

58th Annual Report 2020 - 2021

**SREE
SATYANARAYANA SPINNING MILLS
LIMITED**

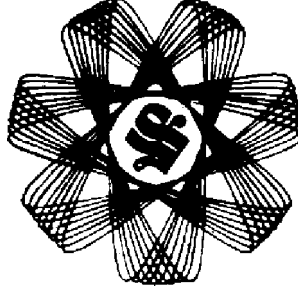
SREE SATYANARAYANA SPINNING MILLS LTD.

Regd. Office: Venkatarayapuram, Tanuku – 534215

CIN: U18101AP1962PLC000919

Ph : 08819-224166, 224808

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



Board of Directors:

Sri E. Sathyanarayana, B.E. (Hons.), Managing Director and Chief Executive Officer

Sri P. Narendranath Chowdary, B.Sc.

Sri A. Dharmaraju, M.B.A., F.C.S.

Sri S. Parvatha Rao, B.Sc., B.L.

Sri C. Murali Krishna, B.Com., F.C.A., A.C.S., M.B.A. (USA)

Company Secretary :

Sri K. Rajendra, B.Com., A.C.S., M.B.A. (w.e.f. 28-07-2020)

Chief Financial Officer :

Sri M. Gopala Krishna, M.Com (upto 25-09-2020)

Auditors:

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

Cost Auditors:

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

Bankers:

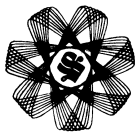
State Bank of India

Registrars & Share Transfer Agents:

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

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the 58th Annual General Meeting of Sree Satyanarayana Spinning Mills Ltd. will be held on **Thursday, the 5th August 2021 at 10.00 A.M** through **Hybrid mode (electronic mode and physical mode)** with the virtual and physical presence of the Shareholders at the Registered Office of the Company situated at Venkatarayapuram Township, Tanuku-534215 to transact the following business (es):-

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the audited Financial Statements of the Company comprising the Balance Sheet as of 31st March 2021, Statement of Profit and Loss, Statement of Cash flows, and Statement of Changes in Equity for the year ended 31st March 2021 together with the reports of the Board of Directors and Auditors thereon.
- 2) To declare dividends on equity shares for the financial year 2020-21.
- 3) To appoint a director in place of Sri P.Narendranath Chowdary, (DIN: 0015764) who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

- 4) **To approve an increase in Authorized Share Capital of the Company:**

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 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the Rules framed thereunder, consent of the members of the Company be and is hereby accorded for an increase in the Authorised Share Capital of the Company from existing Rs. 3,55,00,000 (Rupees three crore fifty-five lakhs) divided into 35,00,000 (thirty-five lakh) Equity Shares of Rs.10/- each and 5000 (five thousand) 9.3% taxable cumulative redeemable preference shares of Rs.100/- each to Rs.11,00,00,000 (Rupees eleven crore) divided into 1,09,50,000 (One crore nine lakh fifty thousand only) equity shares of Rs.10 (Rupees ten only) each and 5,000 (five thousand only) - 9.3% taxable cumulative redeemable preference shares of Rs.100 (Rupees hundred only) each ranking pari passu in all respect with the existing Equity Shares of the Company as per the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company to do all acts, deeds, matters and things as deemed necessary, proper, or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with the filing of necessary E-form with the Registrar of Companies."

5) To Alter the Capital Clause V of Memorandum of Association of the company:

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of Section 13 and all other applicable provisions of, if any, of the Companies Act, 2013 and Rules made thereunder, the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted with the following Clause:

“V. The Authorised Share Capital of the Company is Rs.11,00,00,000 (Rupees Eleven Crores only) divided into:

5,000 (five thousand only) - 9.3% Taxable Cumulative Redeemable Preference Shares of Rs. 100 (Rupees hundred only) each,

1,09,50,000 (One crore nine lakh fifty thousand only) - Equity Shares of Rs. 10 (Rupees ten only) each.”

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution director of the Company be and are hereby severally authorized, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with the filing of necessary E-form with the Registrar of Companies."

6) To adopt new Article 195(1) of the Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and Secretarial Standard-2:

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder, the new article 195(1) of the Articles of Association be submitted to this meeting be and is hereby approved and adopted in substitution of the article 195(1) contained in the existing Articles of Association of the Company"

Existing Article	Replaced with New Article
195(1) Documents may be served by the Company on any member either personally, by sending it by post to him to his registered address in India, or if he has no registered address in India, to such other address, if any, supplied by him to the Company for the giving of notices to him.	195(1) A document or notice may be served or given by the Company on any member or an officer thereof either personally or by sending it by post or (by hand or by ordinary post or by speed post or by registered post or by courier or by facsimile or by e-mail or by any other electronic means) to him to his registered address or (if he has no

	registered address in India) to the address, if any, within India supplied by him to the Company for giving notice to him or through electronic mode as prescribed under Section 20 of the Act to his e-mail address registered with the Company or the Depository.
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"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to take such steps and to do all acts, deeds, matters, and things as may be necessary to give effect to the above resolution."

//By Order of the Board//
for **Sree Satyanarayana Spinning Mills Ltd.**

Registered Office:
Venkatarayapuram,

TANUKU – 534 215.
Date: 29th June, 2021

E.Sathyanarayana
Managing Director and Chief Executive Officer
(DIN: 01285696)

Notes:

- 1) The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 is annexed hereto and forms part of this notice.
- 2) The General Meeting shall be conducted in **Hybrid mode i.e., (both Physical and Electronic presence of shareholders shall be allowed)**. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May 2020 read with circulars dated 8th April 2020, 13th April 2020, 15th June 2020, 28th September 2020, 31st December 2020, and 13th January 2021 (collectively referred to as "MCA Circulars") permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"). The deemed venue for the AGM shall be the Registered Office of the Company situated at Venkatarayapuram Township, Tanuku.

Shareholders are further requested to register their e-mail ids with the Company at sssmills.tanuku@gmail.com to attend the meeting through electronic mode.

- 3) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. If a Member intends to attend the meeting through VC / OAVM, he/she will not be entitled to appoint a proxy. Accordingly, the facility for appointment of proxies by the members will be available only if the proxy is physically present at the meeting at the registered office of the Company. A proxy form is available for download on our website www.sssmills.com/investors.aspx
- 4) As per the provisions of Section 91 of the Companies Act, 2013, the Register of Members and the Share Transfer Books of the Company will remain closed from **28-07-2021 to 05-08-2021 (both days inclusive)**.
- 5) 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 05-08-2021**.

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 **27th July 2021** as per the details furnished by the Depositories for this purpose.

6) TDS on Dividend:

Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of Shareholders w.e.f. 1st April 2020 and the Company is required to deduct tax at source from the dividend paid to shareholders at the rate of 10%.

A resident individual Shareholder having PAN and entitled to receive dividend amount exceeding Rs.5,000/- and who is not liable to pay income tax, can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by post or email to sssmills.tanuku@gmail.com **on or before 25th July 2021**.

Shareholders are requested to note that in case their PAN is not registered with the DP/Company, the tax will be deducted at a higher rate of 20%.

- 7) **Transfer to IEPF:** 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” (IEPF) of the Central Government after a period of 7 years from the date of declaration. Shareholders, who have not encashed their dividend warrants for the years 2017-18 and 2018-19 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 500 034 for claiming the dividend.

The Company has uploaded the information in respect of the unclaimed amounts lying with the Company under “investor relations” on the website of the Company viz. www.sssmills.com. The Shareholders can also visit the website of IEPF viz. www.iepf.gov.in for the information in respect of the unclaimed dividends.

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/ Authorized Share transfer agent immediately. Once the amount is transferred by the Company to IEPF, no claim thereof shall lie against the Company.

- 8) **In compliance with the MCA Circulars dated 5th May 2020 and 13th January 2021, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company’s website www.sssmills.com. A physical copy of the Notice together with the Annual Report shall be sent to the members in permitted mode, who have requested physical copies.**

Request to Shareholders:

- 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 by sending their e-mail IDs to sssmills.tanuku@gmail.com** in respect of physical shares and with Depository Participants in respect of dematerialized shares for receipt of all the notices and information from the Company. Shareholders are also requested to notify their change of address if any to Company.
- 10) Pursuant to the provisions of Section 72 of the Companies Act, 2013, **Members may file nomination forms in respect of their physical shareholdings**. Any Member wishing to avail this facility may submit to the **Company’s** Registrar & Share Transfer Agent in the prescribed statutory form along with a copy of the Pan Card of the nominee.

- 11) SEBI has mandated that the transfer of securities held in physical form, except in case of transmission or **transposition**, shall not be processed by the listed entities / Registrar and Share Transfer Agents with effect from 1st April 2019. Therefore, Members holding share(s) in physical form are **requested to immediately dematerialize their shareholding in the Company**.

The company's share transfer work and dematerialization of shares are done by Registrar and Share Transfer Agents - M/s. XL Softech Systems Ltd., 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034. Members who are holding shares in the same name in more than one folio may please advise the Registrar and Share Transfer Agents for consolidating into a single folio.

- 12) 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 dividends**. Accordingly, the 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 the distribution of dividends.

- 13) The Securities and Exchange Board of India (SEBI) has mandated the **submission of Permanent Account Number (PAN) by every participant** in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their Demat account(s). Members holding shares in physical form can submit their PAN details to the company.

Explanatory Statement as per Section 102 of Companies Act, 2013:

Item no.4 & 5:

The present Authorised Share Capital of the Company is Rs. 3,55,00,000 (Rupees Three crore fifty-five lakh) comprising of 35,00,000 (Thirty-five lakh) Equity Shares of Rs.10/- each and 5000 (five thousand) 9.3% taxable cumulative redeemable preference shares of Rs.100/- each.

Considering the mandatory listing conditions of the stock exchanges, and to meet the growth objectives, to strengthen its financial position, the Board at its Meeting held on 29th June 2021, had accorded its approval for increasing the Authorised Share Capital from Rs. 3,55,00,000 (Rupees three crores fifty-five lakhs) **to Rs.11,00,00,000 (Rupees Eleven crores)** by the creation of 74,50,000 (seventy-four lakhs fifty thousand) additional equity shares of Rs.10/- each, ranking pari passu with the existing Equity Shares in all respects as per the Memorandum and Articles of Association of the Company.

Consequently, Clause V of the Memorandum of Association would also require alteration to reflect the changed Authorised Share Capital. The Board of Directors accordingly recommends the resolution set out at item nos.4 & 5 of the accompanying notice for the approval of members.

A copy of the Memorandum of Association of the Company duly amended will be available for inspection at the registered office of the Company during office hours.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, except to the extent of their shareholding in the said resolution.

The consent of the members is, therefore, being sought for passing the aforesaid resolution of the notice as an Ordinary Resolution.

Item no.6

Due to the advancement of technology and changes in the mode of conducting meetings through electronic means, the management of the Company decided to alter its articles with regard to the mode of serving notices and documents to its members through electronic mode.

As per the green initiative issued by the Ministry of Corporate Affairs vide circular no.18/2011, every Company can send the Annual report of the Company to the registered e-mail addresses of its members and dispense with sending physical annual report.

Now by passing the special resolution, the articles of association permit the Company to send the notices and documents to its members through e-mail (electronic mode).

None of the Directors or Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested, financially or otherwise in the said resolution.

The consent of the members is, therefore, being sought for passing the aforesaid resolution of the notice as a Special Resolution.

//By Order of the Board//
for **Sree Satyanarayana Spinning Mills Ltd.**

Registered Office:
Venkatarayapuram,
TANUKU – 534 215.
Date: 29th June, 2021

E.Sathyanarayana
Managing Director and Chief Executive Officer
(DIN: 01285696)

BOARD REPORT

To the Members,

Your Directors have pleasure in submitting their 58th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March 2021.

FINANCIAL RESULTS:

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

Particulars	For the year ended 31 st March, 2021 (Rs.)	For the year ended 31 st March, 2020 (Rs.)
Income from Business Operations	56,17,13,724	70,65,33,973
Add: Other Income	59,49,030	82,53,251
Less: Expenditure	45,82,86,958	62,21,01,668
Operating Profit	10,93,75,796	9,26,85,556
Less: Depreciation & Finance costs	3,46,34,406	3,78,43,837
Gross Profit	7,47,41,390	5,48,41,719
Add: Income Tax Refund Received	-	84,69,556
Less: Provision for Taxation:		
Current & Deferred taxes & Short Provision of IT	1,84,55,688	1,12,50,242
Less: MAT Credit utilized during the year	17,87,028	39,62,890
Net Profit after Tax	5,44,98,674	4,80,98,143
Add balance in profit & loss a/c. brought forward	8,11,47,508	4,45,25,104
Add Transfer from FVTOCI Reserve	4,45,377	-
Available for Appropriation	13,60,91,559	9,26,23,247
Deductions:		
Dividend paid	-	47,25,450
Tax on distributable profits	-	9,71,422
Transfer to FVTOCI Reserve	-	57,78,867
Balance carried forward to next year	13,60,91,559	8,11,47,508
Earnings per share (Basic /diluted)	51.90	45.80

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

During the year under review, the mill worked for 358 days in the triple shift. The turnover during the year is Rs.56.17 Crores as against Rs. 70.65 Crores in the previous year showing a decrease of 20.49%. The Company achieved a profit of Rs.5.45 Crores as against a profit of Rs. 4.81 Crores in the previous year.

OUTLOOK:

Because of healthy demand for cotton yarn from domestic and export markets and recovery in profitability amid high cotton-yarn spreads and moderate capacity utilization, we can expect sustained improvement in operating performance in fiscal 2021-2022. Higher in-home consumption due to increased stay-at-home period and a sharper focus on health and hygiene amid the pandemic are helping Indian home textile exporters. China plus one policy is helping the Indian RMG sector to garner more orders. In view of the normal monsoon prediction, we can look forward to sufficient cotton availability, subject to any diversification of the area under cotton cultivation to other competing crops like groundnut and soya bean.

The company derives its total revenue from the yarn segment, which is susceptible to volatility in cotton and cotton yarn prices. Demand for cotton and yarn is driven by international demand-supply dynamics. In the past decade, the industry has seen five cycles (fiscal years 2012, 2015, 2018, 2020, and 2021) wherein demand spiraled and then fell rapidly. The recent imposition of import duty on cotton and refusal of the Government to scrap it, despite the shortage of ELS cotton in India is causing a lot of distress to fine count cotton spinning industries which mainly cater to the bed linen and high-value garment export sector and has helped cotton traders to steeply increase the price of Indian cotton. Competition from peer nations is intensifying with the increasing penetration of free trade agreements.

TRANSFER TO RESERVES:

Your Company has not transferred any amount to its General Reserves during the year under review. The Directors have decided to retain the entire amount of Rs.5.45 crores in the retained earnings.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

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

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

No changes in the nature of business occurred affecting the business of the Company during the period under report.

DIVIDEND:

Your Directors are pleased to recommend a final dividend of Rs.9/- (rupees nine only) per equity share of Rs.10/- each (Previous Year - Nil) for the financial year 2020-21. The dividend if approved and declared in the forthcoming Annual General Meeting would result in a cash outflow of Rs.94,50,900/- (Rupees ninety-four lakhs fifty thousand nine hundred only) as a dividend.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, there was no dividend amount remaining unclaimed for a period beyond 7 years and the relevant shares for transfer thereon to the Investor Education and Protection Fund. The Company has complied with the provisions of Section 125 of the Companies Act, 2013.

SHARE CAPITAL:

The paid-up Equity Share Capital as on 31st March 2021 was Rs. 1,05,01,000/- comprising 10,50,100 shares of Rs.10/- each. The Company has not issued any shares during the year under review.

a. Listing

Metropolitan Stock Exchange of India Ltd. has turned down our application for Membership. Your Company is looking into various alternatives to comply with SEBI Regulations.

SUBSIDIARIES, JOINT VENTURES, AND ASSOCIATE COMPANIES:

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

The Company has appointed Sri K. Rajendra as a full-time Company Secretary as per the listing obligations of Stock exchange with effect from 28th July 2020.

Further, Sri M. Gopalakrishna resigned from the position of Chief Financial Officer (CFO) with effect from 25th September 2020. Continued efforts are on to find a suitable person for the position of CFO of the Company.

Statement regarding the opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year” (*Inserted vide clause (ilia) in Sub-rule (5) in Rule8; Company (Accounts) Amendment Rules, 2014*)

No Independent Director has been appointed during the financial year.

DECLARATION OF INDEPENDENT DIRECTORS:

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

BOARD MEETINGS:

The Company had conducted 5 (Five) Board meetings during the financial year under review. The Details of such Board Meetings are hereunder:

Sl. No	Date of Board meeting	Board strength	No. of directors Present
1.	22 nd June, 2020	5	5
2.	28 th July, 2020	5	5
3.	25 th September, 2020	5	5
4.	24 th December, 2020	5	4
5.	8 th February, 2021	5	5

Attendance of Directors in Board and Committee Meetings:

Sl. No.	Name of the Director	Board Meetings		Committee meetings	
		Number of Meetings director was entitled to attend	Number of Meetings attended	Number of Meetings director was entitled to attend	Number of Meetings attended
1.	E.Sathyanarayana	5	5	6	6
2.	P.Narendranath Chowdary	5	5	4	4
3.	A.Dharmaraju	5	5	7	7
4.	S. Parvatha Rao	5	4	6	6
5.	C.Murali Krishna	5	5	7	7

DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013(the Act) the Board hereby submits that for the year under report:

- In the preparation of the annual accounts, the applicable accounting standards had been followed, and there were no material departures from such Standards.
- 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 the year under report;

- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting 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.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Board of your Company has laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

AUDITORS:

The shareholders, at the 54th Annual General Meeting, held on 29th September 2017 have appointed M/s. Brahmayya & Co., Chartered Accountants, Vijayawada, as Statutory Auditors for a term of five financial years from 2017-2018 to 2021-2022, who will hold office up to the conclusion of the 59th Annual General Meeting to be held in the year 2022, subject to ratification of appointment by the shareholders at every Annual General Meeting. However as per the Companies (Amendment) Act, 2018 the requirement of ratification has been done away with, with effect from 7th May 2018. Hence no motion for ratification of the appointment of auditors is being put up at the ensuing Annual General Meeting.

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

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

DEPOSITS:

The Company has neither held, accepted nor renewed any deposits in terms of Sections 73 to 76 of the Act and the Rules made thereunder, during the year under report.

UNSECURED LOANS:

The company has not availed any unsecured loan from banks/financial institutions and related parties during the period under review.

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.

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 the future.

PARTICULARS OF RELATED PARTY TRANSACTIONS:

All related party transactions that were entered into during the financial year 2020-21 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 Audit Committee/Board meetings for approval.

Since there are no transactions that are not at arms' length and material in nature, disclosure under AOC 2 does not arise.

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 programs and value engineering techniques.

Foreign exchange:

Inflow during the year under review Rs.75.92 Lakhs.

Outflow during the year under review was Rs.883.56 Lakhs.

RISK MANAGEMENT POLICY:

The Company does not have any Risk Management Policy.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

Your Company has always believed that as part of good corporate governance, we must work for the betterment of 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.

Corporate Social Responsibility policy has been placed on the website of the company i.e. www.sssmills.com/Investors.aspx

NOMINATION AND REMUNERATION COMMITTEE AND POLICY

The Company has constituted Nomination and Remuneration Committee under the provisions of Section 178(1) and has devised a policy relating to the appointment of Directors, payment of Managerial remuneration, Director's qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

The above policy has been posted on the website of the Company at www.sssmills.com/Investors.aspx

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

The Board of Directors has constituted an Audit Committee under 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 and defined its role and responsibilities.

The Company has devised a vigil mechanism in the form of a Whistle Blower Policy in pursuance of provisions of Section 177(10) of the Companies Act, 2013 and also posted on the website of the company and can be accessed at the link www.sssmills.com/Investors.aspx. During the year under review, there were no complaints received under this mechanism.

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

Your Company has maintained the Cost Records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

ANNUAL RETURN

As per the requirement of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management & Administration) Rules, 2014 the Annual Return in the prescribed form is available on the Company's website www.sssmills.com/Investors.aspx.

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 in place a policy on Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaint Committee has been set up to redress complaints received. There were no complaints received from any employee of the Company during the financial year 2020-21.

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 gratefully acknowledge the support of the shareholders & employees and the confidence reposed on the Company.

//For and on behalf of Board//

Sree Satyanarayana Spinning Mills Ltd.

Registered Office:

Venkatarayapuram,

TANUKU – 534 215.

Date: 29th June, 2021

P.Narendranath Chowdary

Chairman

(DIN: 0015764)

ANNEXURE 'A' TO DIRECTORS REPORT

SREE SATYANARAYANA SPINNING MILLS LIMITED
VENKATARAYAPURAM ::: TANUKU - 534 215

THE ANNUAL REPORT ON 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, health, environment and livelihood.
- 2 The Composition of the CSR Committee. 3 Members
1. Sri S. Parvatha Rao, Chairman, 2. Sri E.Sathyannarayana, 3. Sri A.Dharmaraju
- 3 Average net profit of the Company for last three financial years. Rs.2,81,50,153.00
- 4 Prescribed CSR Expenditure (two per cent of the amount as in term 3 above). Rs.5,63,003.00
- 5 Details of CSR spent during the financial year:
 - a) Total Amount to be spent for the financial year; Rs.5,63,003.00
 - b) Amount unspent, if any; -
 - 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 (Rs. in Lakhs)	Cumulative expenditure up to the report-int period (Rs. in Lakhs)	Amount spent: Direct or through implementing agency
1	Promoting education	CL.II	Dr. Sunkavalli Smaraka Vignana Bharathi High School, Unguturu Village, West Godavari District, Andhra Pradesh	4.02	4.02	4.02	Direct
2	Social Welfare	CL.III	Sr. Citizen Welfare Association, Tanuku, West Godavari District, Andhra Pradesh	1.65	1.65	1.65	Through Association
	TOTAL			5.67	5.67	5.67	

3	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 - N.A						
4	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.Sathyannarayana
(Managing Director and Chief Executive Officer)

S.Parvatha Rao
(Chairman of CSR Committee)

Independent Auditor's Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **Sree Satyanarayana Spinning Mills Limited.**, ("the Company, which is in the process of listing with the stock exchange"), which comprise the Balance sheet as at 31st March, 2021, 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 (hereinafter referred to as " Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including annexure to Board report and Shareholder's information but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the 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 thereunder 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 the 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.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has an adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirement

- 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 Companies Act, 2013 we give in Annexure A, a statement on the matters specified in 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 thereunder and other accounting principles generally accepted in India.
- e) On the basis of written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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", Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's report under section 197(16), in our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to the managing director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
- h) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 to Note 31 of the Ind AS financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Place: VIJAYAWADA
Date: 29th June 2021

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 2021.

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 purview 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 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,

S.No	Nature of dues	Name of the statute	Period	Amount in Rs.	Forum where the dispute is pending
- NIL-					

- (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

Place: VIJAYAWADA
Date: 29th June 2021

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

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, which is in the process of listing with the stock exchange"), as of 31st March 2021 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 were 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 2021, 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 : VIJAYAWADA
Date : 29th June 2021

BALANCE SHEET AS AT 31ST MARCH, 2021

Particulars	Notes	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
<u>Non current Assets</u>			
Property, Plant and Equipment	2	34,31,13,235	33,25,90,509
Capital Work in Progress		-	-
Investment property			
Other Intangible Assets			
Financial assets:			
(i) Investments	3	4,75,94,007	3,92,74,540
(ii) Trade receivables			
(iii) Loans		-	-
(iv) Others (To be specified)	4	93,04,913	1,42,75,813
Deferred Tax Assets (net)			
Other Non Current assets		-	-
<u>Current Assets</u>			
Inventories	5	14,24,21,343	11,63,05,297
Financial assets:			
(i) Investments	6	5,24,80,300	25,77,142
(ii) Trade Receivables	7	3,76,77,624	8,28,06,496
(iii) Cash and Cash Equivalents	8.1	36,95,313	1,53,06,093
(iv) Bank balances other than (iii) above	8.2	47,000	5,95,700
(v) Loans			
(vi) Others (to be specified)	9	4,40,285	7,37,412
Current tax asset(Net)	10		68,80,832
Other Current Assets	11	54,36,155	3,93,09,522
TOTAL		64,22,10,175	65,06,59,356
<u>EQUITY AND LIABILITIES</u>			
<u>Equity</u>			
Equity Share Capital	12	1,05,01,000	1,05,01,000
Other Equity	13	52,30,74,985	48,11,55,475
<u>LIABILITIES</u>			
<u>Non-Current Liabilities</u>			
Financial Liability			
(i) Borrowings	14	-	-
(ii) Trade Payables			
Due to Micro & Small Enterprises		-	-
Due to Others		-	-
(iii) Other Financial liabilities			
Provisions	15	58,28,727	1,27,74,578
Deferred Tax Liability (Net)	16	3,41,99,452	3,18,70,491
Other non-current liabilities		-	-
<u>Current Liabilities</u>			
Financial liabilities:			
(i) Borrowings	18	-	-
(ii) Trade Payables	19		
Due to Micro & Small Enterprises		10,36,008	3,46,448
Due to Others		2,79,73,335	5,36,29,121
(iii) Other Financial liabilities	20	2,96,72,177	5,22,79,017
Other Current Liabilities	21	21,52,674	21,50,513
Provisions	17	65,40,449	59,52,713
Current Tax Liabilities (Net)	10	12,31,368	
TOTAL		64,22,10,175	65,06,59,356
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

For and on behalf of the Board of Directors

E.SATHYANARAYANA,

Managing Director and Chief Executive Officer

P.NARENDRANATH CHOWDARY, Director

K.RAJENDRA, Company Secretary.

Place: Vijayawada

Date: 29th June 2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2021

PARTICULARS	Notes	Current Reporting Period 2020-21 Rs.	Previous Reporting Period 2019-20 Rs.
Income			
Revenue from operations	22	56,17,13,724	70,65,33,973
Other Income	23	59,49,030	82,53,251
Total Income (I)		56,76,62,754	71,47,87,224
Expenses			
Cost of raw materials consumed	24	22,32,90,371	28,32,39,981
Changes in Inventories of finished goods and Work-in-progress	25	1,39,21,682	7,39,73,129
Employee benefits expense	26	8,21,97,166	8,25,26,217
Finance Costs	27	27,17,362	61,67,993
Depreciation and amortization expense	28	3,19,17,044	3,16,75,844
Power and fuel		8,25,22,797	10,73,15,659
Other expenses	29	5,63,54,942	7,50,46,681
Total Expenses (II)		49,29,21,364	65,99,45,504
Profit/(loss) before exceptional items and tax (I-II)		7,47,41,390	5,48,41,720
Less: Exceptional items		-	-
Profit/(loss) before tax		7,47,41,390	5,48,41,720
Add: Income Tax Refund Received		-	84,69,556
Less : Tax expenses			
Current tax		1,59,12,972	83,20,954
MAT credit utilised during the year		17,87,028	39,62,890
Deferred tax		3,92,140	29,28,784
Short Provision of Income tax of earlier years		21,50,576	504
Total tax expense		2,02,42,716	1,52,13,132
Profit/(loss) for the year from continuing operations		5,44,98,674	4,80,98,143
Profit (loss) from discontinued operations		-	-
Tax expenses of discontinued operations		-	-
Profit/(loss) from Discontinued operations (after tax)		-	-
Profit (loss) for the period		5,44,98,674	4,80,98,143
Other comprehensive income		-	-
A (i) Items that will not be reclassified to profit or loss	30	(1,24,29,371)	(68,22,972)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(1,49,792)	(1,27,26,559)
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)		4,19,19,511	2,85,48,613
Earning per share:-			
Basic / Diluted / Restated		51.90	45.80
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

For and on behalf of the Board of Directors

E.SATHYANARAYANA,
Managing Director and Chief Executive Officer

P.NARENDRANATH CHOWDARY, Director

K.RAJENDRA, Company Secretary.

Sree Satyanarayana Spinning Mills Ltd, Tanuku

Statement of Changes in Equity for the year ended 31st March 2021

A. Equity share capital

Particulars	No's	Amount in Rs.
As at 1st April, 2020	10,50,100	1,05,01,000
Changes in equity share capital	-	-
As at 31st March, 2021	10,50,100	1,05,01,000

B. Other Equity

Particulars	Capital Redemption Reserve	Capital Reserve	General reserve	Retained Earnings	Other Comprehensive Income			
					instruments through Other Comprehensive Income	Deferred tax impact on related items	Actuarial Gains/losses reserve	Total
Balance at the beginning of reporting period - 31st March, 2019	3,00,000	28,31,396	41,02,39,530	4,45,25,104	(95,42,565)	1,40,19,268	(40,68,999)	45,83,03,734
Profit for the period				4,80,98,143				4,80,98,143
Other Comprehensive Income					(38,20,395)	(1,27,26,559)	(30,02,577)	(1,95,49,531)
Total Comprehensive Income for the year				4,80,98,143	(38,20,395)	(1,27,26,559)	(30,02,577)	2,85,48,613
Transfer from/to General Reserve								-
Transfer to FVTOCI reserve						(12,92,709)	70,71,576	57,78,867
Transfer from Retained Earnings				(57,78,867)				(57,78,867)
Final Dividends				(47,25,450)				(47,25,450)
Dividend Distribution tax				(9,71,422)				(9,71,422)
Balance at the beginning of reporting period - 31st March, 2020	3,00,000	28,31,396	41,02,39,530	8,11,47,508	(1,33,62,960)	-	-	48,11,55,475
Profit for the period				5,44,98,674				5,44,98,674
Other Comprehensive Income					(1,30,24,540)	(1,49,792)	5,95,169	(1,25,79,163)
Total Comprehensive Income for the year				5,44,98,674	(1,30,24,540)	(1,49,792)	5,95,169	4,19,19,511
Transfer from/to General Reserve								-
Transfer to FVTOCI reserve						1,49,792	(5,95,169)	(4,45,377)
Transfer from Retained Earnings				4,45,377				4,45,377
Balance at the end of reporting period - 31st March 2021	3,00,000	28,31,396	41,02,39,530	13,60,91,559	(2,63,87,500)	-	-	52,30,74,985

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

Place: Vijayawada

Date: 29th June 2021

For and on behalf of the Board of Directors

E.SATHYANARAYANA,
Managing Director and Chief Executive Officer

P.NARENDRANATH CHOWDARY, Director

K.RAJENDRA, Company Secretary.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2021

PARTICULARS	31st March 2021	31st March 2020
Profit before tax from continuing operations	7,47,41,390	5,48,41,720
Adjustments for		
Interest expense	27,17,362	61,67,993
Interest income	(7,56,071)	(37,59,740)
Dividend income	(4,03,158)	(10,21,780)
Bad debts written off	-	8,14,721
Depreciation/amortization on continuing operation	3,19,17,044	3,16,75,844
Loss/[profit] on sale of fixed assets	(20,00,000)	(19,36,777)
Remeasurement of defined benefit plans	5,95,169	(30,02,577)
Operating profit before working capital changes	10,68,11,736	8,37,79,404
Movements in working capital:		
Increase/[decrease] in trade payables	(2,49,66,226)	1,78,61,764
Increase/[decrease] in non-current provisions	(69,45,851)	31,29,618
Increase/[decrease] in short-term provisions	5,87,736	6,38,245
Increase/[decrease] in other liabilities(Current)	2,161	(8,41,514)
Increase/[decrease] in other financial liabilities (current)	7,43,745	55,59,950
Increase/[decrease] in other financial assets (non-current)	49,70,900	-
Decrease/[increase] in trade receivables	4,51,28,872	(1,93,02,782)
Decrease/[increase] in inventories	(2,61,16,046)	7,60,98,700
Decrease/[increase] in other current assets	3,38,73,367	(3,70,10,871)
Decrease/[increase] in other financial assets (current)	-	1,00,051
Decrease/[increase] in current investments	(4,95,00,000)	(11,75,000)
Decrease/[increase] in margin money deposits	5,48,700	71,79,300
Cash generated from/[used in] operations		
Direct taxes paid [net of refunds]	(99,51,348)	9,46,149
Net cash flow from/[used in] operating activities (A)	7,51,87,746	13,69,63,014
Cash flows from investing activities		
Purchase of fixed assets, including intangible assets, CWIP and capital advances	(4,68,40,330)	(3,29,73,507)
Proceeds from sale of fixed assets	64,00,560	89,61,298
Purchase of current investments	(75,00,000)	-
Proceeds from sale/maturity of current investments	-	-
Interest received	10,53,198	42,87,028
Dividends received from Long- Term investments		
Net cash flow from/[used in] investing activities (B)	(4,68,86,572)	(1,97,25,181)
Cash flows from financing activities		
Proceeds from borrowings	(3,75,36,327)	(8,99,95,207)
Proceeds from other non-current financial liabilities		
Interest paid	(23,75,627)	(66,85,090)
Dividends paid including Interim Dividend	-	(46,79,770)
Tax on equity dividend paid	-	(9,71,423)
Net cash flow from/[used in] in financing activities (C)	(3,99,11,954)	(10,23,31,490)
Net increase/[decrease] in cash and cash equivalents (A+B+C)	(1,16,10,780)	1,49,06,344
Cash and cash equivalents at the beginning of the year	1,53,06,093	3,99,749
Cash and cash equivalents at the end of the year	36,95,312	1,53,06,093
Components of cash and cash equivalents		
Cash on hand	73,230	65,455
Cheques/drafts on hand		
With banks Accounts	32,78,256	1,48,97,558
Margin Money deposit accounts		
Unpaid dividend accounts*	3,43,826	3,43,080
Total cash and cash equivalents (Note 15)	36,95,312	1,53,06,093

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

Place: Vijayawada

Date: 29th June 2021

For and on behalf of the Board of Directors

E.SATHYANARAYANA,

Managing Director and Chief Executive Officer

P.NARENDRANATH CHOWDARY, Director

K.RAJENDRA, Company Secretary.

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Brief description of the Company

Sree Satyanarayana Spinning Mills Limited (‘the company, which is in the process of listing with the Stock Exchange’), focus on raw material selection, operational excellence, and the continual incorporation of the latest machinery and technology to produce consistently 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 the Stock Exchange.

The financial statements for the year ended March 31, 2021, were approved by the Board of Directors and authorized for issue on June 29th, 2021.

1.1 SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation of financial statements

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 as amended.

The financial statement has been prepared on the historical cost convention under the 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.

b) 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 periods.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items that 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.

c) Significant estimates and judgments

The areas involving critical estimates or judgments are:

- i) Estimation of the fair value of unlisted securities-
- ii) The Defined benefit obligation -
- iii) Estimation of the useful life of Property, Plant and Equipment –
- iv) Estimation and evaluation of provisions and contingencies relating to tax litigations –.

d) 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 the sale of products is recognized, when the performance obligation is satisfied, by transferring promised goods to the customer. An asset is transferred when (or as) the customer obtains control of the asset, 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.

e) 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, labor 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).

f) Depreciation and amortization

- i) Depreciation on tangible fixed assets is charged over the estimated useful life of the asset,
 - On Factory buildings, Plant and machinery and electrical installations are provided under the Straight Line Method.
 - On the remaining assets, under the Written Down value method treating the plant as a continuous process plant.
 - Depreciation is computed on plant & Machinery treating each machine/equipment as a single unit since the value of components forming part thereof is insignificant.
 - 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 hereunder:
 - 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 are 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 of are reported at the lower of carrying value or fair value less cost to sell.

g) 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 the prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.

h) 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

i) Inventories

Inventories are stated at the lower of cost or net realizable value. The 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, the 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 an appropriate portion of overheads etc.,
- ii) The 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.

j) 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 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 benefits:

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 employees 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 has terms approximating 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.

k) Taxes on income:

Tax expense comprises 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 realized 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 realize 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.

l) 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 the 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.

m) 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.

n) 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.

o) Financial instruments

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

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

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 to 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):

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- 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. To recognize 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 Revaluation 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 the disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- 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

- 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. “t”

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 the cost of the investment and the amount of dividend can be measured reliably. Dividends recognized in profit or loss is 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.

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 are 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 the 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 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.

- 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.
- 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.
- 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:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- 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
- 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, may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- 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
- 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 a 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 “t”.

(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 costs 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.

p) Borrowings

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

q) 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:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- 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:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- 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.

r) Dividend:

Final dividends on shares are recorded as a 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.

s) 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.

t) 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 in general approximation of value and such value may never actually be realized.

u) 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.

v) 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.

Notes - 2 : Property, Plant and Equipment

Description	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost as at 01.04.2020 Rs.	Additions During the year Rs.	Deductions During the year Rs.	Cost as at 31.03.2021 Rs.	Depreciation up to 31.03.2020 Rs.	Depreciation for the year Rs.	Depreciation on Deductions	Depreciation up to 31.03.2021 Rs.	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Land	1845300	--	--	1845300	--	--	--	--	1845300	1845300
Buildings	51143558	--	--	51143558	8008087	1954274	--	9962361	41181200	43135472
Plant & Machinery	364445424	45740305	8219166	401966563	97578752	25890563	3818606	119650709	282315856	266866673
Furniture & Fittings	62458	--	--	62458	21490	10597	--	32088	30370	40968
Office Equipment	146690	--	--	146690	125995	8550	--	134545	12145	20696
Vehicles & Material Handling Equipment	2116353	--	--	2116353	1519737	187188	--	1706925	409428	596616
Electrical Installations & Equipment	29910792	--	--	29910792	12215725	3040732	--	15256457	14654336	17695067
Laboratory Equipment	6847378	1100025	--	7947403	4502090	819939	--	5322029	2625374	2345288
Computers	771157	--	--	771157	726727	5201	--	731929	39227	44430
TOTAL	457289112	46840330	8219166	495910276	124698603	31917044	3818606	152797041	343113235	332590510
PREVIOUS YEAR	434429286	32973507	10113680	457289112	96111917	31675844	3089159	124698603	332590510	338317368

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

3

Non-current Investments	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Trade Investments (valued at cost unless stated otherwise)		
Investments measured at Fair Value through Other Comprehensive Income		
Investment in Equity instruments (Unquoted)		
6,70,000 (31st March 2020: 4,02,000) Equity shares of Rs. 10/- each, fully paid up in Andhra Pradesh Gas Power Corporation Ltd.,	4,75,94,007	3,92,74,540
	4,75,94,007	3,92,74,540
Aggregate amount of quoted Investments - Market Value Rs.	NIL	NIL
- Cost Rs.	NIL	NIL
Aggregate amount of impairment in value of investments	NIL	NIL
Aggregate amount of unquoted investments	4,75,94,007	3,92,74,540

4

Other Financial Assets (Non-current)	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Capital Advances		
Security Deposit	93,04,913	1,42,75,813
Loans and advances to related parties		
Secured, considered good		
Unsecured, considered good		
Which have significant increase in Credit Risk		
Credit impaired		
Prepaid expenses		
Total	93,04,913	1,42,75,813

5

Inventories (valued at lower of cost and net realizable value)	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Raw materials and components at Cost	9,16,27,828	5,28,23,504
Work-in-progresss		
: At Cost	1,33,98,800	2,10,00,738
: At Estimated Realisable Value		
Finished goods		
: At Cost	1,95,90,345	2,78,28,513
: At Estimated Realisable Value		
Stores and spares at Cost	1,12,79,657	1,00,46,254
Cotton Waste	65,24,713	46,06,289
Total	14,24,21,343	11,63,05,297

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs. 25,05,38,639 year ended 31st March 2021 and Rs. 37,38,65,405 for the year ended 31st March 2020

The mode of valuation of inventories has been stated in note "i" in significant accounting policies

6

Current Investments	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Quoted mutual funds		
SBI Mutual Funds.		
170.24 (31st March 2020 - 812.18) units of Liquid Fund Regular growth plan	5,45,285	25,12,570
476149.65 (31st March 2020 - 2083.15)units Saving Fund Regular plan growth	1,55,08,718	64,572
1455759.15 units Short term Debt fund Regular plan growth	3,64,26,297	
	5,24,80,300	25,77,142
Aggregate amount of quoted Investments - Market Value Rs. - Cost Rs.	5,24,80,300	25,77,142
Aggregate amount of impairment in value of investments		

7

Trade receivables	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Secured, considered good		
Unsecured, considered good	3,76,77,624	8,28,06,496
Which have significant increase in Credit Risk		
Credit impaired		
Total	3,76,77,624	8,28,06,496

8.1

Cash and bank balances	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
<u>Cash and Cash Equivalentents :</u>		
Balances with Banks:		
On current accounts	32,78,256	1,48,97,558
Deposits with original maturity of less than 3 months		
On unclaimed dividend account	3,43,826	3,43,080
Cheques/drafts on hand		
Unpaid matured deposits		
Unpaid matured debentures		
Cash on hand	73,230	65,455
	36,95,313	1,53,06,093
<u>Other Bank Balances :</u>		
Deposits with original maturity for more than 12 months		
Deposits with original maturity for more than 3 months but less than 12 months		
Margin money deposit Letter of Credit	47,000	5,95,700
Margin money deposit FD	-	-
	47,000	5,95,700
Amount disclosed under non-current assets		
Total	37,42,313	1,59,01,793

8.2

9

Other Financial Assets (Current)	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Interest accrued on fixed deposits/security deposits	4,40,285	7,37,412
Loans and Advance to employees	-	-
Advances recoverable in cash or kind		
Secured, considered good		
Unsecured, considered good		
Which have significant increase in Credit Risk		
Credit impaired		
Total	4,40,285	7,37,412

10

Current Tax Assets (net)	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Advance Income-tax / TDS (net)	2,69,65,448	1,91,64,676
Less: Provision for Income tax	(2,81,96,816)	(1,22,83,844)
	(12,31,368)	68,80,832

11

Other Current assets	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Prepaid expenses	17,21,507	17,55,177
Balances with Statutory / government authorities	28,10,774	6,85,050
Advances recoverable in cash or kind		
Secured, considered good		
Unsecured, considered good	9,03,874	3,68,69,295
	54,36,155	3,93,09,522

Share Capital	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Authorised Shares :		
35,00,000 (31 March 2020 : 35,00,000) equity shares of Rs.10/- each	3,50,00,000	3,50,00,000
5,00,000 (31 March 2020 : 5,00,000) 9.30% Taxable Redeemable cumulative preference shares of Rs.100/- each	5,00,000	5,00,000
	3,55,00,000	3,55,00,000
Issued Shares :		
10,50,100 (31 March 2020 : 10,50,100) equity shares of Rs.10/- each	1,05,01,000	1,05,01,000
	1,05,01,000	1,05,01,000
Subscribed and fully paid-up shares :		
10,50,100 (31 March 2020 : 10,50,100) equity shares of Rs.10/- each	1,05,01,000	1,05,01,000
	1,05,01,000	1,05,01,000
Total issued, subscribed and fully paid-up capital	1,05,01,000	1,05,01,000

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

Equity Shares	As At 31st March 2021 Rs.		As At 31st March 2020 Rs.	
	No.	Rs.	No.	Rs.
At the beginning of the period	10,50,100	1,05,01,000	10,50,100	1,05,01,000
Issued during the period - Bonus issue				
Issued during the period - ESOP				
Outstanding at the end of the period	10,50,100	1,05,01,000	10,50,100	1,05,01,000

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

Equity shares of Rs.10/- each fully paid	As At 31st March 2021		As At 31st March 2020	
	No.	% holding in the class	No.	% holding in the class
1) Sri E.Satyanarayana	1,79,140	17.06%	1,79,140	17.06%
2) Sri E.Rangarao	55,310	5.27%	55,310	5.27%
3) Sri B.Ramesh Kumar	72,280	6.88%	72,280	6.88%
Total	3,06,730	29.21%	3,06,730	29.21%

OTHER EQUITY	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Capital Reserve	28,31,396	28,31,396
Capital Redemption Reserve	3,00,000	3,00,000
	31,31,396	31,31,396
<u>Surplus in Other Comprehensive Income</u>		
Balance as per last Financial Statements	(1,33,62,960)	4,07,704
Add: Other Comprehensive Income for the year	(1,25,79,163)	(1,95,49,531)
Add: Amount transferred from retained earnings	(4,45,377)	57,78,867
Closing Balance	(2,63,87,500)	(1,33,62,960)
<u>General Reserve</u>		
Balance as per the last Financial Statements	41,02,39,530	41,02,39,530
Add : Amount transferred from Surplus Balance in the Statement Of Profit and Loss	-	-
Less: Issue of bonus shares	-	-
Closing Balance	41,02,39,530	41,02,39,530
<u>Surplus/(Deficit) In The Statement Of Profit And Loss</u>		
Balance as per the last Financial Statements	8,11,47,508	4,45,25,104
Profit for the year	5,44,98,674	4,80,98,143
Add: Transfer to FVTOCI Reserve	4,45,377	
	13,60,91,559	9,26,23,247
Less :		
Equity Dividend paid	-	47,25,450
Transfer to FVTOCI Reserve		57,78,867
Tax on Distributed Profits	-	9,71,422
Transfer to General Reserve		
Total Appropriations	-	1,14,75,739
Net Surplus in Statement of Profit And Loss	13,60,91,559	8,11,47,508
Total Reserves And Surplus Taken To Balance Sheet	52,30,74,985	48,11,55,475

Capital Reserve: This Reserve represents the sale value over and above the cost of acquisition of related assets.

Capital Redemption Reserve: This Reserve is created pursuant to redemption of preference shares.

General Reserve: This Reserve is created by an appropriation from one component of equity (generally retained earnings) to another, not being an item of Other Comprehensive Income.

Investment Revaluation Reserve: This reserve represents the cumulative gain or loss arising on revaluation of equity instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those investments are disposed off.

Actuarial Gain/Loss Reserve: This reserve represents the cumulative actuarial gains/losses on account of remeasurement of defined benefit plans, net of amounts reclassified, if any to Retained Earnings.

Retained Earnings: This reserve represents the cumulative profits of the Company as at the Balance sheet date.

14

Borrowings (Non-current)	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Term Loans		
Indian rupee loan from banks (secured)	-	-
	-	-
Deposits from share holders		
Deposits from Public		
	-	-
Total Amount	-	-
The above amount includes		
Secured borrowings		
Unsecured borrowings	-	-
Amount disclosed under the head "other financial liabilities (current)" (note 9.2)		
Net Amount	-	-

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 7.8% with present effective rate at 8%. The term loan is to be repaid starting from 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	
TOTAL	58		13,82,00,000

15	Provisions (Non-current)	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
	Provision for employee benefits:		
	Provision for gratuity	16,73,644	86,50,682
	Provision for leave benefits	41,55,083	41,23,896
		58,28,727	1,27,74,578

16	Deferred Tax Liability (Net)	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
	Deferred Tax Liability		
	Fixed assets:Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	3,82,29,893	4,09,64,195
	Provision for discounting of liability for APGPCL investments	1,34,811	
	Others		
	Gross deferred tax liability	3,83,64,704	4,09,64,195
	Deferred tax asset		
	MAT Credit	-	17,87,028
	Investments		
	Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	41,65,252	73,06,676
	Provision for diminution in the value of investments		
	Unabsorbed losses		
	Others		
	Gross deferred tax asset	41,65,252	90,93,703
	Net Deferred Tax Liability	3,41,99,452	3,18,70,491

17

Provisions (Current)	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
Provision for employee benefits:		
Provision for gratuity	50,99,451	48,09,554
Provision for leave benefits	14,40,998	11,43,159
	65,40,449	59,52,713

18

Borrowings (Current)	As At 31st March 2021 Rs.	As At 31st March 2020 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)		
	-	-
The above amount includes		
Secured borrowings	-	-
Unsecured borrowings		

Working capital loans from State Bank Of India (Secured by Hypothecation 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 effective rate at 10.25% (@9.55%).

19	Trade payables	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
	Due to Micro & Small Enterprises	10,36,008	3,46,448
	Due to Others	2,79,73,335	5,36,29,121
		2,90,09,343	5,39,75,569

20	Other Financial Liabilities (Current)	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
	Current maturities of long term borrowings	1,44,64,354	3,75,36,327
	Interest accrued and due on borrowings	-	2,78,612
	Unclaimed dividend	3,42,900	3,42,900
	Accrued Salaries and Benefits	1,19,95,866	1,22,95,872
	Directors Remuneration Payable	28,69,057	18,25,306
		2,96,72,177	5,22,79,017

21	<u>Other Current Liabilities</u>	As At 31st March 2021 Rs.	As At 31st March 2020 Rs.
	Advance from customers	-	80,137
	Statutory Dues	17,50,573	16,76,795
	Others	4,02,101	3,93,581
		21,52,674	21,50,513

22	Revenue from operations	This year	Previous year
	Sale of products:		
	Finished goods	53,36,63,452	67,26,86,653
	Sale of Cotton Waste	2,79,07,781	3,37,84,808
		56,15,71,233	70,64,71,461
	Other operating revenue		
	Duty draw back	1,42,491	-
	Other	-	62,512
	Revenue from operations	56,17,13,724	70,65,33,973

23	Other Income	This year	Previous year
	Interest income on		
	Bank deposits	1,28,577	93,019
	Others	6,27,494	36,66,721
	Dividend income on		
	Short-term investments	4,03,158	10,21,780
	Other non-operating income #	47,89,801	34,71,731
		59,49,030	82,53,251

Note :

# Other non-operating income includes :	This year	Previous year
Difference in Foreign Exchange (Gain)	51,111	-
Profit on Sale of Asset	20,00,000	19,36,777
Miscellaneous Receipts	24,47,268	1,40,090
Claims Received	2,91,422	5,80,143
Provision no long required written back	-	8,14,721
Total	47,89,801	34,71,731

24	Cost of raw material consumed	This year	Previous year
	Inventory at the beginning of the year	5,28,23,505	5,52,80,666
	Add:Purchases	26,20,94,694	28,07,82,820
		31,49,18,199	33,60,63,486
	Less: Inventory at the end of the year	9,16,27,828	5,28,23,505
	Cost of raw material consumed	22,32,90,371	28,32,39,981

Details of raw material consumed	This year	Previous year
i) Cotton	22,32,90,371	28,32,39,981
Total	22,32,90,371	28,32,39,981

25	(Increase)/decrease in inventories	This year	Previous year
	Inventories at the end of the year		
	Work in progress	1,33,98,800	2,10,00,738
	Finished goods	1,95,90,345	2,78,28,513
	Cotton waste	65,24,713	46,06,289
		3,95,13,858	5,34,35,540
	Inventories at the beginning of the year		
	Work in progress	2,10,00,738	2,19,78,148
	Finished goods	2,78,28,513	10,37,56,220
	Cotton waste	46,06,289	16,74,301
		5,34,35,540	12,74,08,669
	(Increase)/Decrease of inventories	1,39,21,682	7,39,73,129

26	Employee benefit expense	This year	Previous year
	Salaries, wages and bonus	6,99,33,143	6,94,97,989
	Contribution to provident and other fund	75,97,501	83,21,222
	Gratuity expense	35,82,932	35,75,221
	Staff welfare expenses	10,83,590	11,31,785
		8,21,97,166	8,25,26,217

27	Finance Costs	This year	Previous year
	Interest	20,87,305	59,29,387
	Other borrowing Cost	9,710	2,38,606
	Finance cost - APGPCL	6,20,347	-
		27,17,362	61,67,993

28	Depreciation and amortization expense	This year	Previous year
	Depreciation of tangible assets	3,19,17,044	3,16,75,844
		3,19,17,044	3,16,75,844

Other expenses	This year	Previous year
Consumption of stores and spares	1,33,26,586	1,66,52,295
Processing Charges	9,97,608	1,61,13,393
Freight and forwarding charges	40,49,297	45,94,551
Rates and taxes	1,99,312	2,46,010
Insurance	16,89,742	14,14,788
Repairs and maintenance		
Plant and machinery	2,45,94,084	2,22,62,631
Buildings	10,29,850	11,73,734
Others	5,00,072	7,29,863
Advertising	89,341	5,08,138
Sales commission	41,88,941	59,34,539
Travelling and conveyance	54,540	2,36,270
Communication costs	35,827	36,653
Hank Yarn Obligation charges	62,872	86,073
Legal and professional fees	13,49,733	4,50,037
Directors' sitting fees	3,10,000	3,00,000
Payment to Auditors (Refer details below)	4,73,700	4,92,000
Exchange differences (net)	-	1,25,169
Tools written off	1,15,373	13,198
Bank Charges	12,14,629	1,79,464
Corporate Social Responsibility Expenses	5,67,207	8,62,405
Bad debts Written Off	-	8,14,721
Miscellaneous expenses	15,06,228	18,20,750
	5,63,54,942	7,50,46,681

Payment to Auditors	This year	Previous year
As Auditor:		
Audit fee	1,75,000	1,75,000
Tax audit fee	40,000	40,000
GST audit fee	80,000	40,000
Other services (certification fees)	1,00,500	1,56,700
Out of pocket expenses	3,200	5,300
Cost Auditors Fee	75,000	75,000
Total	4,73,700	4,92,000

Other Comprehensive income Items that will not be reclassified to profit & loss account	This year	Previous year
Revaluation gain/(loss) of investments	(1,30,24,540)	(38,20,395)
Actuarial Gain / Loss (OCI)-Gratuity	4,55,586	(26,63,268)
Actuarial Gain / Loss (OCI)-Leave	1,39,583	(3,39,309)
Deferred Tax relating to		
Employee defined benefit obligations	(1,49,792)	8,35,317
Unrealised Loss/ (Gain) on FVTOCI Equity Securities		(1,35,61,876)
	(1,25,79,163)	(1,95,49,531)

31. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

Particulars	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
a) (i) Disputed Income Tax demands for the assesment year 1989-90 [Rs.21,50,580/- (Rs.21,50,580/-) paid under protest against the demands and grouped under Current tax assets]	-	28,84,527
GRAND TOTAL	-	28,84,527

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

Particulars	2020-21		2019-20	
	Value Rs.	%	Value Rs.	%
Imported	3,12,03,863	13.97	6,88,62,885	24.31
Indigenous	19,20,86,508	86.03	21,43,77,096	75.69
	22,32,90,371	100.00	28,32,39,981	100.00

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

Particulars	2020-21		2019-20	
	Value Rs.	%	Value Rs.	%
Imported	18,74,859	7.42	9,35,219	4.54
Indigenous	2,33,94,156	92.58	1,96,63,742	95.46
	2,52,69,015	100.00	2,05,98,961	100.00

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

Particulars	2020-21 Rs.	2019-20 Rs.
Stores and spares	18,68,384	20,99,538
Raw Materials - Cotton	8,87,03,894	4,77,24,738
	9,05,72,278	4,98,24,276

35. Earnings in Foreign Currency during the year

75,92,670 -

36. Details of expenditure incurred in foreign currency

Certification Fee	6,57,354	3,47,537
Stores and spares	18,24,635	9,33,575
Raw Materials Cotton	8,58,74,070	4,50,89,402

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

Particulars	Current Year (Rs.)	Previous Year (Rs.)
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	10,36,008 -Nil-	3,46,448 -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-
Note: 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".

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

Summary of Results:

Highlights of the results as at 31st March, 2021 are given below:

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Defined Benefit Cost included in P & L *	35,82,931	35,75,221	12,58,110	9,62,067
Other Comprehensive (Income) / Loss	(4,55,586)	26,63,268	(1,39,583)	3,39,310
Total Defined Benefit Cost recognized in P&L and OCI	31,27,345	62,38,489	11,18,528	13,01,377
Defined Benefit Obligation at the end	3,88,30,279	3,68,12,615	55,96,081	52,67,055
Fair Value of Plan Assets at the end	3,20,57,184	2,33,52,379	-	-
Net Defined Benefit Liability / (Asset)	67,73,095	1,34,60,236	55,96,081	52,67,055
Discount Rate	6.91.%	6.82.%	6.91.%	6.82.%

Summary Of Financial Assumptions

Particulars	Gratuity		Leave encashment	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
Discount Rate	6.91.%	6.82.%	6.91.%	6.82.%
Salary Escalation	7.00.%	7.00.%	7.00.%	7.00.%

Summary of Demographic Assumptions-Gratuity

Particulars	31/03/2021	31/03/2020
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality Table)	100.%	100.%
Disability Rate (as % of above mortality rate)	0.%	0.%
Withdrawal Rate	8.%	8.%
Normal Retirement Age	58 Years	58 Years
Adjusted Average Future Service	24.16.	24.37.

Summary of Demographic Assumptions-Leave encashment

Particulars	31/03/2021	31/03/2020
Mortality Rate (as % of IALM (2012-14) (Mod.) Ult. Mortality	100.00%	100.00%
Disability Rate (as % of above mortality rate)	0.00%	0.00%
Attrition Rate	8.00%	8.00%
Normal Retirement Age	58 Years	58 Years
Leave Encashment Rate during employment	10.00%	10.00%
Leave Availment Rate	2.00%	2.00%

Change in Defined Benefit Obligation

Particulars	Gratuity		Leave encashment	
	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Defined Benefit Obligation at the beginning	3,68,12,615	3,22,16,984	52,67,055	49,44,643
Current Service Cost	30,01,895	29,15,281	9,25,819	6,23,386
Past Service Cost	-	-	-	-
(Gain) / Loss on settlements	-	-	-	-
Interest Expense	24,17,322	23,44,162	3,32,291	3,38,681
Benefit Payments from Plan Assets	(27,36,009)	(31,48,681)	-	-
Benefit Payments from Employer	-	-	(7,89,502)	(9,78,965)
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 Remeasurements - Due to Experience Adjustments	(2,55,680)	20,69,148	(18,928)	1,51,702
	(4,09,865)	4,15,078	(1,20,654)	1,87,607
Defined Benefit Obligation at the end	3,88,30,279	3,68,12,615	55,96,081	52,67,055
Discount Rate	6.91.%	6.82.%	6.91.%	6.82.%
Salary Escalation Rate	7.00.%	7.00.%	7.00.%	7.00.%

Change in Fair Value of Plan Assets

Particulars	Gratuity		Leave encashment	
	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Fair Value of Plan Assets at the beginning	2,33,52,379	2,22,02,199	-	-
Interest Income	18,36,287	16,84,865	-	-
Employer Contributions	98,81,307	27,93,038	-	-
Employer Direct Benefit Payments Employer Direct Settlement Payments	-	-	7,89,502	9,78,965
Benefit Payments from Plan Assets	(27,36,009)	(31,48,681)	-	-
Benefit Payments from Employer	-	-	(7,89,502)	(9,78,965)
Settlement Payments from Plan Assets	-	-	-	-
Settlement Payments from Employer	-	-	-	-
Other (Employee Contribution, Taxes, Expenses)	(66,820)	-	-	-
Increase / (Decrease) due to effect of any business combination / divestiture / transfer	-	-	-	-
Increase / (Decrease) due to Plan combination	-	-	-	-
Remeasurements - Return on Assets (Excluding Interest Income)	(2,09,959)	(1,79,042)	-	-
Fair Value of Plan Assets at the end	3,20,57,184	2,33,52,379	-	-

Weighted Average Asset Allocations at end of Year

Particulars	Gratuity		Leave encashment	
	Financial Year ending 31.03.2021	Financial Year ending 31.03.2020	Financial Year ending 31.03.2021	Financial Year ending 31.03.2020
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 31/03/2021	Financial Year Ending 31/03/2020	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Current Service Cost	30,01,895	29,15,924	9,25,819	6,23,386
Past Service Cost	-	-	-	-
(Gain) / Loss on Settlements Reimbursement Service Cost	-	-	-	-
Total Service Cost	30,01,895	29,15,924	9,25,819	6,23,386
Interest Expense on DBO	24,17,322	23,44,162	3,32,291	3,38,681
Interest (Income) on Plan Assets	(18,36,287)	(16,84,865)	-	-
Interest (Income) on Reimbursement Rights	-	-	-	-
Interest Expense on (Asset Ceiling) / Onerous Liability	-	-	-	-
Total Net Interest Cost	5,81,036	6,59,297	332,291	338,681
Reimbursement of Other Long Term Benefits	-	-	-	-
Defined Benefit Cost included in P & L	35,82,931	35,75,221	12,58,110	9,62,067
Remeasurements - Due to Demographic Assumptions	-	-	-	-
Remeasurements - Due to Financial Assumptions Remeasurements -	(2,55,680)	20,69,148	(18,928)	1,51,702
Due to Experience Adjustments (Return) on Plan Assets (Excluding	(4,09,865)	4,15,078	(1,20,654)	1,87,607
Interest Income) (Return) on Reimbursement Rights	2,09,959	1,79,042	-	-
Changes in Asset Ceiling / Onerous Liability	-	-	-	-
	-	-	-	-
Total Remeasurements in OCI	(4,55,586)	26,63,268	(1,39,583)	3,39,310
Total Defined Benefit Cost recognized in P&L and OCI	31,27,345	62,38,489	11,18,528	13,01,377
Discount Rate	6.91.%	6.82.%	6.91.%	6.82.%
Salary Escalation Rate	7.00.%	7.00.%	7.00.%	7.00.%

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 31/03/2021	Financial Year Ending 31/03/2020	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Current Liabilities	50,99,451	48,09,554	14,40,998	11,43,159
Non- current Liabilities	3,37,30,828	3,20,03,061	41,55,083	41,23,896

Amounts recognized in the Statement of Financial Position

Particulars	Gratuity		Leave encashment	
	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Defined Benefit Obligation Fair Value of Plan Assets	3,88,30,279	3,68,12,615	55,96,081	52,67,055
	3,20,57,184	2,33,52,379	-	-
Funded Status	67,73,095	1,34,60,236	55,96,081	52,67,055
Effect of Asset Ceiling / Onerous Liability	-	-	-	-
Net Defined Benefit Liability / (Asset)	67,73,095	1,34,60,236	55,96,081	52,67,055
Of which, Short term Liability	50,99,451	48,09,554	14,40,998	11,43,159

Net Defined Benefit Liability / (Asset) reconciliation

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
Net Defined Benefit Liability / (Asset) at the beginning	1,34,60,236	1,00,14,785	52,67,055	49,44,643
Defined Benefit Cost included in P & L	35,82,931	35,75,221	12,58,110	9,62,067
Total Remeasurements included in OCI	(4,55,586)	26,63,268	(1,39,583)	3,39,310
Net Transfer In / (Out) (Including the effect of any business combination / divesture)	-	-	-	-
Amount recognized due to Plan Combinations	66,820	-	-	-
Employer Contributions	(98,81,307)	(27,93,038)	-	-
Employer Direct Benefit Payments Employer Direct Settlement Payments	-	-	(7,89,502)	(9,78,965)
	-	-	-	-
Credit to Reimbursements	-	-	-	-
Net Defined Benefit Liability / (Asset) at the end	67,73,095	1,34,60,236	55,96,081	52,67,055

Experience Adjustments on Present Value of DBO and Plan Assets

Particulars	Gratuity		Leave Encashment	
	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020	Financial Year Ending 31/03/2021	Financial Year Ending 31/03/2020
(Gain) / Loss on Plan Liabilities % of Opening Plan Liabilities	(4,09,865) 1.11%	4,15,078 1.29%	(1,20,654) (2.29%)	1,87,607 3.79%
Gain / (Loss) on Plan Assets % of Opening Plan Assets	(2,09,959) (0.90%)	(1,79,042) (0.81%)	--	--

Maturity Profile of Defined Benefit Obligations:

Particulars	31st March 2021		31st March 2020	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Expected Cash flow in year 1	50,99,451	14,40,998	48,09,554	11,43,159
Expected Cash flow in year 2	34,33,750	8,86,413	45,77,234	11,32,954
Expected Cash flow in year 3	42,65,213	7,90,659	30,28,225	7,10,632
Expected Cash flow in year 4	35,69,705	6,63,630	37,89,881	6,23,164
Expected Cash flow in year 5	34,34,024	5,87,686	26,17,739	5,16,317
Expected Cash flow in year 6	37,96,157	6,01,359	35,83,467	4,75,762
Expected Cash flow in year 7	31,56,175	4,71,931	33,48,085	4,57,173
Expected Cash flow in year 8	28,61,508	3,45,895	27,84,975	3,62,756
Expected Cash flow in year 9	33,90,143	4,08,577	25,02,783	2,77,151
Expected Cash flow in year 10	33,68,840	2,63,811	29,97,488	3,19,043

Significant Estimates: Sensitivity analysis

Discount rate, Salary escalation rate and Withdrawal rate are significant actuarial assumptions. The change in Present value of defined benefit obligation for a change of 100 basis points from the assumed assumption is given below:

Particulars	Effect on Gratuity valuation		Effect on Gratuity valuation	
	31st March 2021	% change	31st March 2020	% change
Impact on Present value of Defined obligation if salary escalation rate increases by 1%	32,21,125	8.30%	30,13,572	8.19%
Impact on Present value of Defined obligation if salary escalation rate decreases by 1%	(28,50,407)	-7.34%	(26,66,457)	-7.24%
Impact on Present value of Defined obligation if withdrawal rate increases by 1%	(35,231)	-0.09%	(51,589)	-0.14%
Impact on Present value of Defined obligation if withdrawal rate decreases by 1%	39,472	0.10%	57,594	0.16%
Impact on Present value of Defined obligation if discount rate increases by 1%	(26,36,407)	-6.79%	(24,64,721)	-6.70%
Impact on Present value of Defined obligation if discount rate decreases by 1%	30,34,671	7.82%	28,38,236	7.71%

Particulars	Effect on Leave Encashment		Effect on Leave Encashment	
	31st March 2021	% change	31st March 2020	% change
Impact on Present value of Defined obligation if salary escalation rate increases by 1%	2,49,931	4.47%	2,38,633	4.53%
Impact on Present value of Defined obligation if salary escalation rate decreases by 1%	(2,33,800)	-4.18%	(2,22,918)	-4.23%
Impact on Present value of Defined obligation if withdrawal rate increases by 1%	(748)	-0.01%	(1,585)	-0.03%
Impact on Present value of Defined obligation if withdrawal rate decreases by 1%	836	0.01%	1,730	0.03%
Impact on Present value of Defined obligation if discount rate increases by 1%	(2,00,745)	-3.59%	(1,92,199)	-3.65%
Impact on Present value of Defined obligation if discount rate decreases by 1%	2,18,993	3.91%	2,09,959	3.99%

40. Earning Per Share - Numerators and Denominators used to calculate Basic and Diluted Earnings Per Share for the year 2020-21

Particulars	2020-21 Rs.	2019-20 Rs.
Profit attributable to the Share Holders	5,44,98,674	4,80,98,144
Basic/weighted average number of equity shares outstanding during the year	10,50,100	10,50,100
Nominal Value of Equity Shares	10.00	10.00
Basic/Diluted earning per share	51.90	45.80
Bonus issue shares	--	--
Restated Earnings per Share:	51.90	45.80

41. Related party disclosures pursuant to Ind AS 24**List of related parties:****Key Managerial Personnel**

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

Sri P. Narendranath Chowdary, Director

Sri A. Dharma Raju, Independent Director

Sri Sunkavally Parvatha Rao, Independent Director

Sri Chevuturi Murali Krishna, Independent Director

Sri K.Rajendra, Company Secretary w.e.f. 28th July, 2020

Sri M Gopala Krishna, Chief Financial Officer till 25th September 2020

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

Transactions during the year	Key Managerial personnel	Relatives of Key Managerial Personnel	Enterprises in which key Managerial personnel have significant influence Rs.
	Rs.	Rs.	Rs.
a) Purchase of Goods From Sidhaarth Exports Pvt Ltd			2,11,692 (5,586)
b) Sale of Goods to Sree Dhinakar fabrics Pvt Ltd			7,27,082 (--)
Sidhaarth Exports Pvt Ltd			50,067 (51,849)
c) Services rendered to Sree Dinakar Fabrics Pvt Ltd			-- (84,038)
d) Services rendered by Sidhaarth Cotton Yarn Processors Pvt Ltd			6,20,379 (52,38,969)

e) Remuneration (including Commission) paid to			
Sri E.Sathyanarayana	39,33,757		
	(28,86,406)		
Sri K.Rajendra	3,27,754		
	(-)		
Sri M.Gopala Krishna	--		
	(3,36,462)		
f) Interest paid to	-		
g) Dividend paid to			
Sri E.Sathyanarayana	--		
	(7,97,130)		
Smt. E.Rajeswari		--	
		(2,19,600)	
Sri E.Sidhaarth		--	
		(65,700)	
Smt. E.Ramalakshmi		--	
		(22,500)	
Sri. E.Ranga Rao		--	
		(2,48,895)	
Sri. E.Sailesh		--	
		(1,91,565)	
Smt. L.Nagaswarna		--	
		(19,890)	
h) Directors sitting fee			
Sri A. Dharma Raju	1,10,000		
	(1,15,000)		
Sri Sunkavally Parvatha Rao	90,000		
	(95,000)		
Sri Chevuturi Murali Krishna	1,10,000		
	(90,000)		

g) Reimbursement of expenses paid by Sidhaarth Exports Pvt Ltd			2,000 (--)
Balances as at 31st March 2021			
i. Share capital held by			
Sri E.Sathyanarayana	17,91,400 (17,91,400)		
Smt. E.Rajeswari		4,88,000 (4,88,000)	
Sri E.Sidhaarth		1,46,000 (1,46,000)	
Smt. E.Ramalakshmi		50,000 (50,000)	
Sri. E.Ranga Rao		5,53,100 (5,53,100)	
Sri. E.Sailesh		4,25,700 (4,25,700)	
Smt. L.Nagaswarna		44,200 (44,200)	
ii. Amount due to			
Sidhaarth Exports Pvt Ltd			2,950 (--)
Sidhaarth Cotton Yarn Processors Pvt Ltd			-- (3,82,593)
iii. Amount due from			
Sree Dinakar Fabrics Pvt Ltd			-- (64,530)
iv. Remuneration Payable - Sri E.Sathyanarayana	28,69,057 (18,25,306)		

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 promoting education, Health care, eradication of hunger and malnutrition, Art and Culture, destitute care and rehabilitation and Rural development projects.

Details of CSR Spent during the financial year:

(in cash) Rs.

Gross Amount required to be spent for the financial year;
Amount Spent by the company during the year towards CSR
Amount unspent, if any;

5,63,003
5,67,207
-NIL-

43. 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 measured at fair value

Amount in Rs.

Financial Assets	31st March 2021			31st March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Unquoted instruments	4,75,94,007					3,92,74,540
Quoted Mutual funds	5,24,80,300			25,77,142		

As at 31st March, 2021

Rs.

	Note	Carrying amount				
		Financial assets - FVTOCI	Financial assets - FVTPL	Financial assets- Amortised cost	Financial Liabilities- Amortised cost	Total
Financial instruments measured at fair value						
Non Current investments	3	4,75,94,007				4,75,94,007
Current investments	6		5,24,80,300			5,24,80,300
Financial assets not measured at fair value						
Trade receivables	7			3,76,77,624		3,76,77,624
Cash and Cash Equivalents	8.1			36,95,313		36,95,313
Bank balances other than above	8.2			47,000		47,000
Other Financial assets						
Security Deposits	4			93,04,913		93,04,913
Interest accrued on fixed deposits/security deposits	9			4,40,285		4,40,285
Loans and Advance to employees	9			-		-
Advance recoverable in cash/kind	9			-		-
		4,75,94,007	5,24,80,300	5,11,65,135	-	15,12,39,441
Financial liabilities not measured at fair value						
Borrowings	14 & 18				-	-
Trade payables	19				2,90,09,343	2,90,09,343
Other financial liabilities						
Current maturities of long term borrowings	20				1,44,64,354	1,44,64,354
Interest accrued and due on borrowings	20				-	-
Unclaimed dividend	20				3,42,900	3,42,900
Accrued Salaries and Benefits	20				1,19,95,866	1,19,95,866
Directors Remuneration Payable	20				28,69,057	28,69,057
		-	-	-	5,86,81,520	5,86,81,520

Particulars	Note	Carrying amount				
		Financial assets - FVTOCI	Financial assets -FVTPL	Financial assets- Amortised cost	Financial Liabilities- Amortised cost	Total
Financial instruments measured at fair value						
Non Current investments	3	3,92,74,540				3,92,74,540
Current investments	6		25,77,142			25,77,142
Financial assets not measured at fair value						
Trade receivables	7			8,28,06,496		8,28,06,496
Cash and Cash Equivalents	8.1			1,53,06,093		1,53,06,093
Bank balances other than above	8.2			5,95,700		5,95,700
Other Financial assets						
Security Deposits	4			1,42,75,813		1,42,75,813
Interest accrued on fixed deposits/security deposits	9			7,37,412		7,37,412
Loans and Advance to employees	9			-		-
Advance recoverable in cash/kind	9			-		-
		3,92,74,540	25,77,142	11,37,21,514	-	15,55,73,196
Financial liabilities not measured at fair value						
Borrowings	14 & 18				-	-
Trade payables	19				5,39,75,569	5,39,75,569
Other financial liabilities						
Current maturities of long term borrowings	20				3,75,36,327	3,75,36,327
Interest accrued and due on borrowings	20				2,78,612	2,78,612
Unclaimed dividend	20				3,42,900	3,42,900
Accrued Salaries and Benefits	20				1,22,95,872	1,22,95,872
Directors Remuneration Payable	20				18,25,306	18,25,306
		-	-	-	10,62,54,586	10,62,54,586

Sree Satyanarayana Spinning Mills Ltd., Tanuku**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			
	2020-21		2019-20	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Product name				
Cotton yarn	2,66,83,173	(2,66,83,173)	3,33,37,745	(3,33,37,745)
Cotton waste	13,95,389	(13,95,389)	16,89,240	(16,89,240)

Raw material price risk**Rs.**

Particulars	Impact on profit			
	2020-21		2019-20	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Product name				
Cotton	1,11,64,519	(1,11,64,519)	1,41,61,999	(1,41,61,999)

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 not 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, 2021 of amount Rs. 4,75,94,007. (Rs. 3,92,74,540 on March 31, 2020.	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.	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				
	2020-21		2019-20		
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%	
Andhra Pradesh Gas Power Corporation Ltd.,	23,79,700	(23,79,700)	19,63,727	(19,63,727)	

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 2021		Rs.			
Particulars	Carrying value	Contractual cash flows			
		Less than 1 year	1-2 years	More than 2 years	
Borrowings	-	-	-	-	
Current maturities of non-current borrowings	1,44,64,354	1,44,64,354			
Trade payables (Current)	2,90,09,343	2,90,09,343			
Other financial liabilities(Current)	1,52,07,823	1,52,07,823			
	5,86,81,520	5,86,81,520	-	-	

As at 31st March 2020		Rs.			
Particulars	Carrying value	Contractual cash flows			
		Less than 1 year	1-2 years	More than 2 years	
Borrowings	-	-	-	-	
Current maturities of non-current borrowings	3,75,36,327	3,75,36,327			
Trade payables (Current)	5,39,75,569	5,39,75,569			
Other financial liabilities(Current)	1,47,42,690	1,47,42,690			
	10,62,54,586	10,62,54,586	-	-	

Sree Satyanarayana Spinning Mills Ltd., Tanuku

44. Income Tax Reconciliation

Taxation

a) Profit and loss section

Amount in Rs.

Particulars	For the year ended	
	31st March 2021	31st March 2020
Current Income tax		
Current tax charges	1,59,12,972	83,20,954
MAT Credit utilised during the year	17,87,028	39,62,890
MAT Credit Entitlement for the year		
Short Provision of Income tax of earlier years	21,50,576	504
Deferred Tax		
Relating to origination and reversal of temporary differences	3,92,140	29,28,784
Tax Expense reported in the Statement of Profit and Loss	2,02,42,716	1,52,13,132

Other Comprehensive Income ('OCI') Section

Amount in Rs.

Particulars	For the year ended	
	31st March 2021	31st March 2020
Deferred tax related to items recognised in OCI during the year		
Employee defined benefit obligations	1,49,792	(8,35,317)
Unrealised Loss/ (Gain) on FVTOCI Equity Securities	-	1,35,61,876
Tax Expense in the OCI Section	1,49,792	1,27,26,559

b) Balance sheet section

Amount in Rs.

Particulars	For the year ended	
	31st March 2021	31st March 2020
Tax recoverable	2,69,65,448	1,91,64,676
Provision for Tax	(2,81,96,816)	(1,22,83,844)
Net of advance tax recoverable	(12,31,368)	68,80,832

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2021 and March 31, 2020

Amount in Rs.

Particulars	31st March 2021	31st March 2020
Accounting profit/(loss) before Income tax	7,47,41,390	5,48,41,720
At India's Statutory income tax rate	2,07,93,055	1,52,56,966
Increase/(Decrease) of tax expense on account of Non-taxable income/Exempt income	-	(2,84,259)
Reduction in depreciation/(accelerated depreciation)	(12,94,055)	(18,14,723)
Expenses not allowed under income tax act	4,95,954	2,39,921
Expenses that are allowed under payment basis	(27,02,523)	10,16,681
Provisions no longer required credited back	-	(2,26,655)
Carry forward of current year loss	-	(19,04,087)
Income tax relating to earlier years	21,50,576	504
Other adjustments	4,07,569	
Deferred tax asset recognised	3,92,140	29,28,784
Total		
Tax expense reported in Statement of profit and Loss	2,02,42,716	1,52,13,132

Reconciliation of Deferred tax liabilities (net)

Amount in Rs.

Particulars	31st March 2021	31st March 2020
Deferred Tax income / (expenses) during the period recognised in Statement of Profit and Loss	3,92,140	29,28,784
Deferred Tax income / (expenses) during the period recognised in OCI	1,49,792	1,27,26,559
MAT credit	17,87,028	39,63,394
Total	23,28,960	1,96,18,737

Income tax expense

Amount in Rs.

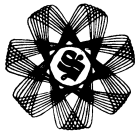
Particulars	31st March 2021	31st March 2020
Current tax expense		
Current year	1,59,12,972	1,22,83,844
Short Provision of Income tax of earlier years	21,50,576	504
(A)	1,80,63,548	1,22,84,348
Deferred tax expense		
Decrease/(Increase) in deferred tax asset	49,28,451	1,78,04,013
Increase/(Decrease) in deferred tax liability	(25,99,491)	18,14,723
(B)	23,28,960	1,96,18,737
Tax expense recognised in the income statement (A+B)	2,03,92,508	3,19,03,085

45. The COVID -19 pandemic is an evolving human tragedy declared as global pandemic by the World Health Organisation with adverse impact on economy and business. Supply chain disruptions in India as a result of the outbreak started with restrictions on movement of goods, closure of borders etc., in all states to stem the spread of Covid -19. In light of these circumstances, the company has considered the possible effects, if any, that may result from Covid-19 on the carrying amounts of financial assets, inventory, receivables, advances, etc., as well as liabilities accrued. Based on the assessment of current indicators of future economic conditions, the management does not envisage any significant impact on its financial results and its financial position as on 31st March 2021. In developing the assumptions and estimates relating to the uncertainties as the Balance sheet date in relation to the recoverable amounts of these assets, the management has considered the global economic conditions prevailing as at the date of approval of these financial results and has used the internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

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
e-Mail: sssmills.tanuku@gmail.com, WWW : <http://www.sssmills.com>

COMMUNICATION TO SHAREHOLDERS

FOR TAX DEDUCTED AT SOURCE ON PAYMENT OF DIVIDEND

Dear Shareholder(s),

As per Finance Act 2020, with effect from 1st April 2020, Dividend Distribution Tax is abolished, and dividend income is taxable in the hands of the shareholders. Companies are required to withhold tax at source from dividends paid to shareholders at prescribed rates (plus applicable surcharge and education Cess), as may be notified from time to time.

The Company shall accordingly deduct the Income tax from the dividend, if declared, that will be paid to the shareholders in the Financial Year 2021 -22.

Resident Shareholders:

I. In accordance with Section 194 of the Income tax Act, 1961 (Act), tax shall be deducted at source from the dividend amount at rate of **10%** where shareholders have registered their valid Permanent Account Number (PAN) and at the rate of **20%** for cases where the shareholders do not have PAN/ have not registered their valid PAN details in their demat Account or with Registrar and Share Transfer Agent (RTA) if shares are held in physical form.

II. No tax shall be deducted on the dividend payable to shareholder in following cases:

a. Resident Individual Shareholders:

- i. If total dividend to be received by them during FY 2021 -22 does not exceed Rs.5000.
- ii. Where the dividend exceeds Rs.5000 for the Financial Year 2021 -22 and the shareholder provides duly signed form 15G or 15H (as may be applicable) along with the self-attested copy of the PAN card, provided that all the required eligibility conditions are met.

b. Resident Non-Individual Shareholders

If Shareholder is **Resident Company/ Firm / HUF / AOP / Trust** based on the Permanent Account Number (PAN), the dividend receivable would not be taxable under the Income Tax Act, 1961 as follows:-

- i. Insurance Company- Self-declaration that it has full beneficial interest in respect of shares owned along with Self-attested copy of PAN card.
- ii. Mutual Funds- Self-declaration that they are specified in section 10(23D) of the Act along with self-attested copy of PAN card and registration certificate.

- iii. Alternative Investment Fund (AIF) established/incorporated in India- Self-declaration that its income is exempt under section 10 (23FBA) of the Act and they are governed by SEBI regulations as category I or category II AIF along with self-attested copy of the PAN card and registration certificate.
 - iv. Other non-Individual shareholders who are not subjected to withholding tax under section 196 of the Act-self-attested copy of the documentary evidence supporting the exemption status along with self-attested copy of PAN card.
- III.** In case where the shareholders provide certificate under section 197 of the Act for lower/NIL withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy the same.

Non-Resident Shareholders

- i. In accordance with the provisions of section 195 of the Act the withholding tax shall be at the rate of 20% (plus applicable surcharge and education Cess) on the amount of dividend payable of them. In case, certificate issued under section 195/197 of the income Tax Act, 1961 is given by non-resident shareholders for lower/Nil withholding of taxes, rate specified in the said certificate shall be considered based on submission of self-attested copy of the same.
- ii. Further, as per section 90 of the Income tax Act, 1961 the non-resident shareholder has the option to be governed by the provisions of the double Tax Avoidance Agreement (tax treaty) between India and the country of tax residence of the shareholder read with provisions laid down in Multilateral instrument, wherever applicable. For this purpose, i.e to avail Tax Treaty benefits, the non-resident shareholders will have to provide the following:
 - 1. Self-attested copy of PAN card allotted by the Indian Income Tax authorities. If PAN is not allotted, please provide your email address, contact number, Tax identification number allotted in the country of residence and address in country of residence.
 - 2. Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the shareholder is resident with respect to dividend income applicable for the period April 2021-March 2022.
 - 3. Self-declaration in Form 10F.
 - 4. Self-declaration of having no taxable presence, fixed base or permanent establishment in India in accordance with the applicable Tax Treaty and Beneficial ownership by the non-resident shareholder.

Kindly note that, the company is not obligated to apply beneficial tax treaty rates at the time of Tax deduction / withholding on dividend amounts. Application of beneficial rate of tax as per tax treaty for the purpose of withholding taxes shall depend upon completeness and satisfactory review by the company of the documents submitted by the non-resident shareholder.

- I. In case of Foreign institutional Investors (FII) and Foreign Portfolio Investors (FPI), taxes shall be withheld at 20% plus applicable Surcharge and education Cess in accordance with provisions of Section 196D of the Income Tax Act, 1961.

Accordingly, in order to enable the Company to determine the appropriate Tax deducted at Source (TDS)/ withholding tax rate applicable, we request you to provide these details and documents as mentioned above before 25th July, 2021 to update our records from withholding tax Perspective.

The dividend declared if any, will be paid after deducting the tax at source as under.

A. For Resident Shareholders:

- **Nil in case of 15G or Form 15H** (as applicable)/ declarations/ supporting documents (as specified above) along with self-attested copy of the PAN card is submitted.
- **Lower/NIL withholding tax rate** on submission of self-attested copy of the certificate issued under Section 197 of the Income Tax Act, 1961.
- **10% in case valid PAN** is provided/ available.
- **20% in case valid PAN** is not provided / not available.

B. For Resident Shareholders

- Beneficial rate based on tax treaty between country of residence and India, as applicable will be applied on the basis of documents submitted.
- Lower/ NIL withholding tax rate on submission of self-attested copy of the certificate issued under section 195/197 of the Income Tax Act, 1961.
- **20% plus applicable surcharge and education Cess in all other cases** (including FII/ FPI)

C. For shareholders holding multiple accounts under different status/ category

- Highest rate of tax based on status in which shares are held will be applied on their entire holding in different accounts.

D. For shareholders with PAN status not matching with demat account Status/Category

- TDS will be deducted at the rate applicable to the status as per Demat a/c or status as per PAN whichever is higher.

IV. To comply with Section 206AB/206CCA of the Income Tax Act, 1961 which comes in to effect from 1st July, 2021 the Company will be requiring particulars of income tax returns as filled by Shareholders. Please note that in case of non- submission of information as sought by the Company within 25th July, 2021 and/or in case of non-filing of Income Tax returns by the Shareholder(s) will attract deduction of tax at source by the Company as per rates prescribed under Section 206AB/206CCA.

Kindly note that the aforementioned documents/details are required to be emailed to sssmills.tanuku@gmail.com before 25th July, 2021 in order to enable the Company to determine and deduct appropriate TDS/withholding tax rate. No communication on the tax determination/deduction shall be entertained post this date for the purpose of dividend Payment.

It may be further noted that in case the tax on the dividend, declared if any, is deducted at a higher rate in absence of receipt of them aforementioned details/documents from you, shareholder shall have an option to file the return of income and claim an appropriate refund, if eligible, if PAN is not registered with the company/DP shareholder may not be able to claim the refund.

No Claim Shall lie against the company for such taxes deducted.

For Sree Satyanarayana Spinning Mills Limited

Date: 10th July, 2021
Place: Tanuku.

K. Rajendra
Company Secretary



SREE SATYANARAYANA SPINNING MILLS LTD.

Regd. Office: Venkatarayapuram, Tanuku – 534215

CIN: U18101AP1962PLC000919 :: Ph : 08819-224166, 224808

e-Mail: sssmills.tanuku@gmail.com, WWW : http://www.sssmills.com

Form No. MGT-11

Proxy form

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **58th Annual General Meeting** of the Company to be held **on Thursday, 5th August, 2021 at 10.00 A.M** through **Hybrid mode (electronic mode and physical mode)** with virtual and physical presence of the Shareholders at the Registered Office of the Company situated at 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, 2021		
2.	To declare dividend on equity shares for the financial year 2020-21.		
3.	Re-appointment of Shri P.Narendranath Chowday, as Director who retires by rotation.		
	Special Business		
4.	To approve increase in Authorized Share Capital of the Company		
5.	To Alter the Capital Clause V of Memorandum of Association of the company		
6.	To adopt new Article 195(1) of the Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and Secretarial Standard -2		

Signed this..... day of2021

Signature of Shareholders

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 **58th 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.
5. If a Member intends to attend the meeting through VC / OAVM, he/she will not be entitled to appoint a proxy.

