



Board of Directors	S. Devarajan – Chairman and Managing Director S. Jegarajan – Joint Managing Director S. Dinakaran – Joint Managing Director A.R. Natarajan D. Sudharsan V. Mahadevan P.S. Ananthanarayanan V. Gopalan N. Asoka	
Company Secretary and Chief Financial Officer	R.S. Shanmugam	
Statutory Auditors	M.S. Krishnaswami & Rajan	
Cost Auditors	S. Mahadevan & Co	
Bankers	State Bank of India Canara Bank Central Bank of India Indian Overseas Bank	Axis Bank Limited Karnataka Bank Limited IDBI Bank Limited
Registered Office	Mill Premises, Post Bag No.1 Kamaraj Nagar Colony, Salem 636 014, Tamil Nadu	
Spinning Plants	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	Uthumalai Village, V.K. Pudur Taluk Tirunelveli District, Tamil Nadu. Panangudi, Pazhavor and Parameshwarapuram Villages Radhapuram Taluk, Tirunelveli District, Tamil Nadu. Gudimangalam Village, Udumalpet Taluk, Coimbatore District, Tamil Nadu.	



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Thirty Ninth Annual General Meeting of the Company will be held at the Registered Office of the Company on **Wednesday, the 14th August, 2013 at 10.45 a.m** to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit and Loss account and the Cash Flow Statement for the year ended on that date together with the Notes annexed thereto and the reports of the Directors and the Auditors thereon.
2. To appoint a director in the place of Sri V. Mahadevan, who retires by rotation and being eligible, offers himself for re-appointment:
3. To appoint a director in the place of Dr.V.Gopalan who retires by rotation and being eligible, offers himself for re-appointment:
4. To appoint auditors and to fix their remuneration and, in this connection to pass with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED that, pursuant to Section 224 of the Companies Act, 1956, M/s. M.S.Krishnaswami & Rajan, Chartered Accountants be and they are hereby re-appointed Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration and terms as may be determined by the Board of Directors of the Company.”

Special Business :

5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

RESOLVED THAT pursuant to sub-clause (i) of clause (b) of sub-section (2A) of section 149 of the Companies Act 1956, approval of the Company be and is hereby accorded for commencement of new business stated in Clause III C (5) of the Memorandum of Association of the Company reproduced here below :

III C (5) “TO GENERATE POWER BY ESTABLISHING WIND TURBINES, GAS TURBINES, SOLAR POWER STATIONS AND ALSO GENERATE POWER FROM TIDAL WAVES OR BY ANY OTHER METHOD AND TO SELL SUCH POWER TO TAMIL NADU ELECTRICITY BOARD OR TO ANY OTHER PERSON, ORGANISATION OR GOVERNMENT BODY”.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to file pursuant to sub-clause(ii) of clause (b) of sub-section(2A) of section 149 of the Companies Act 1956, a duly verified declaration in E-Form 20A prescribed in the Companies (Central Government's) General Rules and Forms (Amendment) Rules 2006, within the prescribed period of time and to do all such acts, deeds and things as may be required to give effect to this resolution.”

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

R.S.Shanmugam
Company Secretary

Place : Salem
Date : May 27, 2013

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of him/her and that the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from TUESDAY, 6th August 2013 to WEDNESDAY 14th August 2013 (both days inclusive).
3. Members are requested to contact M/s. Cameo Corporate Services Ltd., Registrars and Share Transfer Agents of the Company, at Subramaniam Building, No.1 Club House Road, Chennai 600 002 for recording any change of address, bank mandate, or nominations and for redress of grievance or contact the Company Secretary at the Registered Office of the Company. Members can also submit their grievances direct to the Company at the following e mail ID:

cs@sambandam.com,
corporate@sambandam.com

4. Those members who have not so far encashed their dividend warrants for the year 2006 may send the unencashed dividend warrants immediately to the Company or approach the Company for payment thereof, as the same will be invalid after transfer of the unpaid amounts in July 2013 to the Investor Education and Protection Fund of the Central Government, pursuant to Section 205 A (5) of the Companies Act, 1956. After transfer of the unpaid dividend to the above fund, shareholders will cease to have any claim over that amount. Members who have not encashed any other year's dividend warrants after 2006 also may return the warrant(s) to the Company or contact the Company furnishing their full address and their shareholding details for issue of fresh cheque in lieu of the unencashed dividend warrant(s). Unencashed/Unpaid dividend upto 2005 has already been transferred to the Investor Education and Protection Fund A/c of Government of India. As such no claim shall be made for the dividend declared/paid prior to 2006.
5. As per the provisions of Sections 109A and 109B of the Companies Act, 1956 facility for making nomination is available to shareholders in respect of the shares held by them. This will facilitate smooth transmission of shares after the life time of the shareholders, particularly those holding shares in sole name. Nomination forms can be obtained from M/s Cameo Corporate Services Limited, at Subramaniam Building, No.1, Club House Road, Chennai – 600 002.
6. Securities and Exchange Board of India (SEBI) vide its Circular No.MRD/DoP/Cir-05/2009, dated May 20, 2009 issued pursuant to Section 11 of the SEBI Act, 1992, read with Section 55A of the Companies Act, made it mandatory for shareholders to furnish copy of their PAN card to the Company/RTA for registration of transfer of their shares. This is applicable to every transfer of shares transacted in the securities market irrespective of the amount of such transaction. Shareholders are advised to take note of this circular and comply with the same whenever they intend to transfer their shares or acquire further shares.
7. 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.



8. As per SEBI Regulation (Regulation No 13) 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 4 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 4 working days of sale of their shares.
9. Members who have not so far dematerialized their shares are advised to demat the shares held in physical form which will ensure safety and security of their shares.
10. Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a brief resume of the directors who are proposed to be re-appointed on their retirement at this Annual General Meeting is given below:
 - (a) Sri V.Mahadevan, is a Master of Commerce and a rank holder from Madras University. He has been an independent director of the Company from 26.3.2004. He has held the position as Chairman/Managing Director of State Bank of India and State Bank of Indore. He has also worked as financial expert at United Nations. He has more than four decades of experience in the field of banking and finance. He is also a member of the Audit Committee of this Company and an independent director and member of the Audit Committee of Kandagiri Spinning Mills Limited. He does not hold any share in the Company. No other director is personally interested in his reappointment.
 - (b) Dr. V.GOPALAN, a financial consultant, is an independent director and member of the Audit Committee and the Remuneration Committee of this Company and also Kandagiri Spinning Mills Limited, Salem. He is member of the Institute of Chartered Accountants of India, Institute of Cost Accountants of India and the Institute of Company Secretaries of India. He has held position as Vice President in ICICI Limited, Director - Finance and Company Secretary in Cognizant Technology Solutions India Limited. He has more than three decades of experience in finance. He does not hold any share in the Company. No other director is personally interested in his reappointment.

Explanatory statement pursuant to Sec.173(2) of the Companies Act, 1956 for item No.5 :

The Company is planning to install SOLAR POWER GENERATION SYSTEM in line with the Tamil Nadu Government's directions for all industries to install such facilities to meet the industry's needs and for augmenting the power supply in the state. Section 149 (2A) of the Companies Act requires that the members of the Company should approve, by a Special Resolution before commencement of any new business by the company which is not germane to the business which it has been carrying on at present. Accordingly, a special resolution at item No.5 is placed before the members. Board of directors commend the resolution for adoption. None of the directors is interested in the resolution.

Registered Office :
Mill Premises,
Kamaraj Nagar Colony,
Salem – 636 014.

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

**DIRECTORS' REPORT**

Your directors have pleasure in presenting the 39th Annual Report together with the Audited Accounts for the year ended March 31, 2013 (the year).

Performance Highlights**Turnover**

	2012-13	2011-12
	(Rupees lakhs)	
Export - Direct	627	579
Merchandise exports	3097	3048
Domestic Sales	17809	14893
	<hr/>	<hr/>
Total Yarn Sales	21533	18520
Conversion charges earned	14	32
Wind Energy Converter Power sold to third party	202	127
Other income	27	44
	<hr/>	<hr/>
Total turnover	21776	18723

Profit/(Loss)

Gross profit [Profit before interest and depreciation & Tax]	3893	759
Cash profit/(loss) [profit/(loss) before depreciation & Tax]	2481	(1043)
Profit/(loss) before tax [PBT]	1356	(2164)
Profit/(loss) after tax [PAT]	911	(1444)

Dividend

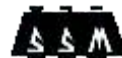
With a view to conserve and improve the resources of the Company, your directors have not recommended any dividend for the year ended 31.3.2013.

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 cotton yarn spinning sector.

(a) Industry performance

- (i) Industry's performance during the year has recorded significant improvement over the previous year even though the last couple of years had seen almost all the economies of the world go through tumultuous times and India has been no exception. Worsening Current A/c deficit and weakening Indian Rupee have had deleterious impact on balance of payment due to increased import of Gold, Crude Oil and Petroleum Products. Fiscal deficit also increased due to foreign commercial borrowings. Tighter liquidity situation and the monetary regulatory measures taken by the Reserve Bank of India to tame inflation, have had cumulative effect on the industrial sector in India which continued to witness dampening economic activity.
- (ii) During the year under review price of Cotton and yarn has stabilized. But the power situation in the state continued to pose serious threat and the cost of generating power using diesel gen-sets during the severe power cut period, ranging from ten to twelve hours a day, increased the cost of production. This resulted in rendering textile products in Tamil Nadu less competitive in the market, exerting severe pressure on profit margin.

**(b) Company's performance**

- (i) In order to cope-up with the market conditions, several cost reduction measures were adopted by the Company such as optimum utilization of the diesel gen-sets and power purchase from Indian Power Exchange supported by your Company's Wind Turbine generated power. This helped to achieve improved level of plant utilization to maintain the production and quality of the product.
- (ii) Your company's Wind Electric Generators (WEGs) recorded very good generation of electric power of the value of Rs.1455 lakhs during the year (Rs.914 lakhs – 2011-12) – increase of about 60% over the previous year, which resulted in considerable saving in power cost.
- (iii) However, Bank interest rates continued to increase further during the year. Management's conscious decision to exercise strict control on inventory levels helped to reduce the working capital requirement resulting in considerable saving up to 22% in the finance cost during the year.

(c) Outlook for 2013-14

Since the cotton price and the yarn price have almost stabilized, the industry expects to improve its margin during the year. Demand for your Company's products continues to be appreciable in domestic market as well as export market. Your directors hope to see further improvement in the export market, based on the flow of orders from countries like China, Peru, Japan, Indonesia and European countries. If the incentives for exports offered by Government of India provide relief packages, it will further boost exports. In view of this situation, the Company's performance is expected to improve further.

(d) Strategies and Future plans

In line with the Tamil Nadu Government's directions for industries in the state to install Solar Power Plants to augment the power supply to meet the growing needs of industries, your directors are planning to install Solar Power Plants with the approval of share holders to venture into this sphere of business stated in Clause III C (5) of the Memorandum of Association of the Company. For this purpose, a Special Resolution has been included in the Notice of the ensuing annual general meeting of the Company for members' approval.

In order to gain the maximum benefit from the captive power plants already installed (wind turbines) and to be installed (solar power plants) even during the power cut period, your directors are taking action to secure dedicated feeder line from the E.B substation to each of the three units of your Company. This will ensure uninterrupted power supply to the spinning mills of your company which will reduce the dependence on diesel generated power and also maximize production through out the day. Further life of the electrical components could be enhanced due to avoidance of down time during frequent power cuts and thereby quality of product could be maintained/improved further.

As part of future plans, the deferred expansion/diversification will be taken up for implementation, at the appropriate time. This will help improve value addition as well as captive consumption of the yarn produced by the company.

(e) Internal control and systems

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

Your Company is certified ISO 9001, 14001 and 18001 for the systems. Further, your Company's laboratory is also certified by NABL.

**(f) Human resources management**

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

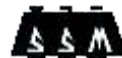
The fact that the relationship with the employees continue to be cordial is testimony to the Company's ability to retain high quality workforce. In view of the aforesaid relationship no man days were lost during the year under report.

(g) Corporate Social Responsibility (CSR)

S.Palaniandi Mudaliar Memorial Hospital (SPMM Hospital) run by S.Palaniandi Mudaliar Charitable Trust was promoted by Sambandam family in 1975 with the objective of helping poor people to meet their education and health care needs. With a view to implement this objective, the trust started a 100 bedded Multi Specialty Hospital in Salem in 1997 and the trust has been running the hospital very efficiently with highly qualified Doctors and Para-medical staff. From the beginning, the hospital has been treating every year more than 5000 poor patients with different ailments including surgical care at highly concessional charges. The hospital, jointly with Rotary International, is performing heart surgeries for children with congenital heart defects and has carried out more than 50 surgeries during last three years free of cost. Further, the hospital has treated patients including a three month-old child and a pregnant woman on whom open heart surgery cannot be done for the congenital heart defects like ASD (Atrial Septal Defect) and PDA (Patent Ductus Arteriosus) - in both the conditions there exists mixing of pure and impure blood in the heart which leads to retarded growth and finally death. But, the SPMM Hospital has treated such patients by way of Interventional therapy; a method called 'Device closure' and saved their lives free of charges. For these treatments, the hospital got financial support from an organisation called 'Gift of Life' in USA, which granted the support after verifying the facilities available in the hospital. This kind of treatment is done only in higher centers at metros like Chennai. This hospital is also providing free artificial limb fitment to nearly 100 beneficiaries every year and Calipers for polio affected children right from its inception. Therefore your directors thought it fit and proper to donate Rs.60 lakhs this year in discharge of the Company's Corporate Social Responsibility.

(h) Cautionary note

Statements in the Directors' 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.

**INDUSTRY ASSOCIATIONS**

Sri S. Dinakaran, Joint Managing Director of the Company continues to be the Chairman of the Southern India Mills' Association (SIMA) for the second year in succession. He is also a member of the Committee of Administration of the Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai and the Confederation of Indian Textile Industry (CITI), Delhi. By virtue of the offices he holds, Sri Dinakaran has been representing to the Industries and Finance Ministries to get relief to the ailing Textile Industry.

COST AUDIT REPORT

As per the directions of the Cost Audit Branch of the Ministry of Corporate Affairs, M/s.S.MAHADEVAN & CO., Cost Accountants, Coimbatore, were appointed Cost Auditors for audit of Cost Accounts of the Company and their report for the year ended 31st March 2012 was submitted on 23.01.2013 to the Ministry of Corporate Affairs (VIDE SRN S 19989235 dated 23.01.2013). Due date for submission of that Cost Audit Report in XBRL format was 31.1.2013.

M/s.S. Mahadevan & Co. were again reappointed for Audit of Cost Accounts of the Company for the year ended 31.3.2013. Their reports for the year ended 31.3.2013 will be filed before the due date.

Directors

Sri V. Mahadevan and Dr.V.Gopalan, Directors, retire by rotation and they are eligible for reappointment. Company's Code of Conduct applicable to the board has been adopted by the board and all the directors of the company have confirmed compliance with the Code of Conduct.

Auditors

Auditors, M/s. M.S. Krishnaswami & Rajan, Chartered Accountants, retire at the ensuing annual general meeting and they have confirmed their eligibility and willingness to accept office, if re-appointed.

Annexure

Annexure to this report details statement on directors' responsibility, conservation of energy, technology absorption, Research and Development and foreign exchange earnings and outgo. None of the employees of the Company has drawn remuneration exceeding Rs.5 lakhs per month or Rs.60 lakhs per annum during the year. As such the information required pursuant to Sec. 217(2A) of the Companies Act, 1956 is not applicable to the Company.

Acknowledgements

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 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, IDBI Bank Limited, Axis Bank Limited, Canara Bank, Indian Overseas Bank and Central Bank of India, Government of Tamil Nadu and other government agencies for their support, and look forward to their continued support in future.

Salem
May 27, 2013

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



Annexure to Directors' Report
Directors' Responsibility Statement as per section 217(2AA) of the Companies Act, 1956.

Responsibility in relation to financial statements

The financial statements have been prepared in conformity, in all material respects, with the applicable Accounting Standards in a consistent manner and supported by reasonable and prudent judgments and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on 31.3.2013 and of the result of operations for the year ended 31.3.2013.

The financial statements have been audited by M/s M.S. Krishnaswami & Rajan, Chartered Accountants in accordance with generally accepted auditing standards, which include an assessment of the system of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

Going Concern

In the opinion of the Directors, Company will be in a position to carry on its existing spinning of yarn business and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.

Maintenance of accounting records and Internal controls

Company has taken proper and sufficient care for maintenance of adequate accounting records as required by various Statutes.

Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.

The internal audit function encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors and reports significant issues to the Audit Committee of the Board.

Audit Committee supervises the financial reporting process through review of accounting and reporting practices, financial and accounting controls and financial statements. Audit Committee also periodically interacts with internal and statutory auditors to ensure quality and veracity of the Company's accounts.

Internal Auditors, Audit Committee and Statutory Auditors have full and free access to all the information and records as considered necessary to carry out their responsibilities. All the issues raised by them have been suitably acted upon and followed up.

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

A. Conservation of energy

(a) Power and fuel consumption -

1. Electricity

		2012-13	2011-12
(i) Purchased units*	000 KWH	1,29,72	1,69,13
Total cost	Rs. lakhs	1266	971
Cost/unit	Rs.	9.76	5.74

*net of units generated thro' wind energy converters

(ii) Own generation			
1) Through diesel generator			
Generated units	'000 KWH	115,87	52,15
Units per litre of diesel	KWH	2.59	2.52
Cost/unit	Rs.	13.96	12.08
2) Through steam turbine/generator		—	—
3) Through Wind energy converters			
Generated units(fed to TNEB Grid)	'000 KWH	21,841	1,91,56
Cost/unit*	Rs.	2.90	3.77
*Cost includes maintenance charges, interest and depreciation			
2. Coal		—	—
3. Furnace oil		—	—
4. Others		—	—
(b) Consumption per unit of production			
Production (yarn)	Kgs. lakhs	71.37	74.32
Consumption of electricity	'000 KWH	4,64,00	4,12,84
Consumption per kg. of Yarn	KWH	6.50	5.55
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	3724.13	3626.54
(b) Total Foreign exchange used and earned			
1) CIF value of Imports			
Capital goods*Rs. lakhs		—	—
Spares for Capital goods*	Rs. lakhs	27.02	32.43
Raw materials – cotton*	Rs. lakhs	1324.88	—
*exclusive of net exchange difference			
2) Other expenditure in foreign currency			
Interest	Rs. lakhs	14.26	57.46
Other matters	Rs. lakhs	1.84	6.14
3) Foreign exchange earned			
Yarn export	Rs. lakhs	627.18	586.96

(iii) Particulars of employees – information pursuant to section 217(2A) of the Companies Act, 1956

(a) Employed throughout the year and in receipt of remuneration aggregating to Rs.60,00,000 or more during the year	—	Nil
(b) Employed for part of the year and in receipt of remuneration of Rs.5,00,000 or more per month	—	Nil

Note : Remuneration includes salary and value of perquisites, nature of employment being contractual.

(iv) Code of Conduct for the Senior Management

As required under Clause 49(1)(D) of the Listing Agreement with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel of the Company have complied with the Code of Conduct of the Company for the year ended March 31, 2013.

Salem
May 27, 2013

S. Devarajan
Chairman and Managing Director



CORPORATE GOVERNANCE REPORT – Annexure to Directors’ Report

1. Our Company’s philosophy on Corporate Governance

Our Company’s philosophy on Corporate Governance is delineated below:

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

2 Board of directors

The nine member Board of Directors consists of an executive Chairman and Managing Director, four independent Directors, two executive Directors and two non-executive Directors. Details of the composition and attendance of the Board and Committees thereof and the shares of the Company held by them are given separately in this Report. Personal information about the directors being reappointed is mentioned in the Directors’ Report and in the Notice convening the Annual General Meeting.

None of the Directors of the Company is member of more than ten Committees and Chairman of more than five Committees [as specified in Clause 49(1)(C) of the Listing Agreement with the Stock Exchanges] across all Companies in India of which he is a Director. All the Directors have certified that the disqualifications mentioned in Section 274(1)(g) of the Companies Act, 1956 do not apply to them.

Non-executive Directors are entitled to sitting fees for every meeting of the Board or of the Committee thereof attended by them. Executive directors including the Chairman and Managing Director are entitled to remuneration as per their terms of appointment and the details of such remuneration received by them are given separately in this Report.

Code of Conduct

The Code of Conduct laid down by the Company is applicable to the Board of Directors and all the employees of the Company. This Code of Conduct emphasizes the Company’s commitment to compliance with the highest standards of legal and ethical behavior. All the Directors and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations of compliance to the Code of Conduct. The declaration signed by Sri S. Devarajan, Chairman and Managing Director is given separately in the Annual Report.



Directorship held by existing Directors and shares of the Company held by them as on March 31, 2013 are given below:

Name of Director	Number of other Company Directorship	Number of other Company's Committees of which member*	Number of shares of the company held as on 31.03.2013
Sri S. Devarajan Chairman and Managing Director	6	2	3,88,674
Sri S. Jegarajan Joint Managing Director	2	-	4,40,846
Sri S. Dinakaran Joint Managing Director	4	-	3,59,879
Sri D. Sudharsan	2	-	77,060
Sri A.R. Natarajan	1	-	1,92,390
Sri P.S. Ananthanarayanan	1	1	--
Sri V. Mahadevan	1	1	--
Dr. V. Gopalan	2	1	--
Sri N. Asoka	2	2	--

*Only membership of Audit Committee, Share Transfer Committee and Investor Grievance Committee are considered as per Clause 49(1)(C) of the Listing Agreement with Stock Exchanges

Audit Committee

The Audit Committee presently consists of four non executive independent Directors. Sri P.S. Ananthanarayanan, an independent Director, is the Chairman of the Audit Committee. Sri V. Mahadevan, Dr.V. Gopalan Sri N. Asoka, independent directors are members of the audit committee. The Chairman and Managing Director, Internal Auditor, Statutory Auditors, Cost Auditors are invitees to Audit Committee meetings. The terms of reference of the Audit Committee cover all the areas mentioned under Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are to review financial reporting process and all financial results, statements and disclosures and recommend the same to the Board, review the internal audit reports and internal control systems and procedures. The committee also discuss the same with the internal auditors, meet the statutory auditors and discuss their findings, the scope of audit, qualifications by auditors, if any, in the Annual Report, reviewing related party transactions, compliance with the listing agreements and other legal requirements and the Company's financial and risk management policies and compliance with statutory requirements. Sri G. Chennakesavan, Chartered Accountant, is the internal auditor of the company. He conducts internal audit and report directly to the Audit Committee of the Board.



Share Transfer Committee

The Share Transfer Committee has been constituted to specifically look into the share transfers. Share transfers are effected by the Registrar and Transfer Agent (RTA) Cameo Corporate Services Limited, Chennai, on the authorisation 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, Executive Director and Sri A.R. Natarajan, non executive Director, are members of this Committee. The Company secretary and Chief Financial Officer is the Secretary of the Committee and the Compliance officer. Minutes of the Committee meetings are circulated to all Directors and discussed at the Board meetings.

Investor Grievance Committee

The Investor Grievance Committee has been constituted to specifically look into the redressal of investors' complaints. This committee looks into investor relations/grievances on a periodical basis. Sri N. Asoka, non executive independent Director chairs the meetings of the Committee. Sri D. Sudharsan and Sri A.R. Natarajan, non executive Directors, are members of this Committee. The Company Secretary and Chief Financial Officer is the Secretary of the Committee and the Compliance officer. Minutes of the Committee meetings are circulated to all Directors and discussed at the Board meetings. During the year 78 request letters were received from investors on routine matters and all these were dealt with satisfactorily.

Finance committee

The Finance Committee has been constituted to consider borrowings from banks and financial institutions. Sri S. Devarajan, Chairman and Managing Director, Chairs the meetings of the Committee. Sri S. Jegarajan and Sri S. Dinakaran, executive Directors, are members of this Committee. The Company Secretary and Chief Financial Officer is the Secretary of the committee. The said committee met periodically and discussed financial matters relating to borrowings and deployment of funds. The minutes of the Committee meeting are circulated to all Directors and discussed at the Board meetings.

Remuneration Committee

The Remuneration Committee has been constituted to consider the remuneration and other benefits to the executive directors. The Committee consists of 3 non-executive independent Directors, namely Sri P.S. Ananthanarayanan, Dr.V. Gopalan and Sri N. Asoka. Sri P.S. Anantha narayanan chairs the meeting of the Committee. The Company Secretary and Chief Financial Officer is the Secretary of the Committee. Minutes of the Committee meeting are circulated to all Directors and discussed at the Board meetings.



3. Attendance of Directors

Remuneration and attendance of Directors at the meetings of the Board or Committee thereof during the year ended March 31, 2013 are as under:

Name of Director	Board Meeting	Audit Committee Meeting	Share Transfer Committee Meeting	Investor Grievance Committee Meeting	Remuneration Committee Meeting	AGM held on August 13, 2012	Director's Sitting fees Rupees	Director's Remuneration Rupees
Sri S. Devarajan Chairman and Managing Director	4	-	4	-	-	1	-	36,00,000
Sri S. Jegarajan Joint Managing Director	4	-	4	-	-	1	-	30,00,000
Sri S. Dinakaran Joint Managing Director	4	-	-	-	-	1	-	6,00,000
Sri D. Sudharsan	4	-	-	4	-	1	40,000	-
Sri A.R.Natarajan	4	-	4	4	-	1	40,000	-
Sri P.S.Ananthanarayanan	3	4	-	-	1	1	1,15,000	-
Sri V. Mahadevan	3	4	-	-	-	1	1,10,000	-
Dr. V. Gopalan	4	5	-	-	1	1	1,45,000	-
Sri N. Asoka	4	5	-	4	1	1	1,45,000	-

Note: Four Board meetings were held during the year on May 30, 2012, August 13, 2012, November 5, 2012 and on February 13, 2013. Five Audit Committee meetings were held during the year on April 15, 2012, May 29, 2012, August 12, 2012, November 4, 2012, and on February 12, 2013. Share Transfer Committee meetings and Investors Grievance Committee meetings were held on May 30, 2012, August 13, 2012, November 5, 2012 and February 13, 2013. Remuneration Committee Meeting was held on May 30, 2012.

4 General Shareholder Information

A The 39th Annual General Meeting of the company will be held August 14, 2013 at 10.45 a.m. at the Registered Office of the Company at Kamaraj Nagar Colony, Salem 636 014. The previous three Annual General meetings were held on the following dates:

Year	Date	Time	Venue
2010	12/08/2010	10.45 a.m.	Mill premises, Kamaraj Nagar Colony, Salem 636 014.
2011	12/08/2011	10.15 a.m.	Mill Premises, Kamaraj Nagar Colony, Salem 636 014.
2012	13/08/2012	10.15 a.m.	Mill Premises, Kamaraj Nagar Colony, Salem 636 014.

Three Special resolutions were passed at the Annual General Meeting held on August 13, 2012 to approve the reappointment and payment of remuneration to Chairman and Managing Director and two Joint Managing Directors of the Company.



No extra ordinary general meeting of the members was convened during the aforesaid three years and no special resolution was put through postal ballot last year and the company does not propose to pass any special resolution through postal ballot process during this year.

B Book Closure Period

The Book Closure period is August 6, 2013 to August 14, 2013 (both days inclusive).

C Financial Calendar for year 2013-14

Board meetings to be held in 2013-14 : August 2013, October/November 2013,
January/February 2014 and May 2014

Annual General Meeting : AGM will be held in August/September, 2014

D Listing on Stock Exchanges

Annual Listing Fee has been paid and all requirements, including submission of quarterly reports and certificates, of the stock exchange, where the shares of the Company are listed, were complied with. The shares of the Company are listed with the Bombay Stock Exchange Limited (Stock Code : 521240) and Madras Stock Exchange Limited (Stock Code : Sambandam). The company's shares are also traded in National Stock Exchange of India.

For Dematerialisation of shares, the ISIN No. allotted to the Company is INE304D01012. The shares are available for trading in the depository system of both the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CSDL). So far 90.47% shares are in dematerialised form.

E Registrar and transfer agents

The share management work, both physical and demat, is being handled by the Registrars and Share Transfer Agents of the Company whose name and address is given below:

Cameo Corporate Services Limited
Subramanian Building
No.1 Club house Road,
Chennai 600 002.

Phone : 044-28460390 (5 lines)
Fax no.:044-28460129

e-mail : investor@cameoindia.com

F Market Price (BSE) during the Period April 1, 2012 to March 31, 2013

<i>Month</i>	<i>High (Rs.)</i>	<i>Low (Rs.)</i>
April 2012	77.65	56.05
May 2012	77.85	58.05
June 2012	69.95	57.00
July 2012	69.85	52.20
August 2012	73.85	55.25
September 2012	79.45	62.60

<i>Month</i>	<i>High (Rs.)</i>	<i>Low (Rs.)</i>
October 2012	84.75	65.10
November 2012	94.50	69.45
December 2012	92.45	74.50
January 2013	96.50	76.10
February 2013	89.40	66.00
March 2013	87.80	55.20

G. Means of communication

The annual, half-yearly and quarterly results are regularly published in the English and vernacular national newspapers and are also posted on the Company's website at www.sambandam.com. These are also sent to the stock exchanges concerned in accordance with the listing agreement. Further all communication regarding share transactions, change of address, nominations etc. should be addressed to the Registrars and Share Transfer Agents of the company or to the Company Secretary at the following address:



The Company Secretary,
Sambandam Spinning Mills Limited,
Post box no.1, Kamaraj Nagar Colony
Salem 636 014.

Phone : 0427-2240790-94
Fax no.:0427-2240169
e-mail : cs@sambandam.com

H Distribution of shareholding as on March 31, 2013

<i>Shares held</i>	<i>Shareholders</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
1 – 5000	3581	97.97	700947	16.44
5001 – 10000	23	0.63	184668	4.33
10001 and above	51	1.40	3378985	79.23
Total	3655	100.00	42,64,600	100.00

I Shareholding pattern as on March 31, 2013

<i>Category</i>	<i>No. of shares held</i>	<i>%</i>
Indian Promoters	24,09,374	56.50
Financial Institutions	76,590	1.80
Bodies Corporate	1,37,076	3.21
Non Resident Indians	8,260	0.19
Clearing member	523	0.01
Indian Public	16,32,777	38.29
Total	42,64,600	100.00

J Pledge of shares

No pledge has been created over the equity shares held by the Promoters as on March 31, 2013.

K Disclosures

- (i) Details of transactions with the related parties as specified in Accounting Standards issued under section 211(3) of the Companies Act, 1956 have been reported in the Notes to the Accounts. There is no transaction of a material nature with any of the related party, which is in conflict with the interests of the company.
- (ii) There was no non-compliance, penalties or strictures imposed on the Company by any Stock exchanges, SEBI, or any other statutory authority on any matters relating to capital market during the last three years.
- (iii) The Management Discussion and Analysis Report forms a part of the Directors' Report.
- (iv) The Company does not have any subsidiary.



- (v) There have been no public issues, rights issues or other public offerings during the past five years.
- (vi) Plant locations of the Company are given below:

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

Panagudi, Pazhavor and Parameshwarapuram villages, Radhapuram Taluk, Tirunelveli District, Tamil Nadu.

Uthumalai Village, Veerakeralam Pudur Taluk, Tirunelveli District, Tamil Nadu.

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

Auditors' certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

To the Members of Sambandam Spinning Mills Limited

- 1 We have examined the compliance with the conditions of Corporate Governance by Sambandam Spinning Mills Limited (the Company) for the year ended March 31, 2013 as stipulated in clause 49 of the listing agreements of the said Company with the stock exchanges in India, with the relevant records and documents maintained by the Company and furnished to us and report on Corporate Governance as approved by the Board of Directors.
- 2 The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the said compliance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- 3 Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in the above mentioned listing agreements.
- 4 We further 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.

Salem
May 27, 2013

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



Independent Auditors' Report

To the members of Sambandam Spinning Mills Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Sambandam Spinning Mills Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) In the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and loss, of the profit of the Company for the year ended on that date; and

- (c) in the case of the Cash flow statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) we have 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 appears from our examination of those books;
 - (c) the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
 - (e) on the basis of written representation received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of section 274(1)(g) of the Act.

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

Salem
May 27, 2013

Annexure to the Independent Auditors' Report

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

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

1. (i) the company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (ii) the fixed assets are being physically verified under a phased programme of verification, which, in our opinion, is reasonable having regard to the nature and value of its fixed assets. However, no material discrepancies have been noticed during the year on such verification.
 - (iii) The company has not disposed off substantial part of its fixed assets during the year.
2. (i) inventories have been physically verified during the year by the management at reasonable intervals.



- (ii) in our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (iii) in our opinion, the company is generally maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
3. on the basis of our examination of the books of account, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion, there is generally an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5.
 - (i) based on the audit procedures applied by us, the particulars of contracts or arrangements referred to in Section 301 of the Act that needed to be entered into the register, maintained under the said section have been so entered.
 - (ii) where each of such transactions is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. the company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to deposits accepted from public.
7. in our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government of India under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9.
 - (i) the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities during the year.
 - (ii) no undisputed amounts payable in respect of statutory dues were outstanding as at March 31, 2013 for a period of more than six months from the date they became payable.



- (iii) there are no dues of Income tax, wealth tax and customs duty which have not been deposited on account of any dispute. Details of dues towards excise duty, service tax and sales tax that have not been deposited on account of any dispute, for which stay has been obtained, are (Nature of dues, dues, period to which the amount relates, forum where dispute is pending) – Excise duty, Rs.84,65,342, Financial year 2001-02 to 2002-03, Customs, Excise and Service tax Appellate Tribunal; Service tax, Rs.8,05,696, Financial year 2004-05 to 2007-08, Customs, Excise and Service tax Appellate Tribunal; Sales tax, Rs.6,52,044, Financial year 1991-92, Deputy Commissioner of Commercial Taxes.
10. the company have an accumulated losses of Rs.4,52,01,633 as at March 31, 2013 and Rs.13,62,62,625 as at March 31, 2012 and has not incurred any cash loss during the financial year ended March 31, 2013 and has incurred a cash loss of Rs.10,43,45,060 in the immediately preceding financial year.
 11. in our opinion, the company has not defaulted in repayment of dues to any financial institution, bank or debenture holders during the year.
 12. the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
 13. the company is not a chit fund or a Nidhi/mutual benefit fund/society. Accordingly the provisions of clause 4 (xiii) of the CARO are not applicable to the company.
 14. the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the CARO are not applicable to the company.
 15. the company has not given any guarantees for loans taken by others from banks or financial institutions.
 16. the term loans availed by the company were, prima facie, applied for the purpose for which they were obtained.
 17. on an overall examination of the financial statements of the company, funds raised on short-term basis have, prima facie, not been used for long term investment.
 18. the company has not made any preferential allotment of shares during the year.
 19. the company has not issued any debentures during the year.
 20. the company has not raised any money by public issues during the year.
 21. based on the audit procedures performed and considering the size and nature of the company's operations, no fraud of material significance on or by the company has been noticed or reported during the year.

Salem
May 27, 2013

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

**Balance Sheet as at March 31, 2013**

Particulars	Note No.	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1.1	4,27,55,000	4,27,55,000
Reserves and surplus	1.2	<u>63,45,48,151</u>	<u>54,77,57,312</u>
		67,73,03,151	59,05,12,312
Non-current liabilities			
Long-term borrowings	1.3	64,53,63,498	70,69,06,772
Deferred tax liabilities (Net)	1.4	26,36,78,107	21,91,78,107
Other long-term liabilities	1.5	21,99,000	21,99,000
Long-term provisions	1.6	<u>1,85,78,137</u>	<u>1,81,10,857</u>
		92,98,18,742	94,63,94,736
Current liabilities			
Short-term borrowings	1.7	28,75,40,501	58,98,38,854
Trade payables	1.8	20,15,05,033	13,32,47,857
Other current liabilities	1.9	2673,12,408	23,81,14,266
Short-term provisions	1.10	<u>6,94,420</u>	<u>4,75,250</u>
		75,70,52,362	96,16,76,227
TOTAL		<u>236,41,74,255</u>	<u>249,85,83,275</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	1.11	156,68,61,756	166,91,58,356
Intangible assets	1.12	30,74,204	64,27,892
Capital work-in-progress	1.11	<u>9,08,000</u>	<u>14,60,072</u>
		157,08,43,960	167,70,46,320
Non-current investments	1.13	2,10,35,272	2,10,35,272
Long-term loans and advances	1.14	13,88,29,649	13,46,72,208
Other non-current assets	1.15	<u>8,178</u>	<u>93,347</u>
		173,07,17,059	183,28,47,147
Current assets			
Inventories	1.16	33,33,39,491	21,69,69,449
Trade receivables	1.17	20,45,74,582	24,38,92,567
Cash and cash equivalents	1.18	6,33,75,713	16,92,66,324
Short-term loans and advances	1.19	1,44,61,433	1,45,51,178
Other current assets	1.20	<u>1,77,05,977</u>	<u>2,10,56,610</u>
		63,34,57,196	66,57,36,128
TOTAL		<u>236,41,74,255</u>	<u>249,85,83,275</u>

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

Per our report of even date
For M.S. Krishnaswami & Rajan
Chartered Accountants
R. Krishnen- Partner
Salem
May 27, 2013

For and on behalf of the board
S. Devarajan
Chairman and Managing Director
S. Dinakaran
Joint Managing Director
R.S. Shanmugam
Company Secretary and Chief Financial Officer



Statement of Profit and Loss for the year ended March 31, 2013

Particulars	Note No.	For the year ended March 31, 2013		For the year ended March 31, 2012
		Rupees	Rupees	Rupees
Income				
Revenue from operations	2.1	217,49,04,519		186,79,18,115
Other income	2.2	<u>26,86,840</u>		<u>43,68,471</u>
Total Revenue			<u>217,75,91,359</u>	<u>187,22,86,586</u>
Expenses				
Cost of materials consumed	2.3	115,28,38,941		120,85,15,876
Changes in inventories of finished goods and stock-in-trade	2.4	<u>(1,67,16,650)</u>		<u>14,18,54,988</u>
		<u>113,61,22,291</u>		<u>135,03,70,864</u>
Employee benefits expense	2.5	19,68,73,244		15,32,40,263
Finance costs	2.6	14,12,45,770		18,02,45,150
Depreciation and amortization expense	2.7	11,25,29,614		11,20,34,209
Other expenses	2.8	<u>45,52,59,448</u>		<u>29,27,75,369</u>
Total Expenses			<u>204,20,30,367</u>	<u>208,86,65,855</u>
Profit/(Loss) before tax			13,55,60,992	(21,63,79,269)
Tax expense:				
Current tax				
Deferred tax/(withdrawal)		<u>4,45,00,000</u>		<u>(7,20,00,000)</u>
			<u>4,45,00,000</u>	<u>(7,20,00,000)</u>
Profit/(Loss) for the year after tax			<u>9,10,60,992</u>	<u>(14,43,79,269)</u>
Earnings per Equity share (Face value Rs.10)				
Basic and Diluted (in Rs.)			21.35	(33.86)

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

Per our report of even date
For M.S. Krishnaswami & Rajan
Chartered Accountants
R. Krishnen- Partner
Salem
May 27, 2013

For and on behalf of the board
S. Devarajan
Chairman and Managing Director
S. Dinakaran
Joint Managing Director
R.S. Shanmugam
Company Secretary and Chief Financial Officer



Cash Flow Statement for the year ended March 31, 2013		As at March 31, 2013	As at March 31, 2012
		Rupees	Rupees
1. Cash flows from operating activities			
1.1	Profit/(loss) before tax and exceptional item	13,55,60,992	(21,63,79,269)
1.2	Adjustment for		
	Depreciation and amortisation	11,25,29,614	11,20,34,209
	Deferred revenue expenditure - amortised	85,169	99,394
	Amortisation of cost of structures on leasehold land	3,25,398	3,25,398
	Unrealised foreign exchange losses/(gains)	14,55,147	---
	Amount considered under investing activities		
	(Profit)/Loss on disposal of assets	(35,010)	(81,889)
	Income from investments	(58,405)	(1,00,740)
	Amount considered under financing activities		
	Interest paid	13,92,98,748	17,29,60,017
	Interest received	(25,74,702)	(31,65,096)
1.3	Operating profit before working capital changes	38,65,86,951	6,56,92,024
1.4	Adjustment for changes in		
	Increase / (Decrease) in trade payables	6,82,57,176	(20,60,33,210)
	Increase / (Decrease) in long term provisions	4,67,280	6,05,967
	Increase / (Decrease) in short term provisions	2,19,170	(44,680)
	Increase / (Decrease) in other current liabilities	(1,88,23,958)	(3,55,73,259)
	Decrease / (Increase) in trade receivables	3,93,17,985	8,31,50,105
	Decrease / (Increase) in inventories	(11,63,70,042)	80,23,85,799
	Decrease / (Increase) in long term advances	46,93,662	(1,99,03,597)
	Decrease / (Increase) in short term advances	89,745	55,71,515
	Decrease / (Increase) in other current assets	33,50,633	1,53,32,372
1.5	Cash generated from operating activities	36,77,88,602	71,11,83,036
1.6	Income tax paid/(refund)	(2,83,270)	(37,50,263)
	Net cash flow from operating activities before exceptional items	36,75,05,322	70,74,32,773
	Exceptional items	---	---
	Net cash flow from operating activities [A]	36,75,05,332	70,74,32,773
2. Cash flows from investing activities			
2.1	Purchase of tangible assets, intangible assets, CWIP and capital advances	(1,95,91,050)	(1,47,87,595)
2.2	Proceeds from sale of tangible assets	1,35,428	7,54,808
2.3	Refund of terminal excise duty	---	29,38,229
2.4	Investment in equity shares	---	---
2.5	Interest received	25,74,702	31,65,096
2.6	Dividend received	58,405	1,00,740
2.7	Changes in Advances (Net)	---	---
	Net cash flow used in investing activities [B]	1,68,22,515	(78,28,722)

**Cash Flow Statement for the year ended March 31, 2013 (Contd.)**

	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
3. Cash flow from financing activities		
3.1 Proceeds from long term borrowings	16,70,00,000	21,30,000
3.2 Repayments of long term borrowings	(18,02,13,354)	(18,56,34,046)
3.3 Proceeds from short term borrowings	4,54,96,736	10,00,00,000
3.4 Repayments of short term borrowings	(10,00,00,000)	(24,40,26,565)
3.5 Interest paid - Net	(13,92,98,748)	(17,29,60,017)
3.6 Dividend paid on equity shares	---	(85,29,200)
3.7 Dividend Tax paid on equity dividend paid	---	(13,83,649)
Net cash flow from financing activities [C]	20,70,15,366	(51,04,03,477)
Net cash inflow / (outflow) [A+B+C]	14,36,67,451	18,92,00,574
Opening cash and cash equivalents	(32,21,88,172)	(51,13,88,746)
Closing cash and cash equivalents	(17,85,20,721)	(32,21,88,172)
Net increase / (decrease) in cash and cash equivalents	14,36,67,451	18,92,00,574
Notes to the cash flow statement		
Components of cash and cash equivalents:		
Cash and bank balances, cash credit excluding those relating to unclaimed dividend	(17,99,75,868)	(32,21,88,172)
Unrealised foreign exchange losses/(gains)	14,55,147	---
	17,85,20,721	(32,21,88,172)

Per our report of even date
For M.S. Krishnaswami & Rajan
Chartered Accountants
R. Krishnen- Partner
Salem
May 27, 2013

For and on behalf of the board

S. Devarajan	S. Dinakaran
Chairman and Managing Director	Joint Managing Director

R.S. Shanmugam
Company Secretary and Chief Financial Officer

**Statement on Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2013**

1. Basis of preparation of financial statements - The financial statements are prepared in accordance with the generally accepted accounting standards referred to in Section 211(3C) of the Companies Act, 1956, under historical cost convention except in so far as they relate to revaluation of net assets.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the revised schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has determined its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

2. Use of estimates – The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/materialise.
3. Revenue recognition – Revenue from sale of products is recognized on despatch of goods to customers in accordance with the terms of sales. Revenue from services is recognized in accordance with the specific terms of contract on performance. Other operating revenues comprise of income from ancillary activities incidental to the operations of the company and is recognized when the right to receive the income is established as per the terms of the contract.
4. 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 Profit and Loss account. 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 Profit and loss account. 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 Profit and loss account.
5. Employee benefits – (i) Short term employee benefit obligations are estimated and provided for; (ii) Post employment benefits and other long term employee benefits – (1) Company's contribution to provident fund, labour welfare fund, employees state insurance corporation and other funds are determined under the relevant schemes and /or statute and charged to revenue; (2) Company's liability towards gratuity and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in revenue.
6. Fixed Assets – All costs relating to acquisition of fixed assets net of value added tax and terminal excise duty refund under Export Promotion Capital Goods Scheme, subject to the economic life and the cost being in excess of certain limits, are capitalized. Expenditure directly related and incidental to construction are capitalized upto the date of attainment of commercial production. Interest and other related costs, including amortised cost of borrowings attributable only to major projects are capitalized as part of the cost of the respective assets. In the case of Wind energy converters, cost of land on which the converters have been erected is capitalised as cost of the said converters. Cost of structures on leasehold land, where the estimated useful life is more than ten years, is capitalized.



7. Depreciation/amortization – Fixed assets are depreciated/amortised in the following manner: (i) assets like (a) structures on lease hold land, over their estimated useful life or ten years, whichever is lower, (b) computer software and trade name, over their estimated useful life or five years, whichever is lower; (ii) other assets, over their estimated useful lives or lives derived from the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower; (iii) depreciation/amortization is provided for the period the asset is put to use, (iv) Cost of land pertaining to the Wind energy converters is amortised in the same manner as the cost of the said converters are depreciated. No depreciation is reckoned in the year of disposal.
8. 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 wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Provision for impairment will be reviewed periodically and amended depending on changes in circumstances.
9. Investments – Non-current investments are stated at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investment, if any. Current investments are valued at lower of cost and fair value.
10. Inventories – The governing principle of valuation of Inventories (other than process waste) is the lower of cost and net realisable value. The cost for the said purpose (i) in the case of stores and spare parts, is the weighted average cost (net of Cenvat credit/value added tax, if any), (ii) in the case of cotton in process and manufactured yarn, is the cost adopting the absorption costing method, and (iii) is without deduction of the adjustment made for power generated through Wind energy converters and adjusted against the cost of power purchased from state electricity board. Process waste is valued at net realizable value. Provision is made for obsolete, slow moving and damaged items of inventory, if any.
11. Government grants – Capital grants from government relating to depreciable assets are treated as deferred income and disclosed as a capital reserve and amortised over the useful life of the concerned asset. Cenvat credit relating to capital assets acquired is treated as capital reserve and amortised over the useful life of the concerned assets by transfer profit and loss account and considered under depreciation. Grants/incentives other than those mentioned above are reckoned in the profit and loss account in the year of eligibility.
12. Amortisation of loan raising expenditure – Major revenue expenditure incurred by way of/in connection with raising of borrowing is amortised over the period of the borrowings.
13. Research and development – Revenue expenditure on research and development is charged to the profit and loss account as incurred. Capital expenditure on research and development, where the same represents cost of plant, machinery, equipment and other tangible assets, if any, is given the same accounting treatment as applicable to other capital expenditure.
14. Deferred tax - Deferred income tax charge reflects the impact of the current period timing differences between taxable income and accounting income, other than differences capable of getting reversed during the 'tax holiday' period, subject to consideration of prudence. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed as at each balance sheet date based on developments during the period and available case laws to reassess realisation/liabilities.
15. Provisions and contingencies - To recognise a provision when (i) the company has a present obligation as a result of a past event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation that may, but probably will not, require outflow of resources. Where there is possible obligation or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes annexed to and forming part of the Financial Statements

	As at March 31, 2013	As at March 31, 2012
	Rupees	Rupees
1.1 Share Capital		
Authorised		
50,00,000 (2012 : 50,00,000) Equity shares of Rs.10 each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued		
42,86,400 (2012 : 42,86,400) Equity shares of Rs.10 each	<u>4,28,64,000</u>	<u>4,28,64,000</u>
Subscribed		
42,64,600 (2012 : 42,64,600) Equity shares of Rs.10 each fully paid	4,26,46,000	4,26,46,000
Add : Forfeited shares (amount originally paid up in respect of 21,800 equity shares)	1,09,000	1,09,000
	<u>4,27,55,000</u>	<u>4,27,55,000</u>

Notes :

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

Name of the shareholder	No. of shares		No. of shares	
	2013	%	2012	%
S. Jegarajan	4,40,846	10.34	4,25,846	9.99
S. Devarajan	3,88,674	9.11	3,74,424	9.11
S. Dinakaran	3,59,879	8.44	3,44,879	8.09
A.G. Venkatesan	2,75,790	6.47	2,75,790	6.47

2. Rights and restrictions in respect of equity shares } The rights, preferences and restrictions of holders of Equity shares are governed by / in terms of their issue under the provisions of the Companies Act, 1956.

1.2 Reserves and Surplus

a) Securities Premium as at the beginning and end of the year	5,39,09,064	5,39,09,064
b) Revaluation Reserve		
As at the beginning of the year	28,89,23,214	29,26,87,615
Transfer to Statement of Profit and Loss (refer note no.3.16 to the Financial Statements)	<u>37,64,401</u>	<u>37,64,401</u>
As at the end of the year	28,51,58,813	28,89,23,214
c) Cenvat credit relating to capital assets		
As at the beginning of the year	11,87,659	19,83,383
Transfer to Statement of Profit and Loss	<u>5,05,752</u>	<u>7,95,724</u>
As at the end of the year	6,81,907	11,87,659
d) General Reserve		
As at the beginning of the year	34,00,00,000	34,00,00,000
Transfer from Statement of Profit and Loss	<u>-</u>	<u>-</u>
As at the end of the year	34,00,00,000	34,00,00,000
e) Surplus/(Deficit) - balance in Statement of Profit and Loss		
As at the beginning of the year	(13,62,62,625)	81,16,644
Current year profit/(loss)	9,10,60,992	(14,43,79,269)
Transfer to General Reserve	<u>-</u>	<u>-</u>
As at the end of the year	(4,52,01,633)	(13,62,62,625)
	<u>63,45,48,151</u>	<u>54,77,57,312</u>



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

	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
1.3 Long term borrowings		
Secured - Term loans from banks	60,54,88,498	66,34,45,772
Unsecured - Fixed deposits	3,98,75,000	4,34,61,000
	64,53,63,498	70,69,06,772
Notes :		
i) Refer note no.3.17 to the Financial Statements for the terms the loans		
ii) Fixed deposits includes deposits from directors Rs.13,15,000 (2012 : Rs.27,15,000)		
1.4 Deferred tax liabilities (net)		
Deferred tax liabilities		
- Timing differences on account of depreciation	27,40,86,149	28,80,85,106
Deferred tax assets		
- Unabsorbed tax depreciation and loss	42,36,849	6,28,91,025
- Provision for employees benefit	61,71,193	60,15,974
	26,36,78,107	21,91,78,107
1.5 Other long term liabilities		
Security deposits	21,99,000	21,99,000
	21,99,000	21,99,000
1.6 Long term provisions		
Provision for employee benefits		
Compensated absences	1,85,78,137	1,81,10,857
	1,85,78,137	1,81,10,857
1.7 Short term borrowings		
Secured from banks		
Cash credit facilities	24,20,43,765	48,98,38,854
Goods loan facilities	-	5,00,00,000
Buyer's credit facilities	4,54,96,736	-
Short term loan	-	5,00,00,000
	28,75,40,501	58,98,38,854
Notes :		
Refer note no.3.17 to the Financial Statements for the terms the loans		
1.8 Trade payables		
Micro, Small and Medium enterprises	1,56,269	1,84,862
Other trade payables	20,13,48,764	13,30,62,995
	20,15,05,033	13,32,47,857

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

	As at March 31, 2013	As at March 31, 2012
	Rupees	Rupees
1.9 Other current liabilities		
Current matutities of Long term debts	24,43,86,656	19,60,56,730
Interest accrued but not due on borrowings	4,63,609	-
Interest accrued and due on borrowings	1,33,18,415	1,42,84,406
Unclaimed dividends	13,07,816	16,15,642
Other payables	78,35,912	2,61,57,488
	26,73,12,408	23,81,14,266
Notes :		
i) Refer note no.3.17 to the Financial Statements for terms of current maturities of long term debts		
ii) Other payables include :		
- contribution payable to Gratuity Fund	8,69,316	1,29,06,302
- capital creditors	13,16,000	22,39,678
- advance from customers	20,87,314	38,03,070
- sales tax payable	10,93,486	52,17,004
1.10 Short term provisions		
Provision for employee benefits		
Compensated absences	6,94,420	4,75,250
1.11. Refer Page 31	6,94,420	4,75,250
1.12. Refer Page 32		
1.13 Non-Current Investments		
Non-Trade Investments		
Investments in Equity instruments		
i) Associates		
19,90,000 (2012 : 19,90,000) Equity shares of Rs.10 each in SPMM Health Care Services Private Limited	1,99,00,000	1,99,00,000
ii) Others		
1,330 (2012 : 1,330) Equity shares of Rs.10 each in Karnataka Bank Limited #	60,272	60,272
1,07,500 (2012 : 1,07,500) Equity shares of Rs.10 each in Sambandam Investment and Leasing Limited	10,75,000	10,75,000
	2,10,35,272	2,10,35,272
Notes :		
i) All investments are fully paid-up		
ii) Quoted invesments (#) - Cost	60,272	60,272
- Market value	1,97,106	1,27,215
iii)Unquoted investments - Cost	2,09,75,000	2,09,75,000



Notes annexed to and forming part of the Financial Statements (Contd.)
Rupees

1.11 Tangible assets and Capital work in progress

Description	Gross block (Cost/valuation)			Depreciation/amortisation/impairment				NET BLOCK		
	As on 01.04.2012	Additions	Deductions	As on 31.03.2013	Up to 31.03.2012	Charge during the year	Deductions/ Adjustments	Up to 31.03.2013	As on 31.03.2013	As on 31.03.2012
Land - freehold	23,25,01,000			23,25,01,000	9,16,56,562	1,44,64,722		10,61,21,284	23,25,01,000	23,25,01,000
Buildings	44,98,05,393	36,76,274		45,34,81,667	19,52,339	3,25,392		22,77,731	34,73,60,383	35,81,48,831
Structures on lease hold land	32,53,863			32,53,863	80,12,73,405	649,50,608	25,372	86,61,98,641	9,76,132	13,01,524
Plant and machinery	157,58,00,346	32,47,931	1,24,947	157,89,23,330	31,50,80,838	313,98,132		34,64,78,970	71,27,24,689	77,45,26,941
Wind energy converters	60,46,63,900			60,46,63,900	8,18,996	1,04,685		9,23,681	25,81,84,930	28,95,83,062
Furniture and fittings	22,12,690	7,600		22,20,290	109,16,756	5,48,210		1,14,64,966	12,96,609	13,93,694
Vehicles	2,11,07,910	31,63,205		2,42,71,115	37,03,108	19,79,722		56,14,423	1,28,06,149	101,91,154
Office Equipment	51,83,018	14,80,279	69,250	65,94,047			68,407		9,79,624	14,79,910
Live stock	32,240			32,240					32,240	32,240
SUB TOTAL	289,45,60,360	115,75,289	194,197	290,59,41,452	122,54,02,004	11,37,71,471	93,779	133,90,79,696	156,68,61,756	166,91,58,356
Less :										
Transfer from Revaluation Reserve pertaining to Building						37,64,401				
Amount considered in Note no.3.14 to the Financial statements										
Amount considered in Note no.3.16 to the Financial statements						3,25,392				
TOTAL	289,45,60,360	1,15,75,289	1,94,197	290,59,41,452	122,54,02,004	10,91,75,926	93,779	133,90,79,696	156,68,61,756	166,91,58,356
Previous year	288,15,17,557	1,72,30,039	41,87,236	289,45,60,360	111,24,12,044	10,86,80,526	5,76,088	122,54,02,004	166,91,58,356	176,91,05,513
Capital work in progress				9,08,000					9,08,000	14,60,072
Previous year				14,60,072					14,60,072	11,66,925

Notes :

- i) Gross block includes Rs.33,31,48,842 added on revaluation of land and buildings as at March 31, 2009 based on report by an external valuer.
- ii) Deductions under plant and machinery includes refund of terminal excise duty under Export Promotion Capital Goods Scheme, of Rs.Nil(2012 : Rs.29,38,229)
- iii) Borrowing cost capitalised - Rs. Nil (2012 Rs. Nil)



Notes annexed to and forming part of the Financial Statements (Contd.)
Rupees

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

Description	Gross block (Cost/valuation)			Depreciation/amortisation/impairment				NET BLOCK		
	As on 01.04.2012	Addi- tions	Dis- posals	As on 31.03.2013	Upto 31.03.2012	Charge during the year	Disposals /Adjustments	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
Computer software										
- acquired	1,67,68,414			1,67,68,414	103,40,522	33,53,688		1,36,94,210	30,74,204	64,27,892
Others										
- trade name	1,35,45,000			1,35,45,000	1,35,45,000			1,35,45,000	--	--
TOTAL	3,03,13,414			3,03,13,414	2,38,85,522	33,53,688		2,72,39,210	30,74,204	64,27,892
Previous year	3,03,13,414			3,03,13,414	2,05,31,839	33,53,683		2,38,85,522	64,27,892	97,81,575
Capital work in progress										
Previous year	-			-	-	-		-	-	-

Notes :

i) Borrowing cost capitalised - 2013 Rs. Nil (2012 Rs. Nil)

1.13 Refer Page 30

1.14 Long term Loans and advances

	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
Unsecured, considered good		
Capital advances	1,89,17,649	1,03,49,816
Security deposits	2,27,29,886	3,19,32,804
Other loans and advances		
- employee advances	4,14,150	6,61,144
- Sales tax, ESI and others paid under protest	1,91,91,686	1,44,35,436
- Advance income tax (net of provisions)	43,16,214	40,32,944
- MAT credit entitlement	7,32,60,064	7,32,60,064
	13,88,29,649	13,46,72,208


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

	As at March 31, 2013	As at March 31, 2012
	Rupees	Rupees
1.15 Other Non-current assets		
Unamortised loan raising expenses	8,178	93,347
	<u>8,178</u>	<u>93,347</u>
1.16 Inventories		
Raw materials - Cotton	19,51,01,023	9,63,48,985
Work-in-progress - Cotton in process	7,63,86,435	8,59,05,745
Finished goods - Yarn	5,40,79,304	2,64,64,821
- Process waste	14,04,007	27,82,530
Stores and spares	63,68,722	54,67,368
	<u>33,33,39,491</u>	<u>21,69,69,449</u>
1.17 Trade receivables		
Unsecured, considered good		
Trade receivables outstanding for more than six months from the date they are due for payment	10,33,288	6,46,238
Others	20,35,41,294	24,32,46,329
	<u>20,45,74,582</u>	<u>24,38,92,567</u>
1.18 Cash and cash equivalents		
Balances with banks in - Current account	1,71,11,990	15,22,08,099
- Deposit account	2,00,00,000	--
Cash on hand	30,59,211	21,56,023
Earmarked balances with Banks - Unclaimed dividend accounts	13,07,816	16,15,642
- Liquid assets deposits *	48,16,852	48,16,852
Deposits with Banks held as margin money	1,70,79,844	84,69,708
* under Companies (Acceptance of Deposits) Rules, 1975		
Of the above, Bank deposits with more than 12 months maturities Rs.3,02,84,300 (2012 Rs.85,15,828)	<u>6,33,75,713</u>	<u>16,92,66,324</u>
1.19 Short-term loans and advances		
Unsecured, considered good		
Material advances	28,03,165	66,57,810
Employee advances	15,98,699	14,61,448
Other receivables	1,00,59,569	64,31,920
	<u>1,44,61,433</u>	<u>1,45,51,178</u>
Of the above, Other receivables include :		
- VAT credit	8,98,272	5,99,555
- Prepaid expenses	64,48,591	41,05,672
1.20 Other current assets		
Interest accrued on deposits	18,37,448	11,56,689
Interest subsidy receivable	1,35,21,805	1,89,70,768
Export incentive receivable	8,99,944	8,29,759
Unamortised loan raising expenses	14,46,780	99,394
	<u>1,77,05,977</u>	<u>2,10,56,610</u>



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

	For the year ended March 31, 2013 Rupees	For the year ended March 31, 2012 Rupees
2.1 Revenue from operations		
Sale of products		
Yarn	204,49,69,129	173,45,49,751
Process waste	10,38,84,854	11,48,25,290
Power generated by wind energy converters (net of captive consumption)	2,02,10,479	1,26,49,836
Revenue from services	216,90,64,462	186,20,24,877
Yarn testing charges	13,74,923	12,45,985
Yarn conversion charges	36,396	19,88,075
Other operating revenues		
Scrap sales	16,46,603	16,76,988
Export incentives	27,82,135	1357,358
	<u>217,49,04,519</u>	<u>186,82,93,283</u>
Less Trade rebate and discounts	-	3,75,168
	<u>217,49,04,519</u>	<u>186,79,18,115</u>
2.2 Other income		
Interest income from		
Security deposits and bank deposits	25,57,128	29,74,992
Others	17,574	1,90,104
Dividend income from Non-current investments	58,405	1,00,740
Other non-operating income		
Profit on sale of assets	35,010	81,889
Net gain on foreign currency transactions and translations	18,723	10,20,746
	<u>26,86,840</u>	<u>43,68,471</u>
2.3 Cost of materials consumed		
Cotton	114,96,90,476	120,61,75,569
Others	31,48,465	23,40,307
Of the above	<u>115,28,38,941</u>	<u>120,85,15,876</u>
Imported items - Amount	13,24,88,374	1,06,00,149
- Percentage	11.49	0.88
Indigenous items - Amount	102,03,50,567	119,79,15,727
- Percentage	88.51	99.12
2.4 Changes in Inventories of finished goods and work-in-progress		
Work-in-progress	95,19,310	(1,87,90,088)
Finished goods	(2,62,35,960)	16,06,45,076
Net change in inventories	<u>(1,67,16,650)</u>	<u>14,18,54,988</u>
2.5 Employee benefits expense		
Salaries, wages and bonus	17,93,37,004	12,99,64,196
Contribution to provident, gratuity and other funds	69,36,687	1,42,52,009
Welfare expenses	1,05,99,553	90,24,058
	<u>19,68,73,244</u>	<u>15,32,40,263</u>



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

	For the year ended March 31, 2013	For the year ended March 31, 2012
	Rupees	Rupees
2.6 Finance costs		
Interest	13,92,98,748	17,29,60,017
Other borrowing costs	19,47,022	72,85,133
	14,12,45,770	18,02,45,150
Other borrowing costs include amortisation on :		
Premium on forward contracts	19,47,022	62,85,133
2.7 Depreciation and amortisation expense		
Tangible assets		
Buildings	1,44,64,722	1,42,87,357
Plant and machinery	6,44,44,856	6,45,39,702
Wind energy converters	3,13,98,132	3,13,98,132
Furniture and fittings	1,04,685	1,00,542
Office equipments	5,48,210	4,08,002
Vehicles	19,79,722	17,11,192
	11,29,40,327	11,24,44,927
Less Transfer from revaluation reserve	37,64,401	37,64,401
Total depreciation on tangible assets (A)	10,91,75,926	10,86,80,526
Intangible assets		
Computer software - acquired	33,53,688	33,53,683
	33,53,688	33,53,683
Total depreciation on intangible assets (B)	33,53,688	33,53,683
Grand total (A + B)	11,25,29,614	11,20,34,209
2.8 Other expenses		
Conversion charges	1,60,40,657	70,16,162
Consumption of stores and spares	3,43,98,283	3,32,53,265
Power and fuel-net	28,83,55,084	16,50,96,133
Rent	4,12,671	4,39,204
Repairs and maintenance - Buildings	20,79,945	11,53,832
- Plant and machinery	2,96,40,118	2,19,20,543
Insurance	8,79,966	11,08,681
Rates and taxes	18,09,152	28,70,451
Packing and forwarding chages	2,02,43,174	1,77,39,029
Printing and stationery	7,49,257	9,98,622
Brokerage and commission on sales	2,03,13,049	1,65,14,898
Travel and vehicle upkeep expenses	1,34,27,782	1,08,08,468
Donation and charity	60,65,200	11,90,000
Premium on hank yarn obligation charges	33,29,007	16,06,898
Directors' sitting fees	5,95,000	6,40,000
Bad debts written off	81,600	1,61,793
Bank and other financial charges	78,24,486	33,18,335
Miscellaneous expenses	90,15,017	69,39,055
	45,52,59,448	29,27,75,369



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

	March 31, 2013	March 31, 2012
3.1 Information regarding Imports (c.i.f)		
Raw materials	13,24,88,374	--
Machinery spares	27,02,308	32,43,233
3.2 Foreign currency transactions and other financial information		
(i) Expenditure in foreign currency		
Interest	14,25,801	57,45,758
Travel	--	6,13,749
Others	1,84,117	--
(ii) Earnings in foreign currency		
Export of goods (FOB value)	6,27,18,181	5,82,26,025
Others (freight recoveries)	3,66,714	4,68,659
(iii) Remittance of dividend to Non - Resident Shareholders	--	--
3.3 Auditors' remuneration (included under Miscellaneous expenses (refer Note 2.8 to the Financial statements))		
(i) For financial audit	4,25,000	3,50,000
(ii) For cost audit	1,00,000	1,00,000
(iii) For taxation matters	1,25,000	1,65,000
(iv) For other services	1,92,000	1,78,000
(v) For reimbursement of expenses	1,30,476	87,606
3.4 Contingent liabilities		
(i) Claims against the company not acknowledged as debts	4,59,05,014	3,92,50,691
(ii) Guarantees	96,66,200	96,66,200
(ii) Bills discounted with banks	--	20,75,857
Out flow relating to above not practicable to indicate in view of uncertainties involved		
3.5 Capital commitments not provided for (net of advances)	9,85,36,341	9,85,36,341
3.6 Earnings per share		
Profit/(Loss) after taxation as per Statement of Profit and Loss (A)	13,55,60,992	(14,43,79,269)
Number of equity shares outstanding (B)	42,64,600	42,64,600
Basic and Diluted earnings per share (in Rupees) (A/B)	21.35	(33.86)
3.7. Segment information		
The company's primary segment is identified as business segment based on nature of products, risks, return and the internal business reporting system (i.e. cotton yarn) and operates in a single geographical segment as per Accounting Standard 17.		



3.8 Related party disclosure

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

- (1) Key management personnel : Sri S. Devarajan – Chairman and Managing Director
 (2) Associate : SPMH Healthcare Services Private Limited
 (3) Parties where significant influence exists : Sambandam Siva Textiles Private Limited
 S. Palaniandi Mudaliar Charitable Trust
 Sambandam Spinning Mills Gratuity Trust

(ii) Transactions with related parties

(1) Key management personnel

- Interest payment	37,924	40,625
- Dividend payment	--	7,48,848
- Remuneration	36,00,000	36,00,000
- Outstanding balances under Fixed deposits	3,59,134	3,61,564

(2) Parties where significant influence exists

Sambandam Siva Textiles Private Limited		
- Sale of wind power	2,02,10,479	1,26,49,836
- Outstanding balances at end of the year	--	--
S. Palaniandi Mudaliar Charitable trust		
- Payments for employee welfare services	7,52,633	5,47,654
- Contribution paid	60,00,000	--
Sambandam Spinning Mills Gratuity trust		
- Contribution paid/payable	8,69,316	79,23,091

- 3.9 The net assets of the company were revalued as on March 31, 2009 by an external valuer on the basis of (i) estimated market value in the case of land and (ii) estimated depreciated replacement cost in the case of buildings and (iii) estimated amounts realizable/payable in the case other assets and liabilities. The resulting net surplus on such revaluation aggregating Rs.30,02,16,417 has been credited to revaluation reserve.
- 3.10 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company. There are no overdues to parties on account of principal amount and/or interest and accordingly no additional disclosures have been made; and (ii) There are no amounts remaining unpaid or unclaimed for a period of seven years in respect of unpaid dividend, matured fixed deposits and interest thereon from the date they became payable by the company and hence there are no amounts remaining to be credited to the Investor Education and Protection Fund.
- 3.11 Derivatives - The company uses derivative financial instruments such as forward contracts and option to hedge certain currency exposures, present and anticipated, denominated mostly in US dollars, Euro and Swiss Franks. Generally such contracts are taken for exposures materializing in the next six months. The company actively manages its currency rate exposures and uses these derivatives to mitigate the risk from such exposures. The company has hedged exposure of US \$ 7,01,932 (March 31, 2012 US \$ Nil) as at March 31, 2013 and has a net unhedged exposure of US \$ 1,31,400 (March 31, 2012 US\$ Nil) as at March 31, 2013.
- 3.12 Raw material consumed – others include consumption of yarn for manufacture of double yarn.
- 3.13 Power and fuel are (i) net of value of power generated by Wind energy converters Rs.12,52,72,864 (2011-12 Rs.7,87,59,616) and (ii) after reckoning the reversal of carbon credit accrued in prior years of Rs. Nil (2011-12 Rs.50,28,883), as a measure of abundant caution, due to (a) rejection of claim for the credit by concerned sanctioning authorities and (b) inordinate delay in issue of validation report even after completion of inspection and documentation.
- 3.14 Repairs to buildings include amortization of cost of structures on leasehold land of Rs.3,25,398 (2011-12 Rs.3,25,398).
- 3.15 Human resources – Particulars of managerial remuneration (i) To Managing Director – Salary Rs.21,60,000 (2011-12 Rs.21,60,000), Perquisites Rs.14,40,000 (2011-12 Rs.14,40,000); and (ii) To Joint Managing Directors – Salary Rs.24,00,000 (2011-12 Rs.24,00,000), Perquisites Rs.12,00,000 (2011-12 Rs.12,00,000).
- 3.16 Depreciation/amortisation – (i) Amortised cenvat credit of Rs.5,05,752 (2011-12 Rs.7,95,724) deducted from capital reserve has been netted against the depreciation charge relating to the concerned plant and machinery; and (ii) Depreciation for the year computed on revalued assets includes a charge of Rs.37,64,401 (2011-12 Rs.37,64,401) being the excess depreciation computed by the method followed by the company prior to revaluation and the same has been transferred from Revaluation reserve to the Profit and Loss account.



3.17 Details of Long Term Borrowings:

Bank Name	March 31, 2013				Particulars of Repayment	March 31, 2012			
	Non Current	Current	Total	Rate of Interest %		Non Current	Current	Total	Rate of Interest %
	Rupees	Rupees	Rupees			Rupees	Rupees	Rupees	
a.	Secured Loans: (i) Term loans from Banks								
Central Bank of India	1,12,50,000	1,00,00,000	2,12,50,000	13.50	8 quarterly instalments of Rs.25 lakhs each and four quarterly instalments of Rs.28.13 lakhs (2012-13 Rs.100 lakhs, 2013-14 Rs.100 lakhs and 2014-15 Rs.112.50 lakhs)	2,12,50,000	1,00,00,000	3,12,50,000	13.50
Indian Overseas Bank	2,22,20,000	1,20,00,000	3,42,20,000	13.50	45 monthly instalments of Rs.10 lakhs each and one monthly instalment of Rs.12 lakhs (2012-13 Rs.120 lakhs, 2013-14 Rs.120 lakhs, 2014-15 Rs.120 lakhs and 2015-16 Rs.102 lakhs)	3,42,00,000	1,20,00,000	4,62,00,000	13.50
State Bank of India TL 1	3,78,36,000	1,80,00,000	5,58,36,000	13.65	24 monthly instalments of Rs.15 lakhs each, 11 monthly instalments of Rs.30 lakhs each and one monthly instalment of Rs.48 lakhs (2012-13 Rs.180 lakhs, 2013-14 Rs.180 lakhs and 2014-15 Rs.378 lakhs)	5,58,00,000	1,80,00,000	7,38,00,000	14.90
State Bank of India TL 2	19,08,00,030	3,60,00,000	22,68,00,030	13.65	12 monthly instalments of Rs.25 lakhs each, 24 monthly instalments of Rs.30 lakhs each, 12 monthly instalments of Rs.58 lakhs each and 12 monthly instalments of Rs.71 lakhs each (2012-13 Rs.300 lakhs, 2013-14 Rs.360 lakhs, 2014-15 Rs.360 lakhs, 2015-16 Rs.696 lakhs and 2016-17 Rs.852 lakhs)	22,68,00,030	300,00,000	25,68,00,030	14.90
State Bank of India TL 3	2,48,00,000	1,44,00,000	3,92,00,000	13.65	24 monthly instalment of Rs.12 lakhs each, 11 monthly instalment of Rs.20 lakhs each and one monthly instalment of Rs.28 lakhs (2012-13 Rs.144 lakhs, 2013-14 Rs.144 lakhs, 2014-15 Rs.248 lakhs)	3,92,00,000	1,44,00,000	5,36,00,000	14.90



State Bank of India TL 4	8,32,50,000	67,50,000	9,00,00,000	13.75	6 monthly instalment of Rs.11.25 lakhs each, 12 monthly instalment of Rs.15.75 lakhs each, 12 monthly instalment of Rs.18 lakhs each, 16 monthly instalment of Rs.22.50 lakhs and 2 monthly instalment of Rs.33.75 lakhs each (2013-14 Rs.67.50 lakhs, 2014-15 Rs.189 lakhs, 2015-16 Rs.216 lakhs, 2016-17 Rs.360 lakhs and 2017-18 Rs.67.50 lakhs)	6,41,25,000	120,00,000	7,61,25,000	14.00				
Karnataka Bank TL 1	5,21,25,000	1,20,00,000	6,41,25,000	14.00	12 quarterly instalments of Rs.30 lakhs each, 3 quarterly instalments of Rs.100 lakhs each and one quarterly instalment of Rs.101.25 lakhs (2012-13 Rs.120 lakhs, 2013-14 Rs.120 lakhs, 2014-15 Rs.120 lakhs, 2015-16 Rs.401.25 lakhs)								
Karnataka Bank TL 2	11,29,38,093	2,08,00,000	13,37,38,093	14.00	8 quarterly instalments of Rs.52 lakhs each, 4 quarterly instalments of Rs.70 lakhs each, 4 quarterly instalments of Rs.88 lakhs each, 3 quarterly instalments of Rs.140 lakhs each and one quarterly instalment of Rs.77.38 lakhs (2012-13 Rs.208 lakhs, 2013-14 Rs.208 lakhs, 2014-15 Rs.280 lakhs, 2015-16 Rs.352 lakhs, 2016-17 Rs.497.38 lakhs)	13,37,38,093	2,08,00,000	15,45,38,093	14.00				
Karnataka Bank TL 3	-	4,70,00,000	4,70,00,000	14.00	7 quarterly instalments of Rs.125 lakhs each and one quarterly instalment of Rs.95 lakhs (2012-13 Rs.500 lakhs, 2013-14 Rs.470 lakhs)	4,70,00,000	5,00,00,000	9,70,00,000	14.00				
Karnataka Bank TL 4	3,56,14,000	28,86,000	3,85,00,000	13.75	6 monthly instalment of Rs.4.81 lakhs each, 12 monthly instalment of Rs.6.74 lakhs each, 12 monthly instalment of Rs.7.70 lakhs each, 17 monthly instalment of Rs.9.63 lakhs and 1 monthly instalment of Rs.19.15 lakhs (2013-14 Rs.28.86 lakhs, 2014-15 Rs.80.88 lakhs, 2015-16 Rs.92.40 lakhs, 2016-17 Rs.115.56 lakhs, 2017-18 Rs.67.30 lakhs)								



	March 31, 2013				March 31, 2012				
	Particulars of Repayment	Non Current	Current	Total	Rate of Interest %	Non Current	Current	Total	Rate of Interest %
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Canara Bank TL	0	3,60,00,000	3,60,00,000	13.50					
IDBI Bank Term loan	3,28,25,000	78,00,000	4,06,25,000	14.00	4,01,75,000	64,50,000	4,66,25,000	14.25	
HDFC Bank bus loan					-	3,22,778	3,22,778	10.25	
HDFC Bank bus loan	5,94,292	2,74,284	8,68,576	10.25	8,56,906	5,48,568	14,05,474	10.25	
Federal Bank car loan	1,16,748	1,83,994	3,00,742	10.71	3,00,743	1,65,384	4,66,127	10.71	
ii) Term loan from others									
Kotak Mahindra Prime Limited car loan	11,19,335	8,73,378	19,92,713	9.90					
iii) Cash credit from banks									
State Bank of India		11,58,61,574	11,58,61,574	13.25		23,91,99,315	23,91,99,315	13.50	
Karnataka Bank		6,15,66,889	6,15,66,889	13.25		14,69,68,111	14,69,68,111	13.00	



Axis Bank	99,46,625	99,46,625	12.75	On demand	94,13,911	94,13,911	12.75
Canara Bank	5,46,68,677	5,46,68,677	13.50	On demand	9,42,57,517	9,42,57,517	13.50
iv) Short term loan from banks							
Goods loan from Karnataka Bank				Repaid on September 30, 2012	5,00,00,000	5,00,00,000	14.00
Buyers credit loan (FC)	4,54,96,736	4,54,96,736	1.82				
IDBI Bank - STL				Repaid on May 3, 2012	5,00,00,000	5,00,00,000	14.50
TOTAL	60,54,88,498	51,25,08,157			66,34,45,772	76,45,25,584	142,79,71,356

(i) Term loans from banks aggregating Rs.74,10,94,123 (March 31, 2012 Rs.68,31,43,744) are secured by a first charge on the Company's fixed assets subject to the charge stated in (ii) to (iv) infra and secured by a second charge on the Company's current assets; (ii) Term loans from banks to an extent of Rs.8,62,00,000 (March 31, 2012 Rs.15,06,00,000) are secured by a first charge on the Company's Wind Mills; (iii) Term loans from banks to an extent of Rs.11,69,318 (2011-12 Rs.21,94,379) are secured by hypothecation of certain buses and cars; (iv) Term loan from Kodak Mahindra Prime Limited of Rs.19,92,713 (2011-12 Rs. Nil) is secured by hypothecation of car; (v) Cash credit/short term loan/buyers credit facilities(FC) are secured by a first charge on the Company's current assets except the stock of cotton pledged for goods loan facility and by a second charge on the Company's fixed assets excluding the charges mentioned in (ii) to (iv) supra; (vi) Goods loan facilities were secured by pledge of cotton; and (vii) All the above loans are guaranteed by four directors.

b. Unsecured Loans:							
Fixed deposits	3,98,75,000	1,94,19,000	5,92,94,000	11.00 to 12.00	4,34,61,000	2,13,70,000	6,48,31,000
	3,98,75,000	1,94,19,000	5,92,94,000		4,34,61,000	2,13,70,000	6,48,31,000



3.18 Employee benefits -

(i) Defined Employee benefit plans - As per Actuarial valuation as on March 31, 2013

Rs. lakhs

	Notes annexed to and forming part of the Financial Statements (Contd.)									
	Gratuity (funded)					Compensated absences (unfunded)				
	2012-13	2011-12	2010-11	2009-10	2008-09	2012-13	2011-12	2010-11	2009-10	2008-09
A. Expenses recognised in the statement of profit and Loss Accounting for the year ended Mar 31, 2012										
(i) Current service cost	20.62	22.36	23.99	20.86	20.85	1.22	1.19	1.19	1.19	1.35
(ii) interest cost	25.39	21.76	20.82	19.72	16.17	15.21	14.00	13.51	11.63	10.89
(iii) Expected return on plan assets	-17.07	-20.47	-19.53	-18.69	-13.68	-	-	-	-	-
(iv) Net actuarial(gain)/loss recognised during the year	-20.25	55.58	24.55	14.45	37.77	-11.76	-9.14	-8.53	3.54	7.33
Total expenses	8.69	79.23	49.83	36.34	61.11	4.67	6.06	6.17	16.36	19.57
B. Actual return on plan assets										
(i) Expected return on plan assets	17.07	20.47	19.53	18.69	13.68					
(ii) Actuarial(gain)/loss on plan assets	-5.26	-6.55	-2.11	3.51	0.09					
(iii) Actual return on plan assets	11.81	13.92	17.42	22.20	13.77					
C. Net asset/(liability) recognised in the balance sheet										
(i) Present value of the obligation	329.43	336.12	301.07	286.74	267.28	185.78	181.11	175.05	188.63	172.27
(ii) Fair value of plan assets	315.43	211.05	255.24	250.40	180.07	-	-	-	-	-
(iii) Funded status (surplus/deficit)	-14.00	-125.07	-45.83	-36.34	-87.21	-185.78	-181.11	-175.05	-188.63	-172.27
(iv) Unrecognised past service cost	-	-	-	-	-	-	-	-	-	-
(v) Net Asset/(liability) recognised in the balance sheet	-14.00	-125.07	-45.83	-36.34	-87.21	-185.78	-181.11	-175.05	-188.63	-172.27
D. Change in Present value of the obligation as at beginning of the year										
(i) Present value of the obligation as at beginning of the year	336.12	301.08	286.74	267.28	211.77	181.11	175.05	188.63	172.27	152.70
(ii) Current service cost	20.62	22.36	23.99	20.86	20.85	1.22	1.19	1.19	1.19	1.35
(iii) interest cost	25.39	21.76	20.82	19.72	16.17	15.21	14.00	13.51	11.63	10.89
(iv) Benefits paid	-37.43	-58.11	-52.91	-32.05	-19.36	-	-	-19.75	-	-
(v) Actuarial(gain)/loss on obligation	-15.27	49.03	22.44	10.93	37.85	-11.76	-9.14	-8.53	3.54	7.33
(vi) Present value of obligation as at end of the year	329.43	336.12	301.08	286.74	267.28	185.78	181.11	175.05	188.63	172.27
E. Change in assets during the year										
(i) Fair value of plan assets as at beginning of the year	211.05	255.24	250.40	180.08	175.67					
(ii) Expected return on plan assets	17.07	20.47	19.53	18.69	13.68					
(iii) Contributions	130.00	-	40.34	87.20	10.00					
(iv) Benefits paid	-37.43	-58.11	-52.91	-32.05	-19.36					



(v) Actuarial(gain)/loss on plan assets	-5.26	-6.55	-2.11	-3.51	0.09	-11.76	-9.14	-8.53	3.54	7.33
(vi) Fair value of plan assets as at end of the year	315.43	211.05	255.24	250.40	180.08	-	-	-	-	-
F. Experience adjustments in										
(i) Plan liabilities - loss(gain)	-15.27	49.03	22.44	10.93	37.85	-11.76	-9.14	-8.53	3.54	7.33
(ii) Plan assets - loss(gain)	5.26	6.55	2.11	3.51	0.09	-	-	-	-	-
G. Major categories of plan assets as a percentage of total plan										
(i) Government of India securities	-	-	4%	4%	15%	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
(ii) State Government Securities	-	-	-	-	12%	-	-	-	-	-
(iii) High Quality Corporate bonds	-	-	-	-	10%	-	-	-	-	-
(iv) Special Deposit Scheme	-	-	-	-	10%	-	-	-	-	-
(v) Other (Bank deposits)	-	-	37%	37%	53%	-	-	-	-	-
(vi) SBI Life insurance company	100%	100%	59%	59%	0%	-	-	-	-	-
(vii) Total	100%	100%	100%	100%	100%	-	-	-	-	-
H. Actuarial Assumptions										
(i) Discount rate	8%	8%	8%	8%	8%	7.60%	8%	8%	8%	8%
(ii) Salary escalation rate	5%	5%	5%	5%	6%	6%	5%	5%	5%	6%
(iii) Attrition rate	5%	5%	5%	5%	1%	1%	5%	5%	5%	1%
(iv) Expected return on plan assets	8.50%	8%	8%	8%	9%	0%	0%	0%	0%	0%

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

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

Salaries, wages and bonus include compensated absences of Rs.4,67,280 (2011-12 Rs.6,05,967)

Contribution to provident, gratuity and other funds include contribution to provident fund and family pension fund contribution of Rs.60,67,371 (2011-12 Rs.63,28,918) and gratuity fund of Rs.8,69,316 (2011-12 Rs.79,23,091) Workmen and staff welfare expenses include contribution to employees state insurance of Rs.26,58,169 (2011-12 Rs.22,65,296)



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

Signatures to Statement of Accounting Policies and Notes to Financial Statements

For and on behalf of the Board

S. Devarajan

S. Dinakaran

Chairman and Managing Director

Joint Managing Director

Salem,




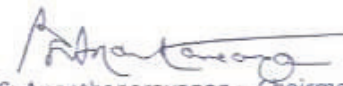
May 27, 2013

R.S. Shanmugam

Company Secretary and Chief Financial Officer

FORM A

Format of covering letter of the annual report to be filled with the Stock Exchanges

1.	Name of the Company	Sambandam Spinning Mills Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	NA
5.	To be signed by –	
	• CEO/Managing Director	 S. Devarajan – Chairman and Managing Director
	• CFO	 R.S. Shanmugam – Company Secretary and CFO For M.S. KRISHNASWAMI & RAJAN Chartered Accountants, Reg. No. 015865
	• Auditor of the Company	 R. Krishnen – Partner M.S. Krishnaswami & Rajan R. Krishnen - Partner Membership No: 201133
	• Audit Committee Chairman	 P.S. Ananthanarayanan – Chairman of Audit Committee

