products (Other than acquired for trading)	1,335.06	523.94
Stores and spares	130.34	116.5
Waste	42.89	55.62
Traded Goods	—	1.00
	<u>2,485.43</u>	<u>1,782.41</u>

**Notes to financial statements for the year ended March 31, 2019**

	As at March 31, 2019	₹ lakhs As at March 31, 2018
<b>Inventory comprise of</b>		
<b>Raw materials</b>		
Raw cotton	416.57	300.68
Viscose fibre	38.50	56.71
Profile	38.15	103.00
	<u>493.22</u>	<u>460.39</u>
<b>Work in progress</b>	<b>483.91</b>	<b>624.94</b>
<b>Finished Goods</b>		
Cotton yarn	1,335.06	518.40
Building products	-	5.54
	<u>1,335.06</u>	<u>523.94</u>
Traded goods	-	1.00
<b>11 Trade receivables</b> (Unsecured, considered good)		
Outstanding for a period exceeding 6 months from due date of payment	541.58	690.33
Others	1,014.01	987.06
	<u>1,555.59</u>	<u>1,677.39</u>
Less: Allowance for expected credit losses	482.35	482.35
	<u>1,073.24</u>	<u>1,195.04</u>
<b>12 Cash and cash equivalents</b>		
Cash on hand	2.44	4.51
Balances with banks		
In current accounts	12.53	54.30
In deposit accounts (with original maturity of less than 3 months)	-	99.41
	<u>14.97</u>	<u>158.22</u>
<b>13 Other current financial assets</b> (Unsecured, considered good)		
Income taxes paid under protest	1,927.49	1,877.50
Margin money balance against Letter of Credit facility	227.34	-
Income and claims receivable	463.73	475.08
Balance with govt authorities:	217.10	94.77
Loans and advances to employees	27.14	50.52
	<u>2,862.80</u>	<u>2,497.87</u>
<b>14 Non-current assets held for sale</b>		
Non-current assets held for sale*	4,480.59	-
	<u>4,480.59</u>	<u>-</u>

\* The Amount of ₹ 4480.59 Lakhs is advance received from various parties for sale of land.

**Notes to financial statements for the year ended March 31, 2019**

	As at March 31, 2019	As at March 31, 2018
		₹ lakhs
<b>15 Other current assets</b> (Unsecured, considered good)		
Prepaid expenses	45.14	87.74
Advance to suppliers	84.56	47.11
Other advances	14.72	91.81
	<u>144.41</u>	<u>226.66</u>
<b>16 Capital</b>		
<b>Authorised Share Capital</b>		
27,50,00,000 (10,00,00,000) Equity shares of ₹ 1 each	2,750.00	2,750.00
	<u>2,750.00</u>	<u>2,750.00</u>
<b>Issued Share Capital</b>		
5,50,00,000 (5,50,00,000) Equity shares of ₹ 1 each	550.00	550.00
	<u>550.00</u>	<u>550.00</u>
<b>Subscribed and fully paid up share capital</b>		
5,50,00,000 (5,50,00,000) Equity shares of ₹ 1 each	550.00	550.00
	<u>550.00</u>	<u>550.00</u>

**Notes:**

**(a) Reconciliation of number of equity shares subscribed**

Balance as at the beginning of the year	55,000,000	55,000,000
Add: Issued during the year	-	-
Balance at the end of the year	<u>55,000,000</u>	<u>55,000,000</u>

(b) There are no bonus shares, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

(c) The Company has no Holding or Subsidiary Companies.

**(d) Shareholders holding more than 5% of the total share capital**

Name of the share holder	March 31, 2019		March 31, 2018	
	No of shares	% of Holding	No of shares	% of Holding
Sumanth Ramamurthi	94,40,530	17%	88,73,860	16%
Nikhil Govind Ramamurthi	40,00,000	7%	40,00,000	7%
Sanjay Krishna Ramamurthi	40,00,000	7%	40,00,000	7%
Super Farm Products (P) Limited	28,45,914	5%	28,45,914	5%

(e) Rights, preferences and restrictions in respect of equity shares issued by the Company

The company has only one class of equity shares having a par value of ₹ 1 each. The equity shares of the company having par value of ₹ 1/- rank pari-passu in all respects including voting rights and entitlement to dividend.

**Notes to financial statements for the year ended March 31, 2019**

	As at March 31, 2019	₹ lakhs As at March 31, 2018
<b>17 Other Equity</b>		
General reserve	<b>8,666.85</b>	8,666.85
Securities Premium Reserve	<b>1,487.50</b>	1,487.50
Capital Reserve	<b>51.02</b>	51.02
Other comprehensive income	<b>600.55</b>	(72.75)
Retained earnings	<b>1,199.67</b>	2,802.25
	<b>12,005.60</b>	12,934.87
<b>a) General reserve</b>		
Balance at the beginning of the year	<b>8,666.85</b>	8,666.85
Additions during the year	-	-
Transfer of General Reserve on account of merger		
Balance at the end of the year	<b>8,666.85</b>	8,666.85
<b>b) Securities Premium Reserve</b>		
Balance at the beginning and end of the year	<b>1,487.50</b>	1,487.50
<b>c) Capital Reserve</b>		
Balance at the beginning of the year	<b>51.02</b>	51.02
Add: Transfer of capital reserve on account of merger	-	-
Balance at the end of the year	<b>51.02</b>	51.02
<b>d) Other comprehensive income</b>		
Balance at the beginning of the year	<b>(72.75)</b>	(72.75)
Additions during the year	<b>673.30</b>	-
Balance at the end of the year	<b>600.55</b>	(72.75)
<b>e) Retained earnings</b>		
Balance at the beginning of the year	<b>2,802.25</b>	5,941.42
Prior period adjustment*	-	(980.13)
Net profit/(loss) for the period	<b>(1,602.57)</b>	(2,159.04)
Transfers to General Reserve	-	-
Balance at the end of the year	<b>1,199.67</b>	2,802.25

\*Opening balance of Retained earnings as at April 1, 2017 grouped under "Other Equity" forming part of the Balance sheet above, has been adjusted to the extent of Prior period item (expenses/losses) amounting to ₹ 980.13 lakhs which was on account of FSI charges to APCDPCL, paid by the Company under protest, case of which was pending before the Apex Court. However, the verdict of the case was concluded by the Apex Court in favour of APCDPCL and as such, the management after a detailed review of the matter decided not to challenge the decision.

Hence, the same is given effect as per the disclosure requirement as enumerated in Ind AS - 8 as notified under Companies (Indian Accounting Standards) Rules, 2015 of the Companies Act, 2013 as amended.



## Notes to financial statements for the year ended March 31, 2019

	As at March 31, 2019	₹ lakhs As at March 31, 2018
<b>18 Long Term Borrowings</b>		
From Banks *	852.20	1,673.76
Less : Current maturities due within 1 year (refer note 24 below)	<u>672.45</u>	<u>818.00</u>
	<u>179.75</u>	<u>855.76</u>
*Also refer note 48 for terms and conditions and security details		
<b>19 Provisions (Non -current)</b>		
Provision for Employee Benefits Gratuity	<u>655.31</u>	<u>539.49</u>
	<u>655.31</u>	<u>539.49</u>
<b>20 Deferred Tax Liability - Net *</b>		
*Since the Company has unabsorbed depreciation and carry forward losses as per taxation losses, it has scaled down the recognition of deferred tax asset to the extent that it matches with the aggregate deferred tax liabilities.		
<b>21 Other non-current Liabilities</b>		
Rental deposits collected from tenants	<u>170.98</u>	-
	<u>170.98</u>	-
<b>22 Current liabilities - Financial Liabilities: Borrowings *</b>		
<b>Secured</b>		
Loans repayable on demand From Banks**	<u>3,749.56</u>	5,197.63
<b>Unsecured</b>		
Loan from Directors	<u>483.00</u>	<u>453.00</u>
	<u>4,232.56</u>	<u>5,650.63</u>
* Also refer note 49 for terms and conditions and security details		
<b>23 Trade payables</b>		
Trade payables *		
i) Total outstanding dues of micro and small enterprises; and	<u>31.33</u>	-
ii) Total outstanding dues of creditors other than micro and small enterprises	<u>6,619.54</u>	<u>6,286.62</u>
	<u>6,650.87</u>	<u>6,286.62</u>
* Refer Note no. 50 for related party balances		

\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management represents the principal amount payable to these enterprises. There are no interest due and outstanding as at the reporting date. Please refer note no. 43 forming part of the financial statements.

**Notes to financial statements for the year ended March 31, 2019**

	As at March 31, 2019	₹ lakhs As at March 31, 2018
<b>24 Other current liabilities</b>		
Current maturities of long term debt		
From Banks	672.45	818.00
Advance from customers	265.17	33.49
Employee payables	368.15	494.97
Statutory dues payable	41.33	8.58
Interest accrued but not due on borrowings	61.19	55.11
Advances received towards Non-current assets held for sale*	3,967.97	773.80
Other payables	106.21	140.50
	<u>5,482.47</u>	<u>2,324.45</u>
* refer note No. 14 [Non-current assets held for sale] for further details		
<b>25 Provisions (Current)</b>		
Provision for gratuity	157.40	136.72
	<u>157.40</u>	<u>136.72</u>

	Year ended March 31, 2019	₹ lakhs Year ended March 31, 2018
<b>26 Revenue from operations</b>		
Sale of Products		
Domestic	17511.60	22166.96
Export	3059.78	3788.93
Sale of services - Design job work	88.75	2.62
Other Operating Revenue [refer note 26 (a) below]	152.10	129.41
	<u>20812.23</u>	<u>26,087.92</u>
<b>26 (a) Other Operating Revenue</b>		
Export Incentives	40.45	57.08
Others	111.65	72.33
	<u>152.10</u>	<u>129.41</u>
<b>27 Other income</b>		
Interest Income [refer note 27 (a) below]	33.08	33.86
Other non-operating Income [refer note 27 (b) below]	871.01	239.97
	<u>904.09</u>	<u>273.83</u>
<b>27 (a) Interest Income</b>		
Interest on Electricity Deposits	20.38	31.19
Interest on IT refunds	-	0.18
Other interest receipts	12.70	2.49
	<u>33.08</u>	<u>33.86</u>



## Notes to financial statements for the year ended March 31, 2019

	Year ended March 31, 2019	₹ lakhs Year ended March 31, 2018
<b>27 (b) Other non-operating Income</b>		
Rent Receipts	70.68	16.15
Profit on sale of assets	753.97	129.41
Profit on sale of investments	-	6.46
Exchange Gain (Net)	-	24.88
Other income	21.78	1.61
Agricultural Income (Net)	24.59	-
	<u>871.01</u>	<u>178.51</u>
<b>28 Cost of Materials consumed</b>		
Opening inventory of raw materials	460.39	1,022.20
Add : Purchases	14,363.05	15,161.78
Less : Closing inventory of raw materials	493.22	460.39
	<u>14,330.21</u>	<u>15,723.59</u>
<b>Cost of material consumed comprises of</b>		
Cotton	14,330.21	15,696.51
Resin and additives	-	0.03
Steel Reinforcement	-	3.55
Profiles and other accessories for doors and windows	-	23.50
	<u>14,330.21</u>	<u>15,723.59</u>
<b>29 Changes in inventories of work-in-progress, stock in trade and finished goods</b>		
<b>Opening Balance</b>		
Work-in-progress	624.94	879.57
Finished goods	523.94	1,178.36
Stock in trade	1.00	1.00
Waste	55.62	94.88
	<u>1,205.50</u>	<u>2,153.81</u>
<b>Closing Balance</b>		
Work-in-progress	483.91	624.94
Finished goods	1,335.06	523.94
Stock in trade	-	1.00
Waste	42.89	55.62
	<u>1,861.87</u>	<u>1,205.50</u>
<b>Changes in inventories</b>	<u>656.37</u>	<u>(948.31)</u>
<b>30 Power and Fuel</b>		
Power and Fuel	2,578.46	3,895.38
	<u>2,578.46</u>	<u>3,895.38</u>





## Notes to financial statements for the year ended March 31, 2019

	Year ended March 31, 2019	₹ lakhs Year ended March 31, 2018
<b>31 Employee benefits expense</b>		
Salaries, wages and bonus	2,720.02	2,875.52
Contribution towards:		
Provident Fund	125.04	179.25
Super Annuation Fund	1.42	2.59
Gratuity Fund	136.50	71.77
Staff welfare expenses	332.46	403.55
	<u>3,315.44</u>	<u>3,532.68</u>
<b>32 Finance Cost</b>		
Interest on borrowings	1,199.82	1,350.89
Interest to others	65.81	30.84
	<u>1,265.63</u>	<u>1,381.73</u>
<b>33 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	408.93	554.27
Amortization of Intangible assets	0.22	0.55
	<u>409.15</u>	<u>554.82</u>
<b>34 Other expenses</b>		
Stores and spares consumed	755.58	1,005.57
Repairs and Maintenance		
Building	28.93	19.76
Machinery	234.87	165.11
Others	36.75	37.28
Processing charges	1.66	55.36
Selling Expenses	363.70	663.07
Insurance	28.47	43.49
Postage, telegram and printing charges	24.29	24.76
Travelling expenses	73.63	85.80
Bank Charges	107.40	117.41
Rates and Taxes	44.20	54.13
Professional and Consultancy Charges	48.82	42.70
Auditors' Remuneration	7.63	10.49
Director's Sitting Fees	5.84	5.16
Exchange Loss (Net)	41.66	-
Others	96.97	154.19
	<u>1,900.39</u>	<u>2,484.28</u>
<b>Auditors' Remuneration</b>		
Audit Fees	4.00	5.00
Tax Audit Fee	1.00	2.00
Others	2.63	3.49
	<u>7.63</u>	<u>10.49</u>



## Notes to financial statements for the year ended March 31, 2019

	Year ended March 31, 2019	Year ended March 31, 2018
₹ lakhs		
<b>35 Exceptional items</b>		
Inventory Loss Due to Fire Accident	19.50	-
	<u>19.50</u>	<u>-</u>
<b>36 Income tax expense</b>		
<b>(a) Income tax expense</b>		
<b>Current tax</b>		
Current tax on profits for the year	-	-
Total current tax expense	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Reversal of deferred tax assets of earlier years	-	-
Total deferred tax expense/(benefit)	<u>-</u>	<u>-</u>
<b>Income tax expense</b>	<u>-</u>	<u>-</u>
<b>b) The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
Profit before tax from continuing operations	<u>(1,446.09)</u>	<u>(2,159.04)</u>
Income tax expense calculated at 31.2% (2017-18: 30.9%)	-	-
Effect of carried forward losses not recognised as expenses that are not deductible in determining taxable profit	<u>-</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>
<b>c) Income tax recognised in other comprehensive income</b>		
<b>Deferred tax</b>		
Remeasurement of defined benefit obligation	-	-
Total income tax recognised in other comprehensive income	-	-
<b>d) Movement of deferred tax expense during the year ended March 31, 2019</b>		

Deferred tax (liabilities)/ assets in relation to	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Closing balance
Property, plant, and equipment and Intangible Assets	-	-	-	-
Expenses allowable on payment basis under the Income Tax Act	-	-	-	-
Other temporary differences	-	-	-	-
MAT Credit entitlement	-	-	-	-
	-	-	-	-



## Notes to financial statements for the year ended March 31, 2019

### e) Movement of deferred tax expense during the year ended March 31, 2019

Deferred tax (liabilities)/ assets in relation to	Opening balance	Recognised in profit or loss	Recognised in Other comprehensive income	Closing balance
Property, plant, and equipment and Intangible Assets	(1,317.00)	1,317.00	–	–
Expenses allowable on payment basis under the Income Tax Act	–	–	–	–
Other temporary differences	1,317.00	(1,317.00)	–	–
MAT Credit entitlement	–	–	–	–
	–	–	–	–

### f) Unused tax credits

The Company has unabsorbed depreciation and carry forward losses under the Income Tax Act, 1961. The Company has scaled down the recognition of deferred tax asset to the extent that it matches with the aggregate deferred tax liabilities. At the end of each reporting period, the Company reassesses unrecognised deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

₹ lakhs

Year ended  
March 31, 2019      Year ended  
March 31, 2018

### 37 Earnings per share

Profit for the year attributable to owners of the Company	(1,602.57)	(2,159.04)
Weighted average number of ordinary shares outstanding	5,50,00,000	5,50,00,000
Basic earnings per share (Rs)	(2.91)	(3.93)
Diluted earnings per share (Rs)	(2.91)	(3.93)

### 38 Earnings in foreign currency

FOB value of exports	3,010.57	3,767.64
	<u>3,010.57</u>	<u>3,767.64</u>

### 39 Expenditure in foreign currency

Foreign Travel	4.47	5.01
Commission	21.03	41.70
Others	4.58	7.71
	<u>30.08</u>	<u>54.42</u>

### 40 Value of imports (on CIF basis)

Raw Materials	372.09	416.82
Components and spares	53.47	20.71
	<u>425.56</u>	<u>437.53</u>



## Notes to financial statements for the year ended March 31, 2019

**41 Value of imported and indigenous Raw materials, Packing materials consumed and Consumable Spares during the financial year and the percentage of each to the total consumption** ₹ lakhs

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Value	Percentage (%)	Value	Percentage (%)
<b>Value of raw materials consumed</b>				
Imported	439.01	3.00	416.82	3.00
Indigenous	13,891.20	97.00	15,306.77	97.00
	14,330.21	100.00	15,723.59	100.00
<b>Value of Stores and Spares Consumed</b>				
Imported	51.57	7.00	20.71	2.00
Indigenous	704.01	93.00	984.86	98.00
	755.58	100.00	1,005.57	100.00

**42 Commitments and contingent liability**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Contingent Liability *</b>		
Bank Guarantees	-	6.00
Bills discounted with company's bankers	353.26	208.81
Disputed demands from Income tax authorities	523.74	523.74
Disputed excise duty liability	65.18	49.61
Disputed sales tax liability	594.96	828.62
<b>Capital Commitments</b>		
Estimated amount of investments remaining to be executed on capital account and not provided for Tangible assets	57.01	72.41

\* The management believes, based on internal assessment and / or legal advice, that the probability of an ultimate adverse decision and outflow of resources of the company is not probable and accordingly, no provision for the same is considered necessary

**43 Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(a) The principal amount remaining unpaid at the end of the year	31.33	-
(b) The delayed payments of principal amount paid beyond the appointed date during the year	-	-
(c) Interest actually paid under Section 16 of MSMED Act	-	-
(d) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms	-	-
(e) Total interest accrued during the year and remaining unpaid	-	-

\*This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Notes to financial statements for the year ended March 31, 2019**

₹ lakhs

**44 Operating Segments**

The Company's main business segment is "Textile" while the other segment does not meet the reportable segment thresholds given in Ind AS 108 "Operating Segments" and hence included under "Others"

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
<b>Segment Revenue</b>		
a) Textiles	<b>20,812.23</b>	26,045.02
b) Others	-	42.90
Revenue from operations (Net)	<b>20,812.23</b>	26,087.92
<b>Segment Results</b>		
Profit (+) / Loss (-) before tax and finance cost		
a) Textiles	<b>(180.46)</b>	(773.71)
b) Others	-	(3.60)
Total	<b>(180.46)</b>	(777.31)
Add/ Less : Finance Cost	<b>1,265.63</b>	1,381.73
Profit /(Loss) from continuing operations	<b>(1,446.09)</b>	(2,159.04)
Profit/(Loss) from discontinuing operations	<b>(156.48)</b>	-
Profit Before Tax	<b>(1,602.57)</b>	(2,159.04)
<b>Segment Assets</b>		
a) Textiles	<b>30,084.95</b>	28,824.18
b) Others	-	454.36
c) Other unallocable corporate assets	-	-
<b>Total assets</b>	<b>30,084.95</b>	29,278.54
<b>Segment Liabilities</b>		
a) Textile operations	<b>17,529.35</b>	15,776.00
b) Others	-	17.67
c) Other unallocable corporate liabilities	-	-
<b>Total liabilities</b>	<b>17,529.35</b>	15,793.67
<b>Capital Employed (Segment assets-Segment liabilities)</b>		
a) Textiles	<b>12,555.60</b>	13,048.18
b) Others	-	436.69
<b>Total capital employed in segments</b>	<b>12,555.60</b>	13,484.87
Unallocable corporate assets less corporate liabilities	-	-
<b>Total Capital Employed</b>	<b>12,555.60</b>	13,484.87

**Information relating to geographical areas**

**(a) Revenue from external customers**

India	<b>17,600.35</b>	22,169.58
Rest of the world	<b>3,059.78</b>	3,788.93
Total	<b>20,660.13</b>	25,958.51

**Notes to financial statements for the year ended March 31, 2019**

₹ lakhs

**(b) Non current assets**

The manufacturing facilities of the Company are situated in India and no non-current assets are held outside India.

**(c) Information about major customers**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Number of external customers each contributing more than 10% of total revenue	Nil	4
Total revenue from the above customers (Rs. in lakhs)	Nil	1995

**45 Operating lease arrangements (as lessor)**

The Company has given certain properties on operating lease arrangements. The leases are cancellable at the option of either party to lease and may be renewed based on mutual agreement of the parties. The total lease income recognised on such contracts for the year is Rs. 70.68 Lakhs (Previous year Rs. 16.15 Lakhs).

**46 Note on discontinued operations**

During the year, the company has permanently suspended the operations of Super SARA unit at Hindupur, Andhrapradesh and UPVC WINDOWS & PROFILES units at Coimbatore, Tamilnadu and accordingly has reported the losses arised out of these units aggregating to Rs.156.48 lakhs in its Statement of Profit and Loss under Profit/loss from Discontinued Operations above as required under Ind AS 105 (Non current Assets held for sale and discontinued operations) of Companies (Indian Accounting Standards) Rules, 2015 specified as per the provisions of the Companies Act, 2013 as amended from time to time. "In addition to above, the Company has done the Impairment testing of all its assets pertaining to Discontinued Operations and wherever it deems fit has impaired such assets that are no longer cash generating in nature which are forming part of losses from discontinued operations as classified in Statement of Profit and loss above.

**47 Financial Instruments**

**Capital management**

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

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

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

	As at March 31, 2019	As at March 31, 2018
Gearing Ratio:		
Debt	179.75	855.76
Less: Cash and bank balances	14.97	158.22
Net debt	164.78	697.54
Total equity	12,555.60	13,484.87
Net debt to equity ratio (%)	1.31%	5.17%



## Notes to financial statements for the year ended March 31, 2019

	As at March 31, 2019	₹ lakhs As at March 31, 2018
<b>Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>a. Measured at amortised cost</b>		
Other non-current financial assets	349.72	600.70
Trade receivables	1,073.24	1,195.04
Cash and cash equivalents	14.97	158.22
Other financial assets	2,862.80	2,497.87
<b>b. Mandatorily measured at fair value through profit or loss (FVTPL)</b>		
Investments	1,327.05	1,327.05
Derivative instruments	-	-
<b>Financial liabilities</b>		
<b>a. Measured at amortised cost</b>		
Borrowings (short term)	4,232.56	5,650.63
Trade payables	-	-
<b>b. Mandatorily measured at fair value through profit or loss (FVTPL)</b>		
Derivative instruments	-	-

### Financial risk management objectives

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

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

### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company actively manages its currency and interest rate exposures through its finance division and uses derivative instruments such as forward contracts and currency swaps, wherever required, to mitigate the risks from such exposures. The use of derivative instruments is subject to limits and regular monitoring by appropriate levels of management.

### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company actively manages its currency rate exposures through a

## Notes to financial statements for the year ended March 31, 2019

centralised treasury division and uses natural hedging principles to mitigate the risks from such exposures. The use of derivative instruments, if any, is subject to limits and regular monitoring by appropriate levels of management.

### Forward foreign exchange contracts

It is the policy of the company to enter into forward foreign exchange contracts to cover (a) repayments of specific foreign currency borrowings; (b) the risk associated with anticipated sales and purchase transactions out to 6 months within 50% to 70% of the exposure generated.

### Disclosure of hedged and unhedged foreign currency exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Currency	Liabilities			Assets			Net overall exposure on the currency - net assets / (net liabilities)
	Gross exposure	Exposure hedged using derivatives	Net liability exposure on the currency	Gross exposure	Exposure hedged using derivatives	Net asset exposure on the currency	
<b>As on March 31, 2019</b>							
USD	2,26,878	-	2,26,878	2,61,806	-	2,61,806	34,928
In INR (₹ In lakhs)	165.76	-	165.76	182.83	-	182.83	17.07
<b>As on March 31, 2018</b>							
USD	-	-	-	771279	-	771279	771279
In INR (₹ In lakhs)	-	-	-	505.00	-	505.00	505.00

### Foreign currency sensitivity analysis

Movement in the functional currencies of the various operations of the Company against major foreign currencies may impact the Company's revenues from its operations. Any weakening of the functional currency may impact the Company's cost of imports and cost of borrowings and consequently may increase the cost of financing the Company's capital expenditures. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 2%, which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

### Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are





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## Notes to financial statements for the year ended March 31, 2019

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applied. Further, in appropriate cases, the Company also effects changes in the borrowing arrangements to convert floating interest rates to fixed interest rates.

### **Interest rate sensitivity analysis**

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

The 25 basis point interest rate changes will impact the profitability by INR 20 Lakhs for the year (Previous INR 24 Lakhs)

### **Credit risk management**

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/ investing activities, including deposits with banks, mutual fund investments, investments in debt securities and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

### **Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure is the total of the carrying amount of balances with banks, short term deposits with banks, trade receivables, margin money and other financial assets excluding equity investments.

#### **(a) Trade Receivables**

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

The Company does not have higher concentration of credit risks to a single customer. As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

#### **(b) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank deposits**

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

Investments of surplus funds are made only with approved Financial Institutions/ Counterparty. The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt and arbitrage categories and restricts the exposure in equity markets.

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## Notes to financial statements for the year ended March 31, 2019

### Offsetting related disclosures

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

### Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company invests its surplus funds in bank fixed deposit and mutual funds, which carry minimal mark to market risks. The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

### Liquidity tables

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

₹ lakhs

	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
<b>March 31, 2019</b>				
Trade payables	6,650.87	-	-	6,650.87
Borrowings (including interest accrued thereon up to the reporting date)	733.64	179.75	-	913.40
	<b>7,384.52</b>	<b>179.75</b>	-	<b>7,564.27</b>
<b>March 31, 2018</b>				
Trade payables	6,286.62	-	-	6,286.62
Borrowings (including interest accrued thereon up to the reporting date)	873.11	855.76	-	1,728.87
	<b>7,159.73</b>	<b>855.76</b>	-	<b>8,015.69</b>

	As at March 31, 2019	As at March 31, 2018
Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required):	Nil	Nil

### 46 Terms and conditions of long term loans taken from banks

#### Details of Security of Long term Borrowings

#### The Term loan from SBI is secured by:

#### Facility

Corporate Loan I & II

- Paripassu first charge over Hypothecation of stocks of RM, SIP, FG, receivables & other current assets of the Company with IDBI Bank, Union Bank of India & Andhra Bank;
- Second Paripassu charge on entire Fixed Assets; and
- Personal Guarantee from promoter director



## Notes to financial statements for the year ended March 31, 2019

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- Term Loan (a) Paripassu first charge over the Fixed Assets purchased out of Bank Finance; and  
(b) Personal Guarantee from promoter director"

### The term loans from Andhra bank is secured by:

- (a) First charge on the entire fixed assets of the company on pari-passu basis; and  
(b) Second charge on current assets of the company  
The term loans are repayable in 5 years on monthly basis and carry interest rates ranging from 11.95% to 16.65%

### 49 Terms and conditions of short term loans taken from banks

#### Working capital loan from banks are secured by:

- (a) First charge on entire current assets of the Company on pari-passu basis; and  
(b) Second pari-passu charge on entire fixed assets of the company  
Working capital loans are payable on demand and carries interest rate for cash credit - (11.95% to 16.65%) and for packing credit (9.90% to 12.65%)

### 50 Retirement benefit plans

#### Defined contribution plans

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

The total expense recognised in profit or loss of ₹ 126.46 Lakhs (for the year ended March 31, 2018: ₹ 181.84 Lakhs) represents contribution paid to these plans by the Company at rates specified in the rules of the plan.

#### Defined benefit plans

##### (a) Gratuity

Gratuity is payable as per Payment of Gratuity Act, 1972. In terms of the same, gratuity is computed by multiplying last drawn salary (basic salary including Dearness Allowance if any) by completed years of continuous service with part thereof in excess of six months and again by 15/26. The Act provides for a vesting period of 5 years for withdrawal and retirement and a monetary ceiling on gratuity payable to an employee on separation, as may be prescribed under the Payment of Gratuity Act, 1972, from time to time. However, in cases where an enterprise has more favourable terms in this regard the same has been adopted.

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

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**Notes to financial statements for the year ended March 31, 2019**

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

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount Rate	7.57% p.a	7.70% p.a.
Rate of increase in compensation level	2.50% p.a	2.50% p.a.
Rate of Return on Plan Assets	7.70% p.a	7.70% p.a.
Attrition rate	1.00% p.a	1.00% p.a

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

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

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Lakhs	₹ Lakhs
Current service cost	26.91	30.53
Net interest expense	60.26	64.42
Return on plan assets (excluding amounts included in net interest expense)	(8.20)	(20.90)
Components of defined benefit costs recognised in profit or loss	<u>78.98</u>	<u>74.04</u>

**Remeasurement on the net defined benefit liability comprising:**

Actuarial (gains)/losses recognised during the period	57.52	(3.16)
Components of defined benefit costs recognised in other comprehensive income	<u>57.52</u>	<u>(3.16)</u>
	<u>136.50</u>	<u>70.89</u>



## Notes to financial statements for the year ended March 31, 2019

- i) The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in profit or loss.
- ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

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

	Year ended March 31, 2019	Year ended March 31, 2018
	₹ Lakhs	₹ Lakhs
Present value of defined benefit obligation	834.41	874.02
Fair value of plan assets	(21.70)	(197.81)
Net liability/(asset) arising from defined benefit obligation	<u>812.71</u>	<u>676.21</u>
Funded	21.70	197.81
Unfunded	<u>791.01</u>	<u>478.40</u>
	<u>812.71</u>	<u>676.21</u>

The above provisions are reflected under 'Provision for employee benefits- gratuity' as per details below

Long term provisions (refer note 19)	655.31	539.49
Short term provisions (refer note 24)	157.40	136.72
	<u>812.71</u>	<u>676.21</u>

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

Opening defined benefit obligation	874.02	967.05
Current service cost	26.91	30.53
Interest cost	60.26	64.42
Actuarial (gains) /losses	55.91	(12.92)
Benefits paid	(182.71)	(172.43)
Others	-	(2.63)
Closing defined benefit obligation	<u>834.41</u>	<u>874.02</u>

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

Opening fair value of plan assets	197.81	360.37
Fair Value of Plan Assets of Subsidiary company taken over	-	-
Return on plan assets	8.20	20.90
Contributions	-	1.47
Benefits paid	(182.71)	(172.43)
Actuarial gains/(loss)	(1.59)	(9.76)
Others	-	(2.74)
Closing fair value of plan assets	<u>21.70</u>	<u>197.81</u>



## Notes to financial statements for the year ended March 31, 2019

### Sensitivity analysis

In view of the fact that the Company for preparing the sensitivity analysis considers the present value of the defined benefit obligation which has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

#### (b) Compensated absences

The leave scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count at the time of separation and paid as lumpsum.

The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense recognised during the year is ₹ 7.99 Lakhs (previous year ₹ 7.49 Lakhs)

The design entitles the following risk

Interest rate risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Salary inflation risk	Higher than expected increases in salary will increase the defined benefit obligation.
Demographic risk	This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

**Notes to financial statements for the year ended March 31, 2019**

**51 Related party disclosures**

**(a) Name of related party and nature of relationship**

**Key management personnel**

Sumanth Ramamurthi	Executive Chairman & Managing Director
A R Balasundharam	Non-Executive & Non-Independent Director
A.S.Thirumoorthy	Managing Director (resigned on 31st May 2018)
B.Sathyanarayana Reddy	Chief Financial Officer
G.K.Narmatha	Company Secretary

**Other Enterprises with which promoter has significant influence**

Elgi Electric and Industries Limited
Super Sara Textiles Limited
Sara Elgi Industries Limited
Super Farm Products (P) Limited
Sara Elgi Envirotech LLP

**b) Transactions during the year**

₹ lakhs

S.No	Nature of transactions	Year ended 31.03.2019	Year ended 31.03.2018
1	Others		
	Purchase of goods	1,820.31	1,757.28
	Sale of Goods	644.27	658.34
	Purchase of Fixed Assets	8.93	-
	Sale of Fixed Assets	0.80	-
	Service Charges Paid	0.35	2.50
	Rent Received	17.70	10.60
	Interest Expended	52.49	-
	Other Expenses	5.20	0.28
	Other Receipts	17.20	20.00
2	Sumanth Ramamurthi		
	Managerial Remuneration	48.00	43.67
	Contribution to provident and other funds	2.88	2.62
	Loan received	30.00	-
	Interest Expended	56.92	27.66
	A R Balasundharam(Appointed on 1st June 2017)		
	Professional Fees	18.00	-
	A S Thirumoorthy (resigned on 31st May 2019)		
	Remuneration	9.68	58.08
	Contribution to provident and other funds	0.58	3.48
	B Sathyanarayana Reddy (Appointed on 09th February 2019)		
	Remuneration	1.28	-
	Contribution to provident and other funds	0.02	-

**Notes to financial statements for the year ended March 31, 2019**

S.No	Nature of transactions	Year ended 31.03.2019	Year ended 31.03.2018
	G K Narmatha (Appointed on 14th September 2018)		
	Remuneration	2.17	-
	Contribution to provident and other funds	0.11	-
	Dhilip Kumar (Appointed on 28th July 2018) (resigned on 14th January 2019)		
	Remuneration	3.67	-
	Contribution to provident and other funds	0.09	-
	C Shankar (resigned on 2nd June 2018)		
	Remuneration	2.05	11.87
	Contribution to provident and other funds	0.04	0.22
	Ramaa Krishnakumar (resigned on 12th September 2018)		
	Remuneration	2.86	6.24
	Contribution to provident and other funds	0.10	0.22

**c) Balance outstanding at the year end**

₹ lakhs

	Year ended 31.03.2019	Year ended 31.03.2018
<b>Others</b>		
<b>Elgi Electric and Industries Ltd</b>		
Amount outstanding at year end - Cr	1,301.57	561.61
Amount outstanding at year end - Dr	-	-
<b>Super Farm Products Pvt Ltd</b>		
Amount outstanding at year end - Dr	-	8.83
Amount outstanding at year end - Cr	117.51	-
<b>Sara Elgi Industries Ltd</b>		
Amount outstanding at year end - Dr	-	6.40
<b>Sumanth Ramamurthi</b>		
Amount outstanding at year end - Cr	483.00	453.00

For and on behalf of the Board

As per our report of even date attached

**Sumanth Ramamurthi**  
Chairman and  
Managing Director  
DIN : 00002773

**A R Balasundharam**  
Director  
DIN : 07802383

**For M/s Sethia, Prabhada Hegde & Co**  
Chartered Accountants  
FRN 013367S

**G K Narmatha**  
Company Secretary  
Coimbatore, 30th May, 2019

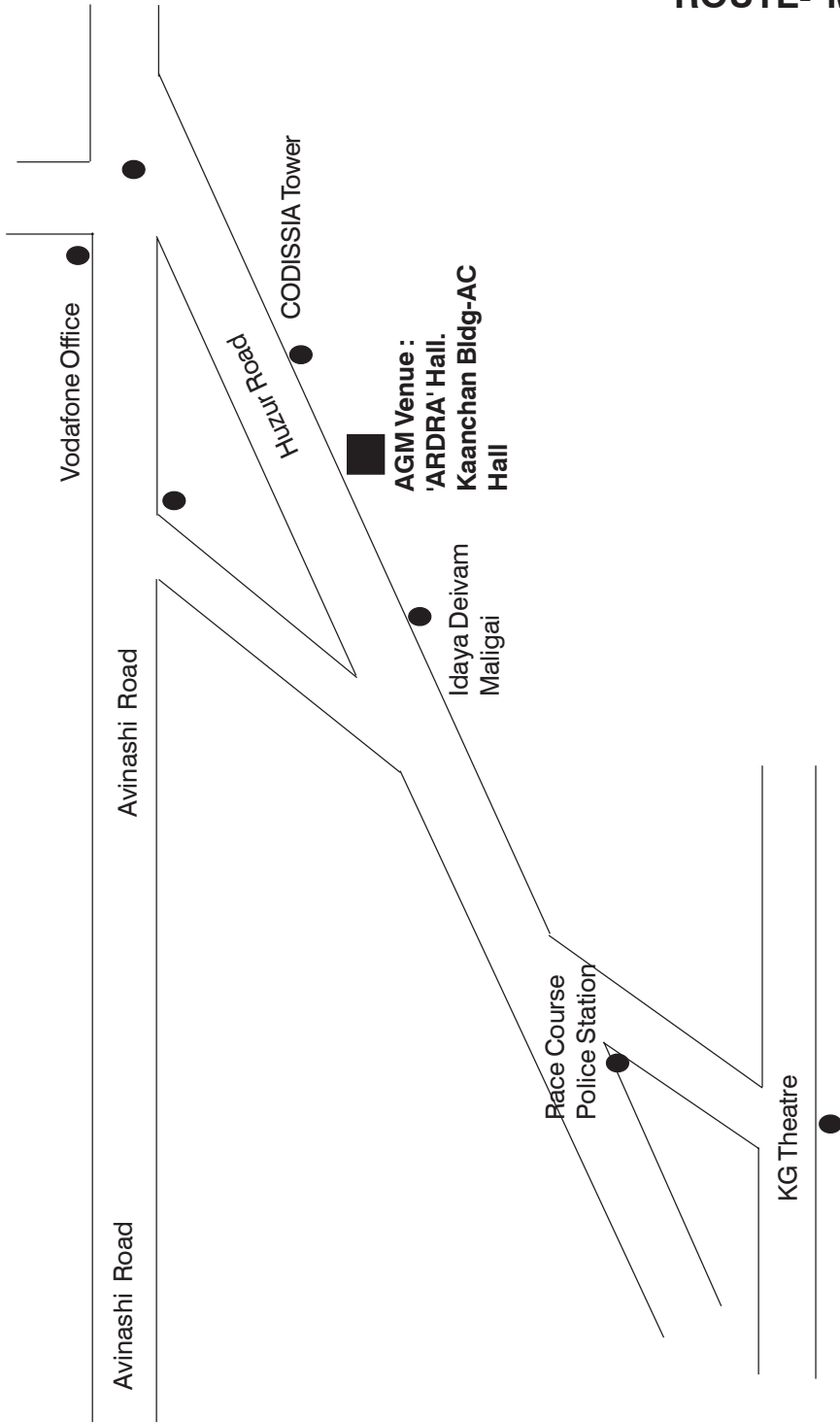
**B Sathyanarayana Reddy**  
Chief Financial Officer

**Timmayya Hegde**  
Partner, Membership No.226267





# ROUTE- MAP



Vodafone Office

Avinashi Road

Avinashi Road

Huzur Road

CODISSIA Tower

AGM Venue :  
'ARDRA' Hall.  
Kaanchan Bldg-AC  
Hall

Idaya Deivam  
Maligai

Race Course  
Police Station

KG Theatre

# SUPER SPINNING MILLS LIMITED

CIN: L17111TZ1962PLC001200

Regd. Office: Elgi Towers, P B No 7113

Green Fields, Puliakulam Road, Coimbatore-641045

Ph: 0422-2311711, Fax: 0422-2311611

E-mail: [investors@ssh.saraelgi.com](mailto:investors@ssh.saraelgi.com) Website: [www.superspinning.com](http://www.superspinning.com)

Form No. MGT - 11

## Proxy Form

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

Folio No. / Demat ID

Name of the member(s)

Registered address

I/We, being the member(s) holding ..... shares of the above named company, hereby appoint:

1) Name : .....

Address.....

Email ID : ..... Signature ..... or failing him/her

2) Name : .....

Address : .....

Email ID : ..... Signature ..... or failing him/her

3) Name : .....

Address : .....

Email ID : ..... Signature .....

P.T.O.

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### Electronic Voting Particulars

If desirous of E-voting, please read the instructions given in the AGM Notice before exercising

Event No.	User ID	* Default PAN / Sequence No
190139		

\* Those who have not registered their PAN may use Default PAN

✂ Cut here

## SUPER SPINNING MILLS LIMITED

CIN: L17111TZ1962PLC001200

Regd. Office: Elgi Towers, P B No 7113

Green Fields, Puliakulam Road, Coimbatore-641045

Ph: 0422-2311711, Fax: 0422-2311611

E-mail: [investors@ssh.saraelgi.com](mailto:investors@ssh.saraelgi.com) Website: [www.superspinning.com](http://www.superspinning.com)

### Attendance Slip

Folio No. / Demat ID :

No. of shares held :

Name of the Member :

Name of the Proxy :

I hereby record my presence at the **57<sup>th</sup> Annual General Meeting** of the Company being held on **Wednesday**, the **28<sup>th</sup> August 2019** at **3.30 P.M** at Ardra Convention Centre, 'Kaanchan', No. 9, North Huzur Road, Coimbatore – 641 018.

\* Strike out whichever is not applicable

Signature of Member / Proxy\*

as my / our Proxy to attend and vote (on a Poll) for me / us on my / our behalf at the **57<sup>th</sup> Annual General Meeting** of the Company to be held on **Wednesday, the 28<sup>th</sup> August 2019** at **3.30 P.M** at Ardra Convention Centre, 'Kaanchan', No. 9, North Huzur Road, Coimbatore – 641 018 and at any adjournment thereof in respect of such resolutions as are indicated below

Resolution Number	Resolution
<b>Ordinary Business</b>	
1	To receive, consider and adopt the audited financial statements including Statement of Profit and Loss (including Other Comprehensive Income) alongwith the Statement of Cash Flows and the Statement of Changes in Equity Shares for the financial year ended 31st March 2019, the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2	To appoint a director in the place of Mr. A R Balasundharam (DIN 07802383), who retires by rotation and being eligible, offers himself for re-appointment.
<b>Special Business</b>	
3	To ratify the remuneration of Cost Auditors for the financial year ending 31st March, 2020.
4	To consider re-appointment of Mr. Sumanth Ramamurthi (DIN: 00002773), Chairman and Managing Director of the Company for a period of three year with effect from 01st April 2020.
5	To consider re-appointment of Mr. Coimbatore Gopal Kumar (DIN: 02823567), as an Independent Director of the Company for a second term of five years with effect from 01st June 2019.
6	To consider re-appointment of Mr. Sudarsan Varadaraj (DIN: 00133533), as an Independent Director of the Company for a second term of five years with effect from 01st June 2019.
7	To consider re-appointment of Mrs. Suguna Ravichandran (DIN: 00170190), as an Independent Director of the Company for a second term of five years with effect from 01st June 2019.
8	To consider and approve the payment of Consultancy fees to Mr. A.R.Balasundharam (DIN: 07802383), Non-executive Director of the Company for the financial year 2019-20.

Signed this ..... day of ..... 2019

Affix ₹ 1/-  
Revenue  
Stamp

Signature of shareholder : .....

Signature of proxy holder (s) : .....

**Note :**

- 1) This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.