

**55<sup>th</sup> Annual Report 2017 - 2018**

**SREE  
SATYANARAYANA SPINNING MILLS  
LIMITED**

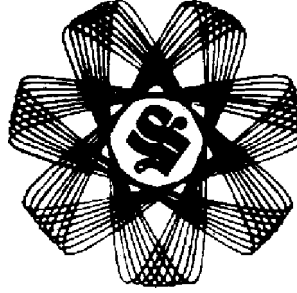
# SREE SATYANARAYANA SPINNING MILLS LTD.

Regd. Office: Venkatarayapuram, Tanuku – 534215

CIN: U18101AP1962PLC000919

Ph : 08819-224166, 224808 Fax : 08819-224829

E-mail: sssmills.tanuku@gmail.com, WWW : <http://www.sssmills.com>



## Board of Directors:

Shri Y. Narayana Rao Chowdary, Chairman (upto 21st April, 2017)  
Shri E. Sathyanarayana, B.E. (Hons.), Managing Director & C.E.O.  
Shri P. Narendranath Chowdary, B.Sc.  
Shri A. Dharma Raju, M.B.A., F.C.S.  
Shri T. Krishnaiah, B.A., F.C.M.A., F.C.S.  
Shri B. Lakshmanaswamy, M.Sc (Chemical Technology)  
Shri S. Parvatha Rao, B.Sc., B.L.

## Chief Financial Officer :

Shri M. Gopala Krishna, M.Com.,

## Auditors:

M/s. Brahmayya & Co.,  
Chartered Accountants,  
Vijayawada - 520002.

## Bankers:

State Bank of India

## Registrars & Share Transfer Agents:

M/s. XL Softech Systems Limited,  
Plot No. 3, Sagar Society,  
Road No. 2, Banjara Hills,  
Hyderabad - 500034

## Cost Auditors:

M/s. Narasimha Murthy & Co.,  
Cost Accountants,  
Hyderabad - 500029

## Internal Auditors:

M/s. Sunkavalli & Co.,  
Chartered Accountants  
Tadepalligudem

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## NOTICE TO SHAREHOLDERS

Notice is hereby given that the 55th Annual General Meeting of Sree Satyanarayana Spinning Mills Ltd. will be held on **Saturday, the 29th September, 2018 at 11.00 A.M.** at the Registered Office of the Company, Venkatarayapuram Township, Tanuku - 534215 to transact the following business.

### ORDINARY BUSINESS:

- 1) To receive, consider and adopt the audited statement of Profit and Loss for the year ended 31st March, 2018 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
- 2) To declare dividend on equity shares for the financial year 2017-18.
- 3) To re-appoint a director in place of Shri P.Narendranath Chowdary, (DIN: 0015764) who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions if any, of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. Brahmayya & Co., Chartered Accountants (Registration No.000513S) as Auditors of the Company to hold office from the conclusion of this (55th) Annual General Meeting (AGM) till the conclusion of 56th Annual General Meeting of the Company to be held in the year 2019 at such remuneration as shall be fixed by the Board of Directors of the Company."

(BY ORDER OF THE BOARD)

Registered Office:  
Venkatarayapuram - 534 215  
TANUKU.  
Date: 07-08-2018

for SREE SATYANARAYANA SPINNING MILLS LTD.,  
E.SATHYANARAYANA  
Managing Director and CEO.

### **Notes :**

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable;
- 2) The Register of Members and the Share Transfer books of the Company will remain closed from 22-09-2018 to 29-09-2018 (both days inclusive)
- 3) Pursuant to Sec.124 and 125 of the Companies Act, 2013, all the unclaimed dividends shall be transferred to the "Investor Education and Protection Fund" of the Central Government after a period of 7 years from the date of declaration. Shareholders, who have not en cashed their dividend warrants for the years 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 are requested to write to the Registrars and Share Transfer Agents, M/s. XL Softech Systems Ltd. 3 Sagar Society Road No.2,Banjara Hills, Hyderabad 500034 for claiming the dividend.

The Company has uploaded the information in respect of the unclaimed amounts lying with the Company as on the date of 54th Annual General Meeting held on 29th September, 2017 on the website of IEPF viz.[www.iepf.gov.in](http://www.iepf.gov.in) and under "investor relations" on the website of the Company viz. [www.sssmills.com](http://www.sssmills.com).

Members who have not en cashed the dividend warrants so far in respect of the aforesaid periods are requested to send their claims if any to the Company/ Authorised Share transfer agent immediately.

**Sree Satyanarayana Spinning Mills Ltd.**

Once the amount is transferred by the Company to IEPF, no claim there of shall lie against the Company.

- 4) The dividend recommended by Directors, if approved at the Meeting, will be paid to the Shareholders whose names are on the Register of Members as on 29-09-2018.

**In respect of the shares held in Demat Mode, the above dividend will be paid on the basis of beneficial ownership as at end of business hours of 21-09-2018 as per the details furnished by the Depositories for this purpose.**

- 5) The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend. Accordingly, dividend will be credited through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. In the absence of NECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company is in compliance with SEBI's directive in this regard;
- 6) Please note that as per the latest SEBI Circular, it has become mandatory for transferee(s) to furnish a copy of his/her/their PAN Card for registration of transfer of shares in Physical form.
- 7) Electronic copy of the Notice for the Annual General Meeting and the Annual Report for the year 2017-18 are being sent to all the members whose E-mail IDs are registered with the Company / Depository Participant(s). Physical copy of the Notice together with the Annual Report are being sent in permitted mode, to members for whom the E-mail IDs are not available and who have requested for physical copies. The Notice and the Annual Report are also available on the Company's Website - [www.sssmills.com](http://www.sssmills.com) for their download;
- 8) Shareholders are requested to notify their change of address if any to the Company.
- 9) Pursuant to Rule 18 of Companies (Management and Administration) Rule, 2014, Members, those who have not got their E-mail IDs recorded are requested to register their E-mail address and changes therein with the Company in respect of physical shares and with Depository Participants in respect to dematerialized shares;

**BOARD REPORT**

To the Members,

Your Directors have pleasure in submitting their 55th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018.

**Financial Results:**

The Company's financial performance for the year under review along with previous year figures are given here under:

Particulars	For the year ended 2018 (Rs.)	For the year ended 2017 (Rs.)
Income from Business Operations	<b>65,88,90,326</b>	70,12,88,810
Expenditure	<b>57,90,27,225</b>	58,48,43,959
Operating Profit	<b>7,98,63,101</b>	11,64,44,851
Less: Depreciation & Finance costs	<b>4,50,68,710</b>	5,05,79,002
Gross Profit	<b>3,47,94,391</b>	6,58,65,849
Less: Provision for Taxation:		
Current & Deferred taxes & Short Provision of IT	<b>45,82,348</b>	2,85,17,469
Add: Previous years adjustments of Tax	<b>5,80,780</b>	12,56,067
Add: MAT Credit entitlement	–	4,77,677
Net Profit after Tax	<b>3,07,92,824</b>	3,90,82,124
Add balance in profit & loss a/c. brought forward	<b>2,65,41,850</b>	2,25,15,229
Available for appropriation	<b>5,73,34,674</b>	6,15,97,353
Appropriations:		
Transfer to General reserve	–	3,00,00,000
Dividend paid	<b>47,25,450</b>	42,00,400
Tax on distributable profits	<b>9,61,990</b>	8,55,103
Balance carried forward to next year	<b>5,16,47,234</b>	2,65,41,850
Earning per share (Basic /diluted)	<b>29.32</b>	372.18

**DIVIDEND:**

Based on Company's performance, Your Directors are pleased to recommend a dividend of Rs.4.50/- per equity share of Rs. 10/- each (Previous Year Rs.45/-) for the financial year 2017-18. The dividend if approved and declared in the forthcoming Annual General Meeting would result in a dividend outflow of Rs.47,25,450/- and dividend distribution tax of Rs.9,61,990/- aggregating a total outflow of Rs.57,27,440/-

**REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECT:**

During the year under review, the mill worked for 355 days in triple shift. The turnover during the year is Rs.64.51 Crores as against Rs. 69.74 Crores in the previous year showing a decline of 7.5% due to sluggish market. The Company earned a net profit of Rs.3.48 Crores (before tax) as against Rs. 6.58 Crores (before tax) in the previous year. The decline in profit is around 46.5% mainly due to increase of raw cotton prices and lower yarn prices.

Indian textile exporters are facing difficult times since the past few months which have led to constrained growth as well as pressures on profitability.

Exporters have been facing subdued demand trends in the key importing countries as well as intense competitive pressures from nations such as Bangladesh and Vietnam. In addition, high raw material prices in the past six to nine months as well as recent revision in duty drawback rates have only added to their woes. With exports accounting for more than one-third of the Indian textile market, this is a matter of concern, notwithstanding a large domestic market.

The pace of growth in India's textile exports is likely to remain contingent upon the industry's ability to overcome the internal as well as external headwinds that it is currently facing. While transition to the new

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taxation and export incentive regime has posed liquidity challenges for the industry, intense competitive pressures in the global market, particularly in light of impending trade agreements and foreign currency movements pose additional challenges. In addition, uncertainty on the apparel exports to the UAE looms, in light of inexplicable trends witnessed in the recent months.

In light of the above factors as well as the uncertainty of the current cotton crop, the performance of our mill will be subnormal. Despite all this, our mill will continue with its modernization drive to take advantage of the latest developments in the spinning industry.

The tacit faith of the share holders in the judgment of the management, by giving the Board of Directors a free hand, the Board has organized the business in the best interest of the Company. The operations of the Company are carried out satisfactorily through out the year.

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

### **CHANGE IN THE NATURE OF BUSINESS, IF ANY**

There is no change in the nature of business of the company during the year.

### **RISK MANAGEMENT POLICY:**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence is very minimal.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Your Company has always believed that as part of good corporate governance, we must work for the betterment and upliftment of the society. The area of focus under CSR policy includes Health, Education, Environment and livelihood. Projects undertaken are in accordance with schedule VII of the Companies Act, 2013.

The Annual Report on Company's CSR activities is furnished as Annexure 'A' and is appended to this report.

### **PARTICULARS OF LOANS, GUARANTEES, OR INVESTMENTS:**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

### **PARTICULARS OF RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year 2017-18 were on an arm's length basis and were in the ordinary course of business. There were no significant related party transactions made by the Company with promoters, Directors, Key managerial personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party transactions were placed in the Board meetings for approval.

### **DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

### **ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished as Annexure 'B' and is appended to this Report.

### **BOARD MEETINGS:**

The Company had 5 (Five) Board meetings on 9th June, 2017, 29th August, 2017, 1st November, 2017, 20th December, 2017 and 31st January, 2018 during the financial year under review.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board here by submits its responsibility Statement:-

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and,
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

The Company does not have any Subsidiary, Joint venture or Associate Company.

**DEPOSITS:**

The Company has neither accepted nor renewed any deposits during the year under review.

**DIRECTORS:**

Mr. P. Narendranath Chowdary retires by rotation at this Annual General Meeting and being eligible, offers himself for re-election.

**DECLARATION OF INDEPENDENT DIRECTORS:**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

**ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

Your Company conducts a review of the internal financial and operating controls and the systems are adequate to the size of your Company.

**AUDITORS:**

M/s. Brahmayya & Co., Chartered Accountants, Vijayawada were appointed as Statutory Auditors for a period of five years in the 54th Annual General Meeting held on 29th September, 2017 subject to ratification of their appointment by the members at every Annual General Meeting. Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting. The Company has received a certificate from the auditors to the effect that if they are re-appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

There were no qualifications, reservations or adverse remarks made by the Auditors in their report.

Provision relating to submission of Secretarial Audit Report is not applicable to the Company.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS / COURTS:**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**RISK MANAGEMENT POLICY:**

**DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:**

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

**DISCLOSURE OF MAINTENANCE OF COST RECORDS UNDER SECTION 148 OF THE COMPANIES ACT:**

The Company has made and maintained cost records in compliance with the sub-section (1) of Section 148 of the Companies Act, 2013.



**COMPLIANCE OF PROVISION RELATING TO CONSTITUTION OF INTERNAL COMPLAINTS COMMITTEE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The company has constituted Internal Complaints committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 consists of the following members:

1. Mr. Ch. Joga Rao (President operations) 2. Mr. P. Satti Raju (GM I.R.)

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**Conservation of Energy:**

Apart from implementing various suggestions made by South India Textile Research Association in their energy audit report we have started replacing ring frames spindles and rings with new energy efficient spindles and smaller diameter rings.

**Technology Absorption, Adaptation and Innovation:**

Continuous concerted efforts are made towards technology absorption. The thrust areas have been in improving the quality of the product and increasing productivity through cost effective program and value engineering techniques.

**Foreign exchange:**

Inflow during the year under review Rs. 19.07 Crores.

Outflow during the year under review was Rs. 15.35 Crores.

**SHARES:**

**a. Bonus Issue:**

The Company has with the previous approval of members in the Extraordinary General Meeting held on 4th December, 2017, issued 9 (Nine) Bonus equity shares of Rs.10/- each for every one paid up equity share of Rs.10/- each, held by the eligible members on the record date (15th December, 2017).

**b. Buy back of securities**

The Company has not bought back any of its securities during the year under review.

**c. Sweat equity**

The Company has not issued any Sweat Equity Shares during the year under review.

**d. Employees stock option plan**

The Company has not provided any Stock Option Scheme to the employees.

**e. Listing**

Your Company has applied for Listing with Metropolitan Stock of India Ltd which is under process with stock exchange as on the date of this report.

**ACKNOWLEDGEMENTS:**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledge gratefully the shareholders/employees for their support and confidence reposed on your Company. Your directors express their appreciation for the contribution made by employees for improvement in the operations of the Company.

Place: TANUKU  
Date: 7th August, 2018

For and on behalf of the Board  
Sree Satyanarayana Spinning Mills Limited,  
P.Narendranath Chowdary  
Chairman  
(DIN: 0015764)

**ANNEXURE 'A' TO DIRECTORS REPORT****SREE SATYANARAYANA SPINNING MILLS LIMITED  
VENKATARAYAPURAM ::: TANUKU - 534 215****THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**

- 1 "A brief outline of the Company's CSR policy, including overview of projects or programmes "proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs."  
The Companies CSR Policy is to promote education.
- 2 The Composition of the CSR Committee. 3 Members  
1. Sri Sunkavally Parvatharao, Chairman, 2. Sri E.Sathyanarayana, 3. Sri Bikkina Lakshmana Swamy
- 3 Average net profit of the Company for last three financial years. Rs.5,39,84,969.00
- 4 Prescribed CSR Expenditure (two per cent of the amount as in term 3 above). Rs.10,79,699.00  
Add: Unspent amount of earlier years Rs.1,09,252.00
- 5 Details of CSR spent during the financial year:  
a) Total Amount to be spent for the financial year; Rs.11,88,951.00  
b) Amount unspent, if any; Rs.72,737.00  
c) Manner in which the amount spent during the financial year is detailed below.

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other 2) Specify the State and district where projects or Programmes was undertaken	Amount outlay (budget) project or programs wise (Rs. in Lakhs)	Amount spent on the projects or programs Sub-heads 1) Direct expenditure on projects or programs 2) Over heads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Promoting education	CL.II	Z.P. High School, Duvva Village, West Godavari District, Andhra Pradesh	5.00	4.33	4.33	Direct
2	Promoting education	CL.II	Z.P.High School, Komaravaram Village, West Godavari District, Andhra Pradesh	5.00	4.54	4.54	Direct
3	Promoting education	CL.II	Oriental Municipal School, Tanuku, West Godavari District, Andhra Pradesh	1.60	1.57	1.57	Direct
4	Promoting education	CL.II	SC, BC Girls Hostels, Tanuku, West Godavari District, Andhra Pradesh	0.80	0.72	0.72	Direct
	TOTAL			12.40	11.16		11.16

- 6 In case the company has failed to spend the two per cent of the average net profit of the last three "financial years or any part thereof, the company shall provide the reasons for not spending the amount "in its Boards report.  
There are certain CSR Projects undertaken in the Financial Year 2017-18 for which some more expenditure will be spent in the coming financial year.
- 7 A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.  
The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

E. Sathyanarayana  
Managing Director & C.E.O.

S. Parvatha Rao  
Chairman CSR Committee

## ANNEXURE 'B' TO DIRECTORS REPORT

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.03.2018**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

### I. REGISTRATION & OTHER DETAILS:

1	CIN	U18101AP1962PLC000919
2	Registration Date	23/07/1962
3	Name of the Company	Sree Satyanarayana Spinning Mills Limited
4	Category/Sub-category of the Company	Public Limited Company having Share Capital
5	Address of the Registered office & contact details	Venkatarayapuram, TANUKU - 534 215
6	Whether listed company	In the process of listing
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. XL Softech Systems Limited, Plot No. 3, Sagar Society Road No. 2, Banjara Hills, Hyderabad - 500034.

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	COTTON YARN	13111	100%

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

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
NIL					

**IV. SHARE HOLDING PATTERN****(Equity share capital breakup as percentage of total equity)****(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	19,724	19,724	18.78%	-	3,29,840	3,29,840	31.41%	12.63%
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	10,000	10,000	0.95%	0.95%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	-	19,724	19,724	18.78%	-	3,39,840	3,39,840	32.36%	13.58%
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
<b>TOTAL (A)</b>	-	19,724	19,724	18.78%	-	3,39,840	3,39,840	32.36%	13.58%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	7,950	7,950	7.57%	-	79,500	79,500	7.57%	0.00%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	8,285	69,051	77,336	73.65%	7,850	1,79,600	1,87,450	17.85%	55.80%

**Sree Satyanarayana Spinning Mills Ltd.**

ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	4,43,310	4,43,310	42.22%	-42.22%
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	8,285	77,001	85,286	81.22%	7,850	7,02,410	7,10,260	67.64%	13.58%
<b>Total Public (B)</b>	8,285	77,001	85,286	81.22%	7,850	7,02,410	7,10,260	67.64%	13.58%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	8,285	96,725	1,05,010	100.00%	7,850	10,42,250	10,50,100	100.00%	0.00%

**(ii) Shareholding of Promoter**

Sl. No.	Shareholder's Name	Shares held at the beginning of the year			Shares held at the end of the year *			(% Change in share holding during the year)
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	E.SATHYANARAYANA	15,914	15.15%	-	1,59,140	15.15%	-	0.00%
2	E.RAJESWARI	-	-	-	48,800	4.65%	-	4.65%
3	E.SIDHAARTH	-	-	-	14,600	1.39%	-	1.39%
4	E.RAMALAKSHMI	-	-	-	5,000	0.48%	-	0.48%
5	E.RANGA RAO	-	-	-	55,310	5.27%	-	5.27%
6	E.SAILESH	-	-	-	42,570	4.05%	-	4.05%
7	L.NAGASWARNA	-	-	-	4,420	0.42%	-	0.42%
8	RAMALAKSHMI SPINNERS PVT. LTD.	-	-	-	10,000	0.95%	-	0.95%
	<b>TOTAL</b>	15,914	15.15%	-	3,39,840	32.36%	-	17.21%

\* After considering the bonus shares issued on 20th December, 2017. Further, the promoters are reclassified in line the requirements of SEBI (ICDR) Regulations.

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	E.SATHYANARAYANA At the beginning of the year	01/04/2017		15,914	1.52%	-	-
	Changes during the year		Bonus	143,226	13.64%	159,140	15.15%
	At the end of the year	31/03/2018				159,140	15.15%
2	E.RAJESWARI At the beginning of the year	01/04/2017		4,880	0.46%	-	-
	"Changes during the year		Bonus	43,920	4.18%	48,800	4.65%
	At the end of the year	31/03/2018				48,800	4.65%
3	E.SIDHAARTH At the beginning of the year	01/04/2017		1,460	0.14%	-	-
	Changes during the year		Bonus	13,140	1.25%	14,600	1.39%
	At the end of the year	31/03/2018				14,600	1.39%
4	E.RAMALAKSHMI At the beginning of the year	01/04/2017		500	0.05%	-	-
	Changes during the year		Bonus	4,500	0.43%	5,000	0.48%
	At the end of the year	31/03/2018				5,000	0.48%
5	E.RANGA RAO At the beginning of the year	01/04/2017		5,531	0.53%	-	-
	Changes during the year		Bonus	49,779	4.74%	55,310	5.27%
	At the end of the year	31/03/2018				55,310	5.27%
6	E.SAILESH At the beginning of the year	01/04/2017		4,257	0.41%	-	-
	Changes during the year		Bonus	38,313	3.65%	42,570	4.05%
	At the end of the year	31/03/2018				42,570	4.05%
7	L.NAGASWARNA At the beginning of the year	01/04/2017		442	0.04%	-	-
	Changes during the year		Bonus	3,978	0.38%	4,420	0.42%
	At the end of the year	31/03/2018				4,420	0.42%
8	RAMALAKSHMI SPINNERS PVT. LTD. At the beginning of the year	01/04/2017		1,000	0.10%	-	-
	"Changes during the year"		Bonus	9,000	0.86%	10,000	0.95%
	At the end of the year	31/03/2018				10,000	0.95%

**Sree Satyanarayana Spinning Mills Ltd.**

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

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	B.Bulli Ramaih	01/04/2017	Bonus	6,278	0.60%	62,780	-
	At the beginning of the year	31/03/2018		56,502	5.38%		62,780
2	Sree Venkataraya Investment & Finance Company Ltd.	01/04/2017	Bonus	4,450	0.42%	44,500	-
	At the beginning of the year	31/03/2018		40,050	3.81%		44,500
3	N.V.K.Ranga Rao	01/04/2017	Bonus	4,363	0.42%	43,630	-
	At the beginning of the year	31/03/2018		39,267	3.74%		43,630
4	D.Lakshmi	01/04/2017	Bonus	3,882	0.37%	38,820	-
	At the beginning of the year	31/03/2018		34,938	3.33%		38,820
5	Sri. Y Narayana Rao Chowdary	01/04/2017	Bonus	3,810	0.36%	38,100	-
	At the beginning of the year	31/03/2018		34,290	3.27%		38,100
6	M.Satyanarayamma	01/04/2017	Bonus	3,303	0.31%	33,030	-
	At the beginning of the year	31/03/2018		29,727	2.83%		33,030
7	Y.T.Raja	01/04/2017	Bonus	2,334	0.22%	23,340	-
	At the beginning of the year	31/03/2018		21,006	2.00%		23,340
8	Sri. M Narendranath	01/04/2017	Bonus	2,167	0.21%	21,670	-
	At the beginning of the year	31/03/2018		19,503	1.86%		21,670
9	M.Thimmaraja	01/04/2017	Bonus	2,167	0.21%	21,670	-
	At the beginning of the year	31/03/2018		19,503	1.86%		21,670
10	Smt. Chitturi Ravanamba	01/04/2017	Bonus	2,000	0.19%	20,000	-
	At the beginning of the year	31/03/2018		18,000	1.71%		20,000

## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	<b>E.Sathyanarayana</b>						
	At the beginning of the year	01/04/2017		15,914	1.52%	-	-
	Changes during the year		Bonus	143,226	13.64%	159,140	15.15%
	At the end of the year	31/03/2018		159,140	15.15%	159,140	15.15%
2	<b>P.Narendranath Chowdary</b>						
	At the beginning of the year	01/04/2017		642	0.06%	-	-
	Changes during the year		Bonus	5,778	0.55%	6,420	0.61%
	At the end of the year	31/03/2018		6,420	0.61%	6,420	0.61%
3	<b>A.Dharmaraju</b>						
	At the beginning of the year	01/04/2017	-	-	-	-	-
	Changes during the year		-	-	-	-	-
	At the end of the year	31/03/2018	-	-	-	-	
4	<b>T.Krishnaiah</b>						
	At the beginning of the year	01/04/2017	-	-	-	-	-
	Changes during the year		-	-	-	-	-
	At the end of the year	31/03/2018	-	-	-	-	
5	<b>Bikkina Lakshmanaswamy</b>						
	At the beginning of the year	01/04/2017	-	-	-	-	-
	Changes during the year		-	-	-	-	-
	At the end of the year	31/03/2018	-	-	-	-	
6	<b>Sunkavalli Parvatharao</b>						
	At the beginning of the year	01/04/2017	-	-	-	-	-
	Changes during the year		-	-	-	-	-
	At the end of the year	31/03/2018	-	-	-	-	

## V. INDEBTEDNESS

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

(Rs. in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,506.64	-	-	1,506.64
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	1,506.64	-	-	1,506.64
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	-	-	-
* Reduction	270.27	-	-	270.27
Net Change	270.27	-	-	270.27
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,236.37	-	-	1,236.37
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	1,236.37	-	-	1,236.37



**Sree Satyanarayana Spinning Mills Ltd.**

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

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

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount Rs.
		<b>Name : E.Sathyanarayana Designation : M.D &amp; CEO</b>	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		13,50,000
2	Stock Option		96,600
3	Sweat Equity		
4	Commission - as % of profit - others, specify		3,84,684
5	Others, please specify		
	<b>Total (A)</b>		18,31,284
	Ceiling as per the Act		5%

**B. Remuneration to other Directors**

S. No.	Name of Directors	Particulars of Remuneration			
<b>1</b>	<b>Independent Directors</b>	Fee for attending board committee meetings	Commission	Others, please specify	Total (1)
	A.Dharmaraju	75,000	-		75,000
	Talluri Krishnaiah	60,000	-		60,000
	Sunkavalli Parvatha Rao	75,000	-		75,000
	B.Lakshamana Swamy	60,000			60,000
	Total Amount (Rs/Lac)	2,70,000			2,70,000
<b>2</b>	<b>Other Non-Executive Directors</b>	Fee for attending board committee meetings	Commission	Others, please specify	Total (2)
	Total Amount (Rs)	-	-	-	-
	Total (B)=(1+2)	2,70,000			2,70,000
	Total Managerial Remuneration	2,70,000			2,70,000

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

S. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount Rs.
		Name Designation	- CEO	M. Gopalakrishna CFO	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		3,90,000		3,90,000
2	Stock Option				
3	Sweat Equity				
4	Commission - as % of profit - others, specify				
5	Others, please specify				
	Total		3,90,000		3,90,000

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

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

## Independent Auditor's Report

To The Members of **SREE SATYANARAYANA SPINNING MILLS LIMITED, TANUKU**

### Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of **SREE SATYANARAYANA SPINNING MILLS LIMITED.**, ("the Company"), which comprise the Balance sheet as at 31st March, 2018, the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as " Ind AS financial statements").

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under Section 143(11).

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance

including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

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

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Companies Act, 2013 we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other comprehensive income, the Cash Flow Statement and the changes in equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (IND AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.
  - e) On the basis of written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", and
  - g) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 31 to the Ind AS financial statements;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Brahmayya & Co  
Chartered Accountants  
Firm's Registration Number:000513S

Place : Tanuku  
Date : 07th May, 2018

(T.V.Ramana)  
Partner  
(ICAI Membership. No. 200523)

## ANNEXURE - A to The Independent Auditor's Report

The Annexure referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date, to the members of Sree Satyanarayana Spinning Mills Limited, TANUKU for the year ended 31st March 2018. We report that:

- (i)
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Fixed Assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) According to the information and explanations furnished to us, the title deeds of immovable properties are held in the name of the company.
- (ii). According to the information and explanation given to us, the inventory has been physically verified by the management at reasonable intervals and the discrepancies noticed during such physical verification of inventories as compared to books have been properly dealt with in the books of account.
- (iii). The company has not granted any loans , secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore , the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the said order are not applicable to the company.
- (iv). In our opinion and according to the information and explanations given to us, the company has not granted any loans, guarantees and security in accordance with the provisions of section 185 of the Companies Act 2013. The company has complied with the provisions of section 186 of the Companies Act 2013, in respect of Loans and investments made.
- (v). The company has not accepted any deposits from public that come within the perview of provisions of section 73 to 76 and other applicable provisions of the Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted from the public.
- (vi). We have broadly reviewed the books of account and records maintained by the company, pursuant to the Rules made by the Central Government for the maintenance of Cost Records under section 148 (1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (vii).
  - (a) According to the information and explanations given to us, and on the basis of our examination of the records of the company, in our opinion, the company is regular in depositing with the appropriate authorities, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it.  

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Goods and Service Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it; and no undisputed statutory dues were outstanding, as at the date of Balance sheet under report, for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there were no amounts of Sales Tax, Customs Duty, Goods and Service Tax, Excise Duty, Cess, Income Tax, Service Tax
  - (c) that have been disputed by the company, and hence, were not remitted to the concerned authorities at the date of the balance sheet under report, except

S.No.	Nature of dues	Name of the statute	Period	Amount in Rs.	Forum where the dispute is pending
1	Income Tax	Income Tax Act, 1961	1989-1990	2884527	Honorable High court of AP

- (viii). According to the records of the company examined by us, and the information and explanations given to us, there were no defaults in repayment of loans or borrowings to banks and Government during the year under report.
- (ix). According to Information and explanations given to us, the term loans taken by the company from banks under report and the same were applied for the purposes for which those were raised.
- (x). During the course of our examination of the books and records of the company, carried out in accordance with the Generally Accepted Audited Practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the company or any fraud on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii). In our opinion and according to the information and explanations furnished to us, the company is not a Nidhi and hence, the requirement of clause 3(xii) of the Order is not applicable to the company during the year under report.
- (xiii). According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him under the provisions of Section 192 of Companies Act, 2013. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Brahmayya & Co  
Chartered Accountants  
Firm's Registration Number:000513S

(T.V.Ramana)  
Partner  
(ICAI Membership. No. 200523)

Place : Tanuku  
Date : 07th May 2018

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

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

We have audited the internal financial controls over financial reporting of **SREE SATYANARAYANA SPINNING LIMITED** ("the Company") as of 31st March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

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

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

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

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

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Brahmayya & Co  
Chartered Accountants  
Firm's Registration Number:000513S

(T.V.Ramana)  
Partner  
(ICAI Membership. No. 200523)

Place : Tanuku  
Date : 07th May 2018



**Balance Sheet As At 31st March, 2018**

Particulars	Notes	As At 31st March 2018 Rs.	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
<b>Non current Assets</b>				
<b>Property, Plant and Equipment</b>	2	<b>359402550</b>	376410081	407218719
Capital Work in Progress		--	--	--
Investment property				
Other Intangible Assets				
<b>Financial assets:</b>				
(i) Investments	3	<b>69493384</b>	75001140	59998500
(ii) Trade receivables				
(iii) Loans		--	--	--
(iv) Others (To be specified)	4	<b>10096713</b>	12508613	12508613
Deferred Tax Assets (net)	16			
Other Non Current assets		--	--	--
<b>Current Assets</b>				
Inventories	5	<b>181291238</b>	107022396	90477368
<b>Financial assets:</b>				
(i) Investments	6	<b>32937316</b>	1239440	1178071
(ii) Trade Receivables	7	<b>61212446</b>	74160152	97509622
(iii) Cash and Cash Equivalents	8.1	<b>8730398</b>	18174411	5742803
(iv) Bank balances other than (iii) above	8.2	<b>5575000</b>	29445000	4898000
(v) Loans				
(vi) Others (to be specified)	9	<b>7084193</b>	3616725	3041306
Current tax asset(Net)	10	<b>5224024</b>	3470287	15825972
Other Current Assets	11	<b>1719990</b>	1169293	1034287
<b>TOTAL</b>		<b>742767251</b>	702217537	699433261
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	12	<b>10501000</b>	1050100	1050100
Other Equity	13	<b>493011034</b>	482449363	435635922
<b>LIABILITIES</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liability</b>				
(i) Borrowings	14	<b>72136327</b>	99136327	118636327
(ii) Trade Payables		--	--	--
(iii) Other Financial liabilities				
Provisions	15	<b>5232623</b>	8818134	8909810
Deferred Tax Liability (Net)	16	<b>13322964</b>	17432439	8968499
Other non-current liabilities		--	--	--
<b>Current Liabilities</b>				
<b>Financial liabilities:</b>				
(i) Borrowings	18	<b>24500903</b>	32027856	44423395
(ii) Trade Payables	19	<b>74507311</b>	19153164	42581081
(iii) Other Financial liabilities	20	<b>39726730</b>	34494368	31194776
Other Current Liabilities	21	<b>2073929</b>	3530674	3380546
Provisions	17	<b>7754431</b>	4125112	4652805
Current Tax Liabilities (Net)	10			
<b>TOTAL</b>		<b>742767251</b>	702217537	699433261
Summary of Significant Accounting policies	1			

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
for BRAHMAYYA & CO.  
Chartered Accountants  
Firm Regn. No.000513S  
(T.V.RAMANA)

Partner  
Membership No: 200523

Camp : Tanuku  
Date : 07-05-2018

For and on behalf of the Board of Directors  
E. SATHYANARAYANA Managing Director & C.E.O.  
P. NARENDRANATH CHOWDARY Director

M. GOPALAKRISHNA C.F.O.

**Statement of Profit And Loss for the year Ended 31st March, 2018**

Particulars	Notes	Current Reporting Period 2017-18 Rs.	Previous Reporting Period 2016-17 Rs.
<b>Income</b>			
Revenue from operations	22	645139555	697451668
Other Income	23	13750771	3837142
<b>Total Income (I)</b>		<b>658890326</b>	<b>701288810</b>
<b>Expenses</b>			
Cost of raw materials consumed	24	338523309	332574552
Changes in Inventories of finished goods and Work-in-progress	25	-49231006	-27067318
Employee benefits expense	26	77165873	78539758
Finance Costs	27	13773643	18832252
Depreciation and amortization expense	28	31295067	31746750
Power and fuel		116976044	103699789
Other expenses	29	95593005	97097178
<b>Total Expenses (II)</b>		<b>624095935</b>	<b>635422961</b>
<b>Profit/(loss) before exceptional items and tax (I-II)</b>		<b>34794391</b>	<b>65865849</b>
Less: Exceptional items		--	--
<b>Profit/(loss) before tax</b>		<b>34794391</b>	<b>65865849</b>
Add: Income Tax Refund Received		580780	1256067
<b>Less : Tax expenses</b>			
Current tax -		6525994	
MAT credit utilised during the year		1912866	
Deferred tax		-3856512	6456141
Short Provision of Income tax of earlier years		--	8394743
Less:- Mat Credit		--	477677
<b>Total tax expense</b>		<b>4582348</b>	<b>28039792</b>
<b>Profit for the year from continuing operations</b>		<b>30792824</b>	<b>39082124</b>
Profit (loss) from discontinued operations		--	--
Tax expenses of discontinued operations		--	--
Profit/(loss) from Discontinued operations (after tax)		--	--
<b>Profit (loss) for the period</b>		<b>30792824</b>	<b>39082124</b>
<b>Other comprehensive income</b>		--	--
A (i) Items that will not be reclassified to profit or loss	30	-5092813	12786819
(ii) Income tax relating to items that will not be reclassified to profit or loss		--	--
B (i) Items that will be reclassified to profit or loss		--	--
(ii) Income tax relating to items that will be reclassified to profit or loss		--	--
Total Comprehensive Income for the period (comprising profit (loss) for the period and other comprehensive income)		<b>25700011</b>	<b>51868943</b>
<b>Earning per share:-</b>			
<b>Basic</b>		<b>29.32</b>	<b>372.18</b>
<b>Diluted</b>		<b>29.32</b>	<b>372.18</b>
<b>Restated</b>		<b>293.24</b>	<b>372.18</b>
Summary of Significant Accounting policies	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
for BRAHMAYYA & CO.  
Chartered Accountants  
Firm Regn. No.000513S  
(T.V.RAMANA)  
Partner  
Membership No: 200523  
Camp : Tanuku  
Date : 07-05-2018

For and on behalf of the Board of Directors  
E. SATHYANARAYANA Managing Director & C.E.O.  
P. NARENDRANATH CHOWDARY Director  
M. GOPALAKRISHNA C.F.O.

**Statement of Changes in Equity for the year ended 31st March 2018**

**A. Equity share capital**

Particulars	No's	Amount in Rs.
As at 1st April, 2016	105010	1050100
Changes in equity share capital	--	--
As at 31st March, 2017	105010	1050100
Add: Issue of bonus shares in the ratio of 9:1	945090	9450900
As at 31st March, 2018	1050100	10501000

**B. Other Equity**

**Other Comprehensive Income**

Particulars	Capital Redemption Reserve	Capital Reserve	Other Reserves (General reserve)	Retained Earnings	Equity instruments through Other Comprehensive Income	Deferred tax impact on related items	Actuarial Gains/ losses reserve	Total Rs.
Balance at the beginning of reporting period - 01st April, 2016	300000	2831396	389690430	22515229	7361000	13881524	-943657	435635922
Profit for the period				39082124				39082124
Other Comprehensive Income					15002640	-2485476	269655	12786819
<b>Total Comprehensive Income for the year</b>				<b>39082124</b>	<b>15002640</b>	<b>-2485476</b>	<b>269655</b>	<b>51868943</b>
Transfer from/to General Reserve			30000000	-30000000				0
Final Dividends				-4200400				-4200400
Dividend Distribution tax				-855103				-855103

Particulars	Capital Redemption Reserve	Capital Reserve	Other Reserves (General reserve)	Retained Earnings	Equity instruments through Comprehensive Income	Deferred tax impact on related items	Actuarial Gains/ losses reserve	Total Rs.
<b>Balance at the end of reporting period - 31st March 2017</b>	300000	2831396	419690430	26541850	22363640	11396048	-674002	482449363
Profit for the period				30792824				30792824
Other Comprehensive Income					-5507756	2165828	-1750885	-5092813
<b>Total Comprehensive Income for the year</b>				<b>30792824</b>	<b>-5507756</b>	<b>2165828</b>	<b>-1750885</b>	<b>25700011</b>
Issue of bonus shares in the ratio of 9:1			-9450900					-9450900
Final Dividends				-4725450				-4725450
Dividend Distribution tax				-961990				-961990
<b>Balance at the end of reporting period - 31st March 2018</b>	<b>300000</b>	<b>2831396</b>	<b>410239530</b>	<b>51647234</b>	<b>16855884</b>	<b>13561876</b>	<b>-2424887</b>	<b>493011034</b>

The accompanying notes are an integral part of the financial statements.

As per our report of even date for BRAHMAYYA & CO. Chartered Accountants Firm Regn. No.000513S (T.V.RAMANA ) Partner

Membership No: 200523  
Camp : Tanuku  
Date : 07-05-2018

For and on behalf of the Board of Directors

E. SATHYANARAYANA Managing Director & C.E.O.

P. NARENDRANATH CHOWDARY Director

M. GOPALAKRISHNA C.F.O.

**Sree Satyanarayana Spinning Mills Ltd.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018**

	<b>31st March 2018</b>	31st March 2017
Profit before tax from continuing operations	<b>34,794,391</b>	65,865,849
<b>Adjustments for</b>		
Interest expense	<b>13,773,643</b>	18,832,252
Interest income	<b>(1,407,348)</b>	(1,389,598)
Dividend income	<b>(1,697,876)</b>	(61,368)
Provision for bad and doubtful debts	<b>814,721</b>	--
Depreciation/amortization on continuing operation	<b>31,295,067</b>	31,746,750
Loss/[profit] on sale of fixed assets	<b>--</b>	(24,902)
Remeasurement of defined benefit plans	<b>(1,750,885)</b>	269,655
<b>Operating profit before working capital changes</b>	<b>75,821,713</b>	115,238,638
<b>Movements in working capital:</b>		
Increase/[decrease] in trade payables	<b>55,354,147</b>	(23,427,917)
Increase/[decrease] in long-term provisions	<b>(3,585,511)</b>	(91,676)
Increase/[decrease] in short-term provisions	<b>3,629,319</b>	(527,693)
Increase/[decrease] in other liabilities(Current)	<b>(1,456,745)</b>	150,128
Increase/[decrease] in other financial liabilities (current)	<b>5,232,363</b>	3,299,592
Increase/[decrease] in other financial assets (non-current)	<b>2,411,900</b>	--
Decrease/[increase] in trade receivables	<b>12,132,985</b>	23,349,470
Decrease/[increase] in inventories	<b>(74,268,842)</b>	(16,545,028)
Decrease/[increase] in other current assets	<b>(550,697)</b>	(135,006)
Decrease/[increase] in other financial assets (current)	<b>(3,467,468)</b>	(563,787)
Decrease/[increase] in current investments	<b>(30,000,000)</b>	--
Decrease/[increase] in margin money deposits	<b>23,870,000</b>	(24,547,000)
Cash generated from/[used in] operations	<b>--</b>	--
Direct taxes paid [net of refunds]	<b>(7,698,951)</b>	(8,449,576)
Net cash flow from/[used in] operating activities (A)	<b>57,424,212</b>	67,750,145
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	<b>(14,287,537)</b>	(939,424)
Proceeds from sale of fixed assets	<b>--</b>	26,213
Purchase of current investments	<b>--</b>	--
Proceeds from sale/maturity of current investments	<b>--</b>	--
Interest received	<b>1,407,348</b>	1,377,966
Dividends received from Long- Term investments	<b>--</b>	--
<b>Net cash flow from/[used in] investing activities (B)</b>	<b>(12,880,189)</b>	464,755
<b>Cash flows from financing activities</b>		
Proceeds from non-current borrowings	<b>(34,526,953)</b>	(31,895,539)
Proceeds from other non-current financial liabilities	<b>--</b>	--
Interest paid	<b>(13,773,643)</b>	(18,832,252)
Dividends paid including Interim Dividend	<b>(4,725,450)</b>	(4,200,400)
Tax on equity dividend paid	<b>(961,990)</b>	(855,103)
<b>Net cash flow from/[used in] in financing activities [C]</b>	<b>(53,988,036)</b>	(55,783,294)
Net increase/[decrease] in cash and cash equivalents (A+B+C)	<b>(9,444,012)</b>	12,431,606
Cash and cash equivalents at the beginning of the year	<b>18,174,411</b>	5,742,803
Cash and cash equivalents at the end of the year	<b>8,730,398</b>	18,174,411
Components of cash and cash equivalents		
Cash on hand	<b>69,499</b>	12,191
Cheques/drafts on hand	<b>--</b>	--
With banks Accounts	<b>8,619,429</b>	18,127,550
Margin Money deposit accounts	<b>--</b>	--
Unpaid dividend accounts*	<b>41470</b>	34,670
<b>Total cash and cash equivalents (Note 8.1)</b>	<b>8,730,398</b>	18,174,411

The accompanying notes are an integral part of the financial statements.

As per our report of even date  
for BRAHMAYYA & CO.  
Chartered Accountants  
Firm Regn. No.000513S  
(T.V.RAMANA)  
Partner  
Membership No: 200523  
Camp : Tanuku  
Date : 07-05-2018

For and on behalf of the Board of Directors  
E. SATHYANARAYANA Managing Director & C.E.O.  
P. NARENDRANATH CHOWDARY Director  
M. GOPALAKRISHNA C.F.O.

## NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

#### Brief description of the Company

Sree Satyanarayana Spinning Mills Limited ("the company"), focus on raw material selection, operational excellence and continual incorporation of latest machinery and technology to produce consistent high quality yarn to exceed customer expectations with its highly technical and responsive team force committed to integrity and honesty.

The company is a public limited company incorporated and domiciled in India and has its registered office at Tanuku, Andhra Pradesh, India. The securities of the company are in the process of listing with Metropolitan Stock Exchange of India Limited (MSEI).

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorize for issue on May 07, 2018.

### 1.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies mentioned herein are relating to the standalone financial statements of the Company.

#### a) Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting principles generally accepted in India, as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized

#### b) Basis of preparation of financial statements

The financial statement has been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities (as per the accounting policy below), which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### c) Use of estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

#### d) Significant Estimates and judgments

The areas involving critical estimates or judgments are:

- i) Estimation of fair value of unlisted securities-

## **Sree Satyanarayana Spinning Mills Ltd.**

- ii) Defined benefit obligation -
- iii) Estimation of useful life of Property, Plant and Equipment -
- iv) Estimation and evaluation of provisions and contingencies relating to tax litigations -.

### **e) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances rebates and amounts collected on behalf of third parties. It includes Packing charges, freight and handling charges but excludes GST.

#### **i) Sale of products**

Revenue from sale of products is recognized, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

#### **ii) Interest Income**

Interest income from debt instruments is recognized using the effective interest rate method and is accrued on a time basis. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

#### **iii) Dividends**

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

### **f) Property, Plant and Equipment**

Freehold Land is carried at historical cost. All other items of Property Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred up to the date the asset is ready for its intended use. However, cost excludes Excise Duty, Goods and Service tax, Value Added Tax and Service Tax, to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is de-recognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

### **g) Depreciation and amortization**

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset,
  - 1 On Factory buildings, Plant and machinery and electrical installations are provided under Straight Line Method.
  - 1 On the remaining assets, under Written Down value method treating the plant as continuous process plant.
  - 1 Depreciation is computed on plant & Machinery treating each machine/equipment as a single unit since the value of components forming part thereof of is insignificant.
  - 1 In respect of the following assets, the useful life has been estimated by the technical personnel which is different from the life given under Part C of Schedule II of the Companies Act, 2013 as detailed here under:

- 1 Plant & Machinery - 15 years.
- ii) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- iii) Advances paid towards the acquisition of Property, Plant and Equipment outstanding at each Balance Sheet date is classified as capital advances under other Non-current assets and the cost of assets not put to use before such date are disclosed under capital work-in-progress.
- iv) Assets to be disposed off are reported at the lower of carrying value or fair value less cost to sell.

**h) Impairment**

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. The impairment loss is charged to the statement of profit and loss in the year in which the asset is identified as impaired. The Impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

- i) Foreign Exchange Translations
  - (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e. in Indian rupee (INR).

- (ii) Transactions and balances
  - i) Export sales are initially accounted at the exchange rate prevailing on the date of documentation/invoicing and the same is adjusted with the difference in the rate of exchange arising on the actual receipts of proceeds in foreign exchange.
  - ii) Import of materials/Capital equipment is accounted at the rates at which the actual payments are affected.
  - iii) Foreign currency monetary assets and liabilities such as cash, receivables, payables, etc., are translated at year end exchange rates.
  - iv) Non-monetary items denominated in foreign currency such as investments, fixed assets, etc., are valued at the exchange rate prevailing on the date of transaction.
  - v) Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise

**j) Inventories**

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

- i) In respect of raw materials and Stores and Spares, cost is determined using FIFO and weighted average methods respectively except, where the realizable value of the finished goods in which they are used is less than the cost of finished goods and in such event, if the replacement cost of such materials etc., is less than their book values, they are valued at replacement cost. Cost of work-in-progress and finished goods include appropriate portion of overheads etc.,
- ii) Stock of scrap and Cotton waste are valued at estimated net realizable value.
- iii) Tools and implements are valued at cost after providing for obsolescence.
- iv) Machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular and amortized over the life of the principal asset.

**k) Employee benefits**

- i) Short term obligations:

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the



## **Sree Satyanarayana Spinning Mills Ltd.**

related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii) **Other long term employee benefit:**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee up to the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii) **Post-employment obligation:**

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees,
- b) Defined contribution plans such as provident fund and

### **Gratuity obligation:**

The company's liability to gratuity on retirement to its eligible employees is funded with the Life Insurance Corporation Of India, The Incremental expenses thereon for each year is arrived at as per actuarial valuation and is recognized and charged to profit and loss account in the year in which the employee has rendered service

### **Provident Fund and Employees' state Insurance Scheme:**

Eligible employees of Sree Satyanarayana Spinning mills Limited receive benefits from a provident fund and Employees' State Insurance scheme which is a defined benefit plan. Both the eligible employee and the company make monthly contributions to the Provident Fund and Employees' State Insurance equal to a specified percentage of the covered employee's salary.

## **I) Taxes on income:**

Tax expense comprises of current and deferred taxes.

The income tax expense(income) for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax is the amount of income taxes payable in respect of the taxable profit (tax loss) for a period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Minimum alternate tax payable under the provisions of Income Tax Act, 1961 is recognized as an asset in the year in which credit becomes eligible and is set off to the extent allowed in the year in which the company becomes liable to pay income taxes at the enacted tax rates.

**M) Provisions and contingent liabilities**

i) Provision:

A provision is recorded when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted when time value of money is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.

ii) Contingent liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability.

**N) Cash and Cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions/banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**O) Cash flow statement:**

Cash flows are reported using the indirect method, whereby the profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

**P) Financial instruments**

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

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

### Financial assets

All regular way purchases or sales of financial assets are recognized and de-recognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

For the impairment policy on financial assets - refer Para No. h(i).

#### 1) Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- 1 the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- 1 the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- 1 the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- 1 the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in profit or loss for FVTOCI debt instruments. For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income and accumulated under the heading of 'investment Re-valuation reserve' through other comprehensive income'. When the investment is disposed of the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value through Profit and loss.

#### 2) Effective interest method

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

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the "Other income" line item.

3) Investments in equity instruments at FVTOCI

On initial recognition, the company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'investment Revaluation Reserve' through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- 1 it has been acquired principally for the purpose of selling it in the near term; or
- 1 on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-making; or
- 1 it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

The company has equity investments which are not held for trading. The company has elected the FVTOCI irrevocable option for both of these investments. Fair value is determined in the manner described in Para No. AB.

Dividends on these investments in equity instruments are recognized in profit or loss when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in profit or loss are included in the 'Other income' line item.

4) Financial assets at fair value through profit or Loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see note T.3 above).

Debt instruments that do not meet the amortized cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortized cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognized when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

5) De-recognition of financial assets

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all

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the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

### 6) Foreign exchange gain and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

1 For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

1 Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

1 For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

### Financial liabilities and equity instrument:

#### 1) Classification as debt or equity

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

#### 2) Equity instruments

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

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

#### 3) Financial liabilities:

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

##### (i) Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- 1 it has been incurred principally for the purpose of repurchasing it in the near term; or
- 1 on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- 1 it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognized by the Company as an acquirer in a business combination to which Ind AS 103 applies, maybe designated as at FVTPL upon initial recognition if:

- 1 such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- 1 the financial liability forms part of a company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the company is provided internally on that basis; or
- 1 it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognized in profit or loss. The remaining amount of change in the fair value of liability is always recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognized in profit or loss.

Fair value is determined in the manner described in Para U.

(ii) Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

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

De-recognition of financial liabilities:

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

**Q) Borrowings**

Borrowing costs incurred in connection with the funds borrowed for acquisition/erection of assets that necessarily take substantial period of time to get ready for intended use, are capitalized as part

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of such assets. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowings costs. All other borrowing costs are charged to revenue.

### **R) Current and Non-current classification**

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

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- 1 expected to be realized or intended to be sold or consumed in the normal operating cycle
- 1 held primarily for the purpose of trading
- 1 expected to be realized within twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when:

- 1 it is expected to be settled in the normal operating cycle
- 1 it is held primarily for the purpose of trading
- 1 it is due to be settled within twelve months after the reporting period, or
- 1 there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

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

### **S) Dividend:**

Final dividends on shares are recorded as liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's board of directors.

### **T) Earnings per share:**

The company's Basic EPS is calculated by dividing profit or loss from continuing operations attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period as per IND AS-33, Earnings per Share.

The diluted EPS of an entity is calculated on the same basis as basic EPS, after adjusting for the effects of dilutive potential ordinary shares unless the effect of the potential dilutive equity shares is anti-dilutive.

### **U) Fair value measurement:**

In determining the fair value of its financial instruments, the company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value resulting general approximation of value, and such value may never actually be realized.

**V) Expenditure on approved Research and Development Programme:**

In respect of approved Research and Development Programme expenditure of capital nature is included in Property, Plant and Equipment and other expenditure is charged off to revenue in the year in which such expenditure is incurred.

**W) Non-current assets held for sale:**

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

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



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### **1.2 First-time adoption of Ind-AS**

These standalone financial statements of Sree Satyanarayana Spinning Mills Ltd., Tanuku for the year ended 31st March 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 1 have been applied in preparing standalone financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 1.3.

### **1.3 Exemptions availed on first time adoption of Ind AS 101**

#### **a) Deemed Cost**

For transition to Ind AS, the company has elected to continue with the carrying value of all its property, plant and equipment as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date, as there is no change in its functional currency.

#### **b) Designation of previously recognised financial instruments**

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrecoverable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognised financial assets, as 'fair Value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

#### **c) Fair value measurement of financial assets or financial liabilities at initial recognition**

Company has applied the requirements in Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS.

**Note 1.4.1: Reconciliation of Equity as previously reported under IGAAP to Ind AS**

Particulars	As At 31st March 2017			As on 1st April 2016		
	As per IGAAP	Ind AS Adjustments	As per IND AS	As per IGAAP	Ind AS Adjustments	As per IND AS
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, Plant and Equipment	377173534	-763453	376410081	409090967	-1872248	407218719
Capital Work-in-progress						
Investment Property						
Other Intangible Assets						
<b>Financial Assets</b>						
(i) Investments	52637500	22363640	75001140	52637500	7361000	59998500
(ii) Trade Receivables						
(iii) Loans						
(iv) Others (to be specified)	12508613		12508613	12508613		12508613
Deferred Tax Assets (Net)						
Other Non-current Assets						
<b>Current assets</b>						
Inventories	107022396		107022396	90477368		90477368
<b>Financial Assets</b>						
(i) Investments	1239440		1239440	1178071		1178071
(ii) Trade Receivables	74160152		74160152	97509622		97509622
(iii) Cash and cash equivalents	18174411		18174411	5742803		5742803
(iv) Bank balances other than (iii) above	29445000		29445000	4898000		4898000
(v) Loans						
(vi) Others (to be specified)	3616725		3616725	3041306		3041306
Current Tax Assets (Net)	3470287		3470287	15825972		15825972
Other Current assets	8832580	-7663287	1169293	8219897	-7185610	1034287
<b>Total Assets</b>	<b>688280635</b>	<b>13936902</b>	<b>702217537</b>	<b>701130119</b>	<b>-1696858</b>	<b>699433261</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Equity Share Capital	1050100		1050100	1050100		1050100
Other Equity	449200706	33248657	482449363	410591122	25044800	435635922
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
<b>Financial Liabilities</b>						
(i) Borrowings	99136327		99136327	118636327		118636327
(ii) Trade Payables						
(iii) Other financial liabilities						
Provisions	8818134		8818134	8909810		8909810
Deferred Tax Liabilities (Net)	36744194	-19311755	17432439	30654654	-21686155	8968499
Other non-current liabilities						
<b>Current liabilities</b>						
<b>Financial Liabilities</b>						
(i) Borrowings	32027856		32027856	44423395		44423395
(ii) Trade payables	19153164		19153164	42581081		42581081
(iii) Other financial liabilities	34494368		34494368	31194776		31194776
Other current liabilities	3530674		3530674	3380546		3380546
Provisions	4125112		4125112	9708308	-5055503	4652805
Current tax Liabilities (Net)						
<b>Total Liabilities</b>	<b>238029829</b>	<b>-19311755</b>	<b>218718074</b>	<b>289488897</b>	<b>-26741658</b>	<b>262747239</b>
<b>Total Equity and Liabilities</b>	<b>688280635</b>	<b>13936902</b>	<b>702217537</b>	<b>701130119</b>	<b>-1696858</b>	<b>699433261</b>

## Reconciliation of Profit or loss for the period ending 31-03-2017 (As per para 24 (b) of IND AS 101)

Particulars	For the year ended 31st March 2017		
	Balances as per IGAAP	Ind AS Adjustments	Balances as per IND AS
Revenue from operations	697451668		697451668
Other Income	3812240	24902	3837142
<b>Total income</b>	<b>701263908</b>	<b>24902</b>	<b>701288810</b>
<b>Expenses</b>			
Cost of material consumed	332574552		332574552
Purchase of stock in trade			
Changes in inventories of finished goods, Stock-in -Trade and work-in-progress	-27067318		-27067318
Employee Benefit Expenses	78270103	269655	78539758
Finance costs	18832252		18832252
Depreciation and amortisation expenses	32830645	-1083895	31746750
Power and fuel	103699789		103699789
Other expenses	97097178		97097178
<b>Total Expenses</b>	<b>636237201</b>	<b>-814240</b>	<b>635422961</b>
<b>Profit(loss) before exceptional items and tax</b>	65026707	839142	65865849
Less: Exceptional items			
<b>Profit(loss) before tax</b>	65026707	839142	65865849
<b>Add: Income tax refund received</b>	1256067		1256067
<b>Tax Expenses</b>			
1. Short/ (Excess) provision of Income Tax of Earlier years	8394743		8394743
2. Taxation	13666585		13666585
3. Deferred tax	6089539	366601	6456140
4. MAT Credit entitlement	-477677		-477677
<b>Total tax expense</b>	27673190	366601	28039791
Profit (loss) for the period from continuing operations	38609584	472540	39082124
Profit (loss) from discontinued operations			
Tax expenses of discontinued operations			
Profit/(loss) from Discontinued operations(after tax)			
Profit (loss) for the period	38609584	472540	39082124
<b>Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss		12786819	12786819
(ii) Income tax relating to items that will not be reclassified to profit or loss			
B (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
<b>Total Comprehensive Income for the period (comprising profit (loss) for the period and other comprehensive income)</b>	38609584	13259359	51868943
<b>Earnings per equity share</b>			
<b>1. Basic</b>	367.68	4.50	372.18
<b>2. Diluted</b>	367.68	4.50	372.18

**Notes to reconciliation :**

**(a) Property, Plant and equipment**

Adjustments includes impact of life expired assets and depreciation adjustments in accordance with Ind AS.

**(b) Investments**

Under previous GAAP, long term investments were measured at cost less provision for diminution, other than temporary. Under Ind AS, these financial assets have been classified as FVTOCI. On the date of transition to Ind AS, these financial assets have been measured at their fair value which is higher than the cost as per the previous GAAP, resulting in an increase in carrying amount. The corresponding deferred taxes have also been recognised. These changes do not affect profit before tax for the year ended 31st March 2017, because the investments have been classified as FVTOCI.

**(c) Other Equity**

Adjustments to retained earnings and other comprehensive income has been made with Ind AS, for the above mentioned items. In addition, as per Ind AS-19, actuarial gains and losses are recognized in other comprehensive income as compared to being recognized in the statement of profit and loss under IGAAP.

**(d) Deferred Tax Liabilities**

Indian GAAP required deferred tax accounting using the income statement approach, whereas Ind AS 12 - Income Taxes requires to account for deferred tax using balance sheet approach which focusses on temporary differences between the carrying amount of an asset/liability in the balance sheet and it's tax base. Deferred tax adjustments are recognised in correlation to the underlying transactions either in retained earnings or a separate component of equity.

**(e) Employee benefit expenses**

Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, actuarial gains and losses form part of remeasurement of the net defined benefit liability/asset which is recognised in other comprehensive income.

**(f) Depreciation and Amortization expenses**

Adjustments are due to the capitalisation of spares which meet the recognition criteria as per Ind AS 16 - Property, Plant & Equipment and other Ind AS Adjustments

**(g) Deferred Tax Expense**

Adjustments include deferred tax changes due to above mentioned items.

**Notes - 2 : Property, Plant and Equipment**

Description	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
	Cost as at 01.04.2017 Rs.	Additions During the year Rs.	Deductions During the year Rs.	Cost as at 31.03.2018 Rs.	Depreciation up to 31.03.2017 Rs.	Depreciation for the year Rs.	Depreciation on Deductions	Depreciation up to 31.03.2018 Rs.	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.
Land	1845300	--	--	1845300	--	--	--	--	1845300	1845300
Buildings	49530586	--	--	49530586	2087393	1952780	--	4040173	45490413	47443193
Plant & Machinery	321562319	13107195	--	334669514	25693088	24532690	--	50225778	284443736	295869231
Furniture & Fittings	1351	--	--	1351	1283	--	--	1283	68	68
Office Equipment	123490	--	--	123490	69049	25471	--	94520	28970	54441
Vehicles & Material Handling Equipment	1010196	1145171	--	2155367	410824	440992	--	851816	1303551	599372
Electrical Installations & Equipment	29910792	--	--	29910792	3084683	3040904	--	6125587	23785205	26826109
Laboratory Equipment	5301358	--	--	5301358	1734316	1149533	--	2883849	2417509	3567042
Computers	718784	35170	--	753954	513459	152697	--	666156	87798	205325
<b>TOTAL</b>	410004176	14287536	--	424291712	33594095	31295067	--	64889162	359402550	376410081
<b>PREVIOUS YEAR</b>	409090967	939422	26213	410004176	1872248	31746750	24902	33594095	376410081	407218719

Note:- 1) There were no impairment of assets and intangible assets, hence the relevant information was not furnished.

## Notes - 2 : Property, Plant and Equipment

Description	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	Cost as at 01.04.2016 Rs.	Additions During the year Rs.	Deductions During the year Rs.	Cost as at 31.03.2017 Rs.	Depreciation up to 31.03.2016 Rs.	Depreciation for the year Rs.	Depreciation up to 31.03.2017 Rs.	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
Land	1845300	0	0	1845300	0	0	0	1845300	1845300
Buildings	49530587	0	0	49530586	79960	2007433	2087393	47443195	49450627
Plant & Machinery	321174369	387950	0	321562319	1631621	24061468	25693088	295866232	319542748
Furniture & Fittings	1351	0	0	1351	1283	0	1283	68	68
Office Equipment	123490	0	0	123490	15902	53147	69049	54440	107588
Vehicles & Material Handling Equipment	584687	451722	26213	1010196	61968	373758	410824	599372	522719
Electrical Installations & Equipment	29910792	0	0	29910792	43780	3040903	3084683	26826109	29867011
Laboratory Equipment	5301358	0	0	5301358	37727	1696589	1734316	3567042	5263631
Computers	619033	99750	0	718784	7	513452	513459	205324	619027
<b>TOTAL</b>	<b>409090967</b>	<b>939422</b>	<b>26213</b>	<b>410004176</b>	<b>1872248</b>	<b>31746750</b>	<b>24902</b>	<b>376410081</b>	<b>407218719</b>

Note:- 1) There were no impairment of assets and intangible assets, hence the relevant information was not furnished.

Sree Satyanarayana Spinning Mills Ltd.

3.	<b>Non-current Investments</b>	<b>As At 31st March 2018 Rs.</b>	<b>As At 31st March 2017 Rs.</b>	<b>As At 31st March 2016 Rs.</b>
	<b>Trade Investments (valued at cost unless stated otherwise)</b>			
	<b>Unquoted equity instruments</b>			
	32675.92 (31 March 2017:1231.693) Equity shares of Rs. 10/- each, fully paid up in Andhra Pradesh Gas Power Corporation Ltd.,	<b>69493384</b>	75001140	59998500
	<b>Non-trade investments (valued at cost unless stated otherwise)</b>	<b>69493384</b>	75001140	59998500
	<b>investment in equity instruments(quoted)</b>			
	<b>Government and Trust securities (unquoted)</b>			
	Investment in government securities	<b>69493384</b>	75001140	59998500
	Aggregate amount of quoted Investments - Market Value Rs.	<b>NIL</b>	NIL	NIL
	- Cost Rs.	<b>NIL</b>	NIL	NIL
	Provision for diminution value of investments	<b>NIL</b>	NIL	NIL
	Aggregate amount of unquoted investments	<b>69493384</b>	75001140	59998500

4.	<b>Other Financial Assets (Non-current)</b>	<b>As At 31st March 2018 Rs.</b>	<b>As At 31st March 2017 Rs.</b>	<b>As At 31st March 2016 Rs.</b>
	<b>Capital Advances</b>			
	Secured, considered good			
	Unsecured, considered good			
	<b>(A)</b>			
	<b>Security Deposit</b>			
	Secured, considered good			
	Unsecured, considered good	<b>10096713</b>	12508613	12508613
	Doubtful	<b>10096713</b>	12508613	12508613
	Provision for doubtful security deposit	<b>10096713</b>	12508613	12508613
	<b>(B)</b>	<b>10096713</b>	12508613	12508613
	<b>Loans and advances to related parties</b>			
	Unsecured, considered good			
	<b>(C)</b>			
	<b>Other Loans and Advances</b>			
	Prepaid expenses			
	<b>(E)</b>			
	<b>Total [A+B+C+D+E]</b>	<b>10096713</b>	12508613	12508613

5.	<b>Inventories (valued at lower of cost and net realizable value)</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	Raw materials and components at Cost	<b>67293236</b>	40287602	49576517
	Work-in-progress			
	: At Cost	<b>15617186</b>	12671099	13734591
	: At Estimated Realisable Value			
	Finished goods			
	: At Cost	<b>82443266</b>	40286629	12077528
	: At Estimated Realisable Value			
	Stores and spares at Cost	<b>10888730</b>	12856528	14089903
	( Includes Goods in Transit amount Rs. NIL/- (Rs.888362/-))			
	Cotton Waste	<b>5048820</b>	920538	998829
	<b>Total</b>	<b>181291238</b>	107022396	90477368
6.	<b>Current Investments</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	<b>Quoted mutual funds</b>			
	123944.00(31 March 2017 :117807.10)			
	Units of Rs.10/- each in			
	SBI Mutual Funds.	<b>32937316</b>	1239440	1178071
		<b>32937316</b>	1239440	1178071
	Aggregate amount of quoted Investments			
	- Market Value Rs.	<b>32937316</b>	1239440	1178071
	- Cost Rs.			
	Provision for diminution value of investments			
7.	<b>Trade receivables</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	Unsecured, considered good unless stated otherwise			
	Outstanding for a period exceeding six months from the date they are due for payment			
	Secured, considered good			
	Unsecured, considered good	<b>80000</b>	80000	80000
	Doubtful	<b>814721</b>	--	--
		<b>894721</b>	80000	80000
	Provision for bad & doubtful debts receivables	<b>814721</b>	--	--
	<b>(A)</b>	<b>80000</b>	80000	80000
	Other receivables			
	Secured, considered good			
	Unsecured, considered good	<b>61132446</b>	74080152	97429622
	Doubtful	<b>61132446</b>	74080152	97429622
	Provision for bad & doubtful debts receivables			
	<b>(B)</b>	<b>61132446</b>	74080152	97429622
	<b>Total [A+B]</b>	<b>61212446</b>	74160152	97509622



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8.1	<b>Cash and bank balances</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	Cash and Cash Equivalents :			
	Balances with Banks:			
	On current accounts	<b>8619429</b>	18127550	5637192
	Deposits with original maturity of less than 3months			
	On unclaimed dividend account	<b>41470</b>	34670	16900
	Cheques/drafts on hand			
	Unpaid matured deposits			
	Unpaid matured debentures			
	Cash on hand	<b>69499</b>	12191	88711
		<b>8730398</b>	18174411	5742803
8.2	<b>Other Bank Balances :</b>			
	Deposits with original maturity for more than 12months			
	Deposits with original maturity for more than 3 months but less than 12 months			
	Margin money deposit Letter of Credit	<b>5575000</b>	29445000	4898000
	Margin money deposit FD			
	Amount disclosed under non-current assets	<b>5575000</b>	29445000	4898000
	<b>Total</b>	<b>14305398</b>	47619411	10640803
9.	<b>Other Financial Assets (Current)</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	Interest accrued on fixed deposits/security deposits	<b>1081200</b>	806158	794526
	Loans and Advance to employees	<b>169468</b>	143190	103986
	Balances with Statutory / government authorities	<b>4626136</b>	181666	472044
	<b>Advances recoverable in cash or kind</b>			
	Secured, considered good			
	Unsecured, considered good	<b>1207389</b>	2485711	1670750
	Doubtful			
	Others			
		<b>7084193</b>	3616725	3041306
10.	<b>Current tax assets(net)</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	Advance Income-tax / TDS (net)	<b>26851792</b>	16659195	15825972
	Less: Provision for Income tax	<b>21627768</b>	13188908	-
		<b>5224024</b>	3470287	15825972

11.	<b>Other current assets</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	Prepaid expenses	<b>1719990</b>	1169290	1034287
		<b>1719990</b>	1169290	1034287

12,	<b>Share Capital</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	<b>Authorised Shares :</b> 3500000 (31 March 2017 : 200000) equity shares of Rs.10/- each	<b>3500000</b>	2000000	2000000
	5000(31 March 2017 :5000) 9.30% Taxable Redeemable cumulative preference shares of Rs.100/- each	<b>500000</b>	500000	500000
		<b>35500000</b>	2500000	2500000
	<b>Issued Shares :</b> 1050100(31 March 2017 :105010) equity shares of Rs.10/- each	<b>10501000</b>	1050100	1050100
		<b>10501000</b>	1050100	1050100
	<b>Subscribed and fully paid-up shares :</b> 1050100(31 March 2017 :105010) equity shares of Rs.10/- each	<b>10501000</b>	1050100	1050100
		<b>10501000</b>	1050100	1050100
	<b>Total issued, subscribed and fully paid-up capital</b>	<b>10501000</b>	1050100	1050100

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

Equity Shares	As At 31st March 2018 Rs.		As At 31st March 2017 Rs.		As At 01 April 2016 Rs.	
	No.	Rs.	No.	Rs.	No.	Rs.
At the beginning of the period	<b>105010</b>	<b>1050100</b>	105010	1050100	105010	1050100
Issued during the period-Bonus issue	<b>945090</b>	<b>9450900</b>	-	-	-	-
Issued during the period - ESOP	-	-	-	-	-	-
Outstanding at the end of the period	<b>1050100</b>	<b>10501000</b>	105010	1050100	105010	1050100

**During the Year the Company has Issued Aggregate of 945090 equity shares of Rs.10/- each fully paid up by way of bonus shares**

**b. Details of shareholders holding more than 5% shares in the company**

Equity shares of Rs.10/- each fully paid	As At 31st March 2018 Rs.		As At 31st March 2017 Rs.		As At 01 April 2016 Rs.	
	No.	% holding in the class	No.	% holding in the class	No.	% holding in the class
1) Sri E.Satyanarayana	<b>159140</b>	<b>15.15%</b>	15514	14.77%	15514	14.77%
2) Sri B.B.Ramaiah	<b>62780</b>	<b>5.98%</b>	6278	5.98%	6278	5.98%
3) Sri E.Rangarao	<b>55310</b>	<b>5.27%</b>	5531	5.27%	5531	5.27%
<b>Total</b>	<b>277230</b>	<b>26.40%</b>	27323	26.02%	27323	26.02%

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13.	<b>OTHER EQUITY</b>	<b>As At 31st March 2018 Rs.</b>	<b>As At 31st March 2017 Rs.</b>	<b>As At 31st March 2016 Rs.</b>
	Capital Reserve	<b>2831396</b>	2831396	2831396
	Capital Redemption Reserve	<b>300000</b>	300000	300000
		<b>3131396</b>	3131396	3131396
	Investment Revaluation Reserve	<b>16855884</b>	22363640	7361000
	Deferred tax on above items	<b>13561876</b>	11396048	13881524
	Acturial Gain/loss reserve	<b>-2424887</b>	-674002	-943657
	<b>General Reserve</b>			
	Balance as per the last Financial Statements	<b>419690430</b>	389690430	320000000
	Add : Amount transferred from Surplus Balance in the Statement Of Profit and Loss	-	30000000	70000000
	Add : Ind AS Adjustments			-309570
	Less: Issue of bonus shares	<b>-9450900</b>		
	<b>Closing Balance</b>	<b>410239530</b>	419690430	389690430
	<b>Surplus/(Deficit) In The Statement Of Profit And Loss</b>			
	Balance as per the last Financial Statements	<b>26541850</b>	22515229	69614949
	Profit for the year	<b>30792824</b>	39082124	22900280
		<b>57334674</b>	61597353	92515229
	Less: <b>Appropriations</b>			
	Equity Dividend paid	<b>4725450</b>	4200400	-
	Tax on Distributed Profits	<b>961990</b>	855103	-
	Transfer to General Reserve		30000000	70000000
	Total Appropriations	<b>5687440</b>	35055503	70000000
	<b>Net Surplus In Statement Of Profit And Loss</b>	<b>51647234</b>	26541850	22515229
	<b>Total Reserves And Surplus Taken To Balance Sheet</b>	<b>493011034</b>	482449363	435635922

14.	<b>Borrowings (Non-current)</b>	<b>As At 31st March 2018 Rs.</b>	<b>As At 31st March 2017 Rs.</b>	<b>As At 31st March 2016 Rs.</b>
	<b>Term Loans</b>			
	Indian rupee loan from banks (secured)	<b>72136327</b>	99136327	118636327
	<b>Total Amount</b>	<b>72136327</b>	99136327	118636327
	<b>The above amount includes</b>			
	Secured borrowings	<b>72136327</b>	99136327	118636327
	Unsecured borrowings			
	<b>Net Amount</b>	<b>72136327</b>	99136327	118636327

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Term Loan taken from State Bank of India, Commercial Branch, Coimbatore against primary hypothecation of assets to be created out of the term loan, further collaterally secured by first charge on the entire fixed assets of the company. The rate of interest on above term loan is 3% above MCLR for 1 year being 8% with present effective rate at 11%.

The term loan is to be repaid in 6 Years and 3 months including a moratorium of 1 year. The first repayment starts on Mar'2016 and last repayment is Dec'2020.

**(Rs.)**

Year	No. of Installments	Amount of Installments	Total
2015-16	1	15,00,000	15,00,000
2016-17	12	15,00,000	1,80,00,000
2017-18	9	15,00,000	1,95,00,000
	3	20,00,000	
2018-19	9	20,00,000	2,70,00,000
	3	30,00,000	
2019-20	9	30,00,000	3,84,00,000
	3	38,00,000	
2020-21	8	38,00,000	3,38,00,000
	1	34,00,000	
<b>TOTAL</b>	<b>58</b>		<b>13,82,00,000</b>

15. Provisions (Non-current)	As At 31st March 2018 Rs.	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
<b>Provision for employee benefits:</b>			
Provision for gratuity	<b>3626866</b>	5862031	6185209
Provision for leave benefits	<b>1605757</b>	2956103	2724601
	<b>5232623</b>	8818134	8909810

16. Deferred Tax Liability (Net)	As At 31st March 2018 Rs.	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
<b>Deferred Tax Liability</b>			
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	<b>38710633</b>	43508156	41588331
Others			
<b>Gross deferred tax liability</b>	<b>38710633</b>	43508156	41588331
<b>Deferred tax asset</b>			
MAT Credit	<b>5750421</b>	7663287	7185610
Investments	<b>13561876</b>	11396048	13881524
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	<b>5848716</b>	7016383	11552698
Provision for diminution in the value of investments			
Provision for doubtful debts and advances	<b>226655</b>	–	–
Others			
<b>Gross deferred tax asset</b>	<b>25387669</b>	26075718	32619832
<b>Net Deferred Tax Liability</b>	<b>13322964</b>	17432438	8968499

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17.	<b>Provisions (Current)</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	<b>Provision for employee benefits:</b>			
	Provision for gratuity	<b>4854210</b>	2434461	2973726
	Provision for leave benefits	<b>2900221</b>	1690649	1679079
		<b>7754431</b>	4125110	4652805

18.	<b>Borrowings (Current)</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	Cash credit from Banks : Secured : Unsecured Loan Repayable on Demand (Unsecured) :from Directors Interest free loan and advances from related parties repayable on demand (unsecured) Deposits (unsecured) : from Shareholders : from Public	<b>24500903</b>	32027856	44423395
		<b>24500903</b>	32027856	44423395
	<b>The above amount includes</b> Secured borrowings Unsecured borrowings	<b>24500903</b>	32027856	44423395

Working capital loans from State Bank Of India ( Secured by Hypothecaion of entire current assets and movable assets of the Company)

The above loans are further collaterally secured by first charge on the entire fixed assets of the company.

The rate of interest 2% above MCLR for 1 year being 8% with present effetive rate at 10% (@11.30%).

19.	<b>Trade payables</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	<b>Trade payables</b> Due to Others	<b>74507311</b>	19153164	42581081
		<b>74507311</b>	19153164	42581081

20.	<b>Other Financial Liabilities (Current)</b>	<b>As At 31st March 2018 Rs.</b>	As At 31st March 2017 Rs.	As At 31st March 2016 Rs.
	Current maturities of long term borrowings	<b>27000000</b>	19500000	18000000
	Interest accrued and due on borrowings	<b>939344</b>	1243582	1460216
	Unclaimed dividend	<b>41470</b>	34670	16900
	Accrued Salaries and Benefits	<b>11361232</b>	11740258	11299815
	Directors Remuneration Payable	<b>384684</b>	1975858	417845
		<b>39726730</b>	34494368	31194776

21.	<b>Other Current Liabilities</b>	<b>As At 31st March 2018 Rs.</b>	<b>As At 31st March 2017 Rs.</b>	<b>As At 31st March 2016 Rs.</b>
	Advance from customers	<b>50366</b>	136724	8523
	Statutory Dues	<b>1657674</b>	3073482	3146638
	Others	<b>365889</b>	320468	225385
		<b>2073929</b>	3530674	3380546

22.	<b>Revenue from operations</b>	<b>This year</b>	<b>Previous year</b>
	<b>Sale of products:</b>		
	Finished goods	<b>605659143</b>	659641770
	Sale of Cotton Waste	<b>39392001</b>	37738022
		<b>645051144</b>	697379792
	<b>Other operating revenue</b>		
	Other	<b>88411</b>	71876
	<b>Revenue from operations</b>	<b>645139555</b>	697451668

	<b>Details of products sold</b>	<b>This year</b>	<b>Previous year</b>
	<b>Finished goods sold</b>		
	Cotton Yarn	<b>605659143</b>	659641770
	Cotton Waste	<b>39392001</b>	37738022
		<b>645051144</b>	697379792

23.	<b>Other Income</b>	<b>This year</b>	<b>Previous year</b>
	<b>Interest income on</b>		
	Bank deposits	<b>402675</b>	272545
	Others	<b>1004673</b>	1117053
	<b>Dividend income on</b>		
	Short-term investments	<b>1697876</b>	61368
	Other non-operating income #	<b>10645547</b>	2386176
		<b>13750771</b>	3837142

**Note :**

	<b># Other non-operating income includes :</b>	<b>This year</b>	<b>Previous year</b>
	Duty draw back	<b>3792159</b>	1837384
	Difference in Foreign Exchange (Gain)	<b>3187898</b>	129405
	Profit on Sale of Asset	<b>-</b>	24902
	Miscellaneous Receipts	<b>3365818</b>	155641
	Claims Received	<b>299672</b>	238844
	<b>Total</b>	<b>10645547</b>	2386176

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24.	Cost of raw material consumed	This year	Previous year
	Inventory at the beginning of the year	<b>40287603</b>	49576517
	Add:Purchases	<b>365528943</b>	323285638
	Less: Inventory at the end of the year	<b>405816546</b>	372862155
	Cost of raw material consumed	<b>67293237</b>	40287603
		<b>338523309</b>	332574552

	Details of raw material consumed	This year	Previous year
	i) Cotton	<b>338523309</b>	332574552
	<b>Total</b>	<b>338523309</b>	332574552

	Details of Inventory	This year	Previous year
	<b>Raw materials</b>		
	i) Cotton	<b>67293237</b>	40287603
	<b>Total</b>	<b>67293237</b>	40287603

25.	(Increase)/decrease in inventories	This year	Previous year	(Increase)/ Decrease Rs.
	<b>Inventories at the end of the year</b>			<b>2017-2018</b>
	Work in progress	<b>15617186</b>	12671099	-2946087
	Finished goods	<b>82443266</b>	40286629	-42156637
	Cotton waste	<b>5048820</b>	920538	-4128282
		<b>103109272</b>	53878266	-49231006
	<b>Inventories at the beginning of the year</b>			2016-2017
	Work in progress	<b>12671099</b>	13734591	1063492
	Finished goods	<b>40286629</b>	12077528	-28209101
	Cotton waste	<b>920538</b>	998829	78291
		<b>53878266</b>	26810948	-27067318

	Details of Inventory	This year	Previous year
	<b>Work-in-progress</b>		
		<b>15617186</b>	12671099
		<b>15617186</b>	12671099
	<b>Finished goods</b>		
	Cotton Yarn	<b>82443266</b>	40286629
		<b>82443266</b>	40286629

26.	<b>Employee benefit expense</b>	<b>This year</b>	Previous year
	Salaries, wages and bonus	<b>64688479</b>	65992509
	Contribution to provident and other fund	<b>8358998</b>	8438644
	Gratuity expense	<b>2850296</b>	2960639
	Staff welfare expenses	<b>1268100</b>	1147966
	<b>77165873</b>	78539758	
27.	<b>Finance Costs</b>	<b>This year</b>	Previous year
	Interest	<b>12368128</b>	18832252
	Other borrowing Cost	<b>1405515</b>	–
		<b>13773643</b>	18832252
28.	<b>Depreciation and amortization expense</b>	<b>This year</b>	Previous year
	Depreciation of tangible assets	<b>31295067</b>	31746750
		<b>31295067</b>	31746750
29.	<b>Other expenses</b>	<b>This year</b>	Previous year
	Consumption of stores and spares	<b>17501050</b>	18634685
	Processing Charges	<b>22095993</b>	18588522
	Freight and forwarding charges	<b>8283739</b>	7556299
	Rates and taxes	<b>124078</b>	103460
	Insurance	<b>1496039</b>	1289828
	Repairs and maintenance		
	Plant and machinery	<b>25834914</b>	33472080
	Buildings	<b>1262439</b>	2615420
	Others	<b>1422147</b>	1283637
	Advertising	<b>1190324</b>	98505
	Sales commission	<b>6607133</b>	5991693
	Travelling and conveyance	<b>450300</b>	274270
	Communication costs	<b>87048</b>	94681
	Hank Yarn Obligation charges	<b>822964</b>	820221
	Legal and professional fees	<b>602643</b>	1003037
	Directors' sitting fees	<b>270000</b>	285000
	Payment to Auditors (Refer details below)	<b>402250</b>	296075
	Tools written off	<b>29735</b>	56200
	Bank Charges	<b>2136079</b>	1346951
	Corporate Social Responsibility Expenses	<b>1116214</b>	1354258
	Provision for bad debts & doubtful debts	<b>814721</b>	–
Miscellaneous expenses	<b>3043193</b>	1932355	
	<b>95593005</b>	97097178	



Sree Satyanarayana Spinning Mills Ltd.

Payment to Auditors	This year	Previous year
<b>As Auditor:</b>		
Audit fee	175000	143750
Tax audit fee	40000	46000
Other services (certification fees)	126426	52565
Out of pocket expenses	10824	7560
Cost Auditors Fee	50000	46200
<b>Total</b>	<b>402250</b>	<b>296075</b>

30. Other Comprehensive income Items that will not be reclassified to profit & loss account	This year	Previous year
Revaluation gain/(loss) of investments	-5507756	15002640
Acturial Gain / Loss (OCI)-Gratuity	-1170657	1017530
Acturial Gain / Loss (OCI)-Leave	-580228	-747875
Deferred Tax (OCI)	2165828	-2485476
	<b>-5092813</b>	<b>12786819</b>

31. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

Particulars	As at 31.03.2018 Rs.	As at 31.03.2017 Rs.
a) (i) Disputed Income Tax demands for the assesment year 1989-90 [Rs.2150580/- (Rs.2150580/-) paid under protest against the demands and grouped under loans and advances]	2884527	2884527
<b>GRAND TOTAL</b>	<b>2884527</b>	<b>2884527</b>

32. COMPARISON BETWEEN CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIAL DURING THE YEAR:

Particulars	2017-18		2016-17	
	Value Rs.	%	Value Rs.	%
Imported	130778741	38.63	87830511	26.41
Indigenous	207744568	61.37	244744041	73.59
	<b>338523309</b>	<b>100.00</b>	<b>332574552</b>	<b>100.00</b>

33. COMPARISON BETWEEN CONSUMPTION OF IMPORTED AND INDIGENOUS SPARE PARTS AND COMPONENTS DURING THE YEAR (CHARGED TO APPROPRIATE HEADS)

Particulars	2017-18		2016-17	
	Value Rs.	%	Value Rs.	%
Imported	13116924	34.43	4535228	13.18
Indigenous	24982429	65.57	29875398	86.82
	<b>38099353</b>	<b>100.00</b>	<b>34410626</b>	<b>100.00</b>

**34. VALUE OF IMPORTS DURING THE YEAR CALUCLATED ON C.I.F BASIS**

Particulars	2017-18 Rs.	2016-17 Rs.
Stores and spares	12313716	5772407
Raw Materials - Cotton	146535469	87830511
	158849185	93602918

35. Earnings in Foreign Currency during the year 190740362 59320094

**36. Details of expenditure incurred in foreign currency**

Certification Fee	-	279987
Stores and spares	10461643	4500264
Raw Materials Cotton	143064872	84488428

**37. Disclosures on payments and dues to "suppliers" as defined in Micro, Small and Medium Enterprises Development Act, 2006.**

Particulars	Current Year	Previous Year
1. Amount remaining unpaid to any "Supplier" at the end of the year, (a) Principal amount of bills to be paid (b) Interest due thereon	-Nil- -Nil-	-Nil- -Nil-
2. Payments made to suppliers, during the year, but beyond appointed/agreed by (a) Payments made to Suppliers. (b) Interest paid along with such payments during the year u/s 16 of the Act.	-Nil- -Nil-	-Nil- -Nil-
3. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under MSMED Act, 2006	-Nil-	-Nil-
4. Amount of interest accrued and remaining unpaid, at the end of each accounting year.	-Nil-	-Nil-
5. Amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of deductible expenditure under section 23 of MSMED Act, 2006.	-Nil-	-Nil-
<b>Note :</b> For the purpose of the above details of the Status of the supplier's under the Act has been determined, to the extent of and based on the information furnished by the respective parties, and has accordingly, been relied upon by the company and its auditors.		

38. As the Company is engaged in manufacture of a single line of products, identification of the Company's business into segments does not arise, as contemplated in the Indian Accounting Standard (Ind AS 108), "Operating Segments" issued by the Institute of Chartered Accountants of India.

39. DISCLOSURES REQUIRED BY IND AS-19- EMPLOYEE BENEFITS

**Summary of Results:**

Highlights of the results as at 31 March, 2018 are given below:

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017
Defined Benefit Cost included in P&L	<b>28,50,297</b>	29,27,002	<b>7,50,796</b>	6,19,193
Other Comprehensive (Income) / Loss	<b>11,70,656</b>	(9,83,893)	<b>5,80,228</b>	7,47,795
Total Defined Benefit Cost recognized in P&L and OCI	<b>40,20,953</b>	19,43,109	<b>13,31,024</b>	13,66,988
Defined Benefit Obligation at the end	<b>2,96,56,622</b>	2,80,06,411	<b>45,05,978</b>	46,46,752
Fair Value of Plan Assets at the end	<b>2,11,75,546</b>	1,97,09,919	--	-
Net Defined Benefit Liability / (Asset)	<b>84,81,076</b>	82,96,492	<b>45,05,978</b>	46,46,752
Discount Rate	<b>7.50%</b>	8.00%	<b>7.50%</b>	7.48%

**Summary Of Financial Assumptions**

Particulars	Gratuity		Leave Encashment	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Discount Rate	<b>7.50%</b>	8.00%	<b>7.50%</b>	7.48%
Salary Escalation	<b>7.00%</b>	7.00%	<b>6.00%</b>	6.00%

**Summary of Demographic Assumptions-Gratuity**

Particulars	31/03/2018	31/03/2017
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality Table)	<b>100%</b>	100%
Disability Rate (as % of above mortality rate)	<b>5%</b>	0.00%
Withdrawal Rate	<b>8%</b>	8%
Normal Retirement Age	<b>58 Years</b>	58 Years
Adjusted Average Future Service	<b>24.52</b>	25.52

**Summary of Demographic Assumptions-Leave Encashment**

Particulars	31/03/2018	31/03/2017
Mortality Rate (as % of IALM (2006-08) (Mod.) Ult. Mortality	<b>100.00%</b>	100.00%
Disability Rate (as % of above mortality rate)	<b>5.00%</b>	NA
Attrition Rate	<b>8.00%</b>	8.00%
Normal Retirement Age	<b>58 Years</b>	58 Years
Leave Encashment Rate during employment	<b>50.00%</b>	50.00%
Leave Availment Rate	<b>20.00%</b>	20.00%

**Change in Defined Benefit Obligation**

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017
Defined Benefit Obligation at the beginning	<b>2,80,06,411</b>	2,88,90,626	<b>46,46,752</b>	44,03,680
Current Service Cost	<b>22,41,121</b>	21,34,031	<b>4,58,264</b>	3,15,697
Past Service	-	-	-	-
Cost(Gain) / Loss on settlements	-	-	-	-
Interest Expense	<b>20,92,844</b>	23,11,250	<b>2,92,532</b>	3,03,496
Benefit Payments from Plan Assets	<b>(36,91,718)</b>	(43,11,966)	-	-
Benefit Payments from Employer	-	-	<b>(14,71,798)</b>	(11,23,916)
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-	-	-
Increase / (Decrease) due to effect of any business combination / divesture / transfer)	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Due to Demographic Assumptions	--	--	--	--
Remeasurements - Due to Financial Assumptions	<b>9,16,634</b>	-	<b>(551)</b>	-
Remeasurements - Due to Experience Adjustments	<b>91,331</b>	(10,17,530)	<b>5,80,779</b>	7,47,795
Defined Benefit Obligation at the end	<b>2,96,56,622</b>	2,80,06,411	<b>45,05,978</b>	46,46,752
Discount Rate	<b>7.50%</b>	8.00%	<b>7.50%</b>	7.48%
Salary Escalation Rate	<b>7.00%</b>	7.00%	<b>6.00%</b>	6.00%

Sree Satyanarayana Spinning Mills Ltd.

**Change in Fair Value of Plan Assets**

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017
Fair Value of Plan Assets at the beginning	1,97,09,919	1,97,31,691	-	-
Interest Income	14,83,668	15,18,279	-	-
Employer Contributions	38,36,369	28,05,552	-	-
Employer Direct Benefit Payments	-	-	14,71,798	11,23,916
Employer Direct Settlement Payments	-	-	-	-
Benefit Payments from Plan Assets	(36,91,718)	(43,11,966)	-	-
Benefit Payments from Employer	-	-	(14,71,798)	(11,23,916)
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	-	-	-	-
Increase / (Decrease) due to effect of any business combination / divestiture / transfer)	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	(1,62,692)	(33,637)	-	-
Fair Value of Plan Assets at the end	2,11,75,546	1,97,09,919	-	-

**Weighted Average Asset Allocations at end of Year**

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017
Equities	0%	0%	0%	0%
Bonds	0%	0%	0%	0%
Gilts	0%	0%	0%	0%
Insurance Policies	100%	100%	0%	0%
Total	100%	100%	0%	0%

**Components of Defined Benefit Cost**

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017
Current Service Cost	22,41,121	21,34,031	4,58,264	3,15,697
Past Service Cost	--	--	--	--
(Gain) / Loss on Settlements	--	--	--	--
Reimbursement Service Cost	--	--	--	--
Total Service Cost	22,41,121	21,34,031	4,58,264	3,15,697
Interest Expense on DBO	20,92,844	23,11,250	2,92,532	3,03,496
Interest (Income) on Plan Assets	(14,83,668)	(15,18,279)	--	--
Interest (Income) on Reimbursement Rights	--	--	--	--
Interest Expense on (Asset Ceiling) / Onerous Liability	--	--	--	--
Total Net Interest Cost	6,09,176	7,92,971	2,92,532	3,03,496
Reimbursement of Other Long Term Benefits	--	--	--	--
Defined Benefit Cost included in P & L	28,50,297	29,27,002	7,50,796	6,19,193
"Remeasurements - Due to Demographic Assumptions	--	--	--	--
Remeasurements - Due to Financial Assumptions	9,16,634	--	(551)	--
Remeasurements - Due to Experience Adjustments	91,331	(10,17,530)	5,80,779	7,47,795
(Return) on Plan Assets (Excluding Interest Income)	1,62,692	33,637	--	--
(Return) on Reimbursement Rights	--	--	--	--
Changes in Asset Ceiling / Onerous Liability	--	--	--	--
Total Remeasurements in OCI	11,70,656	(9,83,893)	5,80,228	7,47,795
Total Defined Benefit Cost recognized in P&L and OCI	40,20,953	19,43,109	13,31,024	13,66,988
Discount Rate	7.50%	8.00%	7.50%	7.48%
Salary Escalation Rate	7.00%	7.00%	6.00%	6.00%

**Bifurcation of Present Value of Obligations at the end of the valuation period as per revised Schedule III of the Companies Act, 2013**

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017
Current Liabilities	48,54,210	24,34,461	29,00,221	16,90,649
Non- current Liabilities	2,48,02,413	2,55,71,950	16,05,756	29,56,103

## Amounts recognized in the Statement of Financial Position

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017
Defined Benefit Obligation	2,96,56,622	2,80,06,411	45,05,978	46,46,752
Fair Value of Plan Assets	2,11,75,546	1,97,09,919	-	-
Funded Status	84,81,076	82,96,492	45,05,978	46,46,752
Effect of Asset Ceiling / Onerous Liability	-	-	-	-
Net Defined Benefit Liability / (Asset)	84,81,076	82,96,492	45,05,978	46,46,752
Of which, Short term Liability	48,54,210	24,34,461	29,00,221	16,90,649

## Net Defined Benefit Liability / (Asset) reconciliation

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017
Net Defined Benefit Liability / (Asset) at the beginning	82,96,492	91,58,935	46,46,752	44,03,680
Defined Benefit Cost included in P&L	28,50,297	29,27,002	7,50,796	6,19,193
Total Remeasurements included in OCI	11,70,656	(9,83,893)	5,80,228	7,47,795
Net Transfer In / (Out) (Including the effect of any business combination/divesture)	-	-	-	-
Amount recognized due to Plan Combinations	-	-	-	-
Employer Contributions	(38,36,369)	(28,05,552)	-	-
Employer Direct Benefit Payments	-	-	(14,71,798)	(11,23,916)
Employer Direct Settlement Payments	-	-	-	-
Credit to Reimbursements	-	-	-	-
Net Defined Benefit Liability / (Asset) at the end	84,81,076	82,96,492	45,05,978	46,46,752

## Amounts recognized in the Statement of Financial Position

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017	Financial Year Ending 31/03/2018	Financial Year Ending 31/03/2017
(Gain) / Loss on Plan Liabilities	<b>91,331</b>	(10,17,530)	<b>5,80,779</b>	7,47,795
% of Opening Plan Liabilities	<b>0.33%</b>	(3.52%)	<b>12.50%</b>	16.98%
Gain / (Loss) on Plan Assets	<b>(18,828)</b>	(33,637)	-	-
% of Opening Plan Assets	<b>(0.10%)</b>	(0.17%)	-	-

## 40. Earning Per Share - Numerators and Denominators used to calculate Basic and Diluted Earnings Per Share for the year 2017-18

Particulars	2017-18 Rs.	2016-17 Rs.
Profit attributable to the Share Holders	<b>30792824</b>	39082124
Basic/weighted average number of equity shares outstanding during the year	<b>1050100</b>	105010
Nominal Value of Equity Shares	<b>10.00</b>	10.00
Basic/Diluted earning per share	<b>29.32</b>	372.18
Bonus issue shares	<b>945090</b>	0
Restated Earnings per Share:	<b>293.24</b>	372.18



**Sree Sathyanarayana Spinning Mills Ltd.**

**41. Related party disclosures: Names of related parties:**

Key Managerial Personnel

Sri. E.Sathyanarayana, Managing Director & C.E.O.

Relatives of Key Managerial Personnel

Sri. E.Sidhaarth, Son of Sri.E.Sathyanarayana, Managing Director & C.E.O.

Kum. E.Shilpa, Daughter of Sri.E.Sathyanarayana, Managing Director & C.E.O.

Smt. E.Rajeswari, Wife of Sri.E.Sathyanarayana, Managing Director & C.E.O.

Sri. E.Ranga Rao, Brother of Sri.E.Sathyanarayana, Managing Director & C.E.O.

Sri. E.Sailesh, Brother of Sri.E.Sathyanarayana, Managing Director & C.E.O.

Smt. E.Rama Lakshmi, Mother of Sri.E.Sathyanarayana, Managing Director & C.E.O.

Smt. L.Nagaswarna, Sister of Sri.E.Sathyanarayana, Managing Director & C.E.O.

Enterprises in which key management personnel have significant influence:

M/s. Sidhaarth Cotton Yarn Processors Pvt.Ltd.

M/s. Sidhaarth Exports Pvt Ltd

M/s. Sree Dinakar Fabrics Pvt Ltd

The Andhra sugars Ltd

M/s Jayalakshmi fertilisers

Nature of transaction	Key Managerial personnel Rs.	Relatives of Key Managerial Personnel Rs.	Enterprises in which key Managerial personnel have significant influence Rs.
a) Purchase of Goods From Sree Dinakar Fabrics Pvt Ltd			--
b) Sale of Goods to Sree Dhinakar fabrics Pvt Ltd			<b>17,691</b>
c) Services rendered to Sree Dinakar Fabrics Pvt Ltd			<b>1,13,631</b> (95,476)
d) Services rendered by Sidhaarth Cotton Yarn Processors Pvt Ltd			<b>10,88,989</b> (8,47,039)
e) Remuneration ( including Commission) paid to Sri E.Sathyanarayana	<b>18,31,284</b> (34,22,458)		
f) Interest paid to			
g) Dividend paid to Sri E.Sathyanarayana	<b>7,16,130</b> (6,36,560)		
Smt. E.Rajeswari		<b>2,19,600</b> (1,95,200)	
Sri E.Sidhaarth		<b>65,700</b> (58,400)	
Smt. E.Ramalakshmi		<b>22,500</b> (20,000)	

Nature of transaction	Key Managerial personnel Rs.	Relatives of Key Managerial Personnel Rs.	Enterprises in which key Managerial personnel have significant influence Rs.
Sri. E.Ranga Rao		<b>2,48,895</b>	
Sri. E.Sailesh		(2,21,240)	
Smt. L.Nagaswarna		<b>1,91,565</b>	
		(1,70,280)	
		<b>19,890</b>	
		(17,680)	
h) Amount outstanding as on date of Balance Sheet			
i. Fixed Deposits			
ii. Share capital held by Sri E.Sathyanarayana	<b>15,91,400</b>		
	(1,59,140)		
Smt. E.Rajeswari		<b>4,88,000</b>	
		(48,800)	
Sri E.Sidhaarth		<b>1,46,000</b>	
		(14,600)	
Smt. E.Ramalakshmi		<b>50,000</b>	
		(5,000)	
Sri. E.Ranga Rao		<b>5,53,100</b>	
		(55,310)	
Sri. E.Sailesh		<b>4,25,700</b>	
		(42,570)	
Smt. L.Nagaswarna		<b>44,200</b>	
		(4,420)	
iii. Amount due to			
iv. Amount due from			
v. Remuneration Payable - Sri E.Sathyanarayana	<b>3,84,684</b>		
	(19,75,858)		

**42. Corporate Social Responsibility (CSR)**

As per section 135 of the Companies Act 2013, the CSR committee has been formed by the company.

The areas of CSR activities are eradication of hunger and malnutrition promoting education, Art and Culture, Health care, destitute care and rehabilitation and Rural development projects.

	(in cash) Rs.
Unspent amount towards CSR of earlier year	109252
Gross amount required to be spent by the company during the year	1079699
Total	1188951
Less: Amount spent by the company during the year towards CSR activity	1116214
Balance amount to be spent	72737

43. According to an internal technical assessment carried out by the company, there is no impairment in the carrying cost of cash generating units of the company in terms of Indian Accounting Standard 36 'Impairment of assets'

**44. Financial Instruments**

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual fund units that have a quoted price. The fair value of all equity instruments which are traded on Stock Exchanges is valued using the closing price as at the reporting period. The mutual fund units are valued using the closing net asset value (NAV).

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. These instruments are collectively not material and hence disclosures regarding significant unobservable inputs used in level 3 fair values have not been made.

**Financial Assets & Financial Liabilities measured at fair value**

Rs.

Financial Assets	31st March 2018			31st March 2017			1st April 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Unquoted instruments			69493384			75001140			59998500

Financial Liabilities	31st March 2018			31st March 2017			1st April 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Borrowings (non-current)		72136327			99136327			118636327	
Borrowings (current)		24500903			32027856			44423395	
Current Maturity of Long Term Debt		27000000			19500000			18000000	
<b>Total</b>		<b>123637230</b>			<b>150664182</b>			<b>181059722</b>	

As at 31st March,2018

Rs.

Particulars	Carrying amount					Total
	Note	Financial assets - FVTOCI	Financial assets - FVTPL	Financial assets- Amortised cost	Financial Liabilities- Amortised cost	
<b>Financial instruments measured at fair value</b>						
Non Current investments	3	69493384				69493384
Current investments	6	32937316				32937316
<b>Financial assets not measured at fair value</b>						
Trade receivables	7			61212446		61212446
Cash and Cash Equivalents	8.1			8730398		8730398
Bank balances other than above	8.2			5575000		5575000
<b>Other Financial assets</b>						
Security Deposits	4			10096713		10096713
Interest accrued on fixed deposits/security deposits	9			1081200		1081200
Loans and Advance to employees	9			169468		169468
Balances with Statutory / government authorities	9			4626136		4626136
Advance recoverable in cash/kind	9			1207389		1207389
		<b>102430700</b>		<b>92698750</b>		<b>195129450</b>
<b>Financial liabilities not measured at fair value</b>						
Borrowings	14&18				96637230	96637230
Trade payables	19				74507311	74507311
<b>Other financial liabilities</b>	20					
Current maturities of long term borrowings					27000000	27000000
Interest accrued and due on borrowings					939344	939344
Unclaimed dividend					41470	41470
Accrued Salaries and Benefits					11361232	11361232
Directors Remuneration Payable					384684	384684
					<b>210871271</b>	<b>210871271</b>

Sree Satyanarayana Spinning Mills Ltd.

As at 31st March,2017

Rs.

Particulars	Carrying amount					
	Note	Financial assets - FVTOCI	Financial assets - FVTPL	Financial assets- Amortised cost	Financial Liabilities- Amortised cost	Total
<b>Financial instruments measured at fair value</b>						
Non Current investments	3	75001140				75001140
Current investments	6	1239440				1239440
<b>Financial assets not measured at fair value</b>						
Trade receivables	7			74160152		74160152
Cash and Cash Equivalents	8.1			18174411		18174411
Bank balances other than above	8.2			29445000		29445000
<b>Other Financial assets</b>						
Security Deposits	4			12508613		12508613
Interest accrued on fixed deposits/ security deposits	9			806158		806158
Loans and Advance to employees	9			143190		143190
Balances with Statutory / government authorities	9			181666		181666
Advance recoverable in cash/kind	9			2485711		2485711
		<b>76240580</b>		<b>137904901</b>		<b>214145481</b>
<b>Financial liabilities not measured at fair value</b>						
Borrowings	14&18				131164183	131164183
Trade payables	19				19153164	19153164
<b>Other financial liabilities</b>	20					
Current maturities of long term borrowings					19500000	19500000
Interest accrued and due on borrowings					1243582	1243582
Unclaimed dividend					34670	34670
Accrued Salaries and Benefits					11740258	11740258
Directors Remuneration Payable					1975858	1975858
					<b>184811714</b>	<b>184811714</b>

As at 31st March, 2016

Rs.

Particulars	Carrying amount					
	Note	Financial assets - FVTOCI	Financial assets - FVTPL	Financial assets- Amortised cost	Financial Liabilities- Amortised cost	Total
<b>Financial instruments measured at fair value</b>						
Non Current investments	3	59998500				59998500
Current investments	6	1178071				1178071
<b>Financial assets not measured at fair value</b>						
Trade receivables	7			97509622		97509622
Cash and Cash Equivalents	8.1			5742803		5742803
Bank balances other than above	8.2			4898000		4898000
<b>Other Financial assets</b>						
Security Deposits	4			12508613		12508613
Interest accrued on fixed deposits/ security deposits	9			794526		794526
Loans and Advance to employees	9			103986		103986
Balances with Statutory / government authorities	9			472044		472044
Advance recoverable in cash/kind	9			1670750		1670750
		<b>61176571</b>		<b>123700344</b>		<b>184876915</b>
<b>Financial liabilities not measured at fair value</b>						
Borrowings	14&18				163059722	163059722
Trade payables	19				42581081	42581081
<b>Other financial liabilities</b>	20					
Current maturities of long term borrowings					18000000	18000000
Interest accrued and due on borrowings					1460216	1460216
Unclaimed dividend					16900	16900
Accrued Salaries and Benefits					11299815	11299815
Directors Remuneration Payable					417845	417845
					<b>236835579</b>	<b>236835579</b>

**Sree Satyanarayana Spinning Mills Ltd.**

**a) Management of Credit Risk**

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primary trade receivables) and from its investing activities, including deposits with banks and other financial instruments. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified.

**b) Management of market risk**

i) Commercial risk

ii) Fair value risk

The above risks may affect income and expenses, or the value of its financial instruments of the Company. The objective of the Management of the Company for market risk is to maintain this risk within acceptable parameters, while optimising returns. The Company exposure to, and the Management of, these risks is explained below:

**i) Commercial risk**

**Sale price risk**

**Rs.**

Particulars	Impact on profit			
	2017-18		2016-17	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
<b>Product name</b>				
Cotton yarn	<b>30282957</b>	<b>-30282957</b>	32982089	-32982089
Cotton waste	<b>1969600</b>	<b>-1969600</b>	1886901	-1886901

**Raw material price risk**

**Rs.**

Particulars	Impact on profit			
	2017-18		2016-17	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
<b>Product name</b>				
Cotton	<b>16926165</b>	<b>-16926165</b>	16628728	-16628728

## ii) Fair value risk

Potential impact of risk	Management policy	Sensitivity to risk
"The Company is mainly exposed to the Fair value risk due to its investments in equity instruments. The Fair value risk arises due to uncertainties about the future market. "In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of equity instruments classified as fair value through Other Comprehensive Income as at March 31, 2018 of amount Rs. 6,94,93,384. (Rs. 7,50,01,140 on 31st March 2017 and Rs. 5,99,98,500 on 1st April 2016."	"In order to manage its Fair value risk arising from investments in equity instruments, the Company maintains its portfolio in accordance with the framework set by the Risk Management policies. Any new investment or divestment must be approved by the Board of Directors, Chief Financial Officer and Risk Management Committee.	As an estimation of the approximate impact of Fair value risk, with respect to investments in equity instruments, the Company has calculated the impact as follows.

## Sensitivity analysis

Rs.

Particulars	Impact in Other Comprehensive Income			
	2017-18		2016-17	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Andhra Pradesh Gas Power Corporation Ltd.,	3750057	-3750057	2999925	-2999925

## Management of Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Company is exposed to this risk from its operating activities and financial activities. The Company's approach to managing liability is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity requirements are maintained within the credit facilities established and are available to the Company to meet its obligations. The table now provides details regarding the contractual maturities of significant financial liabilities as of the reporting date.

## As at 31st March 2018

Rs.

Particulars	Contractual cash flows			
	Carrying value	Less than 1 year	1-2 years	More than 2 years
Borrowings	96637230		38400000	58237230
Current maturities of non-current borrowings	27000000	27000000		
Trade payables (Current)	74507311	74507311		
Other financial liabilities (Current)	12726730	12726730		
	210871271	114234041	38400000	58237230



Sree Satyanarayana Spinning Mills Ltd.

As at 31st March 2017

Rs.

Particulars	Contractual cash flows			
	Carrying value	Less than 1 year	1-2 years	More than 2 years
Borrowings	131164183		27000000	104164183
Current maturities of non-current borrowings	19500000	19500000		
Trade payables (Current)	19153164	19153164		
Other financial liabilities(Current)	14994368	14994368		
	184811714	53647532	27000000	104164183

As at 31st March 2016

Rs.

Particulars	Contractual cash flows			
	Carrying value	Less than 1 year	1-2 years	More than 2 years
Borrowings	163059722		19500000	143559722
Current maturities of non-current borrowings	18000000	18000000		
Trade payables (Current)	42581081	42581081		
Other financial liabilities(Current)	13194776	13194776		
	236835579	73775857	19500000	143559722

45. Income Tax Reconciliation

Taxation

a) Profit and loss section

Rs. in lakhs

Particulars	For the year ended	
	31st March 2018	31st March 2017
<b>Current Income tax</b>		
Current tax charges	6525994	13666585
MAT Credit utilised during the year	1912866	
MAT Credit Entitlement for the year		-477677
Short Provision of Income tax of earlier years		8394743
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	-3856512	6456141
<b>Tax Expense reported in the Statement of Profit and Loss</b>	<b>4582348</b>	<b>28039792</b>

## Other Comprehensive Income ('OCI') Section

Rs.

Particulars	For the year ended	
	31st March 2018	31st March 2017
Deferred tax related to items recognised in OCI during the year Unrealised Loss/ (Gain) on FVTOCI Equity Securities	-2165828	2485476
<b>Tax Expense in the OCI Section</b>	<b>-2165828</b>	<b>2485476</b>

## b) Balance sheet section

Rs.

Particulars	31st March 2018	31st March 2017	1st April 2016
Tax recoverable	26851792	16659195	15825972
Provision for Tax	21627768	13188908	
<b>Net of advance tax recoverable</b>	<b>5224024</b>	<b>3470287</b>	<b>15825972</b>

## Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

Particulars	31st March 2018		31st March 2017	
	%	Rs.	%	Rs.
Accounting profit/(loss) before Income tax		34794391		65865851
At India's Statutory income tax rate (33.063%)	33.063%	11504070	33.063%	21777226
Increase/(Decrease) of tax expense on account of				
Non-taxable income/Exempt income	-1.613%	-561369	-0.031%	-20290
Reduction in depreciation/(accelerated depreciation)	-7.179%	-2497942	-6.876%	-4529072
Expenses not allowed under income tax act	1.835%	638425	0.680%	447758
Expenses that are allowed under payment basis	-1.852%	-644324	-0.095%	-62395
Adjustment for current tax of previous years	-	-	5.389%	3549524
Interest under section 234C	-	-	0.639%	420899
Deferred tax asset recognised	-11.084%	-3856512	9.802%	6456141
<b>Total</b>				
Income tax reported in Statement of profit and Loss	13.170%	4582348	42.571%	28039792

## Reconciliation of Deferred tax liabilities (net)

Rs.

Particulars	31st March 2018	31st March 2017
Deferred Tax income / (expenses) during the period recognised in Statement of Profit and Loss	-3856512	6456141
Deferred Tax income / (expenses) during the period recognised in OCI	-2165828	2485476
MAT credit	1912866	-477677
	<b>-4109474</b>	<b>8463940</b>

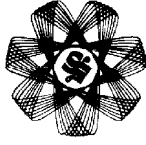
Sree Satyanarayana Spinning Mills Ltd.

Income tax expense

Rs.

Particulars	31st March 2018	31st March 2017
<b>Current tax expense</b>		
Current year	<b>4582348</b>	28039792
<b>(A)</b>	<b>4582348</b>	28039792
<b>Deferred tax expense</b>		
Decrease/(Increase) in deferred tax asset	<b>688049</b>	6544114
Increase/(Decrease) in deferred tax liability	<b>-4797523</b>	1919826
<b>(B)</b>	<b>-4109474</b>	8463940
<b>Tax expense recognised in the income statement (A+B)</b>	<b>472874</b>	36503732

46. Paise have been rounded off to the nearest rupee.
47. Previous year figures have been regrouped wherever necessary.
48. Figures in brackets denote those for previous year.



## SREE SATYANARAYANA SPINNING MILLS LTD.

Regd. Office: Venkatarayapuram, Tanuku – 534215

CIN: U18101AP1962PLC000919

Ph : 08819-224166, 224808 Fax : 08819-224829

E-mail: sssmills.tanuku@gmail.com, WWW : http://www.sssmills.com

### PROXY FORM

I/We being the member(s) of ..... shares of the above named Company hereby appoint :

- (1) Name : ..... Address : .....  
E-mail ID : ..... Signature ..... or failing him
- (2) Name : ..... Address : .....  
E-mail ID : ..... Signature ..... or failing him
- (3) Name : ..... Address : .....  
E-mail ID : ..... Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **55th Annual General Meeting** of the Company to be held on Saturday, 29th September, 2018 at 11.00 a.m. at Regd. Office: Venkatarayapuram, Tanuku and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	RESOLUTION	Optional	
		For	Against
1.	Adoption of Financial Statements for the year ended 31st March, 2018		
2.	Approval of dividend for 2017-18		
3.	Re-appointment of Shri P. Narendranath Chowdary, as Director who retires by rotation.		
4.	Appointment of M/s. Brahmayya & Co., Chartered Accountants as auditors and fixing their remuneration		

Signed this ..... day of ..... 2018  
Signature of Shareholder .....  
Signature of Proxy holder(s) .....

Affix  
Revenue  
Stamp  
Rs. 1/-

#### Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the **55th Annual General Meeting**.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

