SAMBANDAM SPINNING MILLS LIMITED UNIT-I
Registered Office : P.B. No.1, Kamaraj Nagar Colony, Salem 636 014. Tamil Nadu
(P) +91 427 2240790 (F) +91 427 2240169 (E) corporate@sambandam.com
website : www.sambandam.com Corporate Identity No. L17111TZ1973PLC000675

Ref: 496 /SSML/CS/2018-19

1st September 2018

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

Dear Sir,

Sub : Annual Report 2017-18 duly approved and adopted at the 44th AGM of the Company held on 11.08.2018
Ref : Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In accordance with Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, we herewith enclose Company's Annual Report for the Financial Year 2017-18 which was duly approved and adopted by the members as per the provisions of the Companies Act, 2013 at the 44th Annual General Meeting of the Company held on 11.08.2018.

We have also uploaded the Annual Report for the Financial Year 2017-18 in our Company's Website 'www.sambandam.com' and also uploading now in BSE Website http://listing.bseindia.com.

Receipt of the above may kindly be acknowledged.

Thanking you,

Yours faithfully,
for Sambandam Spinning Mills Limited

(S.Natarajan)
Company Secretary

SSM Mélange™

SAMBANDAM SPINNING MILLS LIMITED

44th Annual Report 2017 - 2018

SPINNING TOWARDS

EXCELLENCE

CONTENTS

Board of Directors	**S. Devarajan**	–	**Chairman and Managing Director**
	S. Jegarajan	–	**Joint Managing Director**
	S. Dinakaran	–	**Joint Managing Director**
	D. Sudharsan	–	**Non Executive Director**
	S. Abirami	–	**Non Executive Director**
	S. Gnanasekharan	–	**Independent Director**
	Kameshwar M.Bhat	–	**Independent Director**
	D.Balasundaram	–	**Independent Director**
	Dr.R.Ramarathnam	–	**Independent Director**
	Dr.V Sekar	–	**Independent Director**
Company Secretary	**S. Natarajan**		
Chief Financial Officer	**D. Niranjan Kumar**		
Chief Technical Officer	**J. Sakthivel**		
Statutory Auditors	**R. Sundararajan & Associates**		
Secretarial Auditors	**B.K. Sundaram & Associates**		
Cost Auditors	**K.M. Krishnamurthy & Co.**		
Bankers Under Consortium	**State Bank of India**	–	**Consortium Leader**
	Canara Bank	–	**Consortium Member**
	Karnataka Bank Ltd	–	**Consortium Member**
	Axis Bank Limited	–	**Consortium Member**

Registered Office: **Mill Premises, Post Bag No.1, Kamaraj Nagar Colony, Salem 636 014, Tamil Nadu.**

Corporate Identity No. **(CIN) : L17111TZ1973PLC000675**

Spinning Plants

Unit I : Kamaraj Nagar Colony,
Salem 636 014, Tamil Nadu.
Email : corporate@sambandam.com
Tel : 0427 2240790, Fax : 0427 2240169

Unit II : Ayeepalayam, Athanur 636 301,
Namakkal District, Tamil Nadu.

Unit III : Kavarakalpatty, Seshanchavadi Post
Salem 636 111, Tamil Nadu.

Wind Energy Converters

Uthumalai Village, V.K. Pudur Taluk
Tirunelveli District, Tamil Nadu.

Panangudi, Pazhavoor
and Parameshwarapuram Villages
Radhapuram Taluk, Tirunelveli District, Tamil Nadu.

Gudimangalam Village, Udumalpet Taluk,
Coimbatore District, Tamil Nadu.

SAMBANDAM SPINNING MILLS LIMITED

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Forty fourth Annual General Meeting (AGM) of the members of the Company will be held **at 10.45 A.M on Saturday the 11th August, 2018** at the Registered Office of the Company in Kamaraj Nagar Colony, Salem to transact the following business:

ORDINARY BUSINESS

Item No.1 ADOPTION OF FINANCIAL STATEMENTS

To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT the Standalone and Consolidated Audited Balance Sheet as at 31st March 2018 together with the Statement of Profit and Loss, cash flow statement and notes to accounts for the year ended as on that date and the Reports of the Directors and the Auditors thereon be and are hereby received, considered and adopted."

Item No.2 **DECLARATION OF DIVIDEND**

To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT dividend of rupees 2 (two) per equity share of rupees ten each be declared for the financial year ended 31st March 2018 and that the same be paid, only if approved by the Company's bankers, out of the profits of the Company for the financial year ended 31st March 2018 to those shareholders whose names appear in the Register of Members as on 4th August 2018 in the case of members holding shares in physical form and to the beneficial holders of the dematerialised shares as on 4th August 2018 as per the details provided by Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) in the case of the shares held in electronic form."

Item No.3 **APPOINTMENT OF SRI S.DEVARAJAN, DIRECTOR RETIRING BY ROTATION**

To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act 2013 and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Sri S. Devarajan holding DIN 00001910, Director retiring by rotation at this AGM be and is hereby re-appointed as Executive director of the company"

Item No.4 **APPOINTMENT OF STATUTORY AUDITOR**

To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT, pursuant to the provisions of section 139(2) and other applicable provisions, if any, of the Companies Act 2013 and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. R.Sundararajan & Associates, Chartered Accountants (Firm registration No.008282S) be and they are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the 48th Annual General Meeting for the financial year 2018-19 to 2021-22 Subject to ratification in every subsequent Annual General Meeting if applicable.

RESOLVED FURTHER that the statutory Auditors shall be paid a remuneration of Rs. 6,00,000 (Rupees Six Lakhs only) for the year 2018-19 excluding out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable GST.

SPECIAL BUSINESS

Item No. 5 RATIFICATION OF THE REMUNERATION PAYABLE TO COST AUDITOR

To consider and if deemed fit to pass, with or without modification(s), the following Resolution as an ORDINARY RESOLUTION :

“RESOLVED THAT the remuneration of Rs.75,000 payable for audit of cost accounts relating to the Spinning Division and Rs.25,000 payable for audit of cost accounts relating to the Wind Mill Division of the Company for the financial year ending 31st March 2019 to M/s.K.M.Krishnamurthy & Co., Cost Accountants (firm registration number:102198) as recommended by the Audit Committee and approved by the Board of Directors of the Company pursuant to section 148 of the Companies Act 2013 read with rule 14 and other applicable rules of the Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) excluding the out of pocket expenses that may be incurred by them in connection with the audit and excluding the applicable service tax be and is hereby ratified.”

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

Item No.6 RE APPOINTMENT OF SRI S.DEVARAJAN, CMD

To consider, and if thought fit, to pass with or without modification, the following Resolution, as a SPECIAL RESOLUTION :

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded for reappointment of Sri S.Devarajan, (DIN 00001910) as Chairman and Managing Director of the Company, for a period of three years from 1.10.2018 to 30.09.2021 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of 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 of expedient to give effect to this resolution”.

(a) Basic Salary Rs.4,20,000/- per month,

(b) Perquisites and allowances as under not exceeding Rs.2,80,000/ per month.

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

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

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

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

Item No.7 RE APPOINTMENT OF SRI S.JEGARAJAN, JMD

To consider, and if thought fit, to pass with or without modification, the following Resolution, as a SPECIAL RESOLUTION :

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded for reappointment of Sri S.Jegarajan, (DIN 00018565) as Joint Managing Director of the Company, for a period of three years from 1.10.2018 to 30.09.2021 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

(a) Basic Salary Rs.4,00,000/- per month,

(b) Perquisites and allowances as under not exceeding Rs.2,75,000/ per month.

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

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

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

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

Item No. 8 REAPPOINTMENT OF SRI S.DINAKARAN, JMD

To consider, and if thought fit, to pass with or without modification, the following Resolution, as a SPECIAL RESOLUTION :

RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded for reappointment of Sri S.Dinakaran, (DIN 00001932) as Joint Managing Director of the Company, for a period of three years from 1.10.2018 to 30.09.2021 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

(a) Basic Salary Rs.2,50,000 per month,

(b) Perquisites and allowances as under not exceeding Rs.2,00,000/ per month.

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

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

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

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

Item No. 9 **ACCEPTANCE OF FIXED DEPOSITS FROM MEMBERS OF THE COMPANY**

To consider, and if thought fit, to pass with or without modification, the following Resolution, as an ORDINARY RESOLUTION :

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

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

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

Place : **Salem**
Date : **May 27, 2018**

NOTES :

1 A Member entitled to attend and vote is entitled to appoint proxy/proxies to attend and vote instead of himself / herself and the proxy need not be a Member. The right of e voting shall not be exercised by proxy. Proxy Form for the AGM is attached. The proxy form in order to be effective should be deposited at the registered office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited Companies, Societies, etc., must be supported by appropriate Resolutions / Authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member is entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 days advance notice in writing is given to the Company.

2 Explanatory Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Items No.2 to 9 (though not mandatory for items No.2, 4 and 5) of the Notice to be transacted at the AGM is annexed hereto.

3 The Register of Members and the Share Transfer Books of the Company will remain closed from 05.08.2018 to 11.08.2018, (both days inclusive) for determining the entitlement of the shareholders to the dividend for year ended 31st March 2018.

4 Payment of dividend is subject to the approval of the Company's Bankers. Even if the resolution under item No.2 is passed by members at the AGM (by electronic voting or by postal ballot or by ballot paper) Dividend Warrants will be sent to the members only if approved by the Company's Bankers. In the case of shareholders opting for NECS/ECS, the dividend would in the normal course be credited to their respective accounts. Shareholders must inform the RTA in writing, if they hold shares in physical form (Share Certificate) and to their Depository Participants if they hold shares in DEMAT Form (Electronic Form) furnishing the Bank A/c details attaching a cancelled cheque leaf of that Bank Account for ensuring direct credit of the Dividend to their Bank Account.

5 Members holding shares in physical form are requested to notify the RTA any change in their address or bank A/c. particulars immediately and not later than 04.08.2018 and members holding shares in electronic (DEMAT) form are requested to notify any change in their address or Bank details to their respective Depository Participant, latest by 04.08.2018, so that the dividend warrants could be sent to their Bank A/c / present address. Members are also advised to intimate the details of their bank account to enable electronic remittance of dividend warrants. This would help to avoid fraudulent encashment of dividend warrants. In case of shareholders holding shares in physical form, all intimations for recording change of address, bank mandate, or nominations and for redress of any grievance are to be sent to Cameo Corporate Services Limited, at 'Subramanian Building', No.1, Club House Road, Chennai – 600 002 who are the Registrars and Share Transfer Agents (RTA) of the Company. In case of persons holding shares in Demat form, all such intimations should be sent to their respective Depository Participants (DPs). Members can also submit their grievances

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

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

The NECS compliant account number is required to be intimated to your Depository Participant (in case your shares are in Demat mode) or to the Company's RTA, M/s Cameo Corporate Services Limited, (in case your shares are in physical mode) for effecting the dividend payment direct to your bank account through the NECS mode. All such intimations, with a cheque leaf of that Bank A/c have to be done before 04.08.2018. Members are encouraged to use the electronic platforms for receiving dividends.

7 As per the SEBI Regulations, a person holding the Company's shares / acquiring the Company's shares (voting rights) exceeding 5% of the paid up share capital (two lakhs equity shares of the Company together with their existing holdings) shall inform the Company within 2 working days of acquisition of the Company's shares before sending the share transfer documents to Cameo Corporate Services Ltd., for registering the shares in their name. Similarly persons already holding 5% or more (more than two lakhs) equity shares of the Company shall inform the Company if they sell or transfer any of their shares within 2 working days of sale of their shares.

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

9 As per the provisions of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India.

Pursuant to the provisions of the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 12th August 2017 (date of last AGM) on the website of the Company (www.sambandam.com). Shareholders can ascertain the status of their unclaimed amounts from these websites, and write to the Company immediately to claim that amount.

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

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

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

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

Instructions for members for e-voting :-

(i) THE CUT OFF DATE FOR THE PURPOSE OF E-VOTING HAS BEEN FIXED AS SATURDAY, 4th AUGUST 2018. MEMBERS HOLDING SHARES AS ON THIS CUT OFF DATE SHOULD ENDEAVOUR TO CAST THEIR VOTES IN ANY ONE OF THE THREE MODES.

(ii) IN CASE A SHAREHOLDER BY INADVERTANCE OR OTHERWISE HAS VOTED UNDER MORE THAN ONE OPTION, HIS VOTING ONLY BY ONE MODE THROUGH REMOTE E-VOTING, POSTAL BALLOT OR VOTING AT THE MEETING WILL BE CONSIDERED IN THAT SERIATIM.

(iii) VOTING RIGHTS OF SHAREHOLDERS SHALL BE IN PROPORTION TO THEIR SHAREHOLDINGS IN THE COMPANY AS ON THE CUT OFF DATE i.e. 4th August 2018

(iv) CS B.KALYANASUNDARAM (MEMBERSHIP NO.672) OF M/S. B.K.SUNDARAM & ASSOCIATES PRACTISING COMPANY SECRETARIES has been appointed as SCRUTINIZER to scrutinize the e-voting process in a fair and transparent manner. Result of the voting on all resolutions will be declared within three days after the AGM. The results declared along with the Scrutinizer's Report will be available on the Company's Website within three (3) days of passing of the Resolutions at the AGM of the Company and the results will also be communicated to the Bombay Stock Exchange.

(v) The Scrutinizer will ascertain the result after the conclusion of voting at the AGM by the following Process:

a) First count/record the votes cast at the meeting by polling paper;
b) Then count/record the votes cast through postal ballot;
c) Thereafter unblock the votes cast through e-Voting;
d) All the above will be done in the presence of two witnesses not in the employment of the Company.
e) Prepare a consolidated Scrutinizer's Report (integrating the votes cast at the meeting, by postal ballot and e-Voting) of the total votes cast in favour or against, if any, and submit it to the Chairman.
f) The Scrutinizer's Report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the Meeting.

(vi) Voting Results

a) The Chairman or a person authorized by him will declare the result of the voting based on the Scrutinizer's Report.

b) The results declared along with the Scrutinizer's Report will be placed on the Company's website www.sambandam.com immediately after the result is declared and also communicated to BSE.

c) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of the AGM.

(vii) The e-voting period begins at 9.15 a.m. on 07.08.2018 and ends at 5.00 p.m. on 10.08.2018. This period is called 'remote e-voting period'. During this period, shareholders of the Company holding shares either in physical form or in dematerialized form as on the cut-off date ie, 04.08.2018 may cast their vote electronically. At the end of this period, the remote e-voting facility will be disabled by CDSL.

14 Notice of the AGM along with the Annual Report is being sent to the shareholders whose names are borne in the Register of Members as on 06.07.2018. Those who acquire the Company's shares subsequently and continue to hold the shares till the cut off date i.e. 04.08.2018 may contact the RTA, Cameo Corporate Services to obtain their pass word for casting their vote by e-voting. AGM Notice with the Ballot paper, Proxy Form, Attendance Slip and the Annual Report will be uploaded in the Company's Website www.sambandam.com. Print out of the ballot paper, Proxy Form and Attendance Slip can be taken and used by the shareholders entitled to vote at the AGM stating their Folio No., Client ID and shareholding details.

15 For e-voting, (a) Log on to the e-voting website www.evotingindia.com, Click on 'Shareholders' tab; Select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"; (b) Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID); Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login. If you are holding shares in Demat form and have already done e-voting of any Company, then your existing password can be used.

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

Fill up the following details in the appropriate boxes:

	Members holding shares in Demat Form or in Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/RTA/ Depository Participant are requested to use the first two letters of their name and the sequence number in the PAN field. The eight digit S.L.No. printed on your address slip posted on the Annual Report envelope is the sequence number for this purpose. Example : If your name is Ramesh with S.L.No.00003615 then enter RA.00003615 in the 'PAN field'. If the name is V.K.Mohan, with S.L.No.00000015 enter VK00000015 in the PAN field.
Date of Birth (DOB)	Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format.
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. * Enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the Company enter the user ID (folio number) in the Dividend Bank details field as mentioned in instruction 15 above.

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

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

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

a) On the voting page, you will see Resolution Description and against each Resolution, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

b) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

c) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

d) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

e) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

f) If Demat account holder has forgotten the changed password then enter the User ID and Captcha code, click on Forgot Password & enter the details as prompted by the system.

g) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.co.in and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

h) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

i.) Shareholders may participate at the Annual General Meeting even after exercising their right to vote through remote e-voting or postal ballot but shall not be entitled / allowed to vote again at the meeting.

j) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

Shareholders who are unable to exercise their voting right through e-voting can use the Postal Ballot Paper attached to this notice to exercise their voting right by placing tick mark at the appropriate box against each resolution stated on the Ballot paper to record their assent (Yes) or dissent (No), enter the date and place, affix signature at the place provided in that paper and send it to the Scrutinizer at his address furnished in the Postal Ballot Paper to reach him latest by 5.00 p.m. on 10.08.2018. Shareholders who have not exercised their voting right either by remote e-voting or by Postal Ballot can exercise their voting right at the Annual General Meeting using the Ballot Paper attached to this Notice.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FOR ITEMS No.2 to 9

Item No.2 **DECLARATION OF DIVIDEND**

Board of Directors has recommended payment of 20% dividend on the paid up equity share capital of the Company for the financial year 2017-18 subject to the approval of the Company's Bankers. Even if the resolution under item No.2 is passed by members (by electronic voting or by polling at the AGM) Dividend could be paid only if approved by the Company's Bankers.

Item No.3 **APPOINTMENT OF SRI S.DEVARAJAN, DIRECTOR RETIRING BY ROTATION**

Sri S.Devarajan, Director retires by rotation. He is eligible and hence offers himself for reappointment by members. Sri S.Devarajan DIN 00001910 has three decades of experience in Spinning Mills. He is holding 4,08,555 equity shares of the Company.

He is related to S.Jegarajan, JMD, S.Dinakaran JMD and D.Sudharsan another director of the Company. Board of directors recommends the resolution for members' approval. None of the other Directors or the Key Managerial Personnel or their relatives is interested or concerned in the Resolution.

Item No.5 RATIFICATION OF THE REMUNERATION PAYABLE TO COST AUDITORS

Audit Committee at the Audit Committee Meeting held on 26th May 2018, board of directors have approved the appointment of M/s.K.M.Krishnamurthy & Co., (Firm Reg No 102198 Cost Accountants for audit of cost accounts relating to the Spinning Division on payment of remuneration of Rs.75,000 and for audit of cost accounts relating to the Wind Mill Division of the Company on payment of Rs.25,000/- aggregating to Rs 1,00,000/- (Rupees one lakh only) excluding out of pocket expenses and service tax for the year ending 31st March 2019. Board of directors has accepted the recommendation of the Audit committee and approved their appointment. As per the provisions of Section 148 of the Companies Act 2013 and Rule 14 of the Companies (Audit and Auditors) Rules 2014, remuneration payable to the cost auditor as approved by the Board of directors of the Company shall be ratified by the shareholders. Resolution for this purpose is placed for consideration of members for ratification of the remuneration as stated in the resolution. None of the directors or the key managerial personnel or their relatives is interested in the resolution.

Explanatory statement for items No.6, 7 and 8 – Reappointment of CMD and two JMDs :

The members of the Company had at the 41st Annual General Meeting held on 27.09.2015 appointed Sri S.Devarajan as Managing Director of the Company for a period of three years w.e.f 01.10.15. Further, at the 41 st AGM held on 27.09.2015 the members had accorded their, approval to the payment of revised remuneration to MD during his remaining tenure effective.

Section 196 of the Companies Act, 2013 (Act) inter-alia provides that no company shall appoint or continue the employment of any person as Managing Director, who has attained the age of 70 years, unless his appointment is approved by a special resolution. During his present tenure, Sri S.Devarajan will be attaining the age of 70 years (soon). Though his re-appointment as MD had already been approved by the shareholders by passing a ordinary Resolution, under item no. 3 it is intended to seek approval of the members to comply with the relevant provisions of the Act.

The Nomination and Remuneration Committee, at its meeting held on May 27, 2018, recommended reappointment of Sri S.Devarajan, Chairman and Managing Director, Sri S.Jegarajan and Sri S. Dinakaran Joint Managing Directors for a further period of three years from 1-10-2018 to 30-09-2021 and for payment of increased remuneration as stated in the respective resolutions.

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

Sri S.Devarajan aged 70 years, is a promoter and Managing Director of the Company and having over 40 years of textile industry. He has a degree in Science.

His current term of appointment as a Managing Director of the Company will expire on 30.09.2018. He has excellent grasp an thorough knowledge and experience of not only commerce and technology but also of general management. His knowledge of various aspects relating to the Company's affairs and long business experience, the Board of Directors is of the considered opinion that for smooth and efficient running of the business, the services of Sri S.Devarajan should be available to the Company for a further period of three years with effect from 01.10.2018.

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

I General Information

(1) Nature of the industry : Textile

(2) Date of commencement of Commercial Production : June 1974

(3) In case of new companies, expected date of commencement of activity : Existing Company hence not applicable

(4) Financial Performance : Financial Highlights

(Rupees lakhs)

	2017 - 18	2016 - 17
Share Holders' funds	**8997.54**	8856.15
Non-Current Liabilities	**2930.29**	3456.41
Current Liabilities	**9855.11**	8953.10
Non-Current Assets	**12507.80**	13277.71
Income	**19473.68**	21027.27
Expenses	**18846.61**	19672.16
Profit / (Loss) before tax	**344.05**	904.70
Profit / (Loss) after tax	**346.69**	437.22
Earnings per Equity Share (Face value Rs.10) basic and diluted (in Rs.)	**8.09**	10.12
Total Capital Employed	**11927.80**	12312.57
Net worth per share (Rs.)	**210.98**	207.67
Profit before Interest and Depreciation	**2279**	3072.96
Retained earnings	**3566**	3425
Dividend (%)	*** 20%**	40%

* subject to the approval of the Bankers and declaration by members at the 44th AGM.

		(Rupees) 2018	(Rupees) 2017
5) Foreign investments or Collaborators, if any	No Foreign Investment; No Collaboration	**N.A.**	N.A.

II Information about the appointees :

(a) Background Details :

(1) Sri S.Devarajan, 69 years of age, is a Graduate in Science. He became the Managing Director of the Company on October 23, 2002 and has the distinction of leading the Company since then. He has been director in various Companies and has four decades of experience in the field of textiles and finance.

(2) Sri S.Jegarajan, 66 years of age, is a Matriculate. He became the Joint Managing Director of the Company on October 23, 2002 and has been leading the Company since then. He has been director in various Companies and has more than three decades of experience in the field of textiles.

(3) Sri S.Dinakaran, 61 years of age, is a Graduate in Arts. He became the Joint Managing Director of the Company on October 23, 2002 and has been leading the Company since then. He has been director in various Companies and has more than three decades of experience in the field of textiles.

(b) Past Remuneration :

(1) For Sri S.Devarajan, Rs.4,00,000/- per month inclusive of perquisites such as House rent allowance, Medical reimbursement, gas, water and electricity, leave encashment, gratuity, club subscriptions and other usual perquisites.

(2) For Sri S.Jegarajan, Rs.3,80,000/- per month inclusive of perquisites such as House rent allowance, Medical reimbursement, gas, water and electricity, leave encashment, gratuity, club subscriptions and other usual perquisites.

(3) For Sri S.Dinakaran, Rs.1,60,000/- per month.

(c) Recognition and award : Nil

(d)	Job profile	(1)	As Chairman and Managing director Sri S.Devarajan is in charge of the management of the affairs of the Company.
		(2)	As Joint Managing director Sri S.Jegarajan, is assisting the Chairman and Managing Director in the management of the affairs of the Company.
		(3)	As Joint Managing director Sri S. Dinakaran, is assisting the Chairman and Managing Director in the management of the affairs of the Company.
(e)	His suitability	(1)	Experience of Sri S.Devarajan, for the last 43 years as Director of Sambandam Spinning Mills Limited and for the past 16 years as Managing Director of the Company makes him ideally suitable for the said position.
		(2)	Experience of Sri S.Jegarajan, in the field of administration for the last 40 years in the Company makes him ideally suitable for the said position.
		(3)	Experience of Sri S.Dinakaran, in the field of Marketing, Production and Administration for the past 36 years in the Company makes him ideally suitable for the said position.
(f)	Remuneration	(1)	Rs.7,00,000 per month inclusive of perquisites and other terms as stated in the Proposed Resolution for Sri S. Devarajan.
		(2)	Rs.6,75,000 per month inclusive of perquisites and other terms as stated in the Resolution for Sri S. Jegarajan.
		(3)	Rs.4,50,000 per month inclusive of perquisites and other terms as stated in the Resolution for Sri S. Dinakaran.

(g) Comparative remuneration profile with respect to industry : In the range of Rs.50-60 lakhs/ per year

(h)	Pecuniary relationship with the Company or relationship with the managerial personnel if any :	(1)	Sri S. Devarajan holds 4,08,555 equity shares of Rs.10 each in the Company and he is related to Sri S.Jegarajan and Sri S.Dinakaran (brothers), Sri D.Sudharsan(son) and Smt S.Abirami, (son's wife).
		(2)	Sri S. Jegarajan holds 4,44,146 equity shares of Rs.10 each in the Company and he is related to Sri S. Devarajan and Sri S. Dinakaran (brothers) and Sri J.Sakthivel (son), Chief Technical Officer.
		(3)	Sri S. Dinakaran holds 3,74,879 equity shares of Rs.10 each in the Company and he is related to Sri S.Devarajan and Sri S.Jegarajan (brothers) and Sri D.Niranjan Kumar (son), Chief Financial Officer.

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

(a)	Sri S.Devarajan	–	Kandagiri Spinning Mills Ltd. – Chairman Sambandam Siva Textiles P. Ltd. – Director SPMM Health Care Services P. Ltd.- Chairman Sambandam Investment & Leasing Ltd. - Director Sambandam Textiles P. Ltd. - Director Sambandam Fabrics P. Ltd. – Director Salem IVF Centre P. Ltd. – Managing Director
(b)	Sri S.Jegarajan	–	SPMM Health Care Services P. Ltd.- Director Sambandam Textiles P. Ltd. - Director
(c)	Sri S.Dinakaran	–	Sambandam Siva Textiles P. Ltd. - Managing Director SPMM Health Care Services P. Ltd.- Director Sambandam Investment & Leasing Ltd. - Director Sambandam Textiles P. Ltd. - Director The Cotton Textiles Export Promotion Council, Mumbai - Director Confederation of Indian Textile Industry, Mumbai - Director Tamilnadu Electricity Consumers' Association - Director

Other information :

Reason for inadequate profits, steps taken for improvement and expected increase in productivity :

The Company's profitability was just maintained mainly due to drastic reduction in the price of yarn consequent upon marginal reduction in the price of Cotton. Management is contemplating to initiate measures towards development of value added products and cost cutting measures, which are expected to improve the productivity and profitability of the Company.

The proposed remuneration of Sri S.Devarajan, Chairman and Managing Director and Sri S.Jegarajan and Sri S.Dinakaran, Joint Managing Directors are subject to the approval of the shareholders by way of Special Resolution at the ensuing Annual General Meeting of the Company.

Sri D.Sudharsan, Smt.S.Abirami, Sri S.Jegarajan and Sri S.Dinakaran, directors of the Company are concerned with or interested in the aforesaid proposed revision in the remuneration package of Sri S.Devarajan, Chairman and Managing Director.

Sri S.Devarajan and Sri S.Dinakaran, Directors of the Company and Sri J.Sakthivel, Chief Technical officer of the Company are concerned with or interested in the aforesaid proposed revision in the remuneration package of Sri S.Jegarajan, Joint Managing Director.

Sri S.Devarajan and Sri S.Jegarajan, Directors of the Company and Sri D.Niranjan Kumar, Chief Financial Officer of the Company are concerned with or interested in the aforesaid proposed revision in the remuneration package of Sri S.Dinakaran, Joint Managing Director. None of the other Directors or Key Managerial Personnel or their relatives are interested or concerned in the re-appointment or payment of increased remuneration to the Chairman and Managing Director and the two Joint Managing Directors.

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

III Details of Director seeking appointment / re-appointment

Name of the Director	Sri S. Devarajan	Sri S. Jegarajan	Sri S. Dinakaran
DIN	00001910	00018565	00001932
Date of Appointment	01-04-2005	01-04-2005	01-04-2005
Qualification	Graduate in Science	Matriculate	Graduate in Arts
Expertise in Specific Functional area	At present he is the Chairman and Managing Director of Sambandam Spinning Mills Limited and Chairman of SPMM Health Care Services Private Limited. Also he is a director in several companies and a member in the Audit committee and Share transfer committee in our company. He is well conversant with the textile industry and has more than three decades of experience in the field of textiles.	At present he is the Joint Managing Director of Sambandam Spinning Mills Limited. Also he is a director in several companies. He is well conversant with the textile industry and has more than two decades of experience in the field of textiles.	At present he is the Managing Director of Sambandam Siva Textiles Private Limited and Joint Managing Director of Sambandam Spinning Mills Limited. Also he is a director in several companies. He is well conversant with the textile industry and has more than two decades of experience in the field of textiles.

Name of the Director	Sri S. Devarajan	Sri S. Jegarajan	Sri S. Dinakaran
Directorship in other Companies	1. Kandagiri Spinning Mills Limited 2. Sambandam Investment & Leasing Limited 3. Sambandam Siva Textiles Private Limtied 4. SPMM Health Care Services Private Ltd 5. Sambandam Textiles Private Limited 6. Sambandam Fabrics Private Limited 7. Salem IVF Centre Private Limited	1. Sambandam Siva Textiles Private Limtied 2. SPMM Health Care Services Private Ltd 3. Sambandam Textiles Private Limited	1. Sambandam Siva Textiles Private Limtied 2. Sambandam Investment & Leasing Limited 4. SPMM Health Care Services Private Ltd 5. Sambandam Textiles Private Limited 5. The Cotton Textiles Export Promotion Council 6. Confederation of Indian Textile Industry 7. Tamilnadu Electricity Consumers' Association
Committee Membership in other Companies	1. Audit Committee of Kandagiri Spinning Mills Limtied- Member 2. Finance Committee of Kandagiri Spinning Mills Limtied- Member 3. Share Transfer Commitee of Kandagiri Spinning Mills Limtied- Member	NIL	NIL
No. of shares in the Company	4,08,555	4,44,146	3,74,879
Inter-se relationship with other directors	He is related to JMD's Sri S.Jegarajan and Sri S.Dinakaran Joint Managing Directors of the Company	He is related to CMD Sri S.Devarajan and Sri S.Dinakaran Joint Managing Directors of the Company	He is related to CMD Sri S.Devarajan and Sri S.Jegarajan Joint Managing Directors of the Company
Number of Board Meetings attended during the year	Attended 7 (seven) out of 7 meetings	Attended 7 (seven) out of 7 meetings	Attended 7 (seven) out of 7 meetings

Item No 9: ACCEPTANCE OF FIXED DEPOSITS FROM MEMBERS OF THE COMPANY

Section 73(2) of the Companies Act 2013 prescribes that approval of the members by passing a resolution at the General Meeting is required for the Board of Directors to accept fixed deposits from the shareholders of the Company. However, the relevant rules require certain procedure to be followed by the Company before accepting fixed deposits from the members. After securing the approval of members at the AGM, board will decide about the timing for accepting fixed deposits from the members after complying with the prescribed procedure in this regard. Board of directors commends the resolution for members' approval. None of the directors, Key Managerial Personnel or their relatives is interested or concerned in the resolution

DECLARATION :

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

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

Place : **Salem**
Date : **May 27, 2018**

SAMBAMDAM SPINNING MILLS LIMITED

BOARD'S REPORT

Your directors have pleasure in presenting the 44 th Annual Report together with the Audited Accounts for the year ended March 31, 2018 (the year).

1 Performance highlights

	2017 - 18 (Rupees in Lakhs)	2016 - 17
Revenue from Operations		
Direct exports	**708**	381
Merchandise exports	**0**	580
Domestic Sales	**18416**	19736
Total Yarn and Process Waste Sales	**19125**	19736
Wind Turbine Generator Power sold to third party	**158**	159
Other Revenue	**25**	40
Total Revenue from Operations	**19308**	20896
Profit		
Gross profit [Profit before interest, depreciation & Tax]	**2279**	3073
Cash profit [Profit before depreciation & Tax]	**1360**	1962
Profit before tax [PBT]	**344**	905
Less : Provision for Current Tax	**724**	435
Provision for Deferred Tax	**-725**	38
Profit after tax [PAT]	**345**	432
Profit carried from previous year	**156**	12
Profit available for appropriation	**501**	444
APPROPRIATION OF PROFIT :		
Transfer to General Reserve	**0**	465
Proposed Dividend on Equity Shares	**85**	170
Tax on proposed equity dividend	**17**	35
Surplus profit carried to Balance Sheet	**399**	156
	501	826

2 DIVIDEND

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

3 MANAGEMENT DISCUSSION AND ANALYSIS

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

a) INDUSTRY PERFORMANCE

The year 2017-18 has been a year of major challenges faced by the spinning industry, which faced almost year long downtrend in Selling prices, coupled with wide fluctuations in cotton prices. The power situation was also bad in the first few months but got stabilized in the subsequent period. Market demand for yarn was also continuously subdued which forced many units to reduce the working days and lower their production for export orders from global retail giants. On the other hand, from the raw material front during the year 17-18 even though domestic cotton was aplenty, still mills were importing fibre. Quality constraint is observed to be the primary reason for such industry behavior. High trash content, rampant adulteration and abnormal moisture content was observed in domestic supplies and this has resulted in rampant import by many spinners .A cross-section of spinners said that mills in Tamil Nadu have stopped procuring cotton from Gujarat, in particular, and reduced the quantity purchased from Maharashtra due to quality issues. There is said to be authenticated report on the fact that there is a mix up of quality cotton such as Sankar 6 with Comber Noil and carded waste. To make quick money, when demand surges, ginners sell cotton without removing trash. While 2 per cent trash is permissible, in recent months it has soared to 7 per cent. Many traders also liberally douse kapas with water, adding to the moisture content. "The industry experts fears that this could adversely affect the India Cotton branding initiative. "It could be a threat to the entire textile value chain. This has posed additional challenge to procure cotton at competitive costs . Experts in the industry have urged urgent government intervention for stopping such unethical trade practices and also urged for reintroduction of Cotton Control Order and ISI standards be enforced. According to experts in this industry , contracted import volumes could easily touch a record 30 lakh bales. "Mills in Tamil Nadu invariably take the lead in importing the fibre, but this year, spinners in the North have also taken to imports as the realization is 3 to 4 per cent better than the domestic fibre."Such measures will not just conserve forex reserves, but also help every stakeholder in the textile value chain. Despite being the largest producer of cotton and the biggest exporter of yarn, India continues to depend on the US, West Africa and Australia for supply of quality fibre.Cotton farming is sustainable with minimum support from the government. The present state of affairs though would push farmers away from cotton cultivation," is the general industrial observation.

There are about 600 spinning mills registered in Tamil nadu out which majority of them have faced shutdown like situation due to acute competition accentuated by continuous cost pressures from all fronts .The cotton arrivals have been affected to a larger extent due to demonetisation in the second part of the year as farmers preferred cash payment instead of other modes of payment .Spinning mills are under continuous stress .Spinning is feeder industry to weaving and knitting sectors, its fortunes mainly depend upon the dynamics of those sectors This will naturally have a cascading effect on the spinning sector, which feed the weaving and knitting sectors. The spun yarn production has been on the declining path from the month of June 2017 onwards. While in October 2017 all production was lower by about 10% ,cotton yarn production was lower by 12% when compared to the first half of the year .When compared to previous year performance ,country's export during April – November 2017 was marginally higher, whereas import was lower by 8% in dollar terms

The textile Industry is facing lots of challenges and it is under transformation on following grounds

1. Excess spindle capacity due to unplanned expansion throughout the supply chain such as Ginning, spinning,weaving and till the end user stage
2. Soaring cotton prices coupled with increasing wage costs and power costs
3. Fast and quick fashion changes among consumers and other market dynamics
4. Stiff price competition
5. Entire textile industry is facing labour shortage due to labour migration and urbanisation of labour
6. Previous year economic challenges such as GST impact and tail end effect of demonetisation.

b) COMPANY'S PERFORMANCE

(i) In Spite of rough market condition as narrated in industry scenario, your company is able to overcome the challenges posed by competitive forces during the year. Thus during the year under review, your Company's turnover was to Rs.193.08 crores as against Rs.209.10 crores recorded in the previous year. Your Company's performance was satisfactory. This is mainly due to cost reduction measures that were adopted by the Company such as tie-up with Private Power Producers to get the required power at a price lesser than the TANGEDCO Power, securing dedicated power supply from EB Substation to all the three units of the Company and minimum use of diesel Gensets, supported by your Company's Wind Turbine generated power. In addition to that the good performance of windmill and price saving in group captive power purchased has helped the company to earn reasonable profit during the year. These measures helped to achieve improved level of plant utilization to maintain production and quality of the product and achieve reasonable profit after tax of Rs.346.69 lakhs as against Rs.437.22 lakhs recorded in the previous year.

(ii) Your Company's Wind Turbine Generators (WTGs) recorded generation of electric power of the value of Rs.1408.82 lakhs during the year (Rs.1408.63 lakhs in gross revenue 2016-17).

(iii) Bank interest rates remained high during the year, However management has exercised strict control on inventory and thus could maintain the interest costs at previous year level.

(iv) In spite of many challenges company is focussed on value creation such as improving the sale per spindle , better product mix, focus on internal costs, and use of non conventional power such as solar power and widening market foot print by improving product mix

c) FUTURE OUTLOOK

Industry expects improvement during the current financial year as cotton prices are stabilizing and yarn prices have started improving from the first quarter of the financial year 2018-19. Considering the present market demand for products like Viscose, Modal, Linen Fibre and value added products like Gassed and Mercerized Yarn, your Company has planned to produce these new products in addition to the existing products Viz., Combed, Carded and Compact Yarn. The Company also started converting its yarn into fabric as a measure of value addition.

On the wind energy side, with all set for the next windy season in the state, wind energy generation has started picking up. The State has a total installed wind energy capacity of 7,685 MW. Last year (2018-19), just about 262 MW was added in the State. The capacity addition was higher in states such as Andhra Pradesh. However, evacuation has improved in Tamil Nadu and during the last financial year, contribution of wind energy to total energy consumed in the State went up to 40 % during the peak wind season. The winds started in March last year and went on till November. Hence, generation was maintained in 2017-18. This year, winds started picking up in the first week of April and wind energy generation has steadily increased. Majority of the wind energy investors in the State are industries who have wind mills for captive use. “We continue to appeal to the Government to continue with the banking option on wind energy that gives us a competitive edge in costs,”.

Going forward, in textile industry there will be increase in demand due to increase in population coupled with vast potential domestic market .In addition to existing products, lot of value added product is expected to go up manifold in the market .Also there is going to be exponential demand on technical textile products in the area of medical textiles, automobile textiles, agricultural textiles, flame retardant textiles,and other wide range of applications.

d) RISKS AND CONCERNS

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

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

e) ENVIRONMENT PROTECTION, HEALTH AND SAFETY (EHS)

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

f) INTERNAL CONTROL AND SYSTEMS

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

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

g) HUMAN RESOURCES MANAGEMENT

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

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

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

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act 2013. Management of the Company has set up an Internal Complaints Committee (ICC) to redress any complaint received regarding sexual harassment. All the employees of the Company are covered under this policy. Out of 896 permanent employees on the rolls of the Company, 313 are women and 583 are men. No complaint on sexual harassment has been received from any women employee during the year and no complaint is pending at the end of the year.

i) COST AUDIT

Audit Committee at the Audit Committee Meeting held on 26th May 2018, board of directors have approved the appointment of M/s.K.M.Krishnamurthy & Co., (Firm Reg No 102198 Cost Accountants for audit of cost accounts of the Company. In accordance with the provisions of the Companies Act 2013 and the Rules framed there under, Cost Audit for the Company is applicable for the financial year commencing from 1st April 2018. On the recommendation of the Audit Committee, Board of Directors of the Company at their meeting held on 27.05.2018, approved the appointment of M/s.K.M.Krishnamurthy & Co., Firm Reg. No 102198, Salem, for audit of Cost Accounts of the Company for the year 2018-19 and the resolution for ratification of the remuneration payable to the Cost Auditor for the year 2018-19 will be placed before the members for their ratification at the 44th Annual General Meeting of the Company scheduled to be held on 11.08.2018.

In view of the Company maintaining the cost records and the statutory requirement for the cost audit of such records, your directors decided to continue the Cost Audit for the year 2017-18. The Cost Auditor will submit to the Board of Directors his report for the year 2017-18 after duly certifying the cost records. Cost Audit Report for the year 2017-18 will be submitted in XBRL format well before the due date.

j) BOARD MEETINGS :

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

k) DIRECTORS

At the 43rd Annual General Meeting of the Company held on 12.8.2017 members had appointed Dr.V.Sekar, Dr.R.Ramarathnam and Sri D.Balasundaram, as Independent Directors of the Company for a term of five consecutive years from the date of that AGM till the conclusion of the 47th AGM of the Company. Since all the five Independent Directors are not liable to retire by rotation, out of the remaining five non-independent directors, Sri S.Devarajan, opted to retire by rotation at the ensuing 44th Annual General Meeting. However, he is eligible for reappointment by members at the 44th AGM of the Company and hence reappointed as Executive Director of the Company.

Details of appointment of directors are shown in Corporate Governance Report.

Declaration by Independent Directors

Independent directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Sub-Section (6) of Section 149 of the Act. Further, there has been no change in the circumstances which may affect their status as Independent director during the year.

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

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

a) in the preparation of the annual accounts for the financial year 2017-18, the applicable accounting standards Ind AS have been followed and there are no material departures;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;

c) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; It is reported further that during the period under review of last year, the company had no specific events /actions except the following mentioned event such as the management has reported that during the FY 17-18 an employee had misappropriated the funds of the company in tranches. The fraud by the employee was detected by the company during the year and the same was intimated to stock exchange. As per the information submitted by the company to the stock exchange , the amount misappropriated by the employee would be Rs 13.44 Crore. The company has taken all steps including appropriate actions such as criminal procedings, and special investigative audit was instituted against the employee in this regard. In addition to that company has further strengthened internal control systems to prevent such occurrence in future.

d) they have prepared the annual accounts on a going concern basis;

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

m) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

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

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

None of the employees or directors of the Company has drawn remuneration exceeding Rs.8.5 lakhs per month or Rs.102 lakhs per annum during the year.

o) BOARD EVALUATION

Board of Directors carried out annual evaluation of its own performance and that of the Committees and the individual directors pursuant to the provisions of Section 134(3)(p) of the Companies Act 2013, and the corporate Governance requirements prescribed in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. Performance of the Board was evaluated as per standard guide line prescribed by SEBI vide circular dt 5th January, 2017 after seeking input from the Directors on the basis of board evaluation guideline ,the criteria such as the Board Composition, effectiveness of board process, information flow and functioning of the Board. Performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as composition of the Committees, effectiveness of the Committee meetings, etc. and it was observed that the performance of the Board as well as the Committees was adequate.

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

Performance evaluation of the independent directors was done by the entire board excluding the director being evaluated. None of the independent director is due for reappointment.

p) FAMILIARIZATION PROGRAMME OF THE INDEPENDENT DIRECTORS

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

q) DEPOSITS

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

i. Deposits Accepted from shareholders during the year (2017-18) : Rs.263.90 lakhs

ii. Deposits remaining unpaid or unclaimed as at the end of the year : NIL

iii. Any default in repayment of deposits or payment of interest thereon during the year : NIL

iv. Total Deposits from shareholders outstanding at the end of the year : Rs. 569.10 lakhs

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

r) INDUSTRY ASSOCIATIONS

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

s) REPORT ON PERFORMANCE AND FINANCIAL POSITION OF THE ASSOCIATE COMPANIES :

There are two associate Companies –

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

This Company has recorded total revenue of Rs 437.73 Lakhs and profit after tax (PAT) of Rs 20.88 Lakhs during the year ended 31.3.2018 as against Rs. 374.39 Lakhs Revenue and Rs. 17.97 Lakhs PAT recorded in the previous year.

Salem IVF Centre Pvt. Ltd. – 27.73% investment in the share capital of that Company.

This Company incorporated on 17th November 2014 has recorded total revenue of Rs.195.75 lakhs and Loss of Rs.71.92 lakhs during the fourth year of its operations as against the revenue of Rs.185.79 lakhs and loss recorded Rs.92.21 lakhs the Previous Year (Period from 01.04.2016 to 31.3.2017).

Highlights of performance of subsidiaries or Associate Companies

SPMM Health Care Services Pvt Ltd., revenue increased by 16.92 % from operations during 17-18 when compared to 16-17. However, Also Profit after tax has increased by16.14 %.,and this is due to maintaining operational expenditure at the same level in 17-18 when compared to 16-17.

Salem IVF Centre Pvt Ltd., revenue from operations has increased by 5.36% from operations during 17-18 when compared to 16-17. This company was incorporated in November 2014 and is in its 4th year of operation and it is in gestation period and is still in progress and will take a few more years to earn profit .

t) CHANGES OR COMMITMENTS AFTER THE YEAR END ON 31.3.2018

No material change or commitment affecting the financial position of the Company has occurred between the close of the financial year on 31.3.2018 and the date of this report.

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

(i) Ratio of the remuneration of each Director, Company Secretary, Chief Financial Officer and Chief Technical Officer to the median remuneration of the employees of the Company; AND

(ii) Percentage increase in their remuneration in 2017-18 as compared to the previous year (2016-17): (Median Remuneration : Rs.1,17,805 in 2017-18)

Name of whole-time Directors and KMP	Remuneration in 2017-18 Rs. lakhs	Remuneration in 2016-17 Rs. lakhs	% increase in 2017-18 Rs. lakhs	Ratio to Median Remn.	Ratio of 2017-18 Remuneration to	
					Revenue	Net Profit
Mr. S.Devarajan, CMD	48.00	36.00	NIL	40.75	0.25%	8.00%
Mr. S.Jegarajan, JMD	45.60	45.60	NIL	38.71	0.24%	5.70%
Mr. S.Dinakaran, JMD	19.20	19.20	NIL	16.30	0.10%	3.20%
Company Secretary	12.00	11.14*	7.72	10.19	0.06%	2.00%
Mr. D.Niranjan Kumar, CFO	18.00	18.00	NIL	15.28	0.09%	3.00%
Mr. J.Sakthivel - CTO	18.00	18.00	NIL	15.28	0.09%	3.00%

*Previous Company Secretary was employed for part of the year

Name of Non-executive Directors		# Sitting fees in 2017-18 Rs. lakhs	# Sitting fees in 2016-17 Rs. lakhs	% increase / (% decrease) in 2017-18 Sitting fees
Mr. D.Sudharsan,	-	1.05	0.75	N.A* (IIIb)
Smt. S.Abirami	-	1.05	0.75	N.A* (IIIb)

Name of Independent Directors	# Sitting fees in 2017-18 Rs. lakhs	# Sitting fees in 2016-17 Rs. lakhs	% increase / (% decrease) in 2017-18 Sitting fees
Dr. R.Ramarathnam	2.80	NA	#
Dr. V.Sekar	3.05	0.15	#
Mr. D.Balasundaram	2.80	NA	#
Mr. S.Gnanasekharan	3.05	2.80	8.92%
Mr. Kameshwar M Bhat	3.20	2.95	8.47%
Dr. V.Gopalan	0.55	3.10	#
Mr. N.Asoka	0.55	3.10	#

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

(iii) Percentage increase in the remuneration of employees in 2017-18 : 5%
  (a) No increase in the sitting fees of Directors.
  (b) Variation in the sitting fees paid to Directors depends on their attendance at the Board / Committee Meetings.

(iv) Number of permanent employees on the rolls of the Company : 896

(v) No variable component of the remuneration availed by any director.

4 **AUDITORS**

The audit firm, M/s.R.Sundararajan & Associates, Chartered Accountants, (firm Reg.No 008282S) have confirmed their eligibility and willingness to accept office, if appointed. On the recommendation of the Audit Committee, your Company's Board is placing the Resolution u/s 139(2) of the Company's Act 2013 for appointing him as the Statutory Auditors of the Company from the financial year 2018-19 to 2021-22.

5 **CAUTIONARY NOTE**

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

6 **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

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

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

7 **AUDIT COMMITTEE :**

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

8 **REPORTS OF STATUTORY AUDITORS AND SECRETARIAL AUDITORS**

Reports of the Statutory Auditors and the Secretarial Auditors for the year under review are free from any qualification, reservation or adverse remark or disclaimer. Secretarial Audit Report in Form MR-3 is attached, which forms part of this report – refer Annexure VI. Applicable Secretarial standards ,ie SS1 and SS2 ,relating to “Meeting of the board of directors “ and “General meeting “respectively ,have been duly complied with by the company

9 **EXTRACT OF ANNUAL RETURN**

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

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

Pursuant to the provisions of section 124 of the Companies Act, 2013, which came in to effect from 07.09.2016 ,the declared dividends which remained unpaid or unclaimed for a period of seven years, has to be transferred by the company to the Investor Education and Protection Fund (IEPF) established by the Central Government. During the year 2017-18, transfer of Unclaimed Dividend of the year 2010-11 was applicable since the interim dividend was declared for the year 10-11..

However, shareholders are requested to take note that as per IEPF rules, the company is required to transfer unpaid dividend and underlying shares also in respect of which final dividend was not claimed /paid of the year 10-11, to IEPF authority. Shareholders who have not claimed their final dividend of the year 10-11 can write to the Company or Registrar and transfer agent M/s Cameo Corporate Services Limited, at 'Subramanian Building', No.1, Club House Road, Chennai – 600 002 who are the Registrars and Share Transfer Agents (RTA) of the Company for further details and for claiming unclaimed dividend lying unpaid. In case no valid claim is received ,the shares in respect of which the dividend are lying unpaid /unclaimed will be transferred to IEPF authority on the due date Further in terms of rule 6(3) of the IEPF rules ,statement containing the details of shareholders who have not claimed dividend for previous years ,and his folio number /DP-ID /client ID is made available on company's website www.sambandam.com for information and necessary action by shareholder. In case, the concerned shareholder wish to claim the shares after transfer to IEPF, an application has to be made to the IEPF authority in form IEPF- 5 online and submit the hard copy of such form IEPF -5 along with necessary documents to the company as prescribed under the rules and the same is available at IEPF website (ie) www.iepf .gov.in.

Dividend year	Date of declaration of dividend	Due date for transfer to IEPF
10-11	Final dividend dt 12.08.2011	12.09.2018
11-12	Dividend not declared	Not applicable
12-13	Dividend not declared	Not applicable
13-14	28.09.2014	27.10.2021
14-15	27.09.2015	26.10.2022
15-16	06.08.2016	05.09.2023
16-17	12.08.2017	11.09.2024

11 ACKNOWLEDGEMENT

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

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

Salem
May 27, 2018

S. Devarajan
Chairman & Managing Director

Annexures to this Board Report
The following are the annexures to this report

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

FORM AOC - 1

ANNEXURE - I

PART "A": SUBSIDIARIES

Not Applicable since the Company does not have any subsidiary.

PART "B": ASSOCIATES

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

Sl. No.	Name of Associate	SPMM Healthcare Services P Ltd		Salem IVF P Ltd	
1.	Latest audited Balance Sheet Date	**31-03-2018**	31-03-2017	31-03-2018	31-03-2017
2.	Date on which the associate or JV was associated or acquired	10-09-2003	10-09-2003	17-11-2014	17-11-2014
	Shares of Associate held by the Company on the year end:				
3.	Number of Shares	19,90,000	19,90,000	7,04,060	7,04,060
	Amount of Investment in Associates (Rs.)	1,99,00,000	1,99,00,000	70,40,600	70,40,600
	Extend of Holding %	49.75%	49.75%	27.73%	32.53%
4.	Description of how there is significant influence	Associate Company		Associate Company	
5.	Reason why the associate / joint venture is not consolidated	Associate Companies accounts have been consolidated			
6.	Networth attributable to Shareholding as per latest audited Balance Sheet (Rs.)	113.53 lakhs	103.67 lakhs	(25.17) lakhs	(18.33) lakhs
7.	Profit / (Loss) for the year (Rs.)	20.88 lakhs	17.97 lakhs	(71.92) lakhs	(92.21) lakhs
	Profit/(Loss) attributable to the Shareholding (Rs.)	10.39 lakhs	8.94 lakhs	(19.94) lakhs	(30.00) lakhs

1. Names of associates or joint ventures which are yet to commence operations : NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year : NIL
3. The Company does not have any joint venture.

For and on behalf of the Board

Salem	**S.Natarajan**	**D.Niranjan Kumar**	**S.Dinakaran**	**S. Devarajan**
May 27, 2018	Company Secretary	Chief Financial Officer	Joint Managing Director	Chairman & Managing Director

FORM NO. AOC-2

ANNEXURE - II

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

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

1. **Details of contracts or arrangements or transactions NOT at Arm's Length Basis – NIL**
2. **Details of material contracts / arrangements / transactions at Arm's Length Basis – NIL**

NOTE : All transactions entered by the Company with Related Parties were in the Ordinary Course of Business and at Arm's Length pricing basis. The Audit Committee granted omnibus approval for the transactions (which are repetitive in nature) and the same was reviewed by the Audit Committee and the Board of Directors.

There were no materially significant transactions with Related Parties during the financial year 2017-18 which were in conflict with the interest of the Company. Hence the related party transactions of the Company for the financial year 2017-18 not fall under the purview of disclosure under Form AOC – 2. Suitable disclosures as required under AS-18 have been made in Note **** of the Notes to the financial statements.

For and on behalf of the Board

Salem
S. Devarajan
May 27, 2018
Chairman and Managing Director

ANNEXURE - III

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

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

1. We have reviewed the financial statements and the cash flow statement for the year 2017-18 and that to the best of our knowledge and belief:
   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b) these statements together present a true and fair view of the state of affairs of the company and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept overall responsibility for establishing and maintaining internal control for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness, of internal control. The internal auditor works with all levels of management and statutory auditors and reports significant issues to the audit committee of the Board. The auditors and the audit committee are apprised of any corrective action taken with regard to significant deficiencies in the design or operation of internal controls.
4. We have indicated to the auditors and to the audit committee:
   a) All Significant changes in internal control over financial reporting during the year;
   b) Significant changes in accounting policies during the year; and that the same have been disclosed in the notes to the financial statements; and
   c) Instances of significant fraud of which have become aware and which involve manangement or other employees who have significant role in the company's internal control system over financial reporting. However there was mis appropriation of funds to the tune of Rs 13.44 Crores by an employee who has significant role has been identified and duly reported to the concerned authorities including criminal actions and subsequent actions taken in this regard

Salem	**D. Niranjan Kumar**	**S . Devarajan**
May 27, 2018	Chief Financial Officer	Chairman & Managing Director

ANNEXURE - IV

Conservation of energy, technology absorption and research and development and foreign exchange earnings and outgo

A. Conservation of energy

		2017-18	2016-17
(a) Power and fuel consumption			
1. Electricity			
(i) Purchased units*	'000 KWH	**19079**	23078
Total cost	Rs. lakhs	**1368**	1482
Cost/unit	Rs.	**7.17**	6.42
*net of units generated thro' wind energy converters			
(ii) Own generation			
1) Through diesel generator			
Generated units	'000 KWH	**17.84**	53.102
Units per litre of diesel	KWH	**2.96**	2.06
Cost/unit	Rs.	**17.74**	15.89
2) Through steam turbine/generator		**–**	–
3) Through Wind energy converters			
Generated units(fed to TNEB Grid)	'000 KWH	**19702**	22162
Cost/unit*	Rs.	**2.29**	2.75
*Cost includes maintenance charges, interest and depreciation			

	2. Coal		**–**	–
	3. Furnace oil		**–**	–
	4. Others		**–**	–
(b)	**Consumption per unit of production**			
	Production (yarn)	Kgs. lakhs	**76.57**	86.65
	Consumption of electricity	'000 KWH	**38799**	41836
	Consumption per kg. of Yarn	KWH	**5.07**	4.83
B.	**Technology absorption and research and development**		**–**	–
C.	**Foreign exchange earnings and outgo**			
(a)	Activities relating to exports			
	Yarn exports (including merchandise exports)	Rs. lakhs	**708**	962
(b)	Total Foreign exchange used and earned			
	1) CIF value of Imports			
	Capital goods*	Rs. lakhs	**–**	–
	Spares for Capital goods*	Rs. lakhs	**5.85**	37.28
	Raw materials – cotton*	Rs. lakhs	**447.72**	1274.38
	*exclusive of net exchange difference			
	2) Other expenditure in foreign currency			
	Travel	Rs. lakhs	**3.65**	1.1
	Interest	Rs. lakhs	**4.32**	16.51
	Other matters	Rs. lakhs	**3.38**	2.18
	3) Foreign exchange earned			
	Yarn export	Rs. lakhs	**629.37**	381.19
	Freight recovery	Rs. lakhs	**–**	1.63

For and on behalf of the Board

Salem
May 27, 2018

S. Devarajan
Chairman and Managing Director

ANNEXURE - V

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

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

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

Corporate Social Responsibility Purpose Statement

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

The CSR Policy of the Company can be viewed on the Company's Website under the web link
http://www.corporate@sambandam.com
Accordingly, the programme areas include the following :

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

Scope

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

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

Implementation

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

1 Composition of the CSR Committee :

CHAIRMAN	:	SRI S.DEVARAJAN	-	Chairman and Managing Director
MEMBERS	:	SRI S. GNANASEKHARAN	-	Member of Audit Committee
		SRI S.JEGARAJAN	-	Joint Managing Director
		SRI S.DINAKARAN	-	Joint Managing Director
		SRI D.SUDHARSAN	-	Non-executive Director

2 Average net profit of the company for the last three financial years - Rs.513.89 lakhs

3 Prescribed CSR Expenditure (two per cent of Rs.513.89 lakhs) - Rs.10.26 lakhs

4 Details of CSR spent during the financial year :
(i) Livelihood enhancement of differently abled - Provision of artificial limbs - Rs.1,04,100
(ii) Promote Education - Rs.1,86,951
(Item (ii) of Schedule VII of the Companies Act 2013)
(iii) Maintaining quality of Soil, Air and Water - Rs.1,15,750

5 Total amount spent during the financial year 2017-18 - - Rs.4,06,801

6 Amount unspent, if any - - - - Rs.6,18,986*

* The balance amount of Rs.6,18,986/- could not be spent for want of ambient and suitable CSR projects during the year

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

Sl. No.	CSR project or activity identified.	Sector in which the Project is covered	Local area in which the programs were under taken in Tamil Nadu	Amout outlay - project or Program- wise Rupees	Amount spent on the projects or Programs Rupees	Cumulative Expenditure upto the reporting period Rupees	Amount spent: Direct or through imple-menting agency Rupees
1	Promoting preventive health care	Item No(i) of Sch. VII of the Comp. Act 2013	Salem	–	–	Rs.5,35,000	–
2	Livelihood enhancement & Trainning of differently abled Persons	Item No(ii) of under Sch. VII of the Comp. Act 2013	Salem & Chennai	Rs.1,04,100	Rs.1,04,100	Rs.7,77,100	Rs.1,04,100
3	Promote Education	Item No(ii) of under Sch. VII of the Comp. Act 2013	Salem Poly technic	Rs.1,86,951	Rs.1,86,951	Rs.4,06,951	Rs.1,86,951
4	Environment Sustainability	Clause (iv) of Schedule VII of the Companies Act 2013	Salem	Rs.1,15,750	Rs.1,15,750	Rs.1,21,750	Rs.1,15,750
5	Promoting Sanitation, and making available safe drinking water at the girls & boys High School, Ammapet, Salem.	Item No(i) of under Sch. VII of the Comp. Act 2013	Salem	–	–	Rs.5,23,000	–
		Total		**Rs.4,06,801**	**Rs.4,06,801**	**Rs.23,63,801**	**Rs.4,06,801**

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

The third item - Promoting Education – payment to Salem Poly technic college Salem and physically challenged students sports competition.

The fourth item is for environment cleanliness and hygine.

CSR Committee confirms that implementation and monitoring of the CSR projects detailed above are in compliance with the CSR objectives and the CSR Policy of the Company. However the balance amount of Rs.6,18,986/- could not be spent for want of ambient and suitable CSR projects during the year.

Salem
May 27, 2018

S . DEVARAJAN
Chairman - CSR Committee

ANNEXURE - VI

B.K.SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.

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

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

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

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

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s. Sambandam Spinning Mills Limited (the Company) and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March 2018, according to the provisions of :

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder.

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

(i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

(ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the year under report, the Company did not attract the provisions of :

(i) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ;

(ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that :

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

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

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

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

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

An employee had misappropriated the funds of the Company in tranches. The fraud of the employee was excavated by the Company during the year. As per the information submitted by the Company to the Stock Exchanges, the amount misappropriated by the employee would be Rs.13.44 Crores. The Company has initiated appropriate actions including criminal proceedings, against the employee in this regard.

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

Place : Trichy
Date : 14-05-2018

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

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

B.K.SUNDARAM & ASSOCIATES
COMPANY SECRETARIES.

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

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

ANNEXURE TO SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018
OF
M/S SAMBANDAM SPINNING MILLS LIMITED

1. Maintenance of secretarial records with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.

2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Audit. The verifications were done on a random test basis to ensure the correctness of the facts reflected in the records.

3. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and occurrence of events. As per the Management representation given by the Chairman and Managing Director there is no law exclusively applicable for this Company other than all Laws applicable for Manufacturing Industries and hence there is no report to be given therefor.

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

Place : Trichy
Date : 14-05-2018

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

ANNEXURE - VII

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as at the financial year ended on 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –
There is no Holding or Subsidiary Company; only two Associate Companies

Sl. No.	Name and Address of the Company	CIN	Holding Subsidiary / Associate	% of shares held	Applicable Section
1	SPMM Health Care Services P Ltd	U85110TZ2003PTC010761	Associate	49.75%	2 (6) & 129
2	Salem IVF Centre Private Limited	U74999TZ2014PTC020878	Associate	27.73%	2 (6) & 129

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physi -cal	Total	% of Total Shares	Demat	Physi -cal	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	2007283	1170	2008453	47.10	2031683	1170	2032853	47.67	0.57
b) Bodies Corp.	90000	0	90000	2.11	39000	0	39000	0.91	(1.20)
c) Any other	0	0	0	0	0	0	0	0	0
Sub - Total (A) (1):-	**2097283**	**1170**	**2098453**	**49.21**	**2070683**	**1170**	**2071853**	**48.58**	**(0.63)**
(2) Foreign									
a) Any Other...	0	0	0	0	0	0	0	0	0
Sub - Total (A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) = (A) (1) + (A) (2)	**2097283**	**1170**	**2098453**	**49.21**	**2070683**	**1170**	**2071853**	**48.58**	**(0.63)**
B. Public Shareholding									
(1) Institutions									
a) FI / Bank - GIC	76590	0	76590	1.80	52988	0	52988	1.24	(0.56)
b) Any other	0	0	0	0	0	0	0	0	0
Sub - Total (B) (1)	**76590**	**0**	**76590**	**1.80**	**52988**	**0**	**52988**	**1.24**	**(0.56)**
(2) Non - Institutions									
a) Bodies Corporate	95242	1800	97042	2.28	26654	1800	28454	0.67	(1.61)
b) Individuals									
i. Individual shareholders holding nominal share capital in upto or Rs. 1 lakh	731475	167233	898708	21.07	755721	120143	875864	20.54	(0.53)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	775762	156720	932482	21.87	913181	133060	1046241	24.53	2.66
c) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
d) Any other									
Clearing Members	2315	0	2315	0.05	1207	0	1207	0.03	(0.02)
Hindu Undivided Families	151828	1	151829	3.56	155448	1	155449	3.65	0.09
Non resident Indians	7181	0	7181	0.16	6346	0	6346	0.15	(0.01)
IEPF	0	0	0	0	26198	0	26198	0.61	0.61
Sub - Total (B) (2):-	**1763803**	**325754**	**2089557**	**49.00**	**1884755**	**255004**	**2139759**	**50.19**	**1.19**
Total Shareholding (B) = (B) (1) + (B) (2)	**1840393**	**325754**	**2166147**	**50.79**	**1937743**	**255004**	**2192747**	**50.81**	**0.63**
C. Share held by custodian for GDR's and ADR's	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total (A) + (B) + (C)	**3937676**	**326924**	**4264600**	**100.00**	**4008426**	**256174**	**4264600**	**100.00**	**0**

ii). Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	S JEGARAJAN	442846	10.3842	– Nill –	444146	10.4147	– Nill –	0.0305
2	S DEVARAJAN	403455	9.4605	– Nill –	408555	9.5801	– Nill –	0.1196
3	S DINAKARAN	363879	8.5325	– Nill –	374879	8.7905	– Nill –	0.2580
4	A R NATARAJAN	192390	4.5113	– Nill –	192390	4.5113	– Nill –	–
5	D SARADHAMANI	101180	2.3725	– Nill –	101180	2.3725	– Nill –	–
6	D SUDHARSAN	79860	1.8726	– Nill –	86860	2.0368	– Nill –	0.1641
7	S P SAMBANDAM	50750	1.1900	– Nill –	50750	1.1900	– Nill –	–
8	S DEVARAJAN (HUF)	45898	1.0761	– Nill –	45898	1.0761	– Nill –	–
9	RATHIPRIYA D	41580	0.9750	– Nill –	41580	0.9750	– Nill –	–
10	D SENTHILNATHAN	61940	1.4524	– Nill –	61940	1.4524	– Nill –	–
11	V VALARNILA	37160	0.8713	– Nill –	37160	0.8713	– Nill –	–
12	D MANJULA	30540	0.7161	– Nill –	30540	0.7161	– Nill –	–
13	S DINAKARAN (HUF)	28975	0.6794	– Nill –	28975	0.6794	– Nill –	–
14	S JEGARAJAN (HUF)	28975	0.6794	– Nill –	28975	0.6794	– Nill –	–
15	J RAMYA	26540	0.6223	– Nill –	26540	0.6223	– Nill –	–
16	PARAMESWARI JEGARAJAN	22300	0.5229	– Nill –	22300	0.5229	– Nill –	–
17	J SAKTHIVEL	14800	0.3470	– Nill –	14800	0.3470	– Nill –	–
18	N USHA	14250	0.3341	– Nill –	14250	0.3341	– Nill –	–
19	D NIRANJANKUMAR	5800	0.1360	– Nill –	5800	0.1360	– Nill –	–
20	D MINUSAKTHIPRIYA	4000	0.0937	– Nill –	4000	0.0937	– Nill –	–
21	S. SIVAKUMAR	6928	0.1624	– Nill –	6928	0.1624	– Nill –	–
22	R SELVARAJAN	2640	0.0619	– Nill –	2640	0.0619	– Nill –	–
23	S P SAMBANDAM (SHUF)	1170	0.0274	– Nill –	1170	0.0274	– Nill –	–
24	D ANUPAMA	400	0.0093	– Nill –	400	0.0093	– Nill –	–
25	A SARAYU	200	0.0046	– Nill –	200	0.0046	– Nill –	–
26	KANDAGIRI SPINNING MILLS LTD	90000	2.1103	– Nill –	39000	0.9145	– Nill –	(1.1958)
	TOTAL	**2098453**	**49.2052**	**–**	**2071856**	**48.5826**	**–**	**(0.6237)**

iii). Change in Shareholding of Promoters

Sl. No.	Name	No.of Shares at the beginning (01-04-17)		Date	Decrease in shares holding	Reason	Cumulative Share holding during the year 01-04-17 to 31-03-18	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	S. Jegarajan	442846	10.38	03.11.2017	+1300	Demated	444146	10.41
2	S. Devarajan	403455	9.46	21.07.2017	+500	Purchase of Shares	403955	9.47
				13.10.2017	+1000	Purchase of Shares	404955	9.49
				03.11.2017	+1300	Demated	406255	9.53
				17.11.2017	+2300	Purchase of Shares	408555	9.80
3	S. Dinakaran	363879	8.53	05.05.2017	+500	Purchase of Shares	364379	8.54
				13.10.2017	+7000	Purchase of Shares	371379	8.71
				03.11.2017	+1300	Demated	372679	8.74
				17.11.2017	+2200	Purchase of Shares	374879	8.79

Sl. No.	Name	No.of Shares at the beginning (01-04-17)		Date	Decrease in shares holding	Reason	Cumulative Share holding during the year 01-04-17 to 31-03-18	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
4	D. Sudharsan	79860	1.86	13.10.2017	+7000	Purchase of Shares	86860	2.04
5	Kandagiri Spinning Mills Ltd	90000	2.11	12.01.2018	-9000	Sale of Shares	81000	1.90
				19.01.2018	-6000	Sale of Shares	75000	1.76
				25.01.2018	-1000	Sale of Shares	74000	1.74
				16.02.2018	-1000	Sale of Shares	73000	1.71
				23.02.2018	-9102	Sale of Shares	63898	1.50
				09.03.2018	-5000	Sale of Shares	58898	1.38
				16.03.2018	-14563	Sale of Shares	44335	1.01
				23.03.2018	-5335	Sale of Shares	39000	0.91

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

Sl. No.	Name	No.of Shares at the beginning (01-04-17)		Date	Increase/ Decrease in shares holding	Reason	Cumulative Share holding at the year end 31-03-18	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
1	Vinodchandra Mansukhlal Parekh and Sanjeev Vinodchandra Parekh	136518	3.20	01-04-2017	0	Nil Movement during the year	136518	3.20
2	Sanjeev Vinodchandra Parekh and Daksha Sanjeev parekh	86361	2.02	01-04-2017	0	Nil Movement during the year	86361	2.02
3	General Insurance Corporation of India	76590	1.80	12-04-2017	-23602	Nil Movement during the year	52988	1.24
4	N. Porkodi	61880	1.45	01-04-2017	0	Nil Movement during the year	61880	1.45
5	Chandrika Vinodchandra Parekh and Vinodchandra Mansukhlal Parekh	61351	1.44	01-04-2017	0	Nil Movement during the year	61351	1.44
6	Seema Goel	50000	1.17	12-05-2017	-16047	Sale of Shares	33953	0.79
		33953	0.79	14-07-2017	-3953	Sale of Shares	30000	0.70
		30000	0.70	28-07-2017	-7000	Sale of Shares	23000	0.53
		23000	0.53	24-11-2017	-230	Sale of Shares	22770	0.53
		22770	0.53	01-12-2017	-3960	Sale of Shares	18810	0.44
		18810	0.44	08-12-2017	-5971	Sale of Shares	12839	0.30
		12839	0.30	12-01-2018	-339	Sale of Shares	12500	0.29
7	S. Santhi	48020	1.13	01-04-2017	0	Nil Movement during the year	48020	1.13

Sl. No.	Name	No.of Shares at the beginning (01-04-17)		Date	Increase/ Decrease in shares holding	Reason	Cumulative Share holding at the year end 31-03-18	
		No. of Shares	% of Total Shares of the Company				No. of Shares	% of Total Shares of the Company
8	Praful Mehta and Deepak Mehta	47400	1.11	19.05.2017	+1600	Purchase of Shares	49000	1.14
		49000	1.14	09.07.2017	+95	Purchase of Shares	49095	1.15
		49095	1.15	28.07.2017	+200	Purchase of Shares	49295	1.15
		49295	1.15	04.08.2017	+6315	Purchase of Shares	55610	1.30
		55610	1.30	18.08.2017	+1500	Purchase of Shares	57110	1.33
		57110	1.33	08.09.2017	+1090	Purchase of Shares	58200	1.36
		58200	1.36	15.09.2017	+3480	Purchase of Shares	61680	1.44
		61680	1.44	06.10.2017	+1350	Purchase of Shares	63030	1.47
		63030	1.47	01.12.2017	+875	Purchase of Shares	63905	1.49
		63905	1.49	15.12.2017	+60	Purchase of Shares	63965	1.49
		63965	1.49	23.03.2018	+35	Purchase of Shares	64000	1.50
9	Pranav Kumarpal Parekh and Sanjeev Vinodchandra Parekh	47165	1.10	01-04-2017	0	Nil Movement during the year	47165	1.10
10	Sangita Kumarpal Parekhh and Sanjeev Vinodchandra Parekh	42404	0.99	01-04-2017	0	Nil Movement during the year	42404	0.99

V). Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year 01-04-2017		Cumulative Shareholding during the year		Shareholding at the end of the year 31-03-2018	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	At the Beginning of the year :						
1	Sri S. DEVARAJAN, CMD	403455	9.46	5100	0.12	408555	9.58
2	Sri S. JEGARAJAN, JMD	442846	10.38	1300	0.03	444146	10.41
3	Sri S. DINAKARAN, JMD	363879	8.53	11000	0.26	374879	8.79
4	Sri D. SUDHARSAN, Director	79860	1.86	7000	0.16	86860	2.02
5	Sri D. NIRANJAN KUMAR, CFO	5800	0.13	0	0.00	5800	0.13
	Total	**1295840**	**30.36**	**24400**	**0.57**	**1295840**	**30.93**
	Date wise Increase in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	0	0	**# 24400**	**0.57**
	At the End of the year					**1320240**	**30.82**

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

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6432.03	NIL	539.30	6971.33
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**6432.03**	**NIL**	**539.30**	**6971.33**
Change in Indebtedness during the financial year				
· Addition	563.13	NIL	259.15	822.28
· Reduction	(692.24)	NIL	(101.10)	(793.34)
Net Change	**129.11**	**NIL**	**158.05**	**28.94**
Indebtedness at the end of the financial year				
i) Principal Amount	6302.92	NIL	697.35	7000.27
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**6302.92**	**NIL**	**697.35**	**7000.27**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount Rupees lakhs
		Sri S.Devarajan CMD	Sri S.Jegarajan JMD	Sri S.Dinakaran JMD	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs.28,80,000/-	Rs.27,60,000/-	Rs.19,20,000/-	75.60
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs.19,20,000/-	Rs.18,00,000/-	Nil	37.20
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission				
	- as % of profit	Nil	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total (A)	**Rs.48,00,000/-**	**Rs.45,60,000/-**	**Rs.19,20,000/-**	**112.80**
	Ceiling as per the Act (Schedule V)	**Rs.84 lakhs**	**Rs.84 lakhs**	**Rs.84 lakhs**	**Rs.252.00**

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

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
	1. Independent Directors	Dr. V.Gopalan	Mr. N.Asoka	Mr.S.Gnana sekharan	Kameshwar M Bhat	Dr.V.Sekar	Mr. D.Bala sundaram	Dr. R.Rama rathnam	
	Fee for attending Audit committee meeting	Rs. 25,000	Rs. 25,000	Rs.1,75,000	Rs.1,75,000	Rs.1,75,000	Rs.1,50,000	Rs.1,50,000	Rs. 8,75,000
	Fee for attending Nomination and Remuneration committee meeting	Rs. 15,000	Rs. 15,000	Nil	Rs. 15,000	–	–	–	Rs. 45,000
	Fee for attending Separate Independent Director Meeting	Nill	Nill	Rs. 25,000	Rs. 25,000	Rs. 25,000	Rs. 25,000	Rs. 25,000	Rs. 1,25,000
	Fee for attending Board Meeting:	Rs. 15,000	Rs. 15,000	Rs.1,05,000	Rs.1,05,000	Rs.1,05,000	Rs.1,05,000	Rs.1,05,000	Rs. 5,55,000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)	**Rs. 55,000**	**Rs. 55,000**	**Rs.3,05,000**	**Rs.3,20,000**	**Rs.3,05,000**	**Rs.2,80,000**	**Rs.2,80,000**	**Rs.16,00,000**

	2. Other Non-Executive Directors	Sri. D.Sudharsan	Smt. S.Abirami	Total Amount
	Fee for attending Board meeting	Rs.1,05,000	Rs.1,05,000	Rs.2,10,000
	Commission	Nil	Nil	Nil
	Others	Nil	Nil	Nil
	Total (2)	**Rs.1,05,000**	**Rs.1,05,000**	**Rs.2,10,000**
	Overall Ceiling as per the Act	Rs.1 lakh per meeting	Rs.1 lakh per meeting	

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
			Sri D. Niranjan Kumar	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 12,00,000	Rs. 18,00,000	Rs. 30,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify…	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total	**Rs. 12,00,000**	**Rs. 18,00,000**	**Rs. 30,00,000**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

Salem
May 27, 2018

ANNEXURE - VIII

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY OF CODE OF GOVERNANCE

Company's philosophy on corporate governance is delineated below:

- Effectiveness measured by quality of leadership resulting in best performance
- Accountability through openness, public disclosure and transparency of activities
- Conforming to high ethical standards in financial policies, internal controls, constant attention towards high quality of its products and continuous upgrading of skills
- Responsibility and responsiveness to stakeholders including shareholders, customers, vendors, employees, lenders and government agencies
- Sustaining a healthy and ever improving bottom line
- Upholding the spirit of social responsibility and
- To create a management team with entrepreneurial and professional skills

2. BOARD OF DIRECTORS

(a) Changes in Board of directors

During the year independent Directors Dr. V. Gopalan (w.e.f. 06.05.2017) and Sri N. Asoka (w.e.f 06.05.2017) have resigned from the Board due to their pre-occupations and other commitments. The Board has appointed Dr. V. Sekar (on 25.03.2017), Dr. R. Ramarathnam (on 06.05.2017) and Sri D. Balasundaram (on 06.05.2017) as Additional Directors (Non-Executive, Independent).

(b) Composition of the Board

Your Company's Board comprises of 10 Directors (out of which 50% of the Directors are Independent Directors). The board is primarily responsible for the overall management of the company's business.

The Directors on board are from varied fields with wide range of skills and experience. The non-executive directors including independent directors bring statutory and wider perspective in the board's deliberation and decisions. The composition of the Board of Directors with their attendance at the Board Meetings held during the year and other relevant details as required under Schedule V of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 are as follows:

Name of the Director	Categories of Director	No. of Board meetings attended	Whether attended last AGM	No. of directorship	No. of Membership of Company (*)	Relationship with other directors	No. of equity shares held (**)
Sri S.Devarajan	Executive (Promoter)	7 of 7	Yes	7	1	Relative of Sri S.Jegarajan Sri S.Dinakaran and Sri D.Sudharsan	4,08,555
Sri S.Jegarajan	Executive (Promoter)	7 of 7	Yes	3	–	Relative of Sri S.Devarajan and Sri S.Dinakaran	4,44,146
Sri S.Dinakaran	Executive (Promoter)	7 of 7	Yes	7	–	Relative of Sri S.Devarajan and Sri S.Jegarajan	3,74,879
Sri D.Sudharsan	Non - Executive (Promoter)	7 of 7	Yes	2	–	Relative of Sri S.Devarajan	86,860
Smt. S.Abirami	Non - Executive (Promoter)	7 of 7	Yes	1	–	Relative of Sri S.Devarajan and Sri D.Sudharsan	Nil
Dr. V.Gopalan***	Non - Executive (Independent)	1 of 1	NA	2	–	Nil	Nil
Sri N.Asoka***	Non - Executive (Independent)	1 of 1	NA	2	–	Nil	Nil
Sri S.Gnanasekharan	Non - Executive (Independent)	7 of 7	Yes	1	1	Nil	Nil
Sri Kameshwar M. Bhat	Non - Executive (Independent)	7 of 7	Yes	1	1	Nil	Nil
Dr. V.Sekar #	Non - Executive (Independent)	7 of 7	Yes	1	1	Nil	Nil
Dr. R.Ramarathnam #	Additional Director (Non - Executive Independent)	7 of 7	Yes	6	1	Nil	Nil
Sri D.Balasundaram #	Additional Director (Non - Executive Independent)	7 of 7	Yes	1	1	Nil	Nil

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

** There are no convertible instruments in our company

*** Independent Directors resigned from the Board on the respective dates as specified in change in Board of Directors

Additional directors, (Non executive Independent) appointed on the board on the respective dates as specified in changes in Board of Directors.

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

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

(c) Board Meetings

The Board of Directors met seven times during the year and the time gap between any two meetings did not exceed 120 days. Board meetings were held on May 6, 2017, August 12, 2017, September 27, 2017, November 13, 2017, November 20, 2017, December 11, 2017 and February 8, 2018.

(d) Independent Directors

Your Company appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors is a promoter or related to the promoters. They do not have any pecuniary relationship with the Company and further they do not hold two percent or more of the total voting power of the Company. All Independent Directors maintain their limits of directorship as required under provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has issued a formal letter of appointment to all Independent Directors and the terms and conditions of their appointment have been disclosed in the website of the Company. All the Independent Directors of the Company at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year give a declaration that they meet the criteria of independence as provided under the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year the following changes took place:

a. Independent Directors Dr. V. Gopalan and Sri N. Asoka have resigned from the Board w.e.f 06.05.2017.

b. Dr. V. Sekar (on 25.03.2017), Dr. R. Ramarathnam (on 06.05.2017) and Sri D. Balasundaram (on 06.05.2017) were appointed by the Board as Additional Directors (Non-Executive, Independent). Their appointments as Non-executive Independent Directors (Not liable to retire by rotation) were approved by the members at the 43rd Annual General Meeting of the Company (AGM) held on 12.08.2017 and they shall hold office up to the conclusion of the 47th Annual General Meeting of the Company.

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

Meeting of the Independent Directors

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, one meeting was held on February 6th, 2018. All the Independent Directors on the board as on the date of the respective meeting attended the same. The Independent Directors discussed / reviewed the matters specified in Schedule IV of Companies Act of 2013, and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(e) Board evaluations :

Evaluation of performance of all directors is undertaken annually .Performance of the board, its committees and individual directors were evaluated on the basis of criteria which includes various performance related aspects.

The Board of directors has expressed their satisfaction with the evaluation process.

3. AUDIT COMMITTEE

(a) Brief description of terms of reference

(i) The audit committee assists the board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the company and its compliance with the legal requirements. The committee's purpose is to oversee the accounting and financial process of the company, the audits of the company's financial statement, the appointment, independence, performance and remuneration of statutory auditors including cost auditor, the performance of internal auditors and the companies risk management policies. The terms of ref of audit committee covers the areas mentioned under the part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 as well as Sec 177 of the Companies Act 2013.

(b) Composition

Audit Committee as on March 31, 2018 comprises of five members viz., Sri Kameshwar M. Bhat Independent Director as Chairman, Independent Directors Sri S. Gnanasekharan, Dr.V.Sekar, Dr.R.Ramarathnam and Sri D. Balasundaram as Members.

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

(c) Meetings and Attendance

The Audit Committee met seven times during the year namely on 5th May 2017, 11th August 2017, 27th September 2017, 12th November 2017, 20th November 2017, 10th December 2017 and 7th February 2018 and the time gap between any two meetings did not exceed more than four months

Name of the Director	Position	No.of Meetings attended
Dr. V. Gopalan ***	Member	1 of 1
Sri N. Asoka ***	Member	1 of 1
Sri Kameshwar M. Bhat	Chairman	7 of 7
Sri S. Gnanasekharan	Member	7 of 7
Dr. V. Sekar	Member	7 of 7
Dr. R. Ramarathnam **	Member	7 of 7
Sri D. Balasundaram **	Member	7 of 7

** Dr. R.Ramarathnam and Sri D.Balasundaram were inducted as Audit Committee member w.e.f. 06.05.2017

*** Dr.V.Gopalan and Sri N.Asoka have resigned from the Board w.e.f. 06.05.2017

4. NOMINATION AND REMUNERATION COMMITTEE

(a) Brief description of terms of reference

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

(b) Composition

The Nomination and Remuneration Committee as on March 31,2018 comprises of three members (ie) Sri Kameshwar M.Bhat, Independent Director as Chairman, Sri S.Gnanasekharan and Dr.V.Sekar, Independent Directors as Members.

(c) Meetings and Attendance

During the year one Nomination and Remuneration Committee Meetings were held on 05.05.2017
Attendance at the Nomination and Remuneration Committee Meeting held during the year is as follows:

Name of the Director	Position	No.of Meetings attended
Sri Kameshwar M. Bhat	Chairman	1 of 1
Sri S. Gnanasekharan **	Member	Nil
Dr. V. Sekar **	Member	Nil
Dr. V. Gopalan ***	Member	1 of 1
Sri N. Asoka ***	Member	1 of 1

** Sri. S.Ganasekharan and Dr. V.Sekar were inducted as Nomination and Remuneration Committee w.e.f. 06.05.2017

*** Directors resigned from the Board and Audit Committee on the respective dates as specified in Changes in Board of Directors.

(b) Performance Evaluation criteria for Independent directors

- Qualifications
- Experience
- Knowledge & Competency
- Fulfilment of functions
- Abilityto function as a team
- Initiative
- Availability and attendance
- Commitment
- Integrity
- Independence
- Independent views and judgement

5. REMUNERATION OF DIRECTORS

(a) There was no pecuniary relationship or transaction between the Non-Executive Directors and the company during the financial year 2017-2018.

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

- Remuneration by way of Sitting fee may be paid to Non-Executive/ Independent Directors for attending meetings of the Board of Directors and Committee meetings in which he/she is a member (excluding those committee meetings viz., CSR Committee, Stakeholders' Relationship Committee, Share Transfer Committee and Finance Committee for which no sitting fees is paid) as may be decided by the Board from time to time and for any other purpose as may be decided by the Board from time to time in accordance with the ceiling limits prescribed under the Applicable Law.
- TheIndependent Directors shall not be entitled to any stock option.
- Thesitting fee to the Independent Directors and Woman Director shall not be less than the sitting

The above referred criteria have been disclosed in the website of the Company under the web-link : http://www.sambandam.com/investors.

(c) Disclosures with respect to sitting fees

Non-executive Directors are entitled to a Sitting Fee for attending each meeting of the Board or any Committee(s) of the Board. Details of payment of Sitting Fee for the year 2017-18 are as follows.

Sl.No.	Name of the Director	Sitting fees Rs.
1.	Sri. S. Devarajan	–
2.	Sri. S. Jegarajan	–
3.	Sri. S. Dinakaran	–
4.	Sri. D. Sudharsan	1,05,000
5.	Smt. S. Abirami	1,05,000
6.	Dr. V. Gopalan	55,000
7.	Sri. N. Asoka	55,000
8.	Sri. S. Gnansekharan	3,05,000
9.	Sri. Kameshwar M. Bhat	3,20,000
10.	Dr. V.Sekar	3,05,000
11.	Sri D. Balasundaram	3,05,000
12.	Dr. R. Ramarathnam	2,80,000

Details of remuneration paid to the Managing Director and other executive directors for the financial year ended March 31, 2018

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

Sri S. Devarajan, Chairman and Managing Director
Salary : Rs.2,40,000/- p.m, Allowance & Perquisites : Rs.1,60,000/- p.m.

Sri S. Jegarajan, Joint Managing Director
Salary : Rs.2,30,000/- p.m, Allowance & Perquisites : Rs.1,50,000/- p.m.

Sri S. Dinakaran, Joint Managing Director
Salary : Rs.1,60,000/- p.m, Allowance & Perquisites : NIL

Details of remuneration received by CMD and JMD's during the financial year 2017-18 is as follows

Rupees

Name of theDirector	Salary	Perquisites	Total (Rs.)
Sri S. Devarajan	28,80,000	19,20,000	48,00,000
Sri S. Jagarajan	27,60,000	18,00,000	45,60,000
Sri S. Dinakaran	19,20,000	NIL	19,20,000

Stock Options

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

6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

(a) Composition

Stakeholders' Relationship Committee as on March 31,2018 comprises three members (ie) of Sri S.Gnanasekharan, Independent Director as Chairman, Sri S.Jegarajan, Joint Managing Director and Sri D. Sudharsan, Director as Members.

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

(b) Compliance Officer

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

(c) Investors' requests

During the year, 95 request letters were received from investors on routine matters and all these were dealt with satisfactorily.

(d) Complaints

No complaints were received and no complaint was pending as on March 31, 2018.

(e) Compliance with respect to insider trading

Comprehensive guidelines advising and cautioning the management staff and other relevant business associates on the procedure to be followed while dealing with the securities of the company have been issued and implemented

7. **GENERAL BODY MEETINGS**

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

Year	Location	Date & Time
43rd AGM - 2017	Mill Premises, Kamaraj Nagar Colony, Salem-636014.	August 12, 2017 at 10.45 a.m.
42nd AGM - 2016	Mill Premises, Kamaraj Nagar Colony, Salem-636014.	August 06, 2016 at 10.45 a.m.
41st AGM - 2015	Mill Premises, Kamaraj Nagar Colony, Salem-636014.	September 27, 2015 at 10.30 a.m.

(b) Special Resolutions for appointment of managerial personel have been passed in the Annual General Meetings held in 2015 and there is no Special Resolution passed at the AGM held in the year 2016 and 2017.

(c) No resolution was passed through postal ballot during the year under review. No resolution is proposed to be conducted through postal ballot.

(d) VOTING PROCESS

Sri B. KALYANASUNDARAM (MEMBERSHIP NO.672) OF M/S B.K.SUNDARAM & ASSOCIATES, PRACTISING COMPANY SECRETARIES having office at No.30, Pandamangalam Agraharam, Woriur, Trichy-620003 was appointed as Scrutinizer for scrutinizing Remote E-voting/Voting processes at the AGM venue.

Share holders are advised to send their assent (FOR) or dissent (AGAINST) in writing on the Ballot Form enclosed with Notice and the details of the scrutinizer and the steps followed for voting through ballot were instructed in the ballot form.

8. **MEANS OF COMMUNICATION**

Quarterly, half-yearly and annual financial results are communicated to the Bombay Stock Exchange at Mumbai immediately after these are considered and recommended by audit committee and approved by the Board and thereafter regularly published in national (English) business newspaper Trinity Mirror and in one vernacular (Tamil) newspaper Makkal Kural as required. Quarterly and annual financial statements and other required details in accordance with the provisions of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 are posted on our Company's website: www.sambandam.com. Further, all other price sensitive and other information is sent to the Bombay Stock Exchange enabling them to display the same on their website. There is no presentation to institutional investors during the year

9. **GENERAL SHARE HOLDER INFORMATION**

(a) **Details of 44th Annual General Meeting to be held**

Day	:	Saturday
Date	:	11th August, 2018
Time	:	10.45 a.m.
Venue	:	Mill Premises of Sambandam Spinning Mills Limited, Kamaraj Nagar Colony, Salem 636 014

(b) **Financial Year** : 1st April 2017 to 31st March 2018.

(c) **Dividend Payment Date** : Commencing on August 13th, 2018 – to be completed within the statutory time limit, subject to the approval of the Company's Bankers

(d) **Stock Exchange on which Company's shares are listed:**
The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001
The Listing Fees as applicable have been paid within prescribed time period.

(e) Stock code

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

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

Month	Company Share Price		S&P BSE Sensex	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr - 2017	127.45	90.30	30,184.22	29,241.48
May - 2017	152.00	119.00	31,255.28	29,804.12
Jun - 2017	140.00	115.60	31,522.87	30,680.66
Jul - 2017	163.50	120.40	32,672.66	31,017.11
Aug - 2017	158.00	122.20	32,686.48	31,128.02
Sep - 2017	148.40	128.90	32,524.11	31,081.83
Oct - 2017	153.90	135.00	33,340.17	31,440.48
Nov - 2017	185.00	129.90	33,865.95	32,683.59
Dec - 2017	176.00	143.50	34,137.97	32,565.16
Jan - 2018	184.00	145.00	36,443.98	33,703.37
Feb - 2018	157.00	131.40	36,256.83	33,482.81
Mar - 2018	148.00	114.00	34,278.63	32,483.84

(g) Company securities are not suspended from trading.

(h) Registrar and Share Transfer Agents

M/s Cameo Corporate Services Limited, Subramanian Building, No.1 Club house Road, Chennai 600 002 deal with all aspects of investor servicing relating to shares in both physical and demat form.

(i) Share Transfer System

The Share transfer committee has been constituted mainly to look into transfer and transmission of shares. Share transfers are effected by the Registrar and Transfer Agent (RTA) Cameo Corporate Services Limited, Chennai, on the authorization given by the Board. The transfers/transmissions effected by the Registrar are submitted to the Share Transfer Committee for confirmation. Sri S. Devarajan, Chairman and Managing Director, chairs the meetings of the committee. Sri S. Jegarajan, Joint Managing Director and Sri D.Sudharsan, non-executive director are the members of the committee. Sri S. Natarajan, Company Secretary is the secretary of the committee and the compliance officer. As on March 31, 2018, no share transfers/transmission was pending.

(j) Distribution of Shareholding as on 31st March 2018.

No. of Shares	Shareholders		No. of shares	
	Number	%	Number	%
Upto – 100	2614	76.03	1,73,132	4.06
101 – 500	524	15.24	1,43,071	3.35
501 – 1000	112	3.26	90,904	2.13
1001 – 2000	70	2.04	1,06,772	2.50
2001 – 3000	14	0.41	34,983	0.82
3001 – 4000	16	0.47	56,555	1.33
4001 – 5000	6	0.17	27,925	0.65
5001 – 10000	19	0.55	1,43,447	3.37
10001 and above	63	1.83	34,87,811	81.79
Total	**3438**	**100.00**	**42,64,600**	**100.00**

Shareholding pattern as on March 31, 2018

Sl. No.	Category	No. of Holders	No. of Shares	% to Paid up Capital
1.	Promoters	27	2032853	47.67
2.	Residents (Individuals / Clearing Members)	3325	2077554	48.72
3.	Financial Institutions/Insurance Co./ State Govt./ Govt. Companies/ UTI	1	52988	1.24
4.	Foreign Institutional Investors	0	0	0
5.	Non-Resident Indians / OCB / Corporate Bodies - Foreign / Bank - Foreign / Foreign Nationals / Foreign Port Folio Investor / corporate	21	6346	0.15
6.	Corporate Bodies / Limited Liability Partnership	56	67454	1.58
7.	Mutual Funds	0	0	0
8.	Trusts	0	0	0
9.	Banks	0	0	0
10.	Clearing Members	7	1207	0.03
11.	IEPF	1	26198	0.61
	Total	**3438**	**4264600**	**100.00**

(k) Dematerialization of shares and liquidity

Shares of the Company can be held and traded in electronic form. As stipulated by SEBI, the shares of the Company are accepted in the Stock Exchanges for delivery only in dematerialization form. Status of dematerialization of shares – as on March 31, 2018

Holders	Physical		Demat		Total	
	No. of Shares	% to paid up capital	No. of Shares	% to paid up capital	No. of Shares	% to paid up capital
Promoters	1,170	0.03	20,70,683	48.55	20,71,853	48.58
Others	2,55,004	5.98	19,37,743	45.44	21,92,747	51.42
Total	**2,56,174**	**6.01**	**40,08,426**	**93.99**	**42,64,600**	**100.00**

Your Company confirms that only minor portion of Promoter's holdings are in physical form and the balance Promoter's holding are in electronic form and the same is in line with the direction issued by SEBI.

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

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

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

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

The Company did not engage in hedging activities.

(n) **Plant Location**
Spinning mills
Unit – I Kamaraj Nagar Colony, Salem 636 014.Tamil Nadu.
Unit – II Ayeepalayam, Athanur 636 301, Namakkal District.Tamil Nadu.
Unit – III Kavarakalpatty, Seshanchavadi Post, Salem 636 111.Tamil Nadu.

Wind energy converters
Panangudi, Pazhavoor and Parameshwarapuram villages,
RadhapuramTaluk, Tirunelveli District, Tamil Nadu.
Uthumalai Village, Veerakeralam Pudur Taluk, Tirunelveli District, Tamil Nadu.
Gudimangalam Village, Udumalpet Taluk, Coimbatore District, Tamil Nadu.

(o) **Address for Correspondence**

Registrar & Share Transfer Agents :	M/s Cameo Corporate Services Limited Subramanian Building No.1 Club Road, Chennai 600 002. Phone : 044 - 28460390 (5 lines) Fax : 044 – 28460129 e-mail – investor@cameoindia.com
For any other general matters or in case of any difficulties/	Secretarial Department Sambandam Spinning Mills Limited No.1, Kamaraj Nagar Colony, Salem 636 014 Phone : 0427 -2240790 to 94 Fax : 0427 – 2240169 e-mail: cs@sambandam.com
Website Address	www.sambandam.com
Email ID of Investor Grievances	cs@sambandam.com
Name of the Compliance Officer	Sri S.Natarajan, Company Secretary

10. DISCLOSURES

(a) During the financial year ended 31st March, 2018 there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

(b) The company has formulated a policy for dealing with related party transactions .The necessary disclosure regarding the transactions with related parties are given in the notes to the financial statements. During the year under review, your company had not entered in to any material transaction with any of its related parties .The policy on related party transactions is hosted on the website of the company under web link http://www.sambandam.com/investors

(c) Neither were any penalties imposed, nor were any strictures passed by Stock Exchange or SEBI or any Statutory authority on any capital market related matters during the last three years.

(d) The Company has established a Vigil Mechanism/Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimization of Director(s)/employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Protected Disclosures, if any reported under this Policy will be appropriately and expeditiously investigated by the Chairman. Your Company hereby affirms that no Director /employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. The Whistle Blower Policy has been disclosed on the Company's website.

(e) The Company has complied with the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted various non-mandatory requirements as well as discussed under relevant headings.

(f) The Company has no subsidiary.

(g) The Company has followed Indian Accounting Standards ("Ind AS") in the preparation of the financial statements for accounting periods beginning on or after 01.04.2016 as per the MCA directions. The significant accounting policies are set out in the notes to the accounts.

(h) The Company laid down procedures to inform Board members about risk assessment and minimization and has implemented the Risk Management plan and continuously monitors it.

(i) As required by the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for prevention of Insider Trading. Company Secretary of the Company is the Compliance Officer. The Code of Conduct is applicable to all Directors and such identified employees of the Company as well as who are expected to have access to unpublished price sensitive information relating to the Company.

(j) The Company has adopted a Code of Conduct for Directors and Senior Management of the Company, as required by Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has received confirmation from the Directors and Senior Management regarding compliance with the code for the year ended March 31, 2018. A Certificate from Managing Director to this effect is attached to this report. The code has been displayed on the Company's website.

(k) The Chairman and Managing Director and Chief Financial Officer of the Company give annual Compliance Certificate in accordance with Regulation17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange(s). The annual Compliance Certificate given by Chairman and Managing Director and Chief Financial Officer is published in Annual Report.

(l) Details relating to appointment and re-appointment of Directors as required under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Notice to the Annual General Meeting.

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

12. ADOPTION OF NON- MANDATORY ITEMS

(a) The Board

Since the Company does not have a Non-Executive Chairman as on 31.03.2018, it does not maintain such office.

(b) Shareholder Rights

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

(c) Modified Opinion in Audit Report

There was no modified opinion in Independent Auditors' Report for the Financial year 2017-18.

(b) Reporting of Internal Auditor

The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the Meeting for reporting their findings of the internal audit to the Audit Committee Members.

13. The Company has fully complied with the applicable requirement specified in Reg. 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Certificate on Compliance with Code of Conduct for the Senior Management

In accordance with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board members and senior management personnel of the Company have affirmed compliance to the Code of Conduct of the Company for the financial year ended March 31, 2018.

May 27, 2018
Salem

S.Devarajan
Chairman and Managing Director
DIN No. : 00001910

To the Members of Sambandam Spinning Mills Limited

1. We have examined the compliance of conditions of corporate governance by Sambandam Spinning Mills Limited ("the Company") for the year ended on 31 March 2018, as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the listing regulations") ("Applicable criteria") with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for the annual submission to the Stock Exchanges and to be sent to the shareholders of the Company.

Management's Responsibility

2. The compliance of the conditions of corporate governance is the responsibility of management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

3. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 1 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
5. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

6. Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2018.

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

Restriction on use

7. This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **R.Sundararajan & Associates**
Chartered Accountants
Registration No:082882

Salem
May 27, 2018

S.Krishnan – Partner
Membership No.26452

INDEPENDENT AUDITOR'S REPORT

To The Members of SAMBANDAM SPINNING MILLS LIMITED

Report on the standalone Ind AS Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of **Sambandam Spinning Mills Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Statement of Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone 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 (Standalone Ind AS) prescribed under Section 133 of the Act.

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

4. We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2018, its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

8. We draw attention to note. 45 of the notes forming part of the standalone Ind AS financial statements regarding the Company's identification of instances of embezzlement of its funds by an employee of the Company. Our opinion is not modified in respect of this matter.

Other Matters

9. The comparative financial information of the Company for the year ended March 31, 2017 and the transition opening balance sheet as at April 1,2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules,2006 audited by the predecessor auditor whose reports for the year ended March 31, 2017 and March 31,2016 dated May 6,2017 and May 21,2016 respectively expressed an unmodified opinion on those standalone financial statements. The comparative financial information for the year ended March 31, 2017 and the opening balance sheet as at April 1, 2016 has been adjusted for the differences in the accounting principles/ policies adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

10. As required by Section143 (3) of the Companies Act, 2013, 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 is in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013.

(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”.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:

i. The Company has disclosed the impact of pending litigations on its financial position vide note 42.

ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

11. As required by the Companies (Auditor's Report) Order,2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Date : May 27, 2018
Place : Salem

S. Krishnan - Partner
Membership No. 26452

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

1. We have audited the internal financial controls over financial reporting of Sambandam Spinning Mills Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. According to the information and explanations given to us and based on our audit the Company's internal control system, periodic review of treasury related reports was inadequate in respect of a part of the year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness noted above resulted in a fraud (detailed in note 45) being committed by an employee. Subsequent to unearthing of the fraud, the company has initiated remediation measures before the end of the year towards correcting the material weakness noticed in the internal controls.

In our opinion, except for the effects (detailed in note 45) of the material weakness as described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018 based on the Guidance note on Audit of Internal Financial Control over financial reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported as above and the remediation measures initiated by the Company, in determining the nature, timing and extent of audit tests applied in our audit of March 31, 2018 standalone financial statements of the Company, and these material weakness does not affect our opinion on the standalone financial statements of the Company.

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

Date : May 27, 2018
Place : Salem

S. Krishnan - Partner
Membership No. 26452

"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 12 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Standalone Ind AS financial statements of Sambandam Spinning Mills Limited ("the Company") for the year ended March 31, 2018).

1. **In respect of its fixed assets :**
   (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets
   (b) The fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
   (c) According to the information and explanations given to us and based on the examination of registered sale deeds/ transfer deeds/ conveyance deeds provided to us, we report that the title deeds, of all the immovable properties are held in the name of the Company.
2. As explained to us the inventories other than goods in transit have been physically verified at the year-end by the management and no material discrepancies were noticed on such physical verification.
3. According to the information and explanations given to us, the Company has granted loan to one Company covered in the register maintained under Section 189 of the Companies Act , 2013 in respect of which:
   a. The terms and conditions of the grant of such loan are, in our opinion, prima facie, not prejudicial to the Company's interest.
   b. The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
   c. There is no overdue amount remaining outstanding as at the year end.
4. According to information and explanations given to us the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. According to information and explanations given to us, the Company has not accepted any deposits from public however in respect of the deposits accepted from shareholders, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

6. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under Sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:

   (a) The company is regular in depositing material amount of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, Customs duty, Excise duty, value added tax, cess and any other statutory dues as applicable to the appropriate authorities during the year. There were no undisputed amounts payable in respect of the aforesaid statutory dues outstanding as on March 31, 2018 for a period of more than six months from the date they became payable.

   (b) There are no dues of Income tax, Sales tax, Service tax, Customs Duty, Excise duty or Value added tax that have not been deposited on account of any dispute. Details of dues of value added tax, and other statutory dues, which have not been deposited as at March 31,2018 on account of any dispute is as stated below:

(Rs. in Lakhs)

Nature of dues	Disputed dues (Net)	Period to which the amount relates	Forum where the dispute is pending
Sales tax	7.17	1991-92	Coimbatore Court
Corporation Tax	17.05	October 1998 - March 2013	Madras High Court
Infrastructure and development amenities charges	66.75	July 2012	Madras High Court
Employee state Insurance	25.63	2003-04 to 2004-05	Salem Labour Court

8. The Company has not defaulted in repayment of dues to any financial institution, or from banks.

9. The Company has not raised any money by way of initial public offer or further public offers (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.

10. To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations no fraud by the company has been noticed or reported during the year. Embezzlement of funds by an employee aggregating Rs.1344.25 lakhs was reported during the year (Refer Note 45).

11. According to the information and explanations given to us, the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

12. The Company is not a Nidhi Company and accordingly the provisions of Clause (xii) of the Order are not applicable to the Company.

13. In our opinion and according to the information and explanations given to us all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable. The details of the transactions during the year have been disclosed in the Standalone Ind AS financial statements as required by the applicable Accounting Standards. (Refer Note 39).

14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause (xiv) of the Order is not applicable.

15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions during the year with directors or persons connected with them. Hence reporting on whether there is compliance with provisions of section 192 of the Companies Act, 2013 does not arise.

16. The Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934.

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

Date : May 27, 2018
Place : Salem

S. Krishnan - Partner
Membership No. 26452

Standalone Balance Sheet as at March 31, 2018

Particulars	Note No.	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
ASSETS				
Non current assets				
Property, plant and equipment	1	**11,170.87**	12,041.29	13,013.45
Intangible assets	2	**0.04**	0.26	0.48
Financial assets				
Investments	3	**227.51**	177.92	247.53
Loans	4	**550.00**	500.00	400.00
Other financial asset	5	**261.43**	267.47	384.82
Advance tax assets(net)	6	**7.79**	10.86	34.25
Other non-current assets	7	**290.16**	279.91	283.03
		12,507.80	13,277.71	14,363.56
Current assets				
Inventories	8	**3,733.05**	3,893.34	3,551.24
Financial assets				
Trade receivables	9	**4,528.00**	3,143.30	3,357.53
Cash and cash equivalents	10a	**118.36**	291.28	186.15
Other Bank balances	10b	**164.72**	44.44	40.26
Other	11	**582.00**	464.07	468.47
Other current assets	12	**149.02**	151.54	119.55
		9,275.15	7,987.97	7,723.20
Total assets		**21,782.95**	21,265.68	22,086.76
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	**427.55**	427.55	427.55
Other equity	14	**8,569.99**	8,428.60	8,094.04
		8,997.54	8,856.15	8,521.59
Non-current liabilities				
Financial liabilities				
Borrowings	15	**1,594.91**	1,968.80	2,741.98
Other non current liabilities	16	**28.29**	28.29	26.49
Provisions	17	**235.07**	241.41	215.75
Deferred tax liabilities (Net)	18	**1,060.67**	1,208.39	1,001.89
Other non current liabilities	19	**11.35**	9.52	–
		2,930.29	3,456.41	3,986.11
Current liabilities				
Financial liabilities				
Borrowings	20	**4,763.29**	4,964.74	5,455.77
Trade payables	21	**3,576.63**	2,476.68	1,598.96
Provisions	22	**23.92**	2.54	12.06
Other financial liabilities	23	**1,408.08**	1,385.08	2,445.45
Other current liabilities	24	**83.20**	124.08	66.82
		9,855.12	8,953.12	9,579.06
Total equity and liabilities		**21,782.95**	21,265.68	2,2086.76

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

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 27, 2018

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Standalone Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Note No.	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
Income			
Revenue from operations	25	**19,308.04**	20,910.52
Other income	26	**165.64**	116.75
Total income		**19,473.68**	21,027.27
Expenses			
Cost of materials consumed	27	**11,781.23**	12,355.58
Changes in inventories of finished goods and work-in- progress	28	**(166.06)**	(48.18)
Employee benefits expense	29	**2,387.14**	2,216.87
Finance cost	30	**918.97**	1,110.93
Depreciation and amortization expense	31	**1,014.59**	1,057.33
Other expenses	32	**2,910.74**	2,979.63
Total Expenses		**18,846.61**	19,672.16
Profit before exceptional items and tax		**627.07**	1,355.11
Exceptional item	33	**(283.01)**	(450.41)
Profit before tax		**344.06**	904.70
Tax expense :			
Current tax		**724.11**	435.12
Deferred tax		**(725.00)**	38.00
Income tax expense		**(0.89)**	473.12
Profit for the period from continuing operations		**344.95**	431.58
Other comprehensive income			
Other comprehensive income not to reclassified to profit or loss in subsequent periods		**–**	–
Re-measurement gains/(losses) on defined benefit plans		**2.64**	8.52
Tax effect		**0.89**	2.88
Other comprehensive income		**1.75**	5.64
Total comprehensive income for the year		**346.70**	437.22
Earning per share (Face value Rs.10 per share)			
'-Basic and diluted (Rs.) Refer note no. 37		**8.09**	10.12

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

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 27, 2018

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Standalone Statement of cash flows for the year ended March 31, 2018

Particulars		31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
Cash Flows from Operating Activities			
Profit Before Tax		**344.05**	904.70
Adjustments for :			
Depreciation		**1,014.59**	1,057.33
Interest Expense		**915.94**	1,109.82
Interest Income		**(47.35)**	(40.21)
Unrealised Exchange Fluctuation		**(5.22)**	(16.10)
Dividend income		**(0.05)**	(0.07)
Net gain or loss arising on financial asset mandatorily measured at FVTPL		**(0.09)**	(0.79)
Loss / (Profit) on sale of Long term investments		**(53.01)**	1.33
Operating profit before working capital changes		**2,168.85**	3,016.02
Adjustments for changes in :			
Inventories		**160.30**	(342.10)
Trade receivables		**(1,379.48)**	230.33
Other financial Assets		**(238.20)**	0.23
Other Current Liabilities		**(40.88)**	57.26
Other non-current assets		**(10.25)**	3.11
Other current assets		**2.52**	(31.98)
Financial assets		**(43.87)**	88.55
Advance tax assets(net)		**3.96**	23.39
Financial Liabilities		**(6.33)**	27.45
Deferred tax liabilities (Net)		**(147.73)**	(266.62)
Other non current liabilities		**1.82**	9.53
Current Financial Liabilities		**944.63**	(677.59)
		(753.51)	(878.45)
Net Cash Flow from Operating Activities	(A)	**1,415.34**	2,137.57
Cash Flows from Investing Activities			
Payments for acquisition of assets		**(242.63)**	(93.54)
Sale of assets		**151.70**	7.28
Interest received		**47.35**	40.21
Dividend received		**0.05**	0.07
Proceeds from sale of Long term investments		**0.34**	–
Purchase of Long term investments		**(49.93)**	(0.71)
	(B)	**(93.12)**	(46.78)
Cash Flows from Financing Activities			
Finance cost paid		**(915.94)**	(1,109.82)
Dividends Paid		**(205.31)**	(102.66)
Repayments of long term borrowings		**(373.89)**	(773.17)
Net Cash Flow from Financing Activities	(C)	**(1,495.14)**	(1,985.65)
NET CASH INFLOW / (OUTFLOW)	(A+B+C)	**(172.92)**	105.13
Opening Cash and Cash Equivalents	(D)	**291.28**	186.15
Closing Cash and Cash Equivalents	(E)	**118.36**	291.28
NET INCREASE/ (DECREASE) IN CASH	(E-D)	**(172.92)**	105.13

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

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 27, 2018

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Statement of Changes in Equity

A. Equity share Capital

(Rs. in Lakhs)

Balance at the beginning of April 1,2016	Changes in equity share capital during the year	Balance at the beginning of March 31,2017	Changes in equity share capital during the year	Balance at the beginning of March 31,2018
427.55	–	427.55	–	**427.55**

B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves & Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance at the beginning of April 1,2016	539.09	4,000.00	3,554.95	8,094.04
Profit for the year	–	–	431.58	431.58
Other Comprehensive income	–	–	5.64	5.64
Total Comprehensive income for the year	–	–	437.22	**437.22**
Transfer to general reserve	–	464.67	(464.67)	–
Dividend including tax thereon	–	–	(102.66)	(102.66)
Balance at the end of March 31,2017	**539.09**	**4,464.67**	**3,424.84**	**8,428.60**
Profit for the year	–	–	344.95	344.95
Other Comprehensive income	–	–	1.75	1.75
Total Comprehensive income for the year	–	–	346.70	346.70
Dividend including tax thereon	–	–	(205.31)	(205.31)
Balance at the end of March 31,2018	**539.09**	**4,464.67**	**3,566.23**	**8,569.99**

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

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 27, 2018

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Notes to the Standalone Ind AS Financial Statements for the year ended March 31, 2018

1. PROPERTY, PLANT AND EQUIPMENT (PPE)

(Rs. in Lakhs)

2017 - 2018	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount
Description	31.03.2017	Additions	Deletions	31.03.2018	31.03.2017	Charge for the year	Disposal	31.03.2018	31.03.2018
Freehold land	2,325.01	–	–	2,325.01	–	–	–	–	2,325.01
Buildings	3,147.94	37.00	–	3,184.94	135.09	134.66	–	269.75	2,915.19
Plant and Equipment	5,628.36	192.10	110.80	5,709.66	603.33	558.99	12.11	1,150.21	4,559.45
Wind Energy Converters	1,742.32	–	–	1,742.32	271.86	271.85	–	543.71	1,198.61
Furniture and Fixtures	4.61	–	–	4.61	3.69	0.81	–	4.50	0.11
Vehicles	233.09	–	–	233.09	39.23	45.36	–	84.59	148.50
Office equipment	17.06	13.53	–	30.59	3.90	2.69	–	6.59	24.00
Total	**13,098.39**	**242.63**	**110.80**	**13,230.22**	**1,057.10**	**1,014.36**	**12.12**	**2,059.35**	**11,170.87**

2016 - 2017	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount
Description	01.04.2016 #	Additions	Deletions	31.03.2017	01.04.2016 #	Charge for the year	Disposal	31.03.2017	31.03.2017
Freehold land	2,325.01	–	–	2,325.01	–	–	–	–	2,325.01
Buildings	3,142.89	5.05	–	3,147.94	–	135.09	–	135.09	3,012.85
Plant and Equipment	5,587.43	45.35	4.42	5,628.36	–	603.33	–	603.33	5,025.03
Wind Energy Converters	1,742.32	–	–	1,742.32	–	271.86	–	271.86	1,470.46
Furniture and Fixtures	4.34	0.27	–	4.61	–	3.69	–	3.69	0.92
Vehicles	195.10	42.18	4.19	233.09	–	39.23	–	39.23	193.86
Office equipment	16.36	0.70	–	17.06	–	3.90	–	3.90	13.16
Total	**13,013.45**	**93.55**	**8.61**	**13,098.39**	**–**	**1,057.10**	**–**	**1,057.10**	**12,041.29**

Note :

1. # The company has elected the previous GAAP carrying amounts of property, plant and equipment as at April 1, 2016 (transition date) as deemed cost and has accordingly disclosed the same as above.
2. Amount of contractual commitments for acquisition of property, plant and equipment, refer note no. 42.
3. For details of assets given as security against borrowings, refer note no. 40.

Notes to the Standalone Ind AS Financial Statements for the year ended March 31, 2018

2. Intangible assets

(Rs. in Lakhs)

2017 - 2018	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount
Description	31.03.2017	Additions	Deletions	31.03.2018	31.03.2017	Charge for the year	Disposal	31.03.2018	31.03.2018
Computer Software- acquired	0.48	–	–	0.48	0.22	0.22	–	0.45	0.04
Total	**0.48**	**–**	**–**	**0.48**	**0.22**	**0.22**	**–**	**0.45**	**0.04**

2016 - 2017	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount
Description	01.04.2016 #	Additions	Deletions	31.03.2017	01.04.2016 #	Charge for the year	Disposal	31.03.2017	31.03.2017
Computer Software- acquired	0.48	–	–	0.48	–	0.22	–	0.22	0.26
Total	**0.48**	**–**	**–**	**0.48**	**–**	**0.22**	**–**	**0.22**	**0.26**

Note :

1. # The company has elected the previous GAAP carrying amounts of intangible assets as at April 1, 2016 (transition date) as deemed cost and has accordingly disclosed the same as above.
2. Amount of contractual commitments for acquisition of intangible assets, refer note no. 42.

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
3. Non current financial asset - Investments			
Unquoted			
Investments in Equity instruments			
Associates			
19,90,000 (2017 and 2016 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	**153.71**	153.71	153.71
7,04,060 (2017 and 2016 : 7,04,060) Equity shares of Rs.10 each in Salem IVF Centre Private Limited	**70.40**	70.40	70.40
Others			
1,330 (2017 and 2016:1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	**1.53**	1.87	1.36
1,07,500 (2017 and 2016:1,07,500) Equity shares of Rs.10 each in Sambandam Investment and Leasing Limited	**20.73**	20.30	20.02
1,66,500 (2017 and 2016:1,500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	**51.54**	2.04	2.04
	297.91	248.32	247.53
Less : Provision for diminution in value towards Salem IVF Centre Private Limited	**70.40**	70.40	–
	227.51	177.92	247.53
a. # represents quoted investments			
Aggregate value of quoted investments (at fair value)	**1.53**	1.87	1.36
Aggregate market value of quoted investments	**1.53**	1.87	1.36
Aggregate value of unquoted investments	**296.38**	246.45	246.17
Aggregate value of impairment in value of investments	**70.41**	70.41	–
b. Aggregate value of investments as on April 1, 2016			

Particulars	Carrying amount as per previous GAAP	Fair value adjustments	Carrying amount as per Ind As
i) in equity instruments of associates (at previous GAAP value as deemed cost)	**224.12**	–	224.12
ii) in others at fair value through profit or loss	**13.39**	10.02	23.42

c. Investments are fully paid-up unless otherwise stated

Particulars	31.03.2018	31.03.2017	01.04.2016
4. Non current financial asset - Loans			
Unsecured and considered good			
Intercorporate Loan to related party	**550.00**	500.00	400.00
	550.00	500.00	400.00
Note : These are carried at amortised cost			
5. Non current - Other financial asset			
Security deposit			
with related parties	**3.00**	3.00	3.00
with others	**224.13**	259.28	374.56
Employee advances	**1.00**	5.19	7.26
Interest accrued on Incorporate loan to related party	**25.70**	–	–
Deposits with banks	**7.60**	–	–
	261.43	267.47	384.82
Note : These are carried at amortised cost			
6. Non current - Advance tax assets (net)			
Advance income tax (net)	**7.79**	10.86	34.25
	7.79	10.86	34.25

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
7. Other non current assets			
(Unsecured, considered good)			
Capital advances	**54.18**	43.31	48.05
Balances with Government authorities (paid under protest)	**235.98**	236.60	234.97
	290.16	279.91	283.02
8. Inventories			
Raw materials	**1,610.07**	1,943.37	1,639.26
Work-in-progress	**1,202.73**	750.44	693.78
Finished goods - Yarn	**901.69**	1,187.91	1,196.40
Stores and spares	**18.56**	11.62	21.80
	3,733.05	3,893.34	3,551.24
Note :			
1. Goods in transit included above are as follows			
Raw materials	**97.36**	–	–
2. Cost of materials consumed during the year, refer note no.27			
3. For details of assets given as securities for borrowings, refer note no. 40.			
9. Current financial assets - Trade receivables			
Unsecured, considered good			
Trade receivables			
- Related parties	**22.12**	–	–
- Others	**4,505.88**	3,143.30	3,357.53
	4,528.00	3,143.30	3,357.53
Note - These are carried at amortised cost			
10a. Cash and cash equivalents			
Balances with banks-current accounts	**88.72**	277.41	143.88
Cash on hand	**29.64**	13.87	42.27
	118.36	291.28	186.15
10b. Bank balances other than above			
Unclaimed dividend accounts (earmarked)	**9.15**	6.76	5.42
Liquid assets deposits #	**56.00**	22.00	–
Deposits with Banks held as margin money #	**99.57**	15.68	34.84
	164.72	44.44	40.26
# represents deposits with original maturity of more than 3 months and less than 12 months			
11. Current Financial Assets - Others			
Unsecured considered good, unless otherwise stated			
Amount recoverable from employee (Refer note 45)			
Considered good	**250.00**	–	–
Considered doubtful	**1,059.26**	776.25	396.25
	1,309.26	776.25	396.25
Less : Provision for doubtful amount considered recoverable	**1,059.26**	776.25	396.25
	250.00	–	–
Interest accrued on deposits	**6.46**	19.80	17.40
Interest subsidy receivable	**289.76**	400.23	415.83
Export incentive receivable	**2.57**	1.87	0.04
Employee advances	**12.52**	9.11	12.20
Rent receivable - from related party	**3.47**	1.08	1.08
- from others	**0.44**	–	–
Other receivable	**16.78**	31.98	21.92
	582.00	464.07	468.47
Note : These are carried at amortised cost			

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
12. Other current assets			
Unsecured considered good			
Prepaid expenses	**74.49**	92.02	93.58
Supplier advances	**15.96**	11.16	4.00
Balance with government authorities	**13.78**	3.58	6.51
Accrued income on windmills	**44.79**	44.78	15.46
	149.02	151.54	119.55
Note : These are carried at amortised cost			
13. Equity			
Authorised share capital			
50,00,000 equity shares (March 31, 2017 50,00,000, April 1, 2016 50,00,000) of Rs. 10 each with voting rights	**500.00**	500.00	500.00
Issued share capital			
42,86,400 equity shares (March 31, 2017 42,86,400, April 1, 2016 42,86,400) of Rs. 10 each with voting rights	**428.64**	428.64	428.64
Subscribed and paid up share capital			
42,64,600 equity shares (March 31, 2017 42,64,600, April 1, 2016 42,64,600) of Rs. 10 each with voting rights	**426.46**	426.46	426.46
Add Forfeited shares (amount originally paid in respect of 21,800 equity shares)	**1.09**	1.09	1.09
	427.55	427.55	427.55

Notes :

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

Outstanding shares at the beginning and end of the year	**42,64,600**	42,64,600	42,64,600

2. Terms/rights and restrictions in respect of equity shares

The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to number of equity shares held by the shareholders.

3. Shareholders holding more than 5% of the total share capital:

Name of the shareholder	No. of shares 2018	%	2017	%
Equity shares with voting rights				
S. Jegarajan	**4,44,146**	**10.41**	4,42,846	10.38
S. Devarajan	**4,08,555**	**9.58**	4,01,115	9.11
S. Dinakaran	**3,74,879**	**8.79**	3,63,879	8.53

4. Share issue in preceeding five years

Aggregate number and class of shares allotted for consideration other than cash, bonus, etc.in the five years immediately preceeeding the Balance Sheet date as on March 31, 2018 is Rs. Nil (2017 and 2016: Nil).

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
14. Other equity			
Securities premium - Note A	**539.09**	539.09	539.09
General reserve - Note B	**4,464.67**	4,464.67	4,000.00
Retained earnings - Note C	**3,566.23**	3,424.84	3,554.95
	8,569.99	8,428.60	8,094.04

Refer Statement of Changes in Equity for additions/ deletions in each reserve.

Notes :

A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.

B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.

C. In respect of the year ended March 31, 2018, the Board of Directors have proposed a dividend of Rs. 2 per equity share of Rs. 10 each (2017 Rs.4 per equity share, 2016: Rs.2 per equity share) subject to approval by the shareholders at the ensuing annual general meeting after which the dividend would be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act. Revaluation reserve of Rs.2707.94 lakhs transferred to Retained earnings on the transition date may not be available for distribution.

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
15. Non current - Financial liabilities - Borrowings			
Secured Borrowings			
Term loan from banks	**1,131.46**	1,531.35	2,231.88
Unsecured Borrowings			
Fixed deposits from - related parties			
Fixed deposits from others	**463.45**	437.45	510.10
	1,594.91	1,968.80	2,741.98

Note :

1. These are carried at amortised cost
2. Refer note 23 for current maturities of non current borrowings
3. Refer note. 40 for security and terms of borrowings
4. Refer note 39 for deposits from related parties.

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
16. Non current Financial liabilities - others			
Security deposits			
from related parties	**4.50**	4.50	4.50
from others	**23.79**	23.79	21.99
	28.29	28.29	26.49

Note - These are carried at amortised cost

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
17. Non current liabilities - Provisions			
Provision for employee benefits			
Compensated absences	**235.07**	241.41	215.75
	235.07	241.41	215.75

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
Movement in provision for compensated absences is as follows: (refer 17 & 22)	**Opening**	Additions (Net of utilisation)	Closing
31.03.2018	**243.95**	15.04	258.99
31.03.2017	**227.81**	16.14	243.95
Note - These are carried at amortised cost			
18. Deferred tax liability (net)			
Deferred tax liability	**1,552.05**	2,285.19	2,238.67
Deferred tax assets	**72.05**	80.19	71.67
	1,480.00	2,205.00	2,167.00
Unused tax credits (MAT credit entitlement)	**419.33**	996.61	1,165.11
Net deferred tax liability	**1,060.67**	1,208.39	1,001.89
Note : refer note. 35 for details of deferred tax liability and asset			
19. Other non current liabilities			
Deferred government grant(EPCG)	**11.35**	9.52	–
	11.35	9.52	–
20. Current financial liabilities - borrowings			
Secured borrowings - from banks			
Cash credit facilities	**4,763.29**	4,759.30	4,005.77
Short term loan	**–**	–	1,450.00
Buyers credit	**–**	205.44	–
	4,763.29	4,964.74	5,455.77
Note - These are carried at amortised cost			
21. Current financial liabilities - trade payables			
Total outstanding dues of creditors	**3,576.63**	2,476.68	1,598.96
	3,576.63	2,476.68	1,598.96
Note: These are carried at amortised cost			
22. Current provisions			
Provision for employee benefits - Compensated absences	**23.92**	2.54	12.06
	23.92	2.54	12.06
Note: These are carried at amortised cost			
23. Other Current financial liabilities			
Current maturities of long-term debts	**642.05**	802.37	1,962.81
Interest accrued and not due on borrowings	**–**	1.04	–
Interest accrued and due on borrowings	**16.77**	41.87	49.36
Unclaimed Dividends	**9.15**	6.76	5.42
Contribution to Gratuity Fund	**181.69**	128.82	103.79
Accrued expenses/liabilities	**534.24**	390.19	311.18
Employee payables	**24.18**	14.03	12.89
	1,408.08	1,385.08	2,445.45
Note : 1. These are carried at amortised cost 2. Refer note. 40 for security and terms of borrowings			
24. Other Current liabilities			
Advance from customers	**58.30**	71.61	36.50
Statutory liabilities	**24.90**	52.47	30.32
	83.20	124.08	66.82

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
25. Revenue from operations		
Sale of products		
Yarn	**18,451.16**	19,868.50
Fabric sales	**–**	104.26
Process waste	**673.60**	725.49
	19,124.76	20,698.25
Revenue from services		
Yarn testing charges	**8.61**	12.07
Yarn conversion charges	**–**	0.06
	8.61	12.13
Other operating revenues		
Power generated by wind energy converters (net of captive consumption)	**158.29**	158.60
Scrap sales	**6.16**	16.94
Hank yarn obligation charges received	**–**	13.96
Export incentives	**10.22**	10.64
	174.67	200.14
	19,308.04	20,910.52
26. Other income		
Interest income from		
Loan to related party	**71.36**	65.20
Others	**24.01**	24.99
Dividend income from Non-current investments	**0.05**	0.07
Profit on sale of assets	**53.01**	–
Other non-operating income		
Rent received	**10.44**	9.60
Certification charges	**1.45**	–
Net gain or loss arising on financial asset mandatorily measured at FVTPL	**0.09**	0.79
Foreign exchange gain (net)	**5.23**	16.10
	165.64	116.75
27. Cost of materials consumed		
Cotton, viscose, modaal	**11,648.16**	12,247.56
Others	**133.07**	108.02
	11,781.23	12,355.58
28. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	**901.69**	1,187.91
Work-in-progress	**1,202.73**	750.45
	2,104.42	1,938.36
Opening stock		
Finished goods	**1,187.91**	1,196.40
Work-in-progress	**750.45**	693.78
	1,938.36	1,890.18
Net change in inventories	**(166.06)**	(48.18)
29. Employee benefits expense		
Salaries, wages and bonus	**2,112.15**	2,016.93
Contribution to provident, gratuity and other funds	**152.38**	108.26
Welfare expenses	**122.61**	91.68
	2,387.14	2,216.87

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
30. Finance costs		
Interest on borrowings	**915.93**	1,109.83
Other borrowing costs - premium on forward contracts	**3.04**	1.10
	918.97	1,110.93
31. Depreciation and amortisation expense		
Property, plant and equipment		
Buildings	**134.66**	135.09
Plant and machinery	**558.99**	603.33
Wind energy converters	**271.85**	271.86
Furniture and fittings	**0.81**	3.69
Office equipments	**2.69**	3.90
Vehicles	**45.36**	39.23
Sub Total (A)	**1,014.36**	1,057.10
Intangible assets		
Computer software - acquired	**0.23**	0.23
Sub Total (B)	**0.23**	0.23
Total (A + B)	**1,014.59**	1,057.33
Refer note 1 and 2 on property, plant and equipments and intangible assets		
32. Other expenses		
Conversion charges	**134.01**	54.20
Consumption of stores and spares	**199.80**	296.10
Power and fuel-net	**1,489.62**	1,680.49
Rent	**8.15**	8.02
Repairs and maintenance - Buildings	**9.86**	11.44
- Plant and machinery	**243.77**	243.43
Insurance	**15.93**	13.83
Rates and taxes	**38.05**	17.69
Packing and forwarding chages	**146.25**	122.29
Printing and stationery	**7.21**	6.83
Brokerage and commission on sales	**170.54**	182.56
Legal and Professional charges	**42.56**	20.65
Travel and vehicle upkeep expenses	**173.67**	132.00
Premium on hank yarn obligation	**35.13**	–
Donation and charity	**0.43**	1.14
Expenditure on corporate social responsibility (refer note no.43)	**4.07**	11.66
Loss on sale of assets	**–**	1.33
Bad debts write off	**–**	13.35
Bank and other financial charges	**126.08**	96.84
Miscellaneous expenses	**65.62**	65.77
	2,910.74	2,979.63
33. Exceptional item		
Provision for embezzlement of funds	**283.01**	380.00
Dimunition in the value of investment	**–**	70.41
	283.01	450.41

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018

1. Corporate Information

Sambandam Spinning Mills Limited ("the Company") is a listed Public Company domiciled in India and is incorporated under the provisions of the Companies Act 2013, as applicable in India. The registered office headquartered in Salem, India. The Company is principally engaged in production of cotton yarn.

2. Basis of preparation of financial statements

Compliance with Indian Accounting Standards (Ind AS):

The financial statements of the Company have been prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. Upto the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS Financial statements. The date of transition to Ind AS is April 1, 2016.

First time adoption:

In accordance with Ind AS 101 on First time adoption of Ind AS, the Company has prepared its first Ind AS financial statements which include:

(i) Three Balance sheets namely, the opening Balance sheet as at April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising assets or liabilities which are not permitted by Ind AS, by reclassifying assets and liabilities from previous GAAP as required by Ind AS, and applying Ind AS in measurement of recognised assets and liabilities; and Balance sheets as at March 31, 2018 and 2017.

(ii) Two statements each of profit and loss; cash flows and changes in equity for the years ended March 31, 2018 and 2017 together with related notes.

The same accounting policies have been applied for all the periods presented except when the Company has made use of certain exceptions and/ or exemptions.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

✤ Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

✤ Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

✤ Level 3 inputs are unobservable inputs for the asset or liability.

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

The Ind AS Financial Statements are presented in Indian Rupees (Rs).

The Ind AS Financial Statements were approved for issue by the Board of Directors on 27th May 2018.

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018 (Contd.)

3. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Sale of Goods

Revenue from sale of products is recognized when the goods are despatched or appropriated as per the terms sales at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured. Revenue is exclusive of Goods and service tax, as applicable and is reduced for estimated customer returns, commissions, rebates and discounts, and other similar allowances.

Rendering of Services

Revenue from services is recognized in accordance with the specific terms of contract on performance when the collectability of the resulting receivable is reasonably assured.

Income from energy generated

Revenue from energy generated through windmills is recognized based on the contractual rates with the customers and the credit granted by the regulatory authorities to the said customers for units generated.

Other operating revenues

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

4. Other Income

Other Income comprises of Dividend, Interest and rental income and are accounted on accrual basis.

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

5. Foreign currency transactions

Foreign currency transactions (including booking/cancellation of forward contracts) are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency, other than those covered by forward exchange contracts, are translated at year end foreign exchange rates. Exchange differences arising on settlements are recognized in the Statement of Profit and Loss. In case of forward exchange contracts which are entered into hedge the foreign currency risk of a receivable/payable recognized in these financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Statement of Profit and loss. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and loss.

6. Employee benefits

(i) Short term employee benefit obligations are estimated and provided for. A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

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

(ii) Retirement Benefit plans and Post-employment benefits

Payments to defined contribution plans i.e., Company's contribution to provident fund, superannuation fund and other funds and employee state insurance are determined under the relevant schemes and/ or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018 (Contd.)

For defined benefit plans i.e. Company's liability towards gratuity (funded), other retirement/ terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are comprised of:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

7. Property, Plant and Equipment

Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is Rs.10000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds Rs.10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Deemed cost on transition to Ind AS:

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Depreciation/amortization:

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used:

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

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018 (Contd.)

De-recognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

8. Intangible Assets

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds Rs.10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition of intangible assets:

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

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

9. Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its estimated recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.

10. Inventories

Inventories (other than process waste) are stated at lower of cost and net realisable value.

Cost of raw materials, stores, spares and consumables comprises cost of purchases and includes taxes and duties and is net of eligible credits under applicable schemes.

Cost of work-in-progress, work-made components and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis.

Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale

The cost for the said purpose is determined as follows:

(i) in the case of stores and spare parts, the weighted average cost (net of credit, if any),

(ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, and without deduction of the adjustment made for power generated through Wind energy converters and adjusted against the cost of power purchased from state electricity board.

(iii) Process waste is valued at net realizable value.

Provision is made for obsolete, slow moving and damaged items of inventory, if any.

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018 (Contd.)

11. Government grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

12. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

13. Research and development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss as and when incurred. Capital expenditure on research and development, where the same represents cost of Property, Plant and Equipment, if any, is given the same accounting treatment as applicable to other capital expenditure.

14. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax:

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted

Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018 (Contd.)

15. Provisions and contingencies

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

16. Financial Instruments

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

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

Financial assets:

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

<u>Classification of financial assets</u>

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

After initial recognition:

(i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

✤ the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

✤ the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018 (Contd.)

Income on such debt instruments is recognised in profit or loss and is included in the “Other Income”.

The Company has not designated any debt instruments as fair value through other comprehensive income.

(ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g. any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the “Other Income”.

Investments in equity instruments of subsidiaries, joint ventures and associates

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27. At transition date, the Company has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.

Impairment of financial assets:

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition of financial assets:

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Financial liabilities and equity instruments:

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the “Finance Costs”.

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018 (Contd.)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

<u>Financial guarantee contracts</u>

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value though profit or loss) at the higher of:

✤ the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and

✤ the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

<u>Embedded derivatives</u>

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss.

As of the transition date, the Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

<u>Hedge accounting:</u>

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018 (Contd.)

Note 3.6 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the “Other Income”.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

17. Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration?: On March 28, 2018, the Ministry of Corporate Affairs ('the MCA') notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is not reasonably estimable.

Statement on Significant Accounting Policies forming part of the Standalone Ind AS Financial Statements for the year ended March 31, 2018 (Contd.)

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires the Company's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the Ind AS financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) and recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the Management in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws / emission norms and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessment, made adequate provision in the books.

Taxation

Tax expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profit and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

Provisions

The management makes judgements based on experience regarding the level of provision required to account for potentially uncollectible receivables using information available at the Balance Sheet date. Provisions so created are based on management assessment of the receivable balances after communication with the respective debtors and are created on the receivable balances net off against related brokerage dues outstanding.

Provisions for litigation and contingencies are determined based on evaluations made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations, the provisions are sensitive to the actual outcome in future periods.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements.In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements.Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.6.

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

34. Ind AS Reconciliation 34.1 Balance Sheet

(Rs. in Lakhs)

Particulars	Refer Note	Previous GAAP As at March 31, 2017	Transition Effect As at March 31, 2017	Ind As As at March 31, 2017	Previous GAAP As at April 1, 2016	Transition Effect As at April 1, 2016	Ind As As at April 1, 2016
ASSETS							
Non current assets							
Property, plant and equipment	A	12,041.61	0.32	12,041.29	13,013.77	0.32	13,013.45
Intangibe assets		0.26	–	0.26	0.48	–	0.48
Financial assets							
Investments	B	167.11	(10.81)	177.92	237.51	(10.02)	247.53
Loans		500.00	–	500.00	400.00	–	400.00
Others		267.47	–	267.47	384.82	–	384.82
Advance tax assets (Net)		10.86	–	10.86	34.25	–	34.25
Other non-current assets		279.91	–	279.91	283.03	–	283.03
		13,267.22	(10.49)	13,277.71	14,353.86	(9.70)	14,363.56
Current assets							
Inventories		3,893.34	–	3,893.34	3,551.24	–	3,551.24
Financial assets							
Trade receivables		3,143.30	–	3,143.30	3,357.53	–	3,357.53
Cash and cash equivalents		291.28	–	291.28	186.15	–	186.15
Bank balances other than 10a above		44.44	–	44.44	40.26	–	40.26
Others		464.07	–	464.07	468.47	–	468.47
Other current assets		151.54	–	151.54	119.55	–	119.55
		7,987.97	–	7,987.97	7,723.20	–	7,723.20
Total assets		**21,255.19**	**(10.49)**	**21,265.68**	**22,077.06**	**(9.70)**	**22,086.76**
EQUITY AND LIABILITIES							
Equity							
Equity share capital		427.55	–	427.55	427.55	–	427.55
Other equity	A-E	7,903.26	(525.34)	8,428.60	7,294.28	(799.76)	8,094.04
Total equity		8,330.81	(525.34)	8,856.15	7,721.83	(799.76)	8,521.59
Non-current liabilities							
Financial liabilities							
Borrowings		1,968.80	–	1,968.80	2,741.98	–	2,741.98
Other non current liabilities		28.29	–	28.29	26.49	–	26.49
Provisions		241.41	–	241.41	215.75	–	215.75
Deferred tax liabilities (Net)	C	2,292.03	1,083.64	1,208.39	2,085.53	1,083.64	1,001.89
Other non current liabilities	F	–	(9.52)	9.52	–	–	–
		4,530.53	1,074.12	3,456.41	5,069.75	1,083.64	3,986.11
Current liabilities							
Financial liabilities							
Borrowings	D	4,200.16	(764.58)	4,964.74	5,059.52	(396.25)	5,455.77
Trade payables		2,476.68	–	2,476.68	1,598.96	–	1,598.96
Provisions	E	207.85	205.31	2.54	114.72	102.66	12.06
Other financial liabilities		1,385.08	–	1,385.08	2,445.45	–	2,445.45
Other current liabilities		124.08	–	124.08	66.82	–	66.82
		8,393.85	(559.27)	8,953.12	9,285.48	(293.59)	9,579.06
Total equity and liabilities		**21,255.19**	**(10.49)**	**21,265.68**	**22,077.06**	**(9.70)**	**22,086.76**

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

34. Ind AS Reconciliation continued..

34.2 Statement of Profit and Loss

(Rs. in Lakhs)

Particulars	Refer Note	Previous GAAP Year ended March 31,2017	Transition Effect Year ended March 31,2017	Ind As Year ended March 31,2017
Income				
Revenue from operations		**20,910.52**	–	20,910.52
Other income	B,C	**104.29**	(12.46)	116.75
Total income		**21,014.81**	(12.46)	21,027.27
Expenses				
Cost of materials consumed		**12,355.58**	–	12,355.58
Changes in inventories of finished goods, work-in-progress and stock-in-trade		**(4.818)**	–	(48.18)
Employee benefit expense	G	**2,208.35**	(8.25)	2,216.87
Finance cost		**1,110.93**	–	1,110.93
Depreciation and amortization expense		**1,057.33**	–	1,057.33
Other expenses	F	**2,970.10**	(9.53)	2,979.63
Total Expenses		**19,654.11**	(18.05)	19,672.16
Profit before exceptional items and tax		**1,360.70**	5.59	1,355.11
Exceptional item		**70.41**	(380.00)	450.41
Profit before tax		**1,290.29**	**(374.41)**	904.70
Tax expense :				
Current tax	G	**438.00**	2.88	435.12
Deferred tax		**38.00**	–	38.00
Income tax expense		**476.00**	2.88	473.12
Profit for the period from continuing operations		**814.28**	**(377.29)**	431.58
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**–**	–	–
Re-measurement gains/(losses) on defined benefit plans	G,H	**–**	(8.52)	8.52
Income tax effect	G	**–**	(2.88)	2.88
Other comprehensive income for the year, net of tax		**–**	(5.64)	5.64
Total comprehensive income for the year, net of tax		**814.28**	(382.93)	437.22

34.3 Reconciliation of net profit and Equity as reported under previous GAAP and Ind AS

Particulars	Refer Note	Net Profit reconciliation Year ended March 31,2017	Equity Reconciliation As at March 31, 2017	Equity Reconciliation As at April 01, 2016
Net profit/ total equity as under previous GAAP		**814.28**	8,330.81	7,721.83
Effect of adjustment of embezzlement of funds	D	**(380.00)**	(776.25)	(396.25)
Restated profit/ total equity under previous GAAP		**434.28**	7,554.56	7,325.59
Adjustments:				
Adjustment for proposed dividend (including tax thereon)	E	**–**	205.31	102.66
Impact on fair valuation of investments	B	**0.79**	10.81	10.03
Recognition of EPCG liability	F	**(9.53)**	(9.53)	–
Reclassification of acturial (gains) /losses arising in respect of employee benefit schemes	G	**(8.52)**	–	–
Tax Adjustments	D,G	**2.88**	1,083.64	1,083.64
Others	A,C	**11.67**	11.35	(0.32)
Net profit/(loss) under Ind AS		**431.59**	–	–
Other Comprehensive Income (net of tax)	G,H	**5.64**	–	–
Total Comprehensive Income/ Equity under Ind AS		**437.22**	8,856.17	8,521.59

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

31. Ind AS Reconciliation continued..

Notes to the Ind AS Reconciliation

The company has adopted Ind AS from April 1, 2017 and accordingly, the transition date is April 1, 2016. The impact of transition is accounted for in the opening retained earnings as on the transition date. Further, such Ind AS impacts have also been adjusted accordingly in the statement of cash flows for the year ended March 31, 2017.

A. Under previous GAAP, 'Livestock' was included in Fixed Assets. Under Ind AS, the term 'Property, Plant and Equipment' does not include the same and hence they have been adjusted againt 'Retained earnings' as on April 1, 2016 (the transition date).

B. Under previous GAAP, long term investments were measured at cost less dimunition in value which is other than temporary. Under Ind AS, non current investments (other than investment in equity instruments of subsidiaries, associates and joint ventures) are measured at fair value through profit and loss. Consequently, the differences, as at the transition date and as at the end of the year 2016-17, respectively, between carrying value as per previous GAAP and fair value, are reflected in total equity and statement of profit and loss.

C. (i) Under previous GAAP, deferred tax was computed under income tax approach method. Under Ind AS deferred tax assets is measured using balance sheet approach and accordingly recognised. Further the effect of these as at the transition date and as at the end of the year 2016-17 are reflected in total equity and statement of Profit and Loss respectively.

(ii) Under previous GAAP, miminum alternate tax entitlements were classified under other non-current assets. Under Ind AS, it is classified as unused tax credits under deferred tax.

D. Under Ind AS adjustment to material prior period errors are made retrospectively by restating the comparitive amounts for the prior periods presented and restating retained earnings at the beginning of the earliest period presented (transition date), in the first set of financial statements after the error is discovered. Accordingly, the amount of such errors have been given effect to by retrospective restatement of the reported figures.

E. Under previous GAAP, proposed dividends were recognised as a provision in the financial statements, even if declared after the balance sheet date. Under Ind AS, proposed dividends are recognised as liabilities in the period in which it is declared by the company, usually when it is approved by the shareholders in the general meeting, or paid.

This resulted in a timing difference and has been reflected in total equity of the relevant financial years.

F. Under Ind AS, grants are accounted for as deferred income. Based on the terms and conditions of the scheme, the grant received is to compensate the import cost of assets subject to an export obligation as prescribed in the EPCG Scheme and accordingly, recognition of grant in the statement of profit and loss is linked to fulfilment of associated export obligations.

G. Under previous GAAP, actuarial gains and losses on employees defined benefit obligations were recognised in profit and loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between statement of profit and loss and other comprehensive income.

H. Under previous GAAP, there was no separate record in the financial statements for Other Comprehensive Income (OCI). Under Ind AS, specified items of income, expense, gains and losses are presented under OCI.

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

35. Income taxes relating to continuing operations

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
a) Income tax recognised in Statement of profit and loss		
Current tax		
In respect of the current year	**724.11**	435.12
	724.11	435.12
Deferred tax		
In respect of the current year	**(725.00)**	38.00
Deferred tax reclassified from equity to Statement of profit and loss	**–**	–
	(725.00)	38.00
Total income tax expense recognised in the current year relating to continuing operations	**(0.89)**	473.12
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit / (Loss) before tax from continuing operations	**344.05**	904.70
Income tax expense calculated at 33.063% (2016-17: 33.063%)	**113.75**	299.12
Others	**(114.65)**	174.00
Income tax expense recognised in Statement of profit and loss (relating to continuing operations)	**(0.89)**	473.12

The tax rate used for the reconciliations above is the corporate tax rate of 33.063% (for FY 2017-18 and FY 2016-17) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
c) Income tax recognised in other comprehensive income		
Current tax	**0.89**	2.88
Total income tax recognised in other comprehensive income	**0.89**	2.88

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss, depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Movement of deferred tax expense during the year ended March 2017-18 (Rs. in Lakhs)

Particulars	Opening balance	Recognised in statement of profit and loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	(2,285.19)	733.14	(1,552.05)
Provision for compensated absences	80.19	(8.14)	72.05
Unused tax credit (MAT credit entitlement) *	996.61	(577.27)	119.33
	(1,208.39)	**147.73**	**(1,060.67)**

Movement of deferred tax expense during the year ended March 2016-17 (Rs. in Lakhs)

Particulars	Opening balance	Recognised in statement of profit and loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	(2,238.67)	(46.52)	(2,285.19)
Provision for compensated absences	71.67	8.52	80.19
Unused tax credit (MAT credit entitlement) *	1,165.11	(168.50)	996.61
	(1,001.89)	**(206.50)**	**(1,208.39)**

* Adjusted against current tax provision for the respective years.

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs

36. Retirement benefit plans

Defined contribution plans

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

The total expense recognised in Statement of profit and loss of Rs.96.87 lakhs (for the year ended March 31, 2017: Rs.74.70 lakhs) out of which Rs.10.99 lakhs (for the year ended March 31, 2017 : Rs.8.26 lakhs) represents payable by the Company.

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions to a funded Company gratuity scheme administered by the SBI Life Insurance Company Limited.

Company's liability towards gratuity (funded), other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Gratuity

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

Discount rate(s)	**7.70%**	7.50%
Expected rate(s) of salary increase	**6.00%**	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Current service cost	**26.98**	27.03
Net interest expense	**27.49**	27.14
Components of defined benefit costs recognised in Statement of profit and loss	**54.46**	54.17

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

36. Retirement benefit plans continued..

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
Remeasurement on the net defined benefit liability comprising:		
Actuarial (gains)/losses arising from changes in demographic assumptions	**–**	–
Actuarial (gains)/losses arising from changes in financial assumptions	**(14.64)**	(35.46)
Actuarial (gains)/losses arising from experience adjustments	**9.24**	25.98
Return on plan assets (excluding amounts included in net interest expense)	**2.76**	1.36
Components of defined benefit costs recognised in other comprehensive income	**(2.64)**	(8.52)
Total	**51.82**	45.65

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in Statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Present value of defined benefit obligation	**404.62**	379.26
Fair value of plan assets	**229.82**	257.34
Net liability arising from defined benefit obligation - Funded	**174.79**	121.93

The above provisions are reflected under 'Current Financial Liabilities - Others (Refer note. 23) to the Standalone Ind AS Financial Statements.

Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	**379.26**	390.01
Current service cost	**26.98**	27.03
Interest cost	**27.49**	27.14
Plan amendments : vested portion at end of period (past service)	**20.86**	21.86
Plan amendments : non vested portion at end of period (past service)		
Actuarial (gains)/losses arising from changes in demographic assumptions	**–**	–
Actuarial (gains)/losses arising from changes in financial assumptions	**(14.64)**	(35.46)
Actuarial (gains)/losses arising from experience adjustments	**9.24**	25.98
Benefits paid	**44.57**	77.30
Closing defined benefit obligation	**404.62**	379.26
Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	**257.34**	293.12
Interest Income	**19.82**	42.88
Return on plan assets (excluding amounts included in net interest expense)	**(2.76)**	(1.36)
Contributions	**–**	–
Benefits paid	**44.57**	77.30
Others	**–**	–
Closing fair value of plan assets	**229.82**	257.34

The Company funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was Rs.19.82 lakhs (2016-17: Rs.42.88 lakhs)

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

1. Gratuity

If the discount rate is 50 basis points higher/ lower, the defined benefit obligation would		
Decrease by	**442.54**	416.78
Increase by	**370.83**	345.91
If the expected salary is 50 basis points higher/ lower, the defined benefit obligation would		
Decrease by	**371.11**	346.36
Increase by	**441.68**	415.84

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

36. Retirement benefit plans continued..

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

The Company expects to make a contribution of Rs. 459.23 lakhs (as at March 31, 2017: Rs. 458.59 lakhs and March 2016: Rs.416.26 lakhs) to the defined benefit plans during the next financial year.

The average duration of the benefit obligation as at March 31, 2018 is 26.30 years (as at March 31, 2017: 25.12 years).

Compensated Balances

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

Discount rate(s)	**7.72%**	7.40%
Expected rate(s) of salary increase	**6.50%**	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Current service cost	**3.31**	2.32
Net interest expense	**16.97**	15.69
Actuarial (gains)/losses arising during the period	**(14.47)**	2.05
Components of defined benefit costs recognised in Statement of profit and loss	**5.80**	20.05

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in Statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Balance Sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Present value of defined benefit obligation	**235.07**	229.27
Fair value of plan assets	**–**	–
Net liability arising from defined benefit obligation - Unfunded	**235.07**	229.27

The above provisions are reflected under 'Current Financial Liabilities - Others [Refer note 23].

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

Opening defined benefit obligation	**229.27**	209.22
Current service cost	**3.31**	2.32
Interest cost	**16.97**	15.69
Actuarial (gains)/losses arising during the period	**(14.47)**	2.05
Benefits paid	**–**	–
Closing defined benefit obligation	**235.07**	229.27

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

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

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

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

Particulars	**Year ended March 31, 2018 Rs. in Lakhs**	Year ended March 31, 2017 Rs. in Lakhs
37. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	**8.09**	10.12
From discontinued operations	**–**	–
Total basic earnings per share	**8.09**	10.12

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

Profit for the year attributable to owners of the Company	**344.95**	431.59
Earnings used in the calculation of basic earnings per share	**344.95**	431.59
Profit for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Others	**–**	–
Earnings used in the calculation of basic earnings per share from continuing operations	**344.95**	431.59
Weighted average number of ordinary shares for the purposes of basic earnings per share	**42,64,600**	42,64,600

38. Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities, and other long-term/short-term borrowings.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 15 and 20 offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Particulars	**31.03.2018 Rs. in Lakhs**	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
Gearing Ratio :			
Debt	**6,358.20**	6,933.53	8,197.75
Less: Cash and bank balances	**283.07**	335.72	226.41
Net debt	**6,075.12**	6,597.82	7,971.34
Total equity	**8,997.54**	8,856.16	8,521.59
Net debt to total equity ratio	**0.68**	0.74	0.94
Categories of Financial Instruments:			
a. Measured at amortised cost:			
Cash and bank balances	**283.07**	335.72	226.41
Trade Receivables	**4,528.00**	3,143.30	3,357.53
Loans	**550.00**	500.00	400.00
Others	**843.43**	731.54	853.29
b. Mandatorily measured at fair value through profit or loss (FVTPL):			
Investments	**227.51**	177.92	247.53
Derivative instruments	**–**	–	–

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

	Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
	Financial liabilities			
a.	Measured at amortised cost:			
	Borrowings	**6,358.20**	6,933.53	8,197.75
	Trade Payables	**3,576.63**	2,476.68	1,598.96
	Others	**1,436.36**	1,413.35	2,471.95
b.	Mandatorily measured at fair value through profit or loss (FVTPL):			
	Derivative instruments	**–**	–	–

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Company. The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at floating interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2018 would decrease/increase by Rs. 45.69 lakhs (March 31, 2017: decrease/increase by Rs.43.28 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of some of the Company's investments in available-for-sale securities exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

Equity price sensitivity analysis

The fair value of equity instruments as at March 31, 2018 was Rs.1.53 lakhs (March 31, 2017: Rs. 1.87 lakhs and April 1, 2016: Rs. 1.36 lakhs). A 5% change in prices of equity instruments held as at March 31, 2018 would result in a impact of Rs. 0.08 lakhs (March 31, 2017: Rs. 0.09 lakhs and April 1, 2016: Rs. 0.07 lakhs) on equity.

Offsetting related disclosures:

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables :

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2018				
Trade payables	3,576.63	–	–	3,576.63
Other financial liabilities	1,408.07	–	–	1,408.07
Borrowings (including interest accrued thereon upto the reporting date)	4,763.29	1,594.91	–	6,358.20
	9,747.99	**1,594.91**	**–**	**11,342.90**
March 31, 2017				
Trade payables	2,476.68	–	–	2,476.68
Other financial liabilities	1,385.07	–	–	1,385.07
Borrowings (including interest accrued thereon upto the reporting date)	4,964.73	1,968.80	–	6,933.53
	8,826.48	**1,968.80**	**–**	**10,795.29**
April 1, 2016				
Trade payables	1,598.96	–	–	1,598.97
Other financial liabilities	2,445.46	–	–	2,445.46
Borrowings (including interest accrued thereon upto the reporting date)	7,022.34	1,175.41	–	8,197.75
	11,066.76	**1,175.41**	**–**	**12,242.17**

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

39. Related party disclosure

a) List of related parties :

Name of the Related Party	Relationship
SPMM Health Care Services Private Limited	Associate
Salem IVF Centre Private Limited	Associate
Kandagiri Spinning Mills Limited	Enterprises in which KMP or their relatives have a significance influence
Sambandam Siva Textiles Private Limited	Enterprises in which KMP or their relatives have a significance influence
S. Palaniandi Mudaliar Charitable Trust	Enterprises in which KMP or their relatives have a significance influence
Sambandam Spinning Mills Gratuity Trust	Enterprises in which KMP or their relatives have a significance influence
S. Devarajan - Chairman and Managing Director	Key managerial personnel (KMP)
S. Jegarajan - Joint Managing Director	Key managerial personnel (KMP)
S. Dinakaran - Joint Managing Director	Key managerial personnel (KMP)
D. Niranjan Kumar - Chief Financial Officer	Key managerial personnel (KMP)
S. Natarajan - Company Seceratory	Key managerial personnel (KMP)
D. Anupama	Relative of KMP
J. Sakthivel - Chief Technical Officer	Relative of KMP
D. Sudharsan - Non Executive Director	Relative of KMP
S. Kandaswarna	Relative of KMP
D. Manjula	Relative of KMP
D. Minusakthipriya	Relative of KMP
J. Ramya	Relative of KMP
D. Rathipriya	Relative of KMP
S. Saradhamani	Relative of KMP
V. Valarnila	Relative of KMP

Notes : As per sec 149(6) of Companies Act, 2013 independent directors are not considered as KMP. Also considering the roles & functions of independent director stated under schedule IV of Companies Act 2013 they have not been disclosed as KMP for the purpose of disclosure requirement as per Ind AS 24 Related Party.

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

Name of Related Party	Nature of Transaction	2017 - 18	2016 - 17
Salem IVF Centre Private Limited	Rent received	**9.00**	9.00
	Security deposit - Rent	**4.50**	4.50
	Rent receivable at the end of the year	**3.47**	1.08
	Dimunition in value of investments	**–**	70.41
Kandagiri Spinning Mills Limited	Intercorporate loan given	**50.00**	100.00
	Interest received on the above loan	**71.36**	65.20
	Interest accrued on the above loan	**25.70**	–
	Revenue from sale of products and services	**45.11**	–
	Balance outstanding at the end of the year	**597.82**	500.00
Sambandam Siva Textiles Private Limited	Sale of wind power	**158.29**	158.60
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	**7.92**	9.59
	Employee welfare expenses payable	**0.47**	0.94
Sambandam Spinning Mills Gratuity Trust	Contribution paid	**–**	47.50
S. Devarajan Chairman and Managing Director	Interest Payment	**1.56**	1.32
	Dividend Payment	**17.99**	8.94
	Remuneration	**48.00**	48.00
	Balances outstanding - Fixed deposits	**13.00**	13.00

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

39. Related party disclosure continued.. **(Rs. in Lakhs)**

Name of Related Party	Nature of Transaction	2017 - 18	2016 - 17
S. Jegarajan - Joint Managing Director	Interest Payment Dividend Payment Remuneration Balances outstanding - Fixed deposits	**0.12** **1.16** **45.60** **1.00**	0.12 0.58 45.60 1.00
S. Dinakaran - Joint Managing Director	Interest Payment Dividend Payment Remuneration Balances outstanding - Fixed deposits	**13.80** **15.73** **19.20** **128.25**	10.01 7.86 19.20 99.25
D. Niranjan Kumar Chief Financial Officer	Interest Payment Dividend Payment Remuneration Balances outstanding - Fixed deposits	**1.02** **0.23** **18.00** **9.00**	0.91 0.12 18.00 9.00
S. Natarajan - Company Seceratory	Remuneration	**12.00**	11.14
D. Anupama	Interest Payment Dividend Payment Balances outstanding - Fixed deposits Rent paid Rent advance paid Amount outstanding at the end of the year	**1.38** **0.02** **12.50** **4.07** **–** **3.00**	1.38 – 12.50 3.78 – 3.00
J. Sakthivel - Chief Technical Officer	Remuneration	**18.00**	18.00
S. Kandaswarna	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**0.24** **–** **2.00**	0.18 – 2.00
D. Manjula	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**1.53** **1.22** **17.50**	0.53 0.61 7.50
D. Minusakthipriya	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**1.32** **0.16** **13.50**	1.02 0.08 10.00
J. Ramya	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**–** **1.06** **–**	1.41 0.53 15.00
D. Rathipriya	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**2.80** **1.66** **25.50**	2.80 0.83 25.50
S. Saradhamani	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**0.24** **4.05** **2.00**	0.13 2.02 2.00
V. Valarnila	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**1.43** **1.49** **13.00**	1.43 0.74 13.00

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

40. Details of non current borrowings

(Rs. in Lakhs)

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
a. Secured Borrowings **i. Term loans from banks** State Bank of India TL 2		**As at March 31, 2018** As at March 31, 2017 As at March 31, 2016	**–** – –	**–** – 852.00	**–** – 852.00	**–** – 13.90
State Bank of India TL 4	4 monthly instalment of 22.5 lakhs and 2 monthly instalment of Rs 33.75 lakhs each	**As at March 31, 2018** As at March 31, 2017 As at March 31, 2016	**–** – 157.50	**–** 157.50 270.00	**–** 157.50 427.50	**–** 13.55 13.90
State Bank of India TL 5	48 monthly instalment of Rs 18.75 lakhs each (2018-19 Rs 300 lakhs, 2019-20 Rs 300 lakhs, 2020-21 Rs 300 lakhs and 2021-22 Rs 225 lakhs)	**As at March 31, 2018** As at March 31, 2017 As at March 31, 2016	**825.00** 1,125.00 1,425.00	**300.00** 300.00 75.00	**1,125.00** 1,425.00 1,500.00	**12.05** 13.95 13.95
Karnataka Bank TL 2	6 monthly instalments of Rs 41.90 lakhs	**As at March 31, 2018** As at March 31, 2017 As at March 31, 2016	**–** – –	**–** – 497.38	**–** – 497.38	**–** – 13.50
Karnataka Bank TL 4	5 monthly instalment of Rs 9.63 lakhs and 1 monthly instalment of Rs 19.15 lakhs	**As at March 31, 2018** As at March 31, 2017 As at March 31, 2016	**–** – 67.30	**–** 67.30 115.56	**–** 67.30 182.86	**–** 12.75 12.75
Karnataka Bank TL 5	48 monthly instalment of Rs 8 lakhs each, 10 monthly instalment of Rs 7.70 lakhs each and two monthly instalment of Rs 7.50 lakhs each (201718 Rs 88 lakhs, 2018-19 Rs 96 lakhs, 2019-20 Rs 96 lakhs, 2021-22 Rs 93 lakhs and 2022-23 Rs 15 lakhs)	**As at March 31, 2018** As at March 31, 2017 As at March 31, 2016	**300.00** 388.00 484.00	**96.00** 96.00 16.00	**396.00** 484.00 500.00	**13.15** 13.25 13.25
IDBI Term loan	one quarterly instalment of Rs 50.25 lakhs (2017-18 Rs 50.25lakhs)	**As at March 31, 2018** As at March 31, 2017 As at March 31, 2016	**–** – 50.25	**–** 50.25 100.00	**–** 50.25 150.25	**–** 13.75 14.00
HDFC Bank bus loan	15 monthly instalments (2017-18 Rs 21.67 lakhs and 2018-19 Rs 6.13 lakhs)	**As at March 31, 2018** As at March 31, 2017 As at March 31, 2016	**–** 6.14 27.81	**6.14** 21.67 21.67	**6.14** 27.81 49.47	**10.01** 10.01 10.01
HDFC Bank car loan	37 monthly instalments (2017-18 Rs 6.20 lakhs, 2018-19 Rs 5.89 lakhs, 2019-20 Rs 5.12 lakhs and 2020-21 Rs 1.35 lakhs)	**As at March 31, 2018** As at March 31, 2017 As at March 31, 2016	**6.46** 11.97 18.55	**5.89** 6.59 6.59	**12.35** 18.55 25.14	**10.01** 10.01 10.01

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

40. Details of non current borrowings **(Rs. in Lakhs)**

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
State Bank of India car loan		**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	–	–	–
		As at March 31, 2016	–	0.80	0.80	9.90
Subtotal		**As at March 31, 2018**	**1,131.46**	**408.03**	**1,539.49**	**–**
		As at March 31, 2017	1,531.11	699.30	2,230.41	–
		As at March 31, 2016	2,230.41	1,955.00	4,185.40	–
ii. Term loans from others Kotak Mahindra Prime Limited car loan	11 monthly instalment (2017-18 Rs 1.47 lakhs)	**As at March 31, 2018**	**–**	**0.12**	**0.12**	**9.90**
		As at March 31, 2017	0.25	1.22	1.47	9.90
		As at March 31, 2016	1.47	1.22	2.68	9.90
Subtotal		**As at March 31, 2018**	**–**	**0.12**	**0.12**	**6.12**
		As at March 31, 2017	0.25	1.22	1.47	10.80
		As at March 31, 2016	1.47	1.22	2.68	–
Total Secured Borrowings		**As at March 31, 2018**	**1,131.46**	**408.15**	**1,539.61**	**13.15**
		As at March 31, 2017	1,531.35	700.52	2,231.88	13.95
		As at March 31, 2016	2,231.88	1,956.21	4,188.09	
b. Unsecured Borrowings Fixed deposits		**As at March 31, 2018**	**463.45**	**233.90**	**697.35**	**11to12**
		As at March 31, 2017	437.45	101.85	539.30	11to12
		As at March 31, 2016	510.10	6.60	516.70	11to12

Notes:
1. Term loans aggregating to Rs.1521.00 lakhs (2017: Rs.2184.05 lakhs, 2016: Rs.4109.99 lakhs) are secured by a first charge on pari passu basis on all Property, Plant and equipment and second charge on pari passu basis on all current assets.
2. Term loans from banks aggregating to Rs.18.49 lakhs (2017 Rs.46.36 lakhs; 2016 Rs. 74.61 lakhs) are secured by hypothecation of certain busses and cars.
3. Term loan from Kotak Mahindra Prime Ltd of Rs.0.11 lakhs (2017: Rs.1.47 lakhs, 2016: Rs.2.68 lakhs) is secured by hypothecation of car.
4. All the above loans are guaranteed by four directors.

Details of current borrowings

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
a. Secured Borrowings **i. Term loans** Canara Bank	on demand	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	–	–	–
		As at March 31, 2016	–	1,450.00	1,450.00	12.40
Buyers credit	on demand	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	205.44	205.44	5.32
		As at March 31, 2016	–	–	–	5.32

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

40. Details of non current borrowings

(Rs. in Lakhs)

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
ii. Cash credit facilities						
State Bank of India *	on demand	**As at March 31, 2018**	**–**	**2,792.64**	**2,792.64**	**11.2/12**
		As at March 31, 2017	–	2,254.80	2,254.80	12.5/13.8
		As at March 31, 2016	–	1,101.28	1,101.28	13.25
State Bank of India - Packing credit	on demand	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	(5.74)	(5.77)	9.75
		As at March 31, 2016	–	(13.19)	(13.19)	9.75
State Bank of India - DL	on demand	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	–	–	–
		As at March 31, 2016	–	1,002.39	1,002.39	10.90
Karnataka Bank	on demand	**As at March 31, 2018**	**–**	**728.84**	**728.84**	**12.75**
		As at March 31, 2017	–	1,160.03	1,160.03	12.75
		As at March 31, 2016	–	973.03	973.03	12.75
Axis Bank	on demand	**As at March 31, 2018**	**–**	**508.93**	**508.93**	**12.1**
		As at March 31, 2017	–	518.84	518.84	12.25
		As at March 31, 2016	–	519.64	519.64	12.75
Canara Bank *	on demand	**As at March 31, 2018**	**–**	**732.88**	**728.84**	**12.75**
		As at March 31, 2017	–	831.36	831.36	13.5
		As at March 31, 2016	–	422.62	422.62	13.50
		As at March 31, 2018	**–**	**4,763.29**	**4,763.29**	**–**
		As at March 31, 2017	–	4,964.73	4,964.73	–
		As at March 31, 2016	–	5,455.77	5,455.77	–

* The Company has restated the cash credit balances in accordance with Ind AS 8 on Accounting Policies, Changes in Accounting Estimates and Errors. Refer Note 34 on Ind AS reconciliations for details.

Notes :

1. Cash credit/ short term loans/ Buyer's credit are secured by a first charge on the Company's current assets and by a second charge on the Company's Property, Plant and equipment excluding the charges
2. All the above loans are guaranteed by four directors.

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
41. Operating lease arrangements			
Company as lessee			
Leasing arrangements			
Operating leases relate to leases of land and building with lease term ranging upto 3 years.			
Payments recognised as an expense			
Rent Expense	**8.15**	8.02	
	8.15	8.02	

Non-cancellable operating lease commitments	31.03.2018 Rupees	31.03.2017 Rupees
Not later than 1 year	**6.12**	8.15
Later than 1 year but not later than 5 years	–	6.12
Later than 5 years	–	–

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
42. Contingent liabilities and Capital Commitments			
Contingent liabilities			
Claims against the Company not acknowledged as debt			
(i) Sales Tax	**12.01**	12.01	12.01
(ii) Service Tax	**8.06**	8.06	8.06
(iii) Excise duty	–	84.65	84.65
(iv) Other (self generation tax / cross subsidy charges etc.)	**358.41**	366.47	366.47
	378.48	471.19	471.19

These have been disputed by the Company on account of issues of applicability and classification.

Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.

Capital Commitments			
Capital Commitments (net of advances) not provided for	**869.58**	869.58	869.58
	869.58	869.58	869.58

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

43. CSR Expenditure:

Particulars	2017-18	2016-17
(a) Gross amount required to be spent by the company during the year	**10.26**	13.31
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	–	–
(ii) On purposes other than (i) above	**4.07**	11.66
(c) Amount unspent as at the year end	**6.19**	1.65

44. The Company has not received any intimation from its suppliers regarding the status under the Micro, Small and Medium Enterprise Development Act, 2006 and disclosures, if any,relating to amounts unpaid as at the year end together with interest paid/payable,as required under the said Act, have not been furnished.

45. During the current financial year the Company's management has identified embezzelment of funds aggregating to Rs.1344.25 lakhs by an employee of the company whose services have since been terminated. The said embezzlement had occured over a period of years. The above has also been intimated to BSE Limited and necessary disclosures made under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015 vide letter dated November 21, 2017.

The said amount has been subsequently confirmed by an independent investigation agency. The Company has initiated criminal proceddings against the employee including filing of FIR. Pending the recovery procedures, the standalone Ind AS financial statements have been adjusted to give effect to the above embezzlement. Out of Rs.1344.25 lakhs, Rs.35.00 lakhs has been recovered, a sum of Rs.250.00 lakhs has been considered recoverable and the balance of Rs.1059.26 lakhs has been accounted in the following manner:

(i) Rs.396.25 lakhs has been debited to equity as on April 1, 2016 (transition date), in respect of the amount embezzled prior to that date.

(ii) Rs.380.00 lakhs and Rs.283.01 lakhs have been reflected as provision for embezzlement of funds under 'exceptional items' in the Statement of Profit and Loss for the financial years ended March 31, 2017 and March 31 2018, respectively.

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

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs

46. Auditor's Remuneration :

Particulars	2018	2017
1. Statutory audit	**5.00**	4.25
2. Taxation matters	**–**	1.31
3. Other services	**–**	2.19

47. Net Debt Reconciliation

Particulars	March 31, 2018	March 31, 2017
1. Cash and Cash equivalents	**118.36**	291.28
2. Liquid investments	**56.00**	22.00
3. Current Borrowings	**(4763.29)**	(4964.73)
4. Non current borrowings	**(1594.91)**	(1968.80)
Net Debt	**(6183.84)**	(6620.25)

Particulars	Other Assets		Liabilities from financing activities			Total
	Cash and Bank overdraft	Liquid Investments	Finance lease Obligations	Non current borrowings	Current Borrowings	
Net debt as at March 31, 2017						(6620.25)
Cash Flows	(172.92)	34.00	–	373.89	201.44	436.41
Interest expense	915.93	–	–	–	–	915.93
Interest paid	(915.93)	–	–	–	–	(915.93)
Net debt as at March 31, 2018	**(172.92)**	**34.00**	**–**	**–**	**–**	**(6183.84)**

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

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

Particulars	As at March 31, 2018	As at March 31, 2017	Purpose
i. Loans outstanding Kandagiri Spinning Mills Limited	**550.00**	500.00	Funding for operations
ii. Investments (Refer note 3)	**332.30**	282.80	
iii. Guarantees	**–**	–	

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

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Salem
May 27, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of SAMBANDAM SPINNING MILLS LIMITED

Report on the Consolidated Ind AS Financial Statements

1. We have audited the Consolidated Ind AS financial statements of Sambandam Spinning Mills Limited and its associates (herein after referred to as "Investee Company" / Company") , which comprise the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Ind AS financial statements")

Management's Responsibility for the of Consolidated Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated cash flows and consolidated 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.

   This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditor on financial statements of the associates, the aforesaid Consolidated Ind AS Financial Statement give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs (financial position) of the Company as at March 31, 2018, and consolidated profit (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw attention to note 47 of the notes forming part of the consolidated Ind AS financial statements regarding the Company's identification of instances of embezzlement of its funds by an employee of the Company. Our opinion is not modified in respect of this matter.

Other Matters

10. The comparative financial information of the Company and its associates for the year ended March 31, 2017 and the transition opening balance sheet as at April 1,2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules,2006 audited by the predecessor auditor whose reports for the year ended March 31, 2017 and March 31,2016 dated May 6,2017 and May 21,2016 respectively expressed an unmodified opinion on those standalone financial statements. The comparative financial information for the year ended March 31, 2017 and the opening balance sheet as at April 1, 2016 has been adjusted for the differences in the accounting principles / policies adopted by the Company on transition to the Ind AS, which have been audited by us.

11. We did not audit the Ind AS financial statements of 2 associates whose financial statements reflect total assets (net) as at March 31, 2018 is Rs.1342.72 lakhs revenues of Rs.633.35 lakhs and cash flows amounting to Rs. 59.80 lakhs for the year ended on that date are reflected in the Consolidated Ind AS Financial Statements. Our opinion, insofar as it relates to the amounts included in respect of the said associates is based solely on the report of the other auditor.

12. Our opinion on the consolidated financial statements, and Other Legal and Regulatory Requirements below is not modified in respect of the above matters stated in paragraph 9 above with respect to our reliance on the work done and the report of the other auditor and the financial statements.

Report on Other Legal and Regulatory Requirements

13. As required by Section 143(3) of the Companies Act, 2013, 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report is in agreement with the books of account.
    (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
    (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
    (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”.

14. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
    i. The consolidated Ind AS financial statements has disclosed the impact of pending litigations on the consolidated positions of the Company and its associates.
    ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Date : May 27, 2018
Place : Salem

S. Krishnan - Partner
Membership No. 26452

ANNEXURE “A” TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 13(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

1. In conjunction with our audit of the consolidated Ind AS financial statements of Sambandam Spinning Mills Limited (“Investee Company/the Company”) as of March 31, 2018, we have audited the internal financial controls over financial reporting the Company and its associates companies as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the associate companies is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. According to the information and explanations given to us and based on our audit the Company's internal control system, periodic review of treasury related reports was inadequate in respect of a part of the year.

   A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

   The material weakness noted above resulted in a fraud (detailed in note 45) being committed by an employee. Subsequent to unearthing of the fraud, the company has initiated remediation measures before the end of the year towards correcting the material weakness noticed in the internal controls.

   In our opinion, except for the effects (detailed in note 45) of the material weakness as described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018 based on the Guidance note on Audit of Internal Financial Control over financial reporting issued by the Institute of Chartered Accountants of India.

   We have considered the material weakness identified and reported as above and the remediation measures initiated by the Company, in determining the nature, timing and extent of audit tests applied in our audit of March 31, 2018 standalone financial statements of the Company, and these material weakness does not affect our opinion on the standalone financial statements of the Company.

Other Matters

9. Our aforesaid report; under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it related to two associates companies is based on the corresponding reports of the auditors of such companies.

   Our opinion is not modified in respect of the above matter.

For **R.Sundararajan & Associates**
Chartered Accountants
Registration No. 008282S
S. Krishnan - Partner
Membership No. 26452

Date : May 27, 2018
Place : Salem

Consolidated Balance Sheet as at March 31, 2018

Particulars	Note No.	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
ASSETS				
Non current assets				
Property, plant and equipment	1	**11,170.87**	12,041.29	13,013.45
Intangible assets	2	**0.04**	0.26	0.48
Financial assets				
Investments	3	**187.33**	127.35	140.53
Loans	4	**550.00**	500.00	400.00
Other financial asset	5	**261.43**	267.47	384.83
Advance tax assets(net)	6	**7.79**	10.86	34.25
Other non-current assets	7	**290.16**	279.91	283.03
		12,467.62	13,227.14	14,256.57
Current assets				
Inventories	8	**3,733.05**	3,893.34	3,551.24
Financial assets				
Trade receivables	9	**4,528.00**	3,143.30	3,357.53
Cash and cash equivalents	10a	**118.36**	291.28	186.15
Other Bank balances	10b	**164.72**	44.44	40.26
Other	11	**582.00**	464.07	468.47
Other current assets	12	**149.02**	151.54	119.55
		9,275.15	7,987.97	7,723.20
Total assets		**21,742.77**	21,215.11	21,979.77
EQUITY AND LIABILITIES				
Equity				
Equity share capital	13	**427.55**	427.55	427.55
Other equity	14	**8,529.81**	8,378.04	7,987.04
		8,957.36	8,805.59	8,414.59
Non-current liabilities				
Financial liabilities				
Borrowings	15	**1,594.91**	1,968.80	2,741.98
Other non current liabilities	16	**28.29**	28.29	26.49
Provisions	17	**235.07**	241.41	215.75
Deferred tax liabilities (Net)	18	**1,060.67**	1,208.39	1,001.89
Other non current liabilities	19	**11.35**	9.53	–
		2,930.29	3,456.42	3,986.11
Current liabilities				
Financial liabilities				
Borrowings	20	**4,763.29**	4,964.73	5,455.77
Trade payables	21	**3,576.63**	2,476.68	1,598.96
Provisions	22	**23.92**	2.54	12.06
Other financial liabilities	23	**1,408.08**	1,385.07	2,445.46
Other current liabilities	24	**83.20**	124.08	66.82
		9,855.12	8,953.10	9,579.07
Total equity and liabilities		**21,742.77**	2,215.11	21,979.77

Significant Accounting Policies and accompanying notes form an integral part of the consolidated Ind AS Financial Statements.

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 27, 2018

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Note No.	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
Income			
Revenue from operations	25	**19,308.04**	20,910.52
Other income	26	**165.64**	116.75
Total income		**19,473.68**	21,027.27
Expenses			
Cost of materials consumed	27	**11,781.23**	12,355.58
Changes in inventories of finished goods and work-in- progress	28	**(166.06)**	(48.18)
Employee benefits expense	29	**2,387.14**	2,216.87
Finance cost	30	**918.97**	1,110.93
Depreciation and amortization expense	31	**1,014.59**	1,057.33
Other expenses	32	**2,910.74**	2,979.63
Total Expenses		**18,846.61**	19,672.16
Profit before share of profit/(loss) of associates / exceptional items and tax		**627.07**	1,355.11
Share of profit/(loss) of associate		**10.39**	(13.97)
Profit before exceptional items and tax		**637.46**	1,341.14
Exceptional item	33	**(283.01)**	(380.00)
Profit before tax		**354.45**	961.14
Tax expense :			
Current tax		**724.11**	435.12
Deferred tax		**(725.00)**	38.00
Income tax expense		**(0.89)**	473.12
Profit for the period from continuing operations		**355.34**	488.02
Other comprehensive income			
Other comprehensive income not to be reclassified to consolidated statement of profit and loss in subsequent periods		**–**	–
Re-measurement gains/(losses) on defined benefit plans		**2.64**	8.52
Tax effect		**0.89**	2.88
Other comprehensive income		**1.75**	5.64
Total comprehensive income for the year		**357.09**	493.66
Earning per share (Face value Rs.10 per share)			
-Basic and diluted (Rs.) Refer note no. 38		**8.33**	11.44

Significant Accounting Policies and accompanying notes form an integral part of the consolidated Ind AS Financial Statements.

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 27, 2018

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Consolidated Statement of cash flows for the year ended March 31, 2018

Particulars		31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
Cash Flows from Operating Activities			
Profit Before Tax		**344.05**	904.70
Adjustments for :			
Depreciation		**1,014.59**	1,057.33
Interest Expense		**915.94**	1,109.82
Interest Income		**(47.35)**	(40.21)
Unrealised Exchange Fluctuation		**(5.22)**	(16.10)
Dividend income		**(0.05)**	(0.07)
Net gain or loss arising on financial asset mandatorily measured at FVTPL		**(0.09)**	(0.79)
Loss / (Profit) on sale of Long term investments		**(53.01)**	1.33
Operating profit before working capital changes		**2,168.85**	3,016.02
Adjustments for changes in :			
Inventories		**160.30**	(342.10)
Trade receivables		**(1,379.48)**	230.33
Other financial Assets		**(238.20)**	0.23
Other Current Liabilities		**(40.88)**	57.26
Other non-current assets		**(10.25)**	3.11
Other current assets		**2.52**	(31.98)
Financial assets		**(43.87)**	88.55
Advance tax assets(net)		**3.96**	23.39
Financial Liabilities		**(6.33)**	27.45
Deferred tax liabilities (Net)		**(147.73)**	(266.62)
Other non current liabilities		**1.82**	9.53
Current Financial Liabilities		**944.63**	(677.59)
		(753.51)	(878.45)
Net Cash Flow from Operating Activities	(A)	**1,415.34**	2,137.57
Cash Flows from Investing Activities			
Payments for acquisition of assets		**(242.63)**	(93.54)
Sale of assets		**151.70**	7.28
Interest received		**47.35**	40.21
Dividend received		**0.05**	0.07
Proceeds from sale of Long term investments		**0.34**	–
Purchase of Long term investments		**(49.93)**	(0.71)
	(B)	**(93.12)**	(46.78)
Cash Flows from Financing Activities			
Finance cost paid		**(915.94)**	(1,109.82)
Dividends Paid		**(205.31)**	(102.66)
Repayments of long term borrowings		**(373.89)**	(773.17)
Net Cash Flow from Financing Activities	(C)	**(1,495.14)**	(1,985.65)
NET CASH INFLOW / (OUTFLOW)	(A+B+C)	**(172.92)**	105.13
Opening Cash and Cash Equivalents	(D)	**291.28**	186.15
Closing Cash and Cash Equivalents	(E)	**118.36**	291.28
NET INCREASE/ (DECREASE) IN CASH	(E-D)	**(172.92)**	105.13

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

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 27, 2018

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Consolidated Statement of Changes in Equity

A. Equity share Capital

(Rs. in Lakhs)

Balance at the beginning of April 1,2016	Changes in equity share capital during the year	Balance at the beginning of March 31,2017	Changes in equity share capital during the year	Balance at the beginning of March 31,2018
427.55	–	427.55	–	**427.55**

B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves & Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
Balance at the beginning of April 1,2016	539.09	4000.00	3447.95	7987.04
Profit for the year	–	–	488.02	488.02
Other Comprehensive income	–	–	5.64	5.64
Total Comprehensive income for the year	–	–	493.66	**493.66**
Transfer to general reserve	–	464.67	(464.67)	–
Dividend including tax thereon	–	–	(102.66)	(102.66)
Balance at the end of March 31,2017	**539.09**	**4464.67**	**3374.28**	**8378.04**
Profit for the year	–	–	355.33	355.33
Other Comprehensive income	–	–	1.75	1.75
Total Comprehensive income for the year	–	–	357.08	357.08
Dividend including tax thereon	–	–	(205.31)	(205.31)
Balance at the end of March 31,2018	**2.9.09**	**4464.67**	**3526.05**	**8529.81**

Significant Accounting Policies and accompanying notes form an integral part of the Consolidated Ind AS Financial Statements.

As per our report of even date
For **R. Sundararajan & Associates**
Chartered Accountants
Firm Registration no.008282S

S. Krishnan - Partner
Membership No. 26452

Salem
May 27, 2018

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

1. PROPERTY, PLANT AND EQUIPMENT (PPE)

(Rs. in Lakhs)

2017 - 2018	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount
Description	31.03.2017	Additions	Deletions	31.03.2018	31.03.2017	Charge for the year	Disposal	31.03.2018	31.03.2018
Freehold land	2,325.01	–	–	2,325.01	–	–	–	–	2,325.01
Buildings	3,147.94	37.00	–	3,184.94	135.09	134.66	–	269.75	2,915.19
Plant and Equipment	5,628.36	192.10	110.80	5,709.66	603.33	558.99	12.11	1,150.21	4,559.45
Wind Energy Converters	1,742.32	–	–	1,742.32	271.86	271.85	–	543.71	1,198.61
Furniture and Fixtures	4.61	–	–	4.61	3.69	0.81	–	4.50	0.11
Vehicles	233.09	–	–	233.09	39.23	45.36	–	84.59	148.50
Office equipment	17.06	13.53	–	30.59	3.90	2.69	–	6.59	24.00
Total	**13,098.39**	**242.63**	**110.80**	**13,230.22**	**1,057.10**	**1,014.36**	**12.12**	**2,059.35**	**11,170.87**

2016 - 2017	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount
Description	01.04.2016 #	Additions	Deletions	31.03.2017	01.04.2016 #	Charge for the year	Disposal	31.03.2017	31.03.2017
Freehold land	2,325.01	–	–	2,325.01	–	–	–	–	2,325.01
Buildings	3,142.89	5.05	–	3,147.94	–	135.09	–	135.09	3,012.85
Plant and Equipment	5,587.43	45.35	4.42	5,628.36	–	603.33	–	603.33	5,025.03
Wind Energy Converters	1,742.32	–	–	1,742.32	–	271.86	–	271.86	1,470.46
Furniture and Fixtures	4.34	0.27	–	4.61	–	3.69	–	3.69	0.92
Vehicles	195.10	42.18	4.19	233.09	–	39.23	–	39.23	193.86
Office equipment	16.36	0.70	–	17.06	–	3.90	–	3.90	13.16
Total	**13,013.45**	**93.55**	**8.61**	**13,098.39**	**–**	**1,057.10**	**–**	**1,057.10**	**12,041.29**

Note :

1. # The company has elected the previous GAAP carrying amounts of property, plant and equipment as at April 1, 2016 (transition date) as deemed cost and has accordingly disclosed the same as above
2. Amount of contractual commitments for acquisition of property, plant and equipment, refer note no. 43
3. For details of assets given as security against borrowings, refer note no. 41

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

2. Intangible assets

(Rs. in Lakhs)

2017 - 2018	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount
Description	31.03.2017	Additions	Deletions	31.03.2018	31.03.2017	Charge for the year	Disposal	31.03.2018	31.03.2018
Computer Software- acquired	0.48	–	–	0.48	0.22	0.22	–	0.45	0.04
Total	**0.48**	**–**	**–**	**0.48**	**0.22**	**0.22**	**–**	**0.45**	**0.04**

2016 - 2017	Gross Carrying Amount(Cost/deemed cost)				Depreciation / amortisation				Net Carrying Amount
Description	01.04.2016 #	Additions	Deletions	31.03.2017	01.04.2016 #	Charge for the year	Disposal	31.03.2017	31.03.2017
Computer Software- acquired	0.48	–	–	0.48	–	0.22	–	0.22	0.26
Total	**0.48**	**–**	**–**	**0.48**	**–**	**0.22**	**–**	**0.22**	**0.26**

Note :

1. # The company has elected the previous GAAP carrying amounts of intangible assets as at April 1, 2016 (transition date) as deemed cost and has accordingly disclosed the same as above
2. Amount of contractual commitments for acquisition of intangible assets, refer note no. 43

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
3. Non current financial asset - Investments			
Unquoted			
Investments in Equity instruments			
Associates			
19,90,000 (2017: 19,90,000 and 2016 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited			
Cost of acquisition	**199.00**	199.00	199.00
Add/Less: Group share of (loss)/profit	**85.47**	95.86	104.80
Carrying amount of investment	**113.53**	103.14	94.20
7,04,060 (2017: 7,04,060 and 2016 : 7,04,060) Equity shares of Rs.10 each in Salem IVF Centre Private Limited			
Cost of acquisition	**70.40**	70.40	70.40
Add/Less: Group share of (loss)/profit	**70.40**	70.40	47.49
Carrying amount of investment	**–**	–	22.91
Others			
1,330 (2017: 1330 and 2016:1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	**1.53**	1.87	1.36
1,07,500 (2017:1,07,500 and 2016:1,07,500) Equity shares of Rs.10 each in	**–**	–	–
Sambandam Investment and Leasing Limited	**20.73**	20.30	20.02
1,66,500 (2017 : 1500 and 2016:1,500) Equity shares of Rs.10 each in Suryadev Alloys and Power Private Limited	**51.54**	2.04	2.04
	187.33	127.35	140.53
a. # represents quoted investments			
Aggregate value of quoted investments (at fair value)	**1.53**	1.87	1.36
Aggregate market value of quoted investments	**1.53**	1.87	1.36
Aggregate value of unquoted investments	**185.80**	125.48	139.07

b. Aggregate value of investments as on April 1, 2016

Particulars	Carrying amount as per previous GAAP	Fair value adjustments	Carrying amount as per Ind As
i) in equity instruments of associates (at previous GAAP value as deemed cost)	**224.12**	–	224.12
ii) in others at fair value through profit or loss	**13.39**	10.02	23.42

c. Investments are fully paid-up unless otherwise stated

Particulars	31.03.2018	31.03.2017	01.04.2016
4. Non current financial asset - Loans			
Unsecured and considered good			
Intercorporate Loan to related party	**550.00**	500.00	400.00
	550.00	500.00	400.00
Note - These are carried at amortised cost			
5. Non current - Other financial asset			
Security deposit			
with related parties	**3.00**	3.00	3.00
with others	**224.13**	259.28	374.56
Employee advances	**1.00**	5.19	7.26
Interest accrued on Incorporate loan to related party	**25.70**	–	–
Deposits with banks	**7.60**	–	–
	261.43	267.47	384.83
Note - These are carried at amortised cost			

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
6. Non current - Advance tax assets (net)			
Advance income tax (net)	**7.79**	10.86	34.25
	7.79	10.86	34.25
7. Other non current assets			
(Unsecured, considered good)			
Capital advances	**54.18**	43.31	48.06
Balances with Government authorities (paid under protest)	**235.98**	236.60	234.97
	290.16	279.91	283.03
8. Inventories			
Raw materials	**1,610.07**	1,943.37	1,639.26
Work-in-progress	**1,202.73**	750.44	693.78
Finished goods - Yarn	**901.69**	1,187.91	1,196.40
Stores and spares	**18.56**	11.62	21.80
	3,733.05	3,893.34	3,551.24
Note :			
1. Goods in transit included above are as follows			
Raw materials	**97.36**	–	–
2. Cost of materials consumed during the year, refer note no.27			
3. For details of assets given as securities for borrowings, refer note no. 41			
9. Current financial assets - Trade receivables			
Unsecured, considered good			
Trade receivables			
- Related parties	**22.12**	–	–
- Others	**4,505.88**	3,143.30	3,357.53
	4,528.00	3,143.30	3,357.53
Note - These are carried at amortised cost			
10a. Cash and cash equivalents			
Balances with banks-current accounts	**88.72**	277.41	143.88
Cash on hand	**29.64**	13.87	42.27
	118.36	291.28	186.15
10b. Bank balances other than above			
Unclaimed dividend accounts (earmarked)	**9.15**	6.76	5.42
Liquid assets deposits #	**56.00**	22.00	–
Deposits with Banks held as margin money #	**99.57**	15.68	34.84
	164.72	44.44	40.26
# represents deposits with original maturity of more than 3 months and less than 12 months			
11. Other financial assets - current			
Unsecured considered good unless otherwise stated)			
Amount recoverable from employee (Refer note 47)			
Considered good	**250.00**	–	–
Considered doubtful	**1,059.26**	776.25	396.25
Less: Provision for doubtful amount considered recoverable	**1,059.26**	776.25	396.25
	250.00	–	–
Interest accrued on deposits	**6.46**	19.80	17.40
Interest subsidy receivable	**289.76**	400.23	415.83
Export incentive receivable	**2.57**	1.87	0.04
Employee advances	**12.52**	9.11	12.20
Rent receivable - from related party	**3.47**	1.08	1.08
- from others	**0.44**	–	–
Other receivable	**16.78**	31.98	21.92
	582.00	464.07	468.47
Note - These are carried at amortised cost			

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	**31.03.2018 Rs. in Lakhs**	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
12. Other current assets			
Unsecured considered good			
Prepaid expenses	**74.49**	92.02	93.58
Supplier advances	**15.96**	11.16	4.00
Balance with government authorities	**13.78**	3.58	6.51
Accrued income on windmills	**44.79**	44.78	15.46
	149.02	151.54	119.55
Note - These are carried at amortised cost			
13. Equity			
Authorised share capital			
50,00,000 equity shares (March 31, 2017 : 50,00,000, April 1, 2016 : 50,00,000) of Rs. 10 each with voting rights	**500.00**	500.00	500.00
Issued share capital			
42,86,400 equity shares (March 31, 2017 42,86,400, April 1, 2016 : 42,86,400) of Rs. 10 each with voting rights	**428.64**	428.64	428.64
Subscribed and paid up share capital			
42,64,600 equity shares (March 31, 2017 : 42,64,600, April 1, 2016 : 42,64,600) of Rs. 10 each with voting rights	**426.46**	426.46	426.46
Add Forfeited shares (amount originally paid in respect of 21,800 equity shares)	**1.09**	1.09	1.09
	427.55	427.55	427.55

Notes :

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

Outstanding shares at the beginning and end of the year	**42,64,600**	42,64,600	42,64,600

2. Terms/rights and restrictions in respect of equity shares

The company has one class of equity shares having a par value of Rs.10 each. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

3. Shareholders holding more than 5% of the total share capital:

Name of the shareholder	No. of shares			
	2018	%	2017	%
Equity shares with voting rights				
S. Jegarajan	**444,146**	**10.41**	442,846	10.38
S. Devarajan	**408,555**	**9.58**	401,115	9.11
S. Dinakaran	**374,879**	**8.79**	363,879	8.53

4. Share issue in preceeding five years

Aggregate number and class of shares allotted for consideration other than cash, bonus, etc.in the five years immediately preceeeding the Balance Sheet date as on March 31, 2018 is Rs. Nil (2017 and 2016: Nil).

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	**31.03.2018 Rs. in Lakhs**	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
14. Other equity			
Securities premium - Note A	**539.09**	539.09	539.09
General reserve - Note B	**4464.67**	4464.67	4000.00
Retained earnings - Note C	**3526.05**	3374.28	3447.95
	8529.81	8378.04	7987.04

Refer Statement of Changes in Equity for additions/ deletions in each reserve.

Notes :

A. Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 (the Act) for specified purposes.

B. General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, Bonus issue, etc.

C. In respect of the year ended March 31, 2018, the Board of Directors have proposed a dividend of Rs. 2 per equity share of Rs. 10 each (2017 Rs.4 per equity share, 2016: Rs.2 per equity share) subject to approval by the shareholders at the ensuing annual general meeting after which the dividend would be accounted and paid out of the retained earnings available for distribution in accordance with the provisions of the Act. Revaluation reserve of Rs.2707.94 lakhs transferred to Retained earnings on the transition date may not be available for distribution.

15. Non current - Financial liabilities - Borrowings			
Secured Borrowings			
Term loan from banks	**1,131.46**	1,531.35	2,231.88
Unsecured Borrowings			
Fixed deposits	**463.45**	437.45	510.10
	1,594.91	1,968.80	2,741.98

Note :

1. These are carried at amortised cost
2. Refer note 23 for current maturities of non current borrowings
3. Refer note 41 for security and terms of borrowings
4. Refer note 40 for deposits from related parties.

16. Non current Financial liabilities - others			
Security deposits			
from related parties	**4.50**	4.50	4.50
from others	**23.79**	23.79	21.99
	28.29	28.29	26.49

Note - These are carried at amortised cost

17. Non current liabilities - Provisions			
Provision for employee benefits			
Compensated absences	**235.07**	241.41	215.75
	235.07	241.41	215.75

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
Movement in provision for compensated absences is as follows: (refer 17 & 22)	**Opening**	Additions (Net of utilisation)	Closing
31.03.2018	**243.95**	15.04	258.99
31.03.2017	**227.81**	16.14	243.95
Note - These are carried at amortised cost			
18. Deferred tax liability (net)			
Deferred tax liability	**1,552.05**	2,285.19	2,238.67
Deferred tax assets	**72.05**	80.19	71.67
Deferred tax liability-net	**1,480.00**	2,205.00	2,167.00
Unused tax credits (MAT credit entitlement)	**419.33**	996.61	1,165.11
Net deferred tax liability	**1,060.67**	1,208.39	1,001.89
Note : refer note 36 for details of deferred tax liability and asset			
19. Other non current liabilities			
Deferred government grant(EPCG)	**11.35**	9.53	–
	11.35	9.53	–
20. Current financial liabilities - borrowings			
Secured borrowings - from banks			
Cash credit facilities	**4,763.29**	4,759.30	4,005.77
Short term loan	**–**	–	1,450.00
Buyers credit	**–**	205.43	–
	4,763.29	4,964.73	5,455.77
Note - These are carried at amortised cost			
21. Current financial liabilities - trade payables			
Total outstanding dues of creditors	**3,576.63**	2,476.68	1,598.96
	3,576.63	2,476.68	1,598.96
Note - These are carried at amortised cost			
22. Current provisions			
Provision for employee benefits - Compensated absences	**23.92**	2.54	12.06
	23.92	2.54	12.06
Note - These are carried at amortised cost			
23. Other Current financial liabilities			
Current maturities of long-term debts	**642.05**	802.37	1962.81
Interest accrued and not due on borrowings	**–**	1.04	–
Interest accrued and due on borrowings	**16.77**	41.87	49.36
Unclaimed Dividends	**9.15**	6.76	5.42
Contribution to Gratuity Fund	**181.69**	128.82	103.79
Accrued expenses/liabilities	**534.24**	390.19	311.19
Employee payables	**24.18**	14.02	12.89
	1,408.08	1,385.07	2,445.46
Note : 1. These are carried at amortised cost			
2. Refer note 41 for security and terms of borrowings			
24. Other Current liabilities			
Advance from customers	**58.30**	71.61	36.50
Statutory liabilities	**24.90**	52.47	30.32
	83.20	124.08	66.82

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
25. Revenue from operations		
Sale of products		
Yarn	**18,451.16**	19,868.50
Fabric sales	**–**	104.26
Process waste	**673.60**	725.49
	19,124.76	20,698.25
Revenue from services		
Yarn testing charges	**8.61**	12.07
Yarn conversion charges	**–**	0.06
	8.61	12.13
Other operating revenues		
Power generated by wind energy converters (net of captive consumption)	**158.29**	158.60
Scrap sales	**6.16**	16.94
Hank yarn obligation charges received	**–**	13.96
Export incentives	**10.22**	10.64
	174.67	200.14
	19,308.04	20,910.52
26. Other income		
Interest income from		
Loan to related party	**71.36**	65.20
Others	**24.01**	24.99
Dividend income from Non-current investments	**0.05**	0.07
Profit on sale of assets	**53.01**	–
Other non-operating income		
Rent received	**10.44**	9.60
Certification charges	**1.45**	–
Net gain or loss arising on financial asset mandatorily measured at FVTPL	**0.09**	0.79
Foreign exchange gain (net)	**5.23**	16.10
	165.64	116.75
27. Cost of materials consumed		
Cotton, viscose, modaal	**11,648.16**	12,247.56
Others	**133.07**	108.02
	11,781.23	12,355.58
28. Changes in Inventories of finished goods and work-in-progress		
Closing stock		
Finished goods	**901.69**	1,187.91
Work-in-progress	**1,202.73**	750.45
	2,104.42	1,938.36
Opening stock		
Finished goods	**1,187.91**	1,196.40
Work-in-progress	**750.45**	693.78
	1,938.36	1,890.18
Net change in inventories	**(166.06)**	(48.18)
29. Employee benefits expense		
Salaries, wages and bonus	**2,112.15**	2,016.93
Contribution to provident, gratuity and other funds	**152.38**	108.26
Welfare expenses	**122.61**	91.68
	2,387.14	2,216.87

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
30. Finance costs		
Interest on borrowings	**915.93**	1,109.83
Other borrowing costs - premium on forward contracts	**3.04**	1.10
	918.97	1110.93
31. Depreciation and amortisation expense		
Property, plant and equipment		
Buildings	**134.66**	135.09
Plant and machinery	**558.99**	603.33
Wind energy converters	**271.85**	271.86
Furniture and fittings	**0.81**	3.69
Office equipments	**2.69**	3.90
Vehicles	**45.36**	39.23
Sub Total (A)	**1,014.36**	1,057.10
Intangible assets		
Computer software - acquired	**0.23**	0.23
Sub Total (B)	**0.23**	0.23
Total (A + B)	**1,014.59**	1,057.33
Refer note 1 and 2 on property, plant and equipments and intangible assets		
32. Other expenses		
Conversion charges	**134.01**	54.20
Consumption of stores and spares	**199.80**	296.10
Power and fuel-net	**1,489.62**	1,680.49
Rent	**8.15**	8.02
Repairs and maintenance - Buildings	**9.86**	11.44
- Plant and machinery	**243.77**	243.43
Insurance	**15.93**	13.83
Rates and taxes	**38.05**	17.69
Packing and forwarding chages	**146.25**	122.29
Printing and stationery	**7.21**	6.83
Brokerage and commission on sales	**170.54**	182.56
Travel and vehicle upkeep expenses	**173.67**	132.00
Premium on hank yarn obligation	**35.12**	–
Donation and charity	**0.43**	1.14
Expenditure on corporate social responsibility (refer note no.43)	**4.07**	11.66
Loss on sale of assets	**–**	1.33
Bad debts write off	**–**	13.35
Bank and other financial charges	**126.08**	96.84
Miscellaneous expenses	**65.62**	65.77
	2,910.74	2,979.63
33. Exceptional item		
Provision for embezzlement of funds by an employee	**283.01**	380.00
	283.01	380.00

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

1. Corporate Information

Sambandam Spinning Mills Limited ("Investee Company/ the Company") is a listed Public Group domiciled in India and is incorporated under the provisions of the Companies Act 2013 as applicable in India. The registered office headquartered in Salem, India,

The Group is principally engaged in production of cotton yarn.

2. Basis of preparation of financial statements

Compliance with Indian Accounting Standards (Ind AS):

The financial statements of the Company have been prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. Upto the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS Financial statements. The date of transition to Ind AS is April 1, 2016.

First time adoption:

In accordance with Ind AS 101 on First time adoption of Ind AS, the Company has prepared its first Ind AS financial statements which include:

(i) Three Balance sheets namely, the opening Balance sheet as at April 1, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising assets or liabilities which are not permitted by Ind AS, by reclassifying assets and liabilities from previous GAAP as required by Ind AS, and applying Ind AS in measurement of recognised assets and liabilities; and Balance sheets as at March 31, 2018 and 2017.

(ii) Two statements each of profit and loss; cash flows and changes in equity for the years ended March 31, 2018 and 2017 together with related notes.

The same accounting policies have been applied for all the periods presented except when the Company has made use of certain exceptions and/ or exemptions.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

✤ Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

✤ Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

✤ Level 3 inputs are unobservable inputs for the asset or liability.

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

The Ind AS Financial Statements are presented in Indian Rupees (Rs).

The Ind AS Financial Statements were approved for issue by the Board of Directors on 27th May 2018.

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

3. Investments in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate, the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

On acquisition of the investment in an associate, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

The Company discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the investment becomes a subsidiary, the Company accounts for its investment in accordance with Ind AS 103 'Business Combination'. When the Company retains an interest in the former associate and the retained interest is a financial asset, the Company measures it at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest is included in the determination of the gain or loss on disposal of the associate.

4. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Sale of Goods

Revenue from sale of products is recognized when the goods are despatched or appropriated as per the terms sales at which time the title and significant risks and rewards of ownership pass to the customer. Revenue is recognised when collectability of the resulting receivable is reasonably assured.

Revenue is exclusive of Goods and service tax, as applicable and is reduced for estimated customer returns, commissions, rebates and discounts, and other similar allowances.

Rendering of Services

Revenue from services is recognized in accordance with the specific terms of contract on performance when the collectability of the resulting receivable is reasonably assured.

Income from energy generated

Revenue from energy generated through windmills is recognized based on the contractual rates with the customers and the credit granted by the regulatory authorities to the said customers for units generated.

Other operating revenues

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

5. Other Income

Other Income comprises of Dividend, Interest and rental income and are accounted on accrual basis.

Dividend income from investments is recognised when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

6. Foreign currency transactions

Foreign currency transactions (including booking/cancellation of forward contracts) are recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currency, other than those covered by forward exchange contracts, are translated at year end foreign exchange rates. Exchange differences arising on settlements are recognized in the Statement of Profit and Loss. In case of forward exchange contracts which are entered into hedge the foreign currency risk of a receivable/payable recognized in these financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Statement of Profit and loss. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and loss.

7. Employee benefits

(i) Short term employee benefit obligations are estimated and provided for. A liability is recognised for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

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

(ii) Retirement Benefit plans and Post-employment benefits

Payments to defined contribution plans i.e., Company's contribution to provident fund, superannuation fund and other funds and employee state insurance are determined under the relevant schemes and/ or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

For defined benefit plans i.e. Company's liability towards gratuity (funded), other retirement/ terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are comprised of:

✤ service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
✤ net interest expense or income; and
✤ re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) and is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

8. Property, Plant and Equipment

Cost:

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses. Cost of all civil works (including electrification and fittings) is capitalised with the exception of alterations and modifications of a capital nature to existing structures where the cost of such alteration or modification is Rs.10000 and below.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures, plant and equipment (including patterns and dies) where the cost exceeds Rs.10,000 and the estimated useful life is two years or more, is capitalised and stated at cost (net of duty/ tax credit availed) less accumulated depreciation and accumulated impairment losses.

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Deemed cost on transition to Ind AS:

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Depreciation/amortization :

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II are used:

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

De-recognition :

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss

9. Intangible Assets

The Company has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2016 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Intangible assets with finite useful lives that are acquired separately, where the cost exceeds Rs.10,000 and the estimated useful life is two years or more, is capitalised and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition of intangible assets :

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

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

10. Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its estimated recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

11. Inventories

Inventories (other than process waste) are stated at lower of cost and net realisable value.

Cost of raw materials, stores, spares and consumables comprises cost of purchases and includes taxes and duties and is net of eligible credits under applicable schemes.

Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis.

Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale

The cost for the said purpose is determined as follows:

(i) In case of raw materials ie., Cotton, which are not ordinarily interchangeable, by using specific identification of their individual costs attributed to identified items of raw materials.

(ii) in the case of stores and spare parts, the weighted average cost (net of credit, if any),

(iii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, and without deduction of the adjustment made for power generated through Wind energy converters and adjusted against the cost of power purchased from state electricity board.

(iv) Process waste is valued at net realizable value.

Provision is made for obsolete, slow moving and damaged items of inventory, if any.

12. Government grants

Government grants (including export incentives) are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

13. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

14. Research and development

Revenue expenditure on research and development is charged to the Statement of Profit and Loss as and when incurred. Capital expenditure on research and development, where the same represents cost of Property, Plant and Equipment, if any, is given the same accounting treatment as applicable to other capital expenditure.

15. Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Current Tax :

Current tax is determined on taxable profits for the year chargeable to tax in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 including other applicable tax laws that have been enacted or substantively enacted

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Deferred Tax :

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities

16. Provisions and contingencies

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

17. Financial Instruments

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

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

Financial assets :

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

<u>Classification of financial assets</u>

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition.

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

After initial recognition :

(i) Financial assets (other than investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method.

Effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments on principal and interest on the principal amount outstanding.

Income on such debt instruments is recognised in profit or loss and is included in the “Other Income”.

The Company has not designated any debt instruments as fair value through other comprehensive income.

(ii) Financial assets (i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g. any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the “Other Income”.

<u>Investments in equity instruments of subsidiaries, joint ventures and associates</u>

The Company measures its investments in equity instruments of subsidiaries, joint ventures and associates at cost in accordance with Ind AS 27. At transition date, the Company has elected to continue with the carrying value of such investments measured as per the previous GAAP and use such carrying value as its deemed cost.

Impairment of financial assets :

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive).

De-recognition of financial assets :

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Financial liabilities and equity instruments :

<u>Classification as debt or equity</u>

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

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Financial liabilities

All financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the “Finance Costs”.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and are subsequently measured (if not designated as at Fair value though profit or loss) at the higher of:

- the amount of impairment loss allowance determined in accordance with requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Derivative financial instruments :

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps. Further details of derivative financial instruments are disclosed in Note 3.6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at Fair value through profit or loss.

As of the transition date, the Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed on the later of the date of first became a party to the contract and the date when there has been change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Hedge accounting :

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk, as either fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 3.6 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "Other Income".

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) are included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

18. Recent accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration?: On March 28, 2018, the Ministry of Corporate Affairs ('the MCA') notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is not reasonably estimable.

Statement on Significant Accounting Policies forming part of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires the Company's Management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities recognised in the Ind AS financial statements that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on historical experience and other factors including estimation of effects of uncertain future events that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates (accounted on a prospective basis) and recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the Management in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements and/or key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws / emission norms and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessment, made adequate provision in the books.

Taxation

Tax expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profit and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed.

Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, unabsorbed depreciation and unused tax credits could be utilized.

Provisions

The management makes judgements based on experience regarding the level of provision required to account for potentially uncollectible receivables using information available at the Balance Sheet date. Provisions so created are based on management assessment of the receivable balances after communication with the respective debtors and are created on the receivable balances net off against related brokerage dues outstanding.

Provisions for litigation and contingencies are determined based on evaluations made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations, the provisions are sensitive to the actual outcome in future periods.

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for the fair value measurements. In estimating the fair value of an asset or a liability, the Company used market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engaged third party qualified valuers to perform the valuations in order to determine the fair values based on the appropriate valuation techniques and inputs to fair value measurements. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 3.6.

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

(Rs. in Lakhs)

34. Basis of Consolidation

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

34.2 Principles of Consolidation

a. The Consolidated Financial Statements have been prepared in accordance with Ind AS 28 "Investment in Associates and Joint Ventures" prescribed under Section 133 of the Companies Act, 2013. The Financial Statements of Associates used in the consolidation are drawn upto the same reporting date as of the investee Company i.e., year ended March 31, 2018.

b. The following Associates company is considered in the consolidated financial statements using equity method.

S. No.	Name of the Assocaites	Nature of Business	Country of Incorporation	% of ownership interest	% of ownership interest	% of ownership interest
				31-03-2018	31-03-2017	01-04-2016
1.	SPMM Health Care Services Private Limited	Health care services	India	**49.75%**	49.75%	49.75%
2.	Salem IVF Centre Private Limited	Health care services	India	**32.53%**	32.53%	32.53%

5.1.3 Additional Information, requried under Schedule III to the Companies Act, 2013 of entity consolidated as Associates

S. No.	Name of the Entity	Net Assets		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As a % of Consolidated Net Assets	Amount (Rs. lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. lakhs)	As a % of Consolidated Profit or (Loss)	Amount (Rs. lakhs)
	Investee Company								
1.	Sambandam Spinning Mills Limited	99.19%	8997.54	97.08%	344.95	100%	1.75	97.09%	346.69
	Associate (Investment as per equity method)								
2.	SPMM Health Care Services Private Limited	1.25%	113.53	2.92%	10.39	–	–	2.91%	10.39
3.	Salem IVF Centre Private Limited	(0.44%)	(40.18)	–	–	–	–	–	–
	Subtotal	**100%**	**9070.89**	**100.00%**	**355.33**	**100%**	**1.75**	**100.00%**	**357.08**
	Add/(Less) : Effect of intercompany adjustments/ eliminations	–	–	–	–	–	–	–	–
	Total	**100%**	**9070.89**	**100.00%**	**355.33**	**100%**	**1.75**	**100.00%**	**357.08**

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

35. Ind AS Reconciliation 35.1 Balance Sheet

(Rs. in Lakhs)

Particulars	Refer Note	Previous GAAP As at March 31, 2017	Transition Effect As at March 31, 2017	Ind As As at March 31, 2017	Previous GAAP As at April 1, 2016	Transition Effect As at April 1, 2016	Ind As As at April 1, 2016
ASSETS							
Non current assets							
Property, plant and equipment	A	12,041.61	0.32	12,041.29	1,3013.77	0.32	13,013.45
Intangibe assets		0.26	–	0.26	0.48	–	0.48
Financial assets							
Investments	B	116.53	(10.81)	127.35	130.50	(10.03)	140.53
Loans		500.00	–	500.00	400.00	–	400.00
Others		267.47	–	267.47	384.83	–	384.83
Advance tax assets (Net)		10.86	–	10.86	34.25	–	34.25
Other non-current assets		279.91	–	279.91	283.03	–	283.03
		13,216.65	(10.49)	13,227.14	14,246.86	(9.71)	14,256.57
Current assets							
Inventories		3893.34	–	3,893.34	3,551.24	–	3,551.24
Financial assets							
Trade receivables		3,143.30	–	3,143.30	3,357.53	–	3,357.53
Cash and cash equivalents		291.28	–	291.28	186.15	–	186.15
Bank balances other than 10a above		44.44	–	44.44	40.26	–	40.26
Others		464.07	–	464.07	468.47	–	468.47
Other current assets		151.54	–	151.54	119.55	–	119.55
		7,987.97	–	7,987.97	7,723.20	–	7,723.20
Total assets		**21,204.61**	**(10.49)**	**21,215.11**	**21,970.06**	**(9.71)**	**21,979.77**
EQUITY AND LIABILITIES							
Equity							
Equity share capital		427.55	–	427.55	427.55	–	427.55
Other equity	A-E	7,852.70	(525.34)	8,378.04	7,187.28	(799.76)	7,987.04
Total equity		8,280.25	(525.34)	8,805.59	7,614.83	(799.76)	8,414.59
Non-current liabilities							
Financial liabilities							
Borrowings		1,968.80	–	1,968.80	2,741.98	–	2,741.98
Other non current liabilities		28.29	–	28.29	26.49	–	26.49
7Provisions		241.41	–	241.41	215.75	–	215.75
Deferred tax liabilities (Net)	C	2,292.04	1,083.65	1,208.39	2,085.53	1,083.64	1,001.89
Other non current liabilities	F	–	(9.53)	9.53	–	–	–
		4,530.53	1074.12	3,456.42	5,069.75	1,083.64	3,986.11
Current liabilities							
Financial liabilities							
Borrowings	D	4,200.15	(764.58)	4,964.73	5,059.52	(396.25)	5,455.77
Trade payables		2,476.68	–	2,476.68	1,598.96	–	1,598.96
Provisions	E	207.85	205.31	2.54	114.72	102.66	12.06
Other financial liabilities		1,385.08	–	1,385.07	2,445.46	–	2,445.46
Other current liabilities		124.08	–	124.08	66.82	–	66.82
		8,393.85	(559.27)	8,953.10	9,285.48	(293.59)	9,579.07
Total equity and liabilities		**21,204.61**	**(10.49)**	**21,215.11**	**21,970.06**	**(9.71)**	**21,979.77**

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

35. Ind AS Reconciliation continued..

35.2 Consolidated Statement of Profit and Loss

(Rs. in Lakhs)

Particulars	Refer Note	Previous GAAP Year ended March 31,2017	Transition Effect Year ended March 31,2017	Ind As Year ended March 31,2017
Income				
Revenue from operations		**20,910.52**	–	20,910.52
Other income	B,C	**104.29**	(12.46)	116.75
Total income		**21,014.81**	(12.46)	21,027.27
Expenses				
Cost of materials consumed		**12,355.58**	–	12,355.58
Changes in inventories of finished goods, work-in-progress and stock-in-trade		**(48.18)**	–	(48.18)
Employee benefit expense	G	**2,208.35**	(8.52)	2,216.87
Finance cost		**1,110.93**	–	1,110.93
Depreciation and amortization expense		**1,057.33**	–	1,057.33
Other expenses	F	**2,970.10**	(9.53)	2,979.63
Total Expenses		**19,654.11**	(18.05)	19,672.16
Profit before exceptional items and tax		**1,360.70**	5.59	1,355.11
Exceptional item		**70.41**	(380.00)	450.41
Profit before tax		**1,290.29**	**(374.41)**	904.70
Tax expense :				
Current tax	G	**438.00**	2.88	435.12
Deferred tax		**38.00**	–	38.00
Income tax expense		**476.00**	2.88	473.12
Profit for the period from continuing operations		**814.28**	(377.29)	431.58
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		–	–	–
Re-measurement gains/(losses) on defined benefit plans	G,H	–	(8.52)	8.52
Income tax effect	G	–	(2.88)	2.88
Other comprehensive income for the year, net of tax		–	(5.64)	5.64
Total comprehensive income for the year, net of tax		**814.28**	(382.93)	437.22

35.3 Reconciliation of net profit and Equity as reported under previous GAAP and Ind AS

Particulars	Refer Note	Net Profit reconciliation Year ended March 31,2017	Equity Reconciliation As at March 31, 2017	Equity Reconciliation As at April 01, 2016
Net profit/ total equity as under previous GAAP		**814.28**	8,330.81	7,721.83
Effect of adjustment of embezzlement of funds	C	**(380.00)**	(776.25)	(396.25)
Restated profit/ total equity under previous GAAP		**434.28**	7,554.56	7,325.59
Adjustments:				
Adjustment for proposed dividend (including tax thereon)	E	–	205.31	102.66
Impact on fair valuation of investments	B	**0.79**	10.81	10.03
Recognition of EPCG liability	F	**(9.53)**	(9.53)	–
Reclassification of acturial (gains) /losses arising in respect of employee benefit schemes	G	**(8.52)**	–	–
Tax Adjustments	D,G	**2.88**	1,083.64	1,083.64
Others	A,C	**11.67**	11.35	(0.32)
Net profit/(loss) under Ind AS		**431.59**	–	–
Other Comprehensive Income (net of tax)	G,H	**5.64**	–	–
Total Comprehensive Income/ Equity under Ind AS		**437.22**	8,856.17	8,521.59

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

Notes to the Ind AS Reconciliation

The company has adopted Ind AS from April 1, 2017 and accordingly, the transition date is April 1, 2016. The impact of transition is accounted for in the opening retained earnings as on the transition date. Further, such Ind AS impacts have also been adjusted accordingly in the statement of cash flows for the year ended March 31, 2017.

A. Under previous GAAP, 'Livestock' was included in Fixed Assets. Under Ind AS, the term 'Property, Plant and Equipment' does not include the same and hence they have been adjusted againt 'Retained earnings' as on April 1, 2016 (the transition date).

B. Under previous GAAP, long term investments were measured at cost less dimunition in value which is other than temporary. Under Ind AS, non current investments (other than investment in equity instruments of subsidiaries, associates and joint ventures) are measured at fair value through profit or loss. Consequently, the differences, as at the transition date and as at the end of the year 2016-17, respectively, between carrying value as per previous GAAP and fair value, are reflected in total equity and consolidated statement of profit and loss.

C. (i) Under previous GAAP, deferred tax was computed under income tax approach method. Under Ind AS deferred tax assets is measured using balance sheet approach and accordingly recognised. Further the effect of these as at the transition date and as at the end of the year 2016-17 are reflected in total equity and statement of Profit and Loss respectively.

(ii) Under previous GAAP, miminum alternate tax entitlements were classified under other non-current assets. Under Ind AS, it is classified as unused tax credits under deferred tax.

D. Under Ind AS adjustment to material prior period errors are made retrospectively by restating the comparitive amounts for the prior periods presented and restating retained earnings at the beginning of the earliest period presented (transition date), in the first set of financial statements after the error is discovered. Accordingly, the amount of such errors have been given effect to by retrospective restatement of the reported figures.

E. Under previous GAAP, proposed dividends were recognised as a provision in the financial statements, even if declared after the balance sheet date. Under Ind AS, proposed dividends are recognised as liabilities in the period in which it is declared by the company, usually when it is approved by the shareholders in the general meeting, or paid.

This resulted in a timing difference and has been reflected in total equity of the relevant financial years.

F. Under Ind AS, grants are accounted for as deferred income. Based on the terms and conditions of the scheme, the grant received is to compensate the import cost of assets subject to an export obligation as prescribed in the EPCG Scheme and accordingly, recognition of grant in the cnsolidated statement of profit and loss is linked to fulfilment of associated export obligations.

G. Under previous GAAP, actuarial gains and losses on employees defined benefit obligations were recognised in statement of profit and loss.

Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between consolidated statement of profit and loss and other comprehensive income.

H. Under previous GAAP, there was no separate record in the financial statements for Other Comprehensive Income (OCI). Under Ind AS, specified items of income, expense, gains and losses are presented under OCI.

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

36. Income taxes relating to continuing operations

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
a) Income tax recognised in consolidated statement of profit and loss		
Current tax		
In respect of the current year	**724.11**	435.12
	724.11	435.12
Deferred tax		
In respect of the current year	**(725.00)**	38.00
	(725.00)	38.00
Total income tax expense recognised in the current year relating to continuing operations	**(0.89)**	473.12
b) The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) before tax from continuing operations	**344.05**	904.70
Income tax expense calculated at 33.063% (2016-17: 33.063%)	**113.75**	299.12
Others	**(114.65)**	174.00
Adjustments recognised in the current year in relation to the current tax of prior years	**(0.89)**	473.12
Income tax expense recognised in consolidated statement of profit and loss (relating to continuing operations)	**(0.89)**	473.12

The tax rate used for the reconciliations above is the corporate tax rate of 33.063% (for FY 2017-18 and FY 2016-17: 33.063%) payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
c) Income tax recognised in other comprehensive income		
Current tax	**0.89**	2.88
Total income tax recognised in other comprehensive income	**0.89**	2.88

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity and for each taxable jurisdiction. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Movement of deferred tax expense during the year ended March 2017-18 (Rs.)

Particulars	Opening balance	Recognised in consolidated statement of profit and loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	(2,285.19)	733.14	(1,552.05)
Provision for compensated absences	80.19	(8.14)	72.05
Unused tax credit (MAT credit entitlement) *	996.61	(577.27)	419.33
	(996.61)	**147.73**	**(1,060.67)**

Movement of deferred tax expense during the year ended March 2016-17 (Rs.)

Particulars	Opening balance	Recognised in consolidated statement of profit and loss	Closing balance
Deferred tax (liabilities)/assets in relation to:			
Property, plant, and equipment and Intangible Assets	(2,238.67)	(46.52)	(2,285.19)
Provision for compensated absences	71.67	8.52	80.19
Unused tax credit (MAT credit entitlement) *	1165.11	(168.50)	996.61
	(1,001.89)	**(206.50)**	**(1,208.39)**

* Adjusted against current tax provision for the respective years.

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs

37. Retirement benefit plans

Defined contribution plans

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

The total expense recognised in the consolidated statement of profit and loss of Rs.96.87 lakhs (for the year ended March 31, 2017: Rs74.70 lakhs) out of which Rs.10.99 lakhs (for the year ended March 31, 2017 : Rs.8.26 lakhs) represents payable by the Company.

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death, while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Company makes annual contributions to a funded Company gratuity scheme administered by the SBI Life Insurance Company Limited.

Company's liability towards gratuity (funded), other retirement benefits and compensated absences are actuarially determined at each reporting date using the projected unit credit method.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit.
Interest risk	A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Gratuity

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

Discount rate(s)	**7.70%**	7.50%
Expected rate(s) of salary increase	**6.00%**	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows :

Current service cost	**26.98**	27.03
Net interest expense	**27.49**	27.14
Components of defined benefit costs recognised in consolidated statement of profit and loss	**54.46**	54.17

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

37. Retirement benefit plans continued..

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs
Remeasurement on the net defined benefit liability comprising :		
Actuarial (gains)/losses arising from changes in demographic assumptions	**–**	–
Actuarial (gains)/losses arising from changes in financial assumptions	**(14.64)**	(35.46)
Actuarial (gains)/losses arising from experience adjustments	**9.24**	25.98
Return on plan assets (excluding amounts included in net interest expense)	**2.76**	1.36
Components of defined benefit costs recognised in other comprehensive income	**(2.64)**	(8.52)
Total	**51.82**	45.65

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in the consolidated statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Consolidated Balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Present value of defined benefit obligation	**404.62**	379.26
Fair value of plan assets	**229.82**	257.34
Net liability arising from defined benefit obligation - Funded	**174.79**	121.93

The above provisions are reflected under 'Current Financial Liabilities - Others (Refer note. 23) to the Consolidated Ind AS Financial Statements.

Movements in the present value of the defined benefit obligation in the current year were as follows:		
Opening defined benefit obligation	**379.26**	390.01
Current service cost	**26.98**	27.03
Interest cost	**27.49**	27.14
Plan amendments : vested portion at end of period (past service)	**20.86**	21.86
Plan amendments : non vested portion at end of period (past service)		
Actuarial (gains)/losses arising from changes in demographic assumptions	**–**	–
Actuarial (gains)/losses arising from changes in financial assumptions	**(14.64)**	(35.46)
Actuarial (gains)/losses arising from experience adjustments	**9.24**	25.98
Benefits paid	**44.57**	77.30
Closing defined benefit obligation	**404.62**	379.26

Movements in the fair value of the plan assets in the current year were as follows:		
Opening fair value of plan assets	**257.34**	293.12
Interest Income	**19.82**	42.88
Return on plan assets (excluding amounts included in net interest expense)	**(2.76)**	(1.36)
Contributions	**–**	–
Benefits paid	**44.57**	77.30
Others	**–**	–
Closing fair value of plan assets	**229.82**	257.34

The Company funds the cost of the gratuity expected to be earned on a yearly basis to SBI Life Insurance Company Limited, which manages the plan assets.

The actual return on plan assets was Rs. 19.82 Lakhs (2016-17: Rs.42.88 lakhs)

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

1. Gratuity

If the discount rate is 50 basis points higher/ lower, the defined benefit obligation would		
Decrease by	**442.54**	416.78
Increase by	**370.83**	345.91
If the expected salary is 50 basis points higher/ lower, the defined benefit obligation would		
Decrease by	**371.11**	346.36
Increase by	**441.68**	415.84

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

37. Retirement benefit plans continued..

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

The Company expects to make a contribution of Rs.459.23 lakhs (as at March 31, 2017: Rs.458.59 lakhs and March 2016: Rs.416.26 lakhs) to the defined benefit plans during the next financial year.

The average duration of the benefit obligation as at March 31, 2018 is 26.30 years (as at March 31, 2017 : 25.12 years).

Compensated Balances

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

Discount rate(s)	**7.72%**	7.40%
Expected rate(s) of salary increase	**6.50%**	6.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts recognised in total comprehensive income in respect of these defined benefit plans are as follows:

Current service cost	**3.31**	2.32
Net interest expense	**16.97**	15.69
Actuarial (gains)/losses arising during the period	**(14.47)**	2.05
Components of defined benefit costs recognised in Statement of profit and loss	**5.80**	20.05

The current service cost and the net interest expense for the year are included in the 'employee benefits expense' in consolidated statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Consolidated Balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows :

Present value of defined benefit obligation	**235.07**	229.27
Fair value of plan assets	**–**	–
Net liability arising from defined benefit obligation - Unfunded	**235.07**	229.27

The above provisions are reflected under 'Current Financial Liabilities - Others [Refer note 23].

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

Opening defined benefit obligation	**229.27**	209.22
Current service cost	**3.31**	2.32
Interest cost	**16.97**	15.69
Actuarial (gains)/losses arising during the period	**(14.47)**	2.05
Benefits paid	**–**	–
Closing defined benefit obligation	**235.07**	229.27

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

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

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

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	**Year ended March 31, 2018 Rs. in Lakhs**	Year ended March 31, 2017 Rs. in Lakhs
38. Earnings per share		
Basic and Diluted earnings per share		
From continuing operations	**8.33**	11.44
From discontinued operations	**–**	–
Total basic earnings per share	**8.33**	11.44
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:		
Profit/(loss) for the year attributable to owners of the Company	**355.33**	488.02
Earnings used in the calculation of basic earnings per share	**355.33**	488.02
Profit/(loss) for the year from discontinued operations used in the calculation of basic earnings per share from discontinued operations	**–**	–
Others	**–**	–
Earnings used in the calculation of basic earnings per share from continuing operations	**355.33**	488.02
Weighted average number of ordinary shares for the purposes of basic earnings per share	**42,64,600**	42,64,600

39. Financial Instruments

Capital management

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, non-convertible debt securities, and other long-term/short-term borrowings.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 15 and 20 offset by cash and bank balances) and total equity of the Company. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

Particulars	**31.03.2018 Rs. in Lakhs**	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
Gearing Ratio :			
Debt	**6,358.20**	6,933.53	8,197.75
Less: Cash and bank balances	**283.07**	335.72	226.41
Net debt	**6,075.12**	6,597.82	7,971.34
Total equity	**8,957.36**	8,805.59	8,414.59
Net debt to total equity ratio	**0.68**	0.74	0.94
Categories of Financial Instruments:			
Financial Assets			
a. Measured at amortised cost:			
Cash and bank balances	**283.07**	335.72	226.41
Trade Receivables	**4,528.00**	3,143.30	3,357.53
Loans	**550.00**	500.00	400.00
Others	**843.43**	731.54	853.29
b. Mandatorily measured at fair value through profit or loss (FVTPL):			
Investments	**227.51**	177.92	247.53
Derivative instruments	**–**	–	–

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

	Particulars	**31.03.2018 Rs. in Lakhs**	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
	Financial liabilities			
a.	Measured at amortised cost:			
	Borrowings	**6,358.20**	6,933.53	8,197.75
	Trade Payables	**3,576.63**	2,476.68	1,598.96
	Others	**1,436.36**	1,413.35	2,471.95
b.	Mandatorily measured at fair value through profit or loss (FVTPL):			
	Derivative instruments	**–**	–	–

Financial risk management objectives

The treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including interest rate risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that changes in market prices, liquidity and other factors that could have an adverse effect on realisable fair values or future cash flows to the Company. The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates as future specific market changes cannot be normally predicted with reasonable accuracy.

Interest rate risk management

The Company is exposed to interest rate risk because it borrow funds at floating interest rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended March 31, 2018 would decrease/increase by Rs.45.69 lakhs (March 31, 2017: decrease/increase by Rs.43.28 lakhs). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The fair value of some of the Company's investments in available-for-sale securities exposes the Company to equity price risks. In general, these securities are not held for trading purposes.

Equity price sensitivity analysis

The fair value of equity instruments as at March 31, 2018 was Rs.1.53 lakhs (March 31, 2017: Rs.1.87 lakhs and April 1, 2016 : Rs.1.36 lakhs). A 5% change in prices of equity instruments held as at March 31, 2018 would result in a impact of Rs.0.08 lakhs (March 31, 2017: Rs.0.09 lakhs and April 1, 2016: Rs.0.06 lakhs) on equity.

Offsetting related disclosures:

Offsetting of cash and cash equivalents to borrowings as per the consortium agreement is available only to the bank in the event of a default. Company does not have the right to offset in case of the counter party's bankruptcy, therefore, these disclosures are not required.

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs

Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks.

The Company also constantly monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

Liquidity tables :

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Particulars	Due in 1st year	Due in 2nd to 5th year	Due after 5th year	Carrying amount
March 31, 2018				
Trade payables	3,576.63	–	–	3,576.63
Other financial liabilities	1,408.07	–	–	1,408.07
Borrowings (including interest accrued thereon upto the reporting date)	4,763.29	1,594.91	–	6,358.20
	9,747.99	**1,594.91**	**–**	**11,342.90**
March 31, 2017				
Trade payables	2,476.68	–	–	2,476.68
Other financial liabilities	1,385.07	–	–	1,385.07
Borrowings (including interest accrued thereon upto the reporting date)	4,964.73	1,968.80	–	6,933.53
	8,826.48	**1,968.80**	**–**	**10,795.29**
April 1, 2016				
Trade payables	1,598.96	–	–	1,598.96
Other financial liabilities	2,445.46	–	–	2,445.46
Borrowings (including interest accrued thereon upto the reporting date)	7,022.34	1,175.41	–	8,197.75
	11,066.76	**1,175.41**	**–**	**12,242.17**

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

40. Related party disclosure

a) List of related parties :

Name of the Related Party	Relationship
SPMM Health Care Services Private Limited	Associate
Salem IVF Centre Private Limited	Associate
Kandagiri Spinning Mills Limited	Enterprises in which KMP or their relatives have a significance influence
Sambandam Siva Textiles Private Limited	Enterprises in which KMP or their relatives have a significance influence
S. Palaniandi Mudaliar Charitable Trust	Enterprises in which KMP or their relatives have a significance influence
Sambandam Spinning Mills Gratuity Trust	Enterprises in which KMP or their relatives have a significance influence
S. Devarajan - Chairman and Managing Director	Key managerial personnel (KMP)
S. Jegarajan - Joint Managing Director	Key managerial personnel (KMP)
S. Dinakaran - Joint Managing Director	Key managerial personnel (KMP)
D. Niranjan Kumar - Chief Financial Officer	Key managerial personnel (KMP)
S. Natarajan - Company Seceratory	Key managerial personnel (KMP)
D. Anupama	Relative of KMP
J. Sakthivel - Chief Technical Officer	Relative of KMP
D. Sudharsan - Non Executive Director	Relative of KMP
S. Kandaswarna	Relative of KMP
D. Manjula	Relative of KMP
D. Minusakthipriya	Relative of KMP
J. Ramya	Relative of KMP
D. Rathipriya	Relative of KMP
S. Saradhamani	Relative of KMP
V. Valarnila	Relative of KMP

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

Name of Related Party	Nature of Transaction	2017 - 18	2016 - 17
Salem IVF Centre Private Limited	Rent received	**9.00**	9.00
	Security deposit - Rent	**4.50**	4.50
	Rent receivable at the end of the year	**3.47**	1.08
	Dimunition in value of investments	**–**	70.41
Kandagiri Spinning Mills Limited	Intercorporate loan given	**50.00**	100.00
	Interest received on the above loan	**71.36**	65.20
	Interest accrued on the above loan	**25.70**	–
	Revenue from sale of products and services	**45.11**	–
	Balance outstanding at the end of the year	**597.82**	500.00
Sambandam Siva Textiles Private Limited	Sale of wind power	**158.29**	158.60
S. Palaniandi Mudaliar Charitable Trust	Employee welfare services expenses	**2.81**	9.59
	Employee welfare expenses payable	**–**	0.94
Sambandam Spinning Mills Gratuity Trust	Contribution paid	**–**	47.50
S. Devarajan Chairman and Managing Director	Interest Payment	**1.56**	1.32
	Dividend Payment	**17.99**	8.94
	Remuneration	**48.00**	48.00
	Balances outstanding - Fixed deposits	**13.00**	13.00

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

40. Related party disclosure continued..

(Rs. in Lakhs)

Name of Related Party	Nature of Transaction	2017 - 18	2016 - 17
S. Jegarajan - Joint Managing Director	Interest Payment Dividend Payment Remuneration Balances outstanding - Fixed deposits	**0.12** **1.16** **45.60** **1.00**	0.12 0.58 45.60 1.00
S. Dinakaran - Joint Managing Director	Interest Payment Dividend Payment Remuneration Balances outstanding - Fixed deposits	**13.80** **15.73** **19.20** **128.25**	10.01 7.86 19.20 99.25
D. Niranjan Kumar Chief Financial Officer	Interest Payment Dividend Payment Remuneration Balances outstanding - Fixed deposits	**1.02** **0.23** **18.00** **9.00**	0.91 0.12 18.00 9.00
S. Natarajan - Company Seceratory	Remuneration	**12.00**	11.14
D. Anupama	Interest Payment Dividend Payment Balances outstanding - Fixed deposits Rent paid Rent advance paid Amount outstanding at the end of the year	**1.38** **0.02** **12.50** **4.07** **–** **3.00**	1.38 0.01 12.50 3.78 – 3.00
J. Sakthivel - Chief Technical Officer	Remuneration	**18.00**	18.00
S. Kandaswarna	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**0.24** **–** **2.00**	0.18 – 2.00
D. Manjula	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**1.53** **1.22** **17.50**	0.53 0.61 7.50
D. Minusakthipriya	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**1.32** **0.16** **13.50**	1.02 0.08 10.00
J. Ramya	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**–** **1.06** **–**	1.41 0.53 15.00
D. Rathipriya	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**2.80** **1.66** **25.50**	2.80 0.83 25.50
S. Saradhamani	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**0.24** **4.05** **2.00**	0.13 2.02 2.00
V. Valarnila	Interest Payment Dividend Payment Balances outstanding - Fixed deposits	**1.43** **1.49** **13.00**	1.43 0.74 13.00

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

41. Details of non current borrowings

(Rs. in Lakhs)

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
a. Secured Borrowings						
i. Term loans from banks						
State Bank of India TL 2		**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	–	–	–
		As at March 31, 2016	–	852.00	852.00	13.90
State Bank of India TL 4	4 monthly instalment of 22.5 lakhs and 2 monthly instalment of Rs 33.75 lakhs each	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	157.50	157.50	13.55
		As at March 31, 2016	157.50	270.00	427.50	13.90
State Bank of India TL 5	48 monthly instalment of Rs 18.75 lakhs each (2018-19 Rs 300 lakhs, 2019-20 Rs 300 lakhs, 2020-21 Rs 300 lakhs and 2021-22 Rs 225 lakhs)	**As at March 31, 2018**	**825.00**	**300.00**	**1,125.00**	**12.05**
		As at March 31, 2017	1,125.00	300.00	1,425.00	13.95
		As at March 31, 2016	1,425.00	75.00	1,500.00	13.95
Karnataka Bank TL 2	6 monthly instalments of Rs 41.90 lakhs	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	–	–	–
		As at March 31, 2016	–	497.38	497.38	13.50
Karnataka Bank TL 4	5 monthly instalment of Rs 9.63 lakhs and 1 monthly instalment of Rs 19.15 lakhs	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	67.30	67.30	12.75
		As at March 31, 2016	67.30	115.56	182.86	12.75
Karnataka Bank TL 5	48 monthly instalment of Rs 8 lakhs each, 10 monthly instalment of Rs 7.70 lakhs each and two monthly instalment of Rs 7.50 lakhs each (201718 Rs 88 lakhs, 2018-19 Rs 96 lakhs, 2019-20 Rs 96 lakhs, 2021-22 Rs 93 lakhs and 2022-23 Rs 15 lakhs)	**As at March 31, 2018**	**300.00**	**96.00**	**396.00**	**13.15**
		As at March 31, 2017	388.00	96.00	484.00	13.25
		As at March 31, 2016	484.00	16.00	500.00	13.25
IDBI Term loan	one quarterly instalment of Rs 50.25 lakhs (2017-18 Rs 50.25lakhs)	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	50.25	50.25	13.75
		As at March 31, 2016	50.25	100.00	150.25	14.00
HDFC Bank bus loan	15 monthly instalments (2017-18 Rs 21.67 lakhs and 2018-19 Rs 6.13 lakhs)	**As at March 31, 2018**	**–**	**6.14**	**6.14**	**10.01**
		As at March 31, 2017	6.14	21.67	27.81	10.01
		As at March 31, 2016	27.81	21.67	49.47	10.01
HDFC Bank car loan	37 monthly instalments (2017-18 Rs 6.20 lakhs, 2018-19 Rs 5.89 lakhs, 2019-20 Rs 5.12 lakhs and 2020-21 Rs 1.35 lakhs)	**As at March 31, 2018**	**6.46**	**5.89**	**12.35**	**10.01**
		As at March 31, 2017	11.97	6.59	18.55	10.01
		As at March 31, 2016	18.55	6.59	25.14	10.01

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

41. Details of non current borrowings

(Rs. in Lakhs)

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
State Bank of India car loan		**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	–	–	–
		As at March 31, 2016	–	0.80	0.80	9.90
Subtotal		**As at March 31, 2018**	**1,131.46**	**408.03**	**1,539.49**	**–**
		As at March 31, 2017	1,531.11	699.30	2,230.41	–
		As at March 31, 2016	2,230.41	1,955.00	4,185.40	–
ii. Term loans from others						
Kotak Mahindra Prime Limited car loan	11 monthly instalment (2017-18 Rs 1.47 lakhs)	**As at March 31, 2018**	**–**	**0.12**	**0.12**	**9.90**
		As at March 31, 2017	0.25	1.22	1.47	9.90
		As at March 31, 2016	1.47	1.22	2.69	9.90
Subtotal		**As at March 31, 2018**	**–**	**0.12**	**0.12**	**6.12**
		As at March 31, 2017	0.25	1.22	1.47	10.80
		As at March 31, 2016	1.47	1.22	2.68	–
Total Secured Borrowings		**As at March 31, 2018**	**1,131.46**	**408.15**	**1,539.61**	**13.15**
		As at March 31, 2017	1,531.35	700.52	2,231.88	13.95
		As at March 31, 2016	2,231.88	1,956.21	4,188.09	
b. Unsecured Borrowings						
Fixed deposits		**As at March 31, 2018**	**463.45**	**233.90**	**697.35**	**11to12**
		As at March 31, 2017	437.45	101.85	539.30	11to12
		As at March 31, 2016	510.10	6.60	516.70	11to12

Notes:
1. Term loans aggregating to Rs.1521.00 lakhs (2017: Rs.2184.05 lakhs, 2016: Rs.4109.99 lakhs) are secured by a first charge on pari passu basis on all Property, Plant and equipment and second charge on pari passu basis on all current assets.
2. Term loans from banks aggregating to Rs.18.49 lakhs (2017 Rs.46.36 lakhs; 2016 Rs. 74.61 lakhs) are secured by hypothecation of certain busses and cars.
3. Term loan from Kotak Mahindra Prime Ltd of Rs.0.11 lakhs (2017: Rs.1.47 lakhs, 2016: Rs.2.68 lakhs) is secured by hypothecation of car.
4. All the above loans are guaranteed by four directors.

Details of current borrowings

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
a. Secured Borrowings						
i. Term loans						
Canara Bank	on demand	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	–	–	–
		As at March 31, 2016	–	1,450.00	1,450.00	12.40
Buyers credit	on demand	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	205.44	205.44	5.32
		As at March 31, 2016	–	–	–	5.32

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

41. Details of non current borrowings

(Rs. in Lakhs)

Particulars	Particulars of repayment	Year	Non current	Current Maturities	Total	rate of interest
ii. Cash credit facilities						
State Bank of India *	on demand	**As at March 31, 2018**	**–**	**2,792.64**	**2,792.64**	**11.2/12**
		As at March 31, 2017	–	2,254.80	2,254.80	12.5/13.8
		As at March 31, 2016	–	1,101.28	1,101.28	13.25
State Bank of India - Packing credit	on demand	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	(5.74)	(5.74)	9.75
		As at March 31, 2016	–	(13.19)	(13.19)	9.75
State Bank of India - DL	on demand	**As at March 31, 2018**	**–**	**–**	**–**	**–**
		As at March 31, 2017	–	–	–	–
		As at March 31, 2016	–	1,002.39	1,002.39	10.90
Karnataka Bank	on demand	**As at March 31, 2018**	**–**	**728.84**	**728.84**	**12.75**
		As at March 31, 2017	–	1,160.03	1,160.03	12.75
		As at March 31, 2016	–	973.03	973.03	12.75
Axis Bank	on demand	**As at March 31, 2018**	**–**	**508.93**	**508.93**	**12.1**
		As at March 31, 2017	–	518.84	518.84	12.25
		As at March 31, 2016	–	519.64	519.64	12.75
Canara Bank *	on demand	**As at March 31, 2018**	**–**	**732.88**	**728.84**	**12.75**
		As at March 31, 2017	–	831.36	831.36	13.5
		As at March 31, 2016	–	422.62	422.62	13.50
		As at March 31, 2018	**–**	**4,763.29**	**4,763.29**	**–**
		As at March 31, 2017	–	4,964.73	4,964.73	–
		As at March 31, 2016	–	5,455.77	5,455.77	–

* The Company has restated the cash credit balances in accordance with Ind AS 8 on Accounting Policies, Changes in Accounting Estimates and Errors. Refer Note 34 on Ind AS reconciliations for details.

Notes :

1. Cash credit/ short term loans/ Buyer's credit are secured by a first charge on the Company's current assets and by a second charge on the Company's Property, Plant and equipment excluding the charges mentioned above.
2. All the above loans are guaranteed by four directors.

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

Particulars	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
42. Operating lease arrangements			
Company as lessee			
Leasing arrangements			
Operating leases relate to leases of land and building with lease term ranging upto 3 years.			
Payments recognised as an expense			
Rent Expense	**8.15**	8.02	
	8.15	8.02	

Non-cancellable operating lease commitments	31.03.2018 Rupees	31.03.2017 Rupees
Not later than 1 year	**6.12**	8.15
Later than 1 year but not later than 5 years	**–**	6.12
Later than 5 years	**–**	–

	31.03.2018 Rs. in Lakhs	31.03.2017 Rs. in Lakhs	01.04.2016 Rs. in Lakhs
43. Contingent liabilities and Capital Commitments			
Contingent liabilities			
Claims against the Company not acknowledged as debt			
(i) Sales Tax	**12.01**	12.01	12.01
(ii) Service Tax	**8.06**	8.06	8.06
(iii) Excise duty	**–**	84.65	84.65
(iv) Other (self generation tax / cross subsidy charges etc.)	**358.41**	366.47	366.47
	378.48	471.19	471.19

These have been disputed by the Company on account of issues of applicability and classification.

Future cash outflows in respect of the above are determinable only on receipt of judgement / decisions pending with various forums / authorities.

	31.03.2018	31.03.2017	01.04.2016
Capital Commitments			
Capital Commitments (net of advances) not provided for	**869.58**	869.58	869.58
	869.58	869.58	869.58

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

44. CSR Expenditure:

Particulars	2017-18	2016-17
(a) Gross amount required to be spent by the company during the year	**10.26**	13.31
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	**–**	–
(ii) On purposes other than (i) above	**4.07**	11.66
(c) Amount unspent as at the year end	**6.19**	1.65

45. Associates

Details of associates	**2017-18**	2016-17
Aggregate information of associates		
The Group's share of profit (loss) from continuing operations	**10.39**	(13.97)
The Group's share of post-tax profit (loss) from discontinued operations	**–**	–
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income	**10.39**	(13.97)
Aggregate carrying amount of the Group's interests in these associates	**113.53**	103.14
Unrecognised share of losses of associates		
The unrecognised share of loss of associates for the year	**19.94**	7.08
* consequent to investment being nil under equity accounting		
Cumulative share of loss of associates	**27.03**	7.08

46. The Company and its associate have not received any intimation from its suppliers regarding the status under the Micro, Small and Medium Enterprise Development Act, 2006 and disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable,as required under the said Act, have not been furnished.

Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2018

47. During the current financial year the Company's management has identified embezzelment of funds aggregating to Rs.1344.25 lakhs by an employee of the company whose services have since been terminated. The said embezzlement had occured over period of years. The above has also been intimated to BSE Limited and necessary disclosures made under Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015 vide letter dated November 21, 2017.

The said amount has been subsequently confirmed by an independent investigation agency. The Company has initiated criminal proceddings against the employee including filing of FIR. Pending the recovery procedures, the standalone Ind AS financial statements have been adjusted to give effect to the above embezzlement. Out of Rs.1344.25 lakhs, Rs.35.00 lakhs has been recovered, a sum of Rs.250.00 lakhs has been considered recoverable and the balance of Rs.1059.26 lakhs has been accounted in the following manner:

(i) Rs.396.25 lakhs has been debited to equity as on April 1, 2016 (transition date), in respect of the amount embezzled prior to that date.

(ii) Rs.380.00 lakhs and Rs.283.01 lakhs have been reflected as provision for embezzlement of funds under 'exceptional items' in the Statement of Profit and Loss for the financial years ended March 31, 2017 and March 31 2018, respectively.

48. Auditor's Remuneration : **Rs. in Lakhs**

Particulars	2018	2017
1. Statutory audit	**5.00**	4.25
2. Taxation matters	**–**	1.31
3. Other services	**–**	2.19

49. Net Debt Reconciliation **Rs. in Lakhs**

Particulars	March 31, 2018	March 31, 2017
1. Cash and Cash equivalents	**118.36**	291.28
2. Liquid investments	**56.00**	22.00
3. Current Borrowings	**(4763.29)**	(4964.73)
4. Non current borrowings	**(1594.91)**	(1968.80)
Net Debt	**(6183.84)**	(6620.25)

Particulars	Other Assets		Liabilities from financing activities			Total
	Cash and Bank overdraft	Liquid Investments	Finance lease Obligations	Non current borrowings	Current Borrowings	
Net debt as at March 31, 2017						(6620.25)
Cash Flows	(172.92)	34.00	–	373.89	201.44	436.41
Interest expense	915.93	–	–	–	–	915.93
Interest paid	(915.93)	–	–	–	–	(915.93)
Net debt as at March 31, 2018	**(172.92)**	**34.00**	**–**	**–**	**–**	**(6183.84)**

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

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

Particulars	As at March 31, 2018	As at March 31, 2017	Purpose
i. Loans outstanding Kandagiri Spinning Mills Limited	**550.00**	500.00	Funding for operations
ii. Investments (Refer note 3)	**332.30**	282.80	
iii. Guarantees	**–**	–	

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

For and on behalf of the board

S. Devarajan
Chairman and Managing Director
DIN : 00001910

S. Dinakaran
Joint Managing Director
DIN : 00001932

S. Natarajan
Company Secretary

D. Niranjankumar
Chief Financial Officer

Salem
May 27, 2018

THE HINDU COIMBATORE
TUESDAY, MARCH 27, 2018

A perfect storm in the cotton field

Why India is the only Bt cotton-growing country facing the problem of pink bollworm infestation

PRIYANKA PULLA

Earlier this month, the government cut royalties that local seed companies pay to Monsanto, for the second time in two years. This follows previous attempts to defang Monsanto. In February, for instance, the anti-trust regulator, the Competition Commission of India, decided to probe into anti-competitive practices by Monsanto. At the centre of all this is the pink bollworm infestation plaguing cotton farmers. Even though Bollgard 2, or BG-2, Monsanto's second generation insecticidal technology for cotton, was supposed to protect crops against the pink bollworm, the pest has grown resistant to the toxins produced by this trait. As a result, farmers now spend more on pesticides to control infestations. This, along with the high cost of Bt seeds, is driving farmers to indigence.

One solution suggested by the National Seed Association of India is for the government to encourage a move back to Bollgard, the first iteration of Bt cotton, as Monsanto hasn't patented BG in India. Both BG, which has a single bacterial gene called CryA1C, and BG-2, which has CryA1C and Cry2AB2, are designed to protect against pink bollworm. BG began failing against the pest in 2009, while BG-2 began failing in 2014.

Interestingly, none of the other 14 Bt cotton-growing countries have seen this resistance. China still successfully controls pink bollworm with first-generation Bt cotton. The U.S. and Australia are moving on to third-generation BG-3 without having faced this problem. Why did India suffer this unique misfortune?

"India erred by not clamping down on long-duration crops when Bt cotton was first introduced." Pink bollworm attack Bt cotton fields in Anantapur, Andhra Pradesh. • K. MURALI KUMAR

A unique problem

Cotton researchers broadly agree on the reason: the pink bollworm grew resistant because India restricted itself to cultivating long-duration hybrids since the introduction of Bt cotton in 2002. Hybrids are crosses between two crops that often see higher yields than their parents, in a genetic phenomenon called heterosis. All other Bt cotton-growing countries mainly grow open-pollinated cotton varieties rather than hybrids.

A couple of factors led to India's unique trajectory. First, when Monsanto licensed its BG and BG-2 traits to Indian seed companies, the agreement restricted the introduction of these traits to hybrids only. Second, hybrids are financially more attractive to Indian seed companies because they offer a "value capture mechanism". India is the only country whose intellectual property laws have never prevented its farmers from either saving or selling seeds, says K.V. Prabhu, chairperson of the Protection of Plant Varieties and Farmers' Rights Authority of India. Other countries restrict saving and selling of seeds in various degrees. Over 70 countries that are members of the International Union for the Protection of New Varieties of Plants, for example, allow farmers to reuse seeds from a protected plant variety, but not to sell them. In the U.S., where plant varieties are patented, the patented seeds cannot even be reused. Without such protections, several seed companies in India prefer hybrids because unlike open-pollinated varieties, hybrids lose their genetic stability when their seeds are replanted. This compels farmers to repurchase seeds each year, protecting corporate revenues.

When Monsanto introduced Bt cotton in India, the technology was so popular that cotton farmers shifted to it en masse. But because there was no open-pollinated Bt option, they were also forced to shift en masse to hybrids. From 2002 to 2011, the area under cotton hybrids rose from 2% in north India and 40% elsewhere to 96% across the country. This shift had consequences, says Keshav Raj Kranthi, former director of the Central Institute for Cotton Research and currently at the International Cotton Advisory Committee in Washington, DC. Not only are hybrids expensive, they are also bigger and bushier, forcing farmers to cultivate them at low densities – 11,000 to 16,000 crops per acre. This is sub-optimal – countries like the U.S. and Brazil plant cotton at 80,000 to 100,000 per acre. What's more, to make up for the low densities, Indian farmers grow them longer so that they produce enough cotton.

Mr. Kranthi also says that the introduction of the Bt gene into only one parent of Indian hybrids, as is the practice, is itself a problem. The resulting hybrids are hemizygous, which means that they express only one copy of the Bt gene. So, they produce cotton bolls that have some seeds toxic to the pink bollworm and some that are not. This can be contrasted with the homozygous seeds of open-pollinated varieties in the U.S., China or Australia, which have 100% toxic seeds. The problem with hemizygous hybrids is that they allow pink bollworms to survive on toxin-free seeds when they are vulnerable newborns. This is only a hypothesis, but other pink bollworm experts say it's reasonable. Bruce Tabashnik, at the University of Arizona, who studies pest resistance, adds that experiments are needed to confirm this.

When all these factors combine with the pink bollworm's biology, this creates a perfect storm of conditions for resistance. The pest does its most damage in the latter half of the cotton-growing season and does not consume any other crop that grows then. So, the long duration of Indian cotton crops, between 160 and 300 days, allows this pest to thrive and evolve resistance more quickly than it can for short-duration crops. Contrast this with other cotton-growing countries which strictly terminate the crop within 160 days.

Mr. Kranthi says the only solution to the problem is to move swiftly to short-duration varieties. This is where Monsanto's first-generation Bollgard comes in. Seed companies cannot develop open-pollinated varieties with BG-2, but they can with BG, since Monsanto didn't patent BG in India.

Step forward or two steps back?

However, not everybody agrees with this strategy. Govind Gujar, who retired as the head of entomology at the Indian Agricultural Research Institute, says moving back to BG is a bad idea because the problem was not with the BG trait but with long-duration cotton. And even if BG-2 doesn't fend off the pink bollworm, it still protects against other pests like the tobacco cutworm and the American bollworm. The presence of two Bt genes in BG-2 means it will be more effective than BG in delaying resistance against these pests. He asks: "When the whole world is moving to BG-3, why do we want to go back in time?"

The more critical question is, even if the government incentivises a return to BG, will all seed companies stop making BG-2 seeds? Some, like the Hyderabad-based Nuziveedu Seeds, say they will. But others, like the Aurangabad-based Ajeet Seeds, prefer BG-2 because of the superior stacked gene technology. If India cultivates both BG and BG-2, simultaneously, that can accelerate resistance among pests, studies predict. This could trigger the emergence of new cotton pests. India erred by not clamping down on long-duration crops when Bt cotton was first introduced. At least now it must base its policy on sound science and implement it stringently.

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COIMBATORE
BusinessLine
MONDAY • JUNE 25 • 2018

MACR

Talking Point

Farmers desperate, watchdog silent

It's time the Genetic Engineering Appraisal Committee acted in the interest of the farmers

RAJALAKSHMI NIRMAL

Mahyco Monsanto has been fighting a legal battle with Indian seed companies over royalty for Bollgard II (BGII) technology used in cotton seeds for the last few years.

The Supreme Court recently refused to stay the Delhi High Court's order revoking the patent of Monsanto on BG II. The next hearing is set for July. The judgment in this case will decide the future of biotechnology and GM crops in India.

With seed companies in a tussle with Monsanto over royalty for BG II on the one hand, cotton farmers, on the other hand, are now facing a challenge from weed infestation. Desperate to save crops, farmers are now using the illegal HT (herbicide tolerant) cotton seeds in the market, originally developed by Monsanto.

Given the serious implications of use of an unapproved technology, it is time the Genetic Engineering Appraisal Committee (GEAC) acts. Working under the Ministry of Environment, Forest & Climate Change, the GEAC plays the role of watchdog in such cases.

What ails farmers?

Cotton being a long duration crop and relatively slow-growing, is subject to threat from weeds. Weed infestation can cause up to 40-80 per cent reduction in crop yield. Farmers can spray herbicides to clear weeds, but the chemical in the herbicide causes significant damage to the cotton crop. Manual weeding is time-consuming and expensive. So, farmers prefer to use HT cotton seeds. In 2013, Mahyco Monsanto sought permission from the GEAC for release of its HT seeds — BG II RRF — which is resistant to bollworm and herbicides, but later withdrew it as the business environment for GM seeds turned uncertain in India. So, BG II RRF technology is not approved for commercial sale in India.

However, illegal HT cotton seeds are being sold in the market and many farmers across the country are using it. While the cost of the legal BG II cotton seeds itself is only ₹740 a packet, the illegal variety is sold for ₹1,200-1,500 a packet. South Asia Biotechnology Centre, New Delhi, a not-for-profit scientific organisation, in its letter to the Genetic Engineering Appraisal Committee last year, said that about 35 lakh packets of illegal HT cotton hybrids were used by Indian farmers in the kharif 2017 season.

Unapproved technology

Aside from the fact that farmers have no legal recourse in the case of sub-standard pirated seeds and are often left in the lurch by fly-by-night operators, the other risk from letting an unapproved technology perpetrate is that it will eventually result in the breakdown of the technology itself. Benefits from biotech crops can sustain only when the recommended crop management measures are practised.

But now, as the seeds are being sourced illegally, neither the government nor Monsanto is telling farmers about the required dosage of herbicide to be sprayed or the need for non-Bt refuge planting (planting an area of non-Bt crops around an area of Bt crops).

Farmers now spray herbicides twice/thrice or as many times they want. This poses the risk of cotton plants falling prey to herbicides very fast. A super weed may even develop and render HT technology useless, warn scientists.

Farmer first

To check infiltration of HT seeds into the market illegally, the Andhra Pradesh Government, in February, banned the use of glyphosate — a chemical that goes into making herbicides. While the intention is to check use of HT seeds by farmers, the success of the move is doubtful as the chemical is freely available in neighbouring States.

The State and the Centre need to nip the problem in the bud by clamping down the sources of these illegal seeds. It appears that South Asia Biotechnology Centre has identified districts in Telangana, Andhra Pradesh and Gujarat where HT seeds are made illegally, and submitted a report to GEAC.

Under the Environment Protection Act 1986, GEAC can take criminal action against those importing/manufacturing/selling genetically modified seeds without its approval. But, till date, it hasn't initiated action or set up an investigation against any illegal seed operator.

States have also been lax. Though the State government too can crackdown on companies that sell seeds illegally with the power conferred on it by the Seeds Act, none of the states such as Andhra Pradesh, Telangana or Gujarat — where there is large-scale sale of illegal HT seeds — has taken strong action.

The Andhra Pradesh Government has issued show-cause notice to two companies for selling the unapproved HT variety seeds, but it didn't result in a major ramification for the two companies.

State governments, though, do not have the power to initiate a criminal action, can revoke the licence of the company to sell seeds in the state.

It is time the GEAC and the state authorities should stand for the interests offarmers.

Between 2013 and 2016, when Mahyco Monsanto's application for permission to sell BG II RRF commercially was with GEAC, it could have acted quickly to give approval. It is that delay for which farmers are paying a price now.

The policy hurdles for biotechnology research and innovation in the country should also be cleared soon. If Indian cotton farmers are denied new technologies, they may lose competitiveness in the global market.

Illegal seeds

- No farmer is aware of crop management practices
- Risk of technology breakdown
- No legal recourse if seeds turn out to be sub-standard

Power conferred by law

Under the Environment Protection Act 1986, GEAC can take criminal action against those selling GM seeds without approval

SAMBANDAM SPINNING MILLS LIMITED

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

PROXY FORM

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

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

Registered Address :…....……………...…………………………………...…...……

E-mail Id : ….……………………………...……………………………………...

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

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

1. Name: ………………………………..…....…………..E-mail Id ...………………………………………....
   Address: ……..........………………………….....……………………………………………………………..
   ………………………...…………...……………..Signature……….……………………......... or failing him
2. Name: ………………………………..…....…………..E-mail Id ...………………………………………....
   Address: ……..........………………………….....……………………………………………………………..
   ………………………...…………...……………..Signature……….……………………......... or failing him
3. Name: ………………………………..…....…………..E-mail Id ...………………………………………....
   Address: ……..........………………………….....……………………………………………………………..
   ………………………...…………...……………..Signature……….……………………......... or failing him

as my / our proxy to attend for me/us and on my / our behalf at the Forty Fourth Annual General Meeting of the Company held at the Sambandam Spinning Mills Limited at Kamaraj Nagar Colony. Salem – 636 014 on Saturday, the 11th August 2018 at 10.45 a.m and at adjournment thereof in respect of such resolutions as are indicated below: (Please turn to next page)

SAMBANDAM SPINNING MILLS LIMITED

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

Attendance Slip

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

I hereby record my presence at the Forty fourth Annual General Meeting of the Company held at the Sambandam Spinning Mills Limited at Kamaraj Nagar Colony. Salem – 636 014 on Saturday, the 11th August 2018 at 10.45 a.m and any adjournment thereof

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

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

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

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

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

Sl. No.	Resolutions	Type of Resolution	No. of Shares Held	Yes	No
1.	ADOPTION OF FINANCIAL STATEMENTS	ORDINARY			
2.	DECLARATION OF DIVIDEND	ORDINARY			
3.	APPOINTMENT OF SRI S.DEVARAJAN DIRECTOR RETIRING BY ROTATION	ORDINARY			
4.	APPOINTMENT OF STATUTORY AUDITORS	ORDINARY			
5.	RATIFICATION OF REMUNERATION PAYABLE TO THE COST AUDITORS	ORDINARY			
6.	RE-APPOINTMENT OF SRI S.DEVARAJAN, CHAIRMAN AND MANAGING DIRECTOR	SPECIAL			
7.	RE-APPOINTMENT OF SRI S.JEGARAJAN JOINT MANAGING DIRECTOR	SPECIAL			
8.	RE-APPOINTMENT OF SRI S.DINAKARAN JOINT MANAGING DIRECTOR	SPECIAL			
9.	ACCEPTANCE OF FIXED DEPOSITS FROM MEMBERS OF THE COMPANY	ORDINARY			

Place :

Date : (Signature of Member)

Signed this .... day of August 2018

Signature of Member ....

Signature of Proxy holder(s) ....

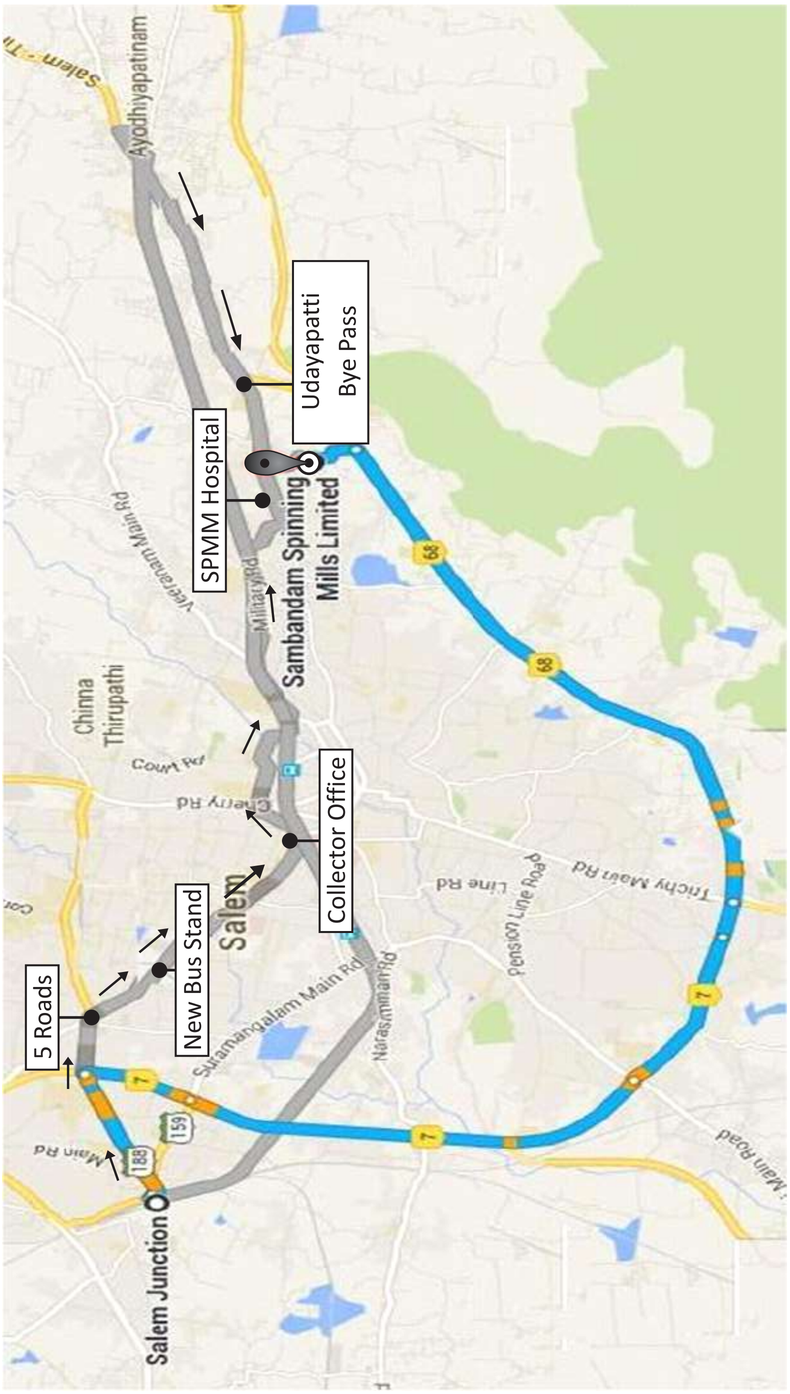
Affix
Re.1
Revenue
Stamp

Note: This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 10.45 am on 09.08.2018.

Note [Proxy] :

1) This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting, i.e. before 10.45 am on 09.08.2018.
2) Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by appropriate Resolutions / Authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3) During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member is entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than 3 days advance notice in writing is given to the Company.

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



PRODUCT SPECTRUM

SSML Melange Collection

- Regular Melange Yarn
- Colour Melange Yarn
- 100% Cotton Melange Yarn
- 100% Viscose & Polyester Blended Melange Yarn
- Tri Blended Melange Yarn
- Neppy Yarn
- Fancy Slub Melange Yarn
- Multi Colour Neppy Yarn
- Dyed Cellulosic Yarn
- Snow Marl Yarn
- Streaky Effect Yarn
- Injection Slub Yarn
- Mosaic Yarn
- Jaspe Yarn
- Rainbow Yarn
- Tricolor Vario Syro Yarn

100% COTTON

Ne 20^s to 80^s

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

Our Value Added Products

- GOTS, GRS & OCS Certified Organic Yarn
- OEKO Tex Certified Yarn
- Elite Compact Yarn
- White Guaranteed - Australian / Pima Yarn
- Combed Gassed Mercerized Yarn (CGM)
- Gassed Yarn
- Fancy Slub Yarn
- Multi Count / Multi Slub Yarn

Tailor-made Solution to blend with any Fibres and Count

COTTON	VISCOSE	MODAL	MICRO-MODAL	LINEN
BAMBOO	TENCEL/EXCEL	POLYESTER	PC AND CP	SILK

Sambandam Group of Mills, P. B. No.1, Kamaraj Nagar Colony, Salem 636 014. Tamil Nadu

(P) +91 427 2240790 (F) +91 427 2240169 (E) corporate@sambandam.com

website : www.sambandam.com Corporate Identity No. L17111TZ1973PLC000675