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# **SOUTHERN SPINNERS AND PROCESSORS LIMITED**

## **BOARD OF DIRECTORS**

**NAGARAJU SRIRAMA  
P.K. RUSTAGI  
V.RENGASWAMY**

## **Registered Office**

3, Madurai-Melakkal Road,  
Madurai-625016.

## **Administrative Office**

19/5-H, Seetharam Avenue,  
Saradha College Road Extn,  
Salem-636007.

## **Bankers**

Canara Bank

## **Auditors**

Messrs S.S. Kothari Mehta & Co.,  
Chartered Accountants.

## **Plant**

Pattukkonnampatty, Papireddipatty (T.K.), Dharmapuri (Dt.)

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## **DIRECTORS' REPORT**

### **TO THE MEMBERS**

The Directors have pleasure in presenting the 11<sup>th</sup> Annual Report and Audited Financial Statements of the Company for the financial year ended on 31st March, 2016.

### **FINANCIAL RESULTS**

The turnover for the year under review was ₹ 44.42 Crore as against ₹ 43.31 Crore in the previous year. The Loss after providing financial charges and depreciation was ₹ 0.33 Crore, as against ₹ 1.07 Crore last year.

### **OPERATIONS**

Your Directors Report that the Company's performance during the year affected by the volatility of cotton and finished product price. From August 2015 onwards, the market is so depressed and there is no parity between raw material and finished product prices. Chinese slowdown has affected the exports to a greater extent and export prices witnessed steep fall from August 2015 onwards.

Since October 2015, the domestic sector consumption also witnessed slow growth. Your Company continues to work in all areas of operation to improve efficiency and reduce the cost. Your Company is focusing more on value added products and steadily focusing on converting the yarn into fabric sales which can fetch better margins.

### **EXTRACT OF THE ANNUAL RETURN**

An extract of the Annual Return as on 31st March 2016 in the prescribed Form MGT-9 is attached as Annexure 'A' to this Report and forms part of it.

### **DIVIDEND**

No Dividend is recommended for the financial year ended on 31<sup>st</sup> March 2016.

### **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The particulars of loans, guarantees, securities and investments under the provisions of Section 186 of the Companies Act, 2013 are given in the financial statements.

## **RELATED PARTY TRANSACTIONS**

During the financial year ended 31st March 2016, all the contracts or arrangements or transactions entered into by the Company with the Related Parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013.

Further, the Company has not entered into any contract or arrangement or transaction with the related parties which could be considered material. In view of the above, disclosure in Form AOC-2 is not applicable.

## **DIRECTOR**

There has been no change in the constitution of Board during the year.

Shri Pawan Kumar Rustagi, Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing AGM.

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to your Company.

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

### **(A) CONSERVATION OF ENERGY**

Your Company continues to invest in replacement of low energy efficient systems with effective and high efficient systems to conserve power and reduce costs.

- (i) The Steps taken or impact on conservation of energy;
  - a. We have done Blade angle corrections and upgradation of our humidification plants to optimise the energy.
  - b. LED bulbs installed carried out to conserve energy in all operational areas.
  - c. High power consumption areas has been identified and stopped during evening peak hours to conserve energy.

- (ii) The steps taken by the Company for utilising alternate sources of energy;

The Company has been using wind power in place of thermal power as an alternate power during the year.

- (iii) The capital investment on energy conservation equipments;

During the year the Company has spent ₹ 1.07 lacs on energy conservation.

## (B) TECHNOLOGY ABSORPTION

- (i) The efforts made towards technology absorption;

The Company is consistently looking for absorption of new technology available in the market.

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution;

In the value addition segment ₹4.33 lacs has been spent on various small capital items to achieve better productivity on product development and cost reduction.

- (iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year)-

- (a) The details of technology imported;

Your Company has not imported any technology for the past 3 years.

- (b) The year of import: Not Applicable.

- (c) Whether the technology been fully absorbed; Not Applicable.

- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; Not Applicable.

- (iv) The expenditure incurred on Research & Development and Technology.

- i) **Areas of R&D Activities**

We have done Blade angle corrections and upgradation of our humidification plants to optimise the energy.

- ii) **Research & Development Expenses**

The capital expenditure incurred on R&D during the year was ₹NIL and recurring expenditure amounted to ₹ 0.75 Crore, 1.67% of the turnover.

## (C) EXPORTS, FOREIGN EXCHANGE EARNINGS AND OUTGO

	₹ in Lacs	
	2015-16	2014-15
Earnings in Foreign Exchange	1187.88	1447.09
Foreign Exchange Outgo	10.65	9.08

## **DEPOSITS**

The Company has not accepted any deposits during the financial year.

## **STATUTORY AUDITORS AND THEIR REPORT**

M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The observations of the Auditors in their report on Accounts and the Financial Statements, read with the relevant notes are self explanatory.

## **PARTICULARS OF EMPLOYEES**

None of the employees of the Company is in receipt of remuneration in excess of the limits as given in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

## **CORPORATE SOCIAL RESPONSIBILITY**

The requirement of Corporate Social Responsibility (CSR) in terms of Section 135 of the Companies Act, 2013 and the rules made thereunder is not applicable to the Company.

## **INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal controls with reference to financial statements and no material reportable weakness was observed in the system. Further, the Company has in place adequate internal financial controls commensurate with the size and nature of its operations.

The Company also has robust Budgetary Control System and Management Information System (MIS) which are backbone of the Company for ensuring that your Company's assets and interests are safeguarded.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

During the financial year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

## MEETINGS OF THE BOARD

The Board consists of 3 Directors as on 31<sup>st</sup> March 2016, of which all are Non-Executive Directors (NED). Four Board Meetings were held during the twelve months period from 1st April 2015 to 31st March 2016 i.e., on 12<sup>th</sup> May, 2015, 5<sup>th</sup> August, 2015, 29<sup>th</sup> October, 2015 and 9<sup>th</sup> February, 2016. Attendance and other details are as given below:-

Name of the Director	Category	Number of Board Meetings Attended
Shri Nagaraju Srirama	Non-Executive Directors	4
Shri P.K. Rustagi	Non-Executive Directors	4
Shri V.Rengaswamy	Non-Executive Directors	4

## AUDIT COMMITTEE

Your Company as a good governance measure has been having Audit Committee since beginning even though not mandated under the provisions of the Companies Act, 2013.

Presently, Committee comprises of Shri Nagaraju Srirama, Shri P.K. Rustagi and Shri V. Rengaswamy, all being Non-executive Independent Directors.

Four meetings of the Audit Committee were held during the financial year ended 31<sup>st</sup> March 2016. i.e., on 12<sup>th</sup> May 2015, 5<sup>th</sup> August 2015, 29<sup>th</sup> October 2015 and 9<sup>th</sup> February 2016.

The names of the Members of the Committee and their Attendance are as follows:

Name of the Director	Category	Number of Audit Committee Meetings attended
Shri Nagaraju Srirama	Non-Executive Directors	4
Shri PK Rustagi	Non-Executive Directors	4
Shri V.Rengaswamy	Non-Executive Directors	4

## VIGIL MECHANISM

The provisions of Section 177(9) and (10) relating to establishment of Vigil Mechanism for directors and employees are not applicable to the Company.

## NOMINATION AND REMUNERATION COMMITTEE

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company.

## **PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

Your Company is sensitive to women employees at workplace. As required under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has a formal policy to ensure safety of women and prevention of sexual harassment and has set up Internal Complaints Committee (ICC) at its work places to redress the complaints of women employees. During the year, no complaint has been filed with ICC with allegation of sexual harassment.

## **RISK MANAGEMENT**

The Company has an elaborate risk management system to inform Board Members about risk assessment and minimization procedures.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

As required under Section 134(3)(c) of the Companies Act 2013, your Directors state that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis; and
- e) the proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

## **ACKNOWLEDGEMENT**

The Board places on record its appreciation of the valued services and dedicated efforts of the employees of the Company, as also the co-operation and support extended by Company's bankers, customers, shareholders, dealers, vendors, various Government agencies and other stakeholders.

On Behalf of the Board

Date: 11.05.2016  
Place: New Delhi

**Nagaraju Srirama  
V.Rengaswamy**  
Directors

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

**as on the financial year ended on 31.03.2016**

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

**I. REGISTRATION AND OTHER DETAILS**

- 1 CIN : U17111TN2005PLC056558
- 2 Registration Date : 09.06.2005
- 3 Name of the Company : SOUTHERN SPINNERS AND PROCESSORS LIMITED
- 4 contact details : 3, Madurai-Melakkal Road, Madurai 625 016  
Tel No. 0452-4283826  
Fax No. 0452-4283831
- 5 Category/Sub-Category of the Company : Public Company
- 6 Whether listed company Yes / No : No
- 7 Name, Address and Contact details of Registrar and Transfer Agent, if any. : N.A

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Cotton Yarn	17111	73.14%
2	Cotton Mixture Fabrics	17115	24.07%

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

S.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	J.K. Fenner (India) Limited 3, Madurai-Melakkal Road, Madurai 625 016	U24231TN1992PLC062306	Holding Company	100%	2(46)



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

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a. Individual/HUF	--	--	--	--	--	--	--	--	--
b. Central Govt.	--	--	--	--	--	--	--	--	--
c. State Govt (s)	--	--	--	--	--	--	--	--	--
d. Bodies Corp.	--	5050000	5050000	100%	--	5050000	5050000	100%	--
e. Banks / FI	--	--	--	--	--	--	--	--	--
f. Any Other....	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (1):-</b>	--	5050000	5050000	100%	--	5050000	5050000	100%	--
(2) <b>Foreign</b>									
a) NRIs - Individuals	--	--	--	--	--	--	--	--	--
b) Other – Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other....	--	--	--	--	--	--	--	--	--
<b>Sub-total (A) (2):-</b>	--	--	--	--	--	--	--	--	--
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	--	5050000	5050000	100%	--	5050000	5050000	100%	--
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) VentureCapitalFunds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(1):-</b>	--	--	--	--	--	--	--	--	--
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals									
i) Individual shareholders holding nominal share	--	--	--	--	--	--	--	--	--
ii) Individual shareholders holding nominal share Rs.1 lakh	--	--	--	--	--	--	--	--	--
c) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B)(2):-</b>	--	--	--	--	--	--	--	--	--
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	--	--	--	--	--	--	--	--	--
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total (A+B+C)</b>	--	5050000	5050000	100%	--	5050000	5050000	100%	--

**(ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	J.K. Fenner (India) Ltd.	5050000	100%	--	5050000	100%	--	--
	Total	<b>5050000</b>	<b>100%</b>	--	<b>5050000</b>	<b>100%</b>	--	--

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

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	There is no change in the Promoters' Shareholding during the FY 15-16.			
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):				
	At the End of the year				

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Nil				

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of share	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Nagaraju Srirama (Jt.) J.K. Fenner (India) Limited	1	--	1	--
2	Shri V.Rengaswamy (Jt.) J.K. Fenner (India) Limited	1	--	1	--

## V. INDEBTEDNESS

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1239.62	-	-	1,239.62
ii) Interest due but not paid	3.45	-	-	3.45
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1243.07</b>	<b>-</b>	<b>-</b>	<b>1,243.07</b>
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	-	-	-
- Reduction	252.96	-	-	252.96
<b>Net Change</b>	<b>252.96</b>			<b>252.96</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	990.11	-	-	990.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>990.11</b>	<b>-</b>	<b>-</b>	<b>990.11</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

As per the provisions of the Companies Act, 2013 and Rules thereunder, appointment of Managing Director, Whole-time Director/Manager are not applicable to the Company.

### B. Remuneration to other directors:

(₹ in Lacs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	<b>Independent Directors</b> · Fee for attending board meetings · Fee for attending Committee meetings · Commission · Others, please specify	The provisions regarding appointment of Independent Directors are not applicable to the Company.			
	Total (1)	---			--
2	<b>Other Non-Executive Directors</b>	Mr.Nagaraju Srirama	Mr.P.K.Rustagi	Mr.V.Rengaswamy	
	· Fee for attending board meetings	0.04	0.04	0.04	<b>0.12</b>
	· Fee for attending Committee meetings	--	--	--	--
	· Commission	--	--	--	--
	· Others, please specify	--	--	--	--
	Total (2)	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.12</b>
	Total (B)=(1+2)				<b>0.12</b>
	Total Managerial Remuneration	Not Applicable			
	Overall Ceiling as per the Act	Not Applicable			

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL (KMP) OTHER THAN MD/MANAGER/WTD

As per the provisions of the Companies Act, 2013 and Rules thereunder, KMP provisions are not applicable to the Company.

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

There were no penalties, punishment or compounding of offences during the year ended 31st March 2016.

### **Independent Auditor's Report**

**To the Members of Southern Spinners and Processors Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Southern Spinners and Processors Limited** ("the Company"), which comprise the balance sheet as at 31st March, 2016, the statement of profit and loss, and the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

### **Auditor's Responsibility**

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

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

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



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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements as referred to in Note 23 to the financial statements.
  - ii. Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.S.KOTHARI MEHTA & Co.**  
Chartered Accountants  
Firm's Registration No. 000756N



**Sunil Wahal**  
Partner  
Membership No. 087294

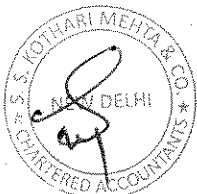


Place: New Delhi  
Date: 11<sup>th</sup> May 2016

Annexure A to the Independent Auditor's Report to the Members of Southern Spinners and Processors Limited dated May 11, 2016.

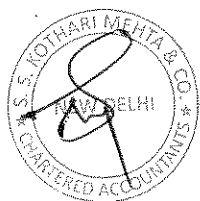
Report on the matters specified in paragraph 3 of the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013 ("the Act") as referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section.

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year, the frequency of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the company.
- ii. In respect of the Company's inventories:
  - (a) As explained to us, the Management has conducted physical verification of inventory at reasonable intervals during the year.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of accounts.
- iii. The Company has granted unsecured loans to its fellow subsidiary company Modern Cotton Yarn Limited, covered in the register maintained under Section 189 of the Act.
  - (a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest;
  - (b) The Company has granted loan re-payable on demand to party covered in the register maintained under section 189 of the Act. We are informed that the company has not demanded repayment of any such loan during the year, and thus, there has been no



default on the part of the parties to whom the money has been lent. The payment of interest has been regular.

- (c) Since there is no overdue amount as on the date, the relevant reporting is not applicable.
- iv. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Act and the Rules framed there under are not applicable.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 148 of the Act for the Company's activities. Hence, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- vii. a. According to the records of the Company examined by us and the information and explanations given to us, the Company has generally deposited its statutory dues including Employees' Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise duty, Cess and any other material statutory dues, as applicable, within the prescribed time with the appropriate authorities during the year and there are no such undisputed amounts payable which have remained outstanding as at March 31, 2016 for a period of more than six months from the date they became payable.
- b. According to the information and explanation given to us and as per the books and records examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty and Service Tax which have not been deposited on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- ix. In our opinion, and according to the information and explanations given to us, the Company has not raised any money way of initial public offer / further public offer, further term loans taken during the year were applied for the purpose for which the loan were obtained. Hence reporting under clause (ix) of the Order is not applicable to the Company.



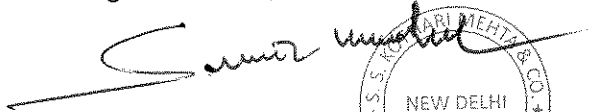


- x. In our opinion, and according to the information and explanations given to us, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.
- xi. In our opinion, and according to the information and explanations given to, the Company has not paid any managerial remuneration. Hence, reporting under clause 3(xi) of the Order are not applicable and hence not commented upon.
- xii. The Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii. In our opinion, and according to the information and explanations given to us during the course of audit, transactions with the related parties are in compliance with section 188 of Act where applicable, and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 of the Act are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- xiv. According to the information and explanations given to us and on an overall examination of the books of account, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.S.KOTHARI MEHTA & Co.**

Chartered Accountants

Firm Registration No. 000756N



**Sunil Wahal**

Partner

Membership No. 087294



Place: New Delhi

Date: 11<sup>th</sup> May 2016

**Annexure B to the Independent Auditor's Report to the Members of Southern Spinners and Processors Limited dated May 11, 2016**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section**

We have audited the internal financial controls over financial reporting of **Southern Spinners and Processors Limited** ("the Company") as at March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

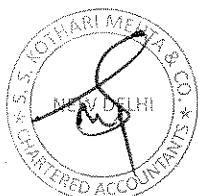
The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". 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 Act.

**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 Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.



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

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

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

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

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) 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
- c) 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, 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 31<sup>st</sup> March, 2016, 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 S.S.KOTHARI MEHTA & Co.**  
Chartered Accountants  
Firm's Registration No. 000756N



**Sunil Wahal**  
Partner  
Membership No. 087294



Place: New Delhi  
Date: 11<sup>th</sup> May 2016

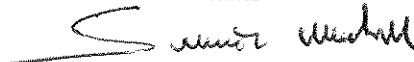
**SOUTHERN SPINNERS AND PROCESSORS LTD.**  
Balance sheet as at 31st March,2016

Particulars	Note	₹ in Lacs	
		As at 31.03. 2016	As at 31.03. 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	505.00	505.00
Reserves and surplus	3	893.74	981.32
<b>Total shareholders' funds</b>		<u>1,398.74</u>	<u>1,486.32</u>
<b>Non-current Liabilities</b>			
Long term provisions	4	9.35	6.88
<b>Total non-current liabilities</b>		<u>9.35</u>	<u>6.88</u>
<b>Current liabilities</b>			
Short-term borrowings	5	990.11	1,239.62
Trade payables		206.22	56.14
Other current liabilities	6	129.27	136.90
Short-term provisions	7	0.16	0.07
<b>Total current liabilities</b>		<u>1,325.76</u>	<u>1,432.73</u>
		<u>2,733.85</u>	<u>2,925.93</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	298.60	339.33
Capital work-in-progress		1.05	3.31
		<u>299.65</u>	<u>342.64</u>
Non current investments	9	9.37	3.12
Deferred tax assets (net)	10	355.71	410.49
Long-term loans and advances	11	82.78	74.65
<b>Total non-current assets</b>		<u>747.51</u>	<u>830.90</u>
<b>Current assets</b>			
Inventories	12	881.85	829.89
Trade receivables	13	768.43	729.31
Cash and bank balances	14	18.98	30.69
Short-term loans and advances	15	317.08	505.14
<b>Total current assets</b>		<u>1,986.34</u>	<u>2,095.03</u>
		<u>2,733.85</u>	<u>2,925.93</u>

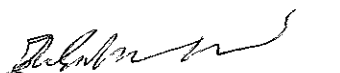
Significant accounting policies 1

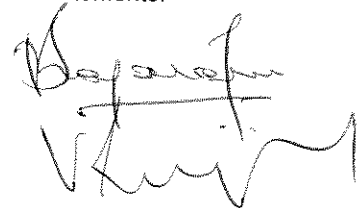
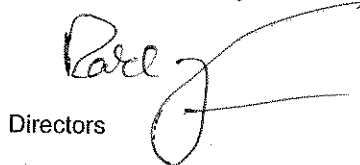
The accompanying notes form an integral part of these financial statements.

Per our report attached  
For **S.S.Kothari Mehta & Co.**  
Chartered Accountants

  
Partner



  
Company Secretary  
New Delhi, the 11th May 2016

  
  
Directors

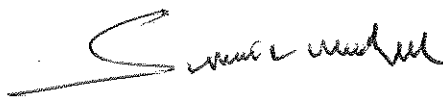
New Delhi, the 11th May 2016

**SOUTHERN SPINNERS AND PROCESSORS LTD.**  
**Statement of profit and loss account for the year ended 31st March,2016**

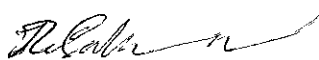
Particulars	Note	₹ in lacs	
		2015-16	2014-15
<b>REVENUE:</b>			
Revenue from operations (Gross)	16	4,442.12	4,331.10
Less:Excise duty		85.68	16.03
Revenue from operations (Net)		4,356.44	4,315.07
Other income	17	135.92	82.35
<b>Total Revenue</b>		<b>4,492.36</b>	<b>4,397.42</b>
<b>EXPENSES:</b>			
Cost of materials consumed	18	2,771.60	2,666.20
Purchase of stock-in-trade		296.69	179.25
( Increase)/ Decrease in inventories of finished goods, work-in-progress and stock-in-trade	19	(209.71)	115.99
Employee benefit expenses	20	588.30	502.67
Other expenses	21	945.01	902.23
<b>Total Expenses</b>		<b>4,391.89</b>	<b>4,366.34</b>
Profit before interest & depreciation		100.47	31.09
Finance cost		86.17	96.02
Profit /(loss) before depreciation		14.30	(64.93)
Depreciation and amortization expenses	22	47.11	42.04
(Loss) before tax		(32.81)	(106.97)
Tax expense:			
Current tax			
Deferred tax charge / (Credit)		54.77	(57.98)
Net Profit/ (Loss) after Tax		(87.58)	(48.99)
Basic / Diluted Earnings per equity share (Nominal Value per share ₹ 10/- previous year 2014-15 ₹10/- )			
Cash	₹	0.28	(1.29)
After tax	₹	(0.58)	(1.03)

Significant accounting policies 1  
The accompanying notes form an integral part of these financial statements.

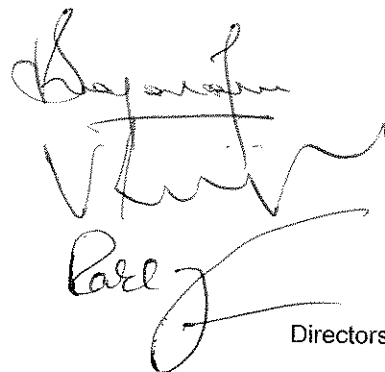
Per our report attached  
For **S.S.Kothari Mehta & Co.**  
Chartered Accountants



Partner

Company Secretary  
New Delhi, the 11th May 2016

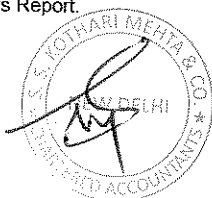


Directors

New Delhi, the 11th May 2016

## 1. ACCOUNTING POLICIES

- a The financial statements have been prepared under historical cost convention on accrual basis in compliance with applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant Provisions of the Companies Act, 2013
- b Fixed Assets are stated at cost and Fixed Assets held for disposal are stated at realisable value.
- c The carrying amount of Assets are reviewed at each balance sheet date to assess impairment, if any based on internal and external factors. An asset is treated as impaired when the carrying value of asset exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognised as an expense in the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been an improvement in recoverable amount.
- d Intangible assets are recognised if future economic benefits are likely and cost of the asset can be measured reliably. The depreciable amount of an intangible asset is allocated on a systematic basis over the useful life of the asset.
- e Specialised software is amortised over a period of five years from the year of installation.
- f Expenditure during construction / erection period is included under capital work in progress and is allocated to the respective fixed assets on completion of construction / erection.
- g Depreciation on fixed assets has been provided as per straight line method over the useful lives in the manner as specified under Schedule II of the Companies Act, 2013.
- h Long term investments are stated at cost and current investments at lower of cost or fair market value. Diminution in value of long term investments is accounted for if the decline is other than temporary.
- i Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- j Cash and Cash equivalents include cash in hand, current account and fixed deposit with banks.
- k **Employee Benefits :**
- (i) **Defined Contribution Plan**  
Employee benefits in the form of Superannuation Fund, Provident Fund (PF) and ESI are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due.
- (ii) **Defined Benefit Plan**  
Retirement benefits in the form of Gratuity and long term compensated absences (Leave Encashment) are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.
- (iii) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of profit and loss of the year in which the related service is rendered. Actuarial gain / loss, if any, is recognised in the Statement of Profit and Loss.
- l Transactions denominated in foreign currency are accounted for at the exchange rate on the date of transactions. Outstanding Monetary Assets and Liabilities related to foreign currency transactions are translated at exchange rate prevailing at the end of the year and all exchange gains/ losses adjusted to the Statement of Profit and Loss. Non monetary foreign currency items are stated at cost. Premium in respect of forward contracts is recognised over the life of contract. Gain or loss arising on remeasuring derivative instruments identified as effective fair value hedges and ineffective cash flow hedges is accounted for in the Statement of Profit and Loss.
- m Revenue expenditure on research & development is charged to statement of profit & loss and capital expenditure is added to fixed assets.
- n Revenue is recognised when significant risks and rewards of ownership have been passed to the buyer.
- o Borrowing cost is charged to statement of profit and loss except cost of borrowing including net gain / loss on foreign currency transactions for acquisition of qualifying assets which is capitalised till the date of commercial use of the asset.
- p Export incentives and benefits are recognised in the statement of profit and loss.
- q Deferred tax is recognised for timing differences. However, deferred tax asset is recognized on the basis of reasonable / virtual certainty that sufficient future taxable income will be available against which the same can be realised.
- r Provision in respect of present obligation arising out of past events are made in accounts when reliable estimates can be made of the amount of the obligation. Contingent Liabilities (if material) are disclosed by way of notes to accounts. Contingent assets are not recognised or disclosed in financial statements and are included, if any, in the Directors Report.

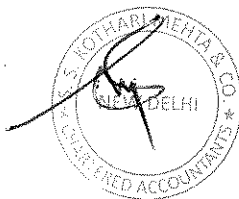


**SOUTHERN SPINNERS AND PROCESSORS LTD.**

Notes to the financial statements for the year ended 31st March, 2016

Note	Particulars	₹ In Lacs	
		As at 31.03.2016	As at 31.03.2015
<b>2</b>	<b><u>SHARE CAPITAL</u></b>		
	<b>Authorised:</b>	<b>505.00</b>	<b>505.00</b>
	50,50,000 shares (previous year 50,50,000 ) equity shares of ` 10 /- each		
	<b>Issued, Subscribed and Fully Paid ( Equity Shares with equal rights)</b>		
	50,50,000 shares (previous year 50,50,000 ) equity shares of ` 10 /- each fully paid up	<b>505.00</b>	<b>505.00</b>
a)	<b><u>Reconciliation of the number of shares outstanding :</u></b>		
	Shares outstanding as at the beginning of the year	<b>5,050,000</b>	5,050,000
	Additions during the year		
	Deletions during the year		
	Shares outstanding as at the end of the year	<b>5,050,000</b>	<b>5,050,000</b>
b)	<b><u>Details of each shareholder holding more than 5% shares:</u></b>		
	J.K. Fenner( India) Ltd - Holding Company	<b>5,050,000</b>	5,050,000
	As per records of the company including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial membership of shares.		
c)	Aggregate number of Equity shares allotted as fully paid up pursuant to Scheme of arrangement without payment being received in cash during the year ended 31st Mar'2007	<b>5,050,000</b>	5,050,000
<b>3</b>	<b><u>RESERVES AND SURPLUS</u></b>		
a	Securities premium reserve	<b>1550.00</b>	1550.00
b	General reserve	<b>49.99</b>	49.99
c	Surplus/ (Deficit) in Statement of Profit and Loss	<b>(706.25)</b>	(563.47)
d	Less: Unamortised carrying value of fixed assets at the end of useful life adjusted	<b>-</b>	<b>(55.20)</b>
	<b>Total Reserves and Surplus ( a to d)</b>	<b>893.74</b>	<b>981.32</b>
	<b>Details of surplus/(deficit) in statement of profit and loss</b>		
	Balance as at the beginning of the year	<b>(618.67)</b>	(514.48)
	Profit/(Loss) for the year	<b>(87.58)</b>	(48.99)
	Balance at the end of the year	<b>(706.25)</b>	(563.47)

(i) A sum of ₹ 55.20 lacs adjusted to Profit & Loss Statement pursuant to adoption of Schedule II of the Companies Act 2013 towards written down value in respect of certain fixed assets, net of deferred tax of ₹ 21.38 lacs, whose lives had expired on 31st March 2014





**SOUTHERN SPINNERS AND PROCESSORS LTD.**  
**Notes to the financial statements for the year ended 31st March, 2016**

Note	Particulars	₹ In Lacs	
		As at 31.03.2016	As at
<b>4</b>	<b><u>LONG-TERM PROVISIONS</u></b>		
	Provision for employee benefits	<u>9.35</u>	<u>6.88</u>
		<b>9.35</b>	<b>6.88</b>
<b>5</b>	<b><u>SHORT-TERM BORROWINGS</u></b>		
	<b>Secured</b>		
	Working Capital Borrowings from Bank	<u>990.11</u>	<u>1239.62</u>
		<b>990.11</b>	<b>1,239.62</b>
	Working Capital borrowings from bank is secured by hypothecation of stocks and book debts and charge on the immovable assets of the company.		
<b>6</b>	<b><u>OTHER CURRENT LIABILITIES</u></b>		
	Interest accrued and due on borrowings	<b>0.75</b>	<b>3.45</b>
	Other Payables		
	Employees	<b>22.23</b>	<b>21.42</b>
	Statutory dues	<b>60.37</b>	<b>29.18</b>
	Others	<b>45.92</b>	<b>82.85</b>
		<u><b>129.27</b></u>	<u><b>136.90</b></u>
<b>7</b>	<b><u>SHORT TERM PROVISIONS</u></b>		
	Provision for employee benefits	<u><b>0.16</b></u>	<u><b>0.07</b></u>
		<b>0.16</b>	<b>0.07</b>



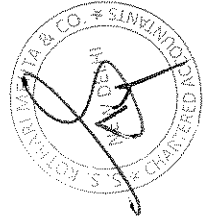
**SOUTHERN SPINNERS AND PROCESSORS LTD.**

Notes to the financial statements for the year ended 31st March, 2016

**8.Fixed Assets**

₹ in lacs

	Gross Value			Depreciation / Amortization			Net Value			
	As at 01-04-15	Additions	Sales/ Adjustments	As at 31-03-16	Up to 31-03-15	For the year	Sales/ Adjustments	Up to 31-03-16	As at 31-03-16	As at 31-03-15
<b>Assets</b>										
<b>Tangible Assets</b>										
Land - Freehold	44.19	-	-	44.19	-		-	-	44.19	44.19
Buildings	142.99	-	-	142.99	33.48	3.77	-	37.25	105.74	109.51
Plant and Equipment	859.30	4.74	1.50	862.54	684.09	39.00	1.44	721.66	140.88	175.21
Furniture and Fixtures	19.28	-	-	19.28	13.59	2.59	-	16.18	3.10	5.69
Vehicles	7.70	-	-	7.70	6.66	0.32	-	6.98	0.72	1.04
Office equipment	15.13	1.71	-	16.84	11.44	1.43	-	12.87	3.97	3.69
<b>Total</b>	<b>1,088.59</b>	<b>6.45</b>	<b>1.50</b>	<b>1,093.54</b>	<b>749.26</b>	<b>47.11</b>	<b>1.44</b>	<b>794.94</b>	<b>298.60</b>	<b>339.33</b>
<b>Intangible Assets</b>										
Software	0.78	-	-	0.78	0.78	-	-	0.78	-	-
<b>Grand Total</b>	<b>1,089.37</b>	<b>-</b>	<b>-</b>	<b>1,094.32</b>	<b>750.04</b>	<b>47.11</b>	<b>1.44</b>	<b>795.72</b>	<b>298.60</b>	<b>339.33</b>
Previous Year	1,005.18	84.41	0.22	1,089.37	631.62	118.61	0.19	750.04	339.33	373.56



**SOUTHERN SPINNERS AND PROCESSORS LTD.**

Notes to the financial statements for the year ended 31st March, 2016

₹ in lacs

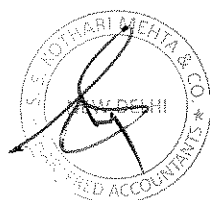
Note	Particulars	31.03.2016			31.03.2015		
		Face Value (In ₹ Fully paid up)	Nos.	Value	Face Value (In ₹ Fully paid up)	Nos.	Value
9	<b>NON- CURRENT INVESTMENTS</b>						
	Long Term, Other investments (at						
	a) Investments in Equity Instruments						
	Unquoted						
	Body Corporate						
	TVH Energy Resource Private Ltd.	10	21200	2.12	10	31200	3.12
	Sanmar Estates and Investments Ltd.	10	67800	6.78	-	-	-
	TCP Ltd.	100	100	0.47	-	-	-
				<u>9.37</u>			<u>3.12</u>



**SOUTHERN SPINNERS AND PROCESSORS LTD.**

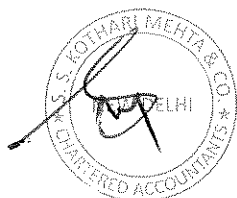
**Notes to the financial statements for the year ended 31st March, 2016**

	As at 31.03.2016	₹ In Lacs As at 31.03.2015
<b>10 <u>DEFERRED TAX ASSET (NET)</u></b>		
<b>Deferred tax liability</b>		
Related to Fixed Assets	(11.68)	(12.74)
<b>Deferred tax asset</b>		
Unabsorbed losses and depreciation under IncomeTax	344.03	397.75
	<u>355.71</u>	<u>410.49</u>
<b>11 <u>LONG TERM LOANS &amp; ADVANCES</u></b>		
<b>(Unsecured, considered good)</b>		
Security deposits	82.78	74.65
	<u>82.78</u>	<u>74.65</u>
<b>12 <u>INVENTORIES</u></b>		
<b>(Valued at lower of cost and net realizable value)</b>		
Raw materials	122.02	320.01
Work-in-progress	53.82	75.60
Finished goods	680.40	412.80
Stores and spares	25.61	21.48
	<u>881.85</u>	<u>829.89</u>
<b>13 <u>TRADE RECEIVABLES</u></b>		
<b>(Unsecured, considered good)</b>		
Outstanding for more than six months from the date they are due for payment	6.33	-
Others	762.10	729.31
	<u>768.43</u>	<u>729.31</u>
<b>14 <u>CASH &amp; BANK BALANCES</u></b>		
Cash on hand	2.11	2.23
Balances with banks		
Current accounts	16.87	28.46
	<u>18.98</u>	<u>30.69</u>
<b>15 <u>SHORT TERM LOANS &amp; ADVANCES</u></b>		
<b>(Unsecured, considered good)</b>		
Loans & Advances to related parties	256.14	436.91
Others		
Balances with excise & sales tax authorities	0.03	4.32
Export benefit receivable	13.73	19.08
Advance income tax ( Net of provision for taxation ₹32.58 lacs) (Previous year ₹32.58 lacs)	27.23	26.41
Other advances	19.95	18.42
	<u>317.08</u>	<u>505.14</u>



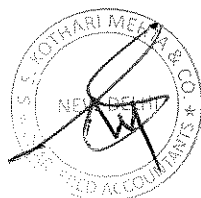
**SOUTHERN SPINNERS AND PROCESSORS LTD.  
NOTES TO THE FINANCIAL STATEMENTS**

Note	Particulars	For the year ended 31.03.16	For the year ended 31.03.15
<b>16</b>	<b><u>REVENUE FROM OPERATIONS</u></b>		
	Sale of products		
	Yarn	3,248.95	3,805.70
	Fabric	1,069.53	369.49
		<u>4,318.48</u>	<u>4,175.19</u>
	Conversion & Other Operating Revenues	123.64	155.91
	<b>Gross Total</b>	<u>4,442.12</u>	<u>4,331.10</u>
	Less: Excise Duty	85.68	16.03
	<b>Net Total</b>	<u>4,356.44</u>	<u>4,315.07</u>
<b>17</b>	<b><u>OTHER INCOME</u></b>		
	Interest income	26.70	48.29
	Profit on sale of assets	4.73	2.93
	Other non operating income		
	Others	104.49	31.13
		<u>135.92</u>	<u>82.35</u>
<b>18</b>	<b><u>COST OF MATERIALS CONSUMED</u></b>		
	Raw material consumed		
	Cotton	2,370.33	2,496.59
	Others	401.27	169.61
		<u>2,771.60</u>	<u>2,666.20</u>
	% of Imported / Indigenous materials consumed		
	- Imported ( value)	-	-
	- Imported ( %)	-	-
	- Indigenous ( value)	2771.60	2666.20
	- Indigenous ( %)	100%	100%
<b>19</b>	<b>( Increase)/ Decrease in inventories of finished goods, work-in-progress and stock-in-trade</b>		
	Closing stock		
	Finished goods	680.40	412.80
	Work in progress	53.82	75.60
		<u>734.22</u>	<u>488.40</u>
	Opening stock		
	Finished goods	412.80	543.86
	Work in progress	75.60	65.33
		<u>488.40</u>	<u>609.19</u>
		<u>(245.82)</u>	<u>120.79</u>
	Differential excise duty on account of (increase)/ decrease of finished goods	36.11	(4.80)
	<b>Total ( increase)/ decrease in Stock</b>	<u>(209.71)</u>	<u>115.99</u>



**SOUTHERN SPINNERS AND PROCESSORS LTD.  
NOTES TO THE FINANCIAL STATEMENTS**

Note	Particulars	For the year ended 31.03.16	For the year ended 31.03.15
<b>20</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salary , Wages and Bonus	525.26	431.08
	Contribution to provident and other funds	28.98	42.63
	Employee welfare expenses & Other Benefits	34.06	28.96
		<u>588.30</u>	<u>502.67</u>
<b>21</b>	<b>OTHER EXPENSES</b>		
	Consumption of stores, packing and spare parts	95.99	93.58
	Power & fuel	516.34	466.54
	Repairs to buildings	2.99	1.57
	Repairs to machinery	78.85	86.75
	Freight and transportation	90.38	70.88
	Commission	46.72	64.92
	Rent	1.15	0.81
	Insurance	6.52	8.06
	Rates & taxes	9.60	6.71
	Travelling expenses	17.64	24.30
	Exchange difference (Net)	8.84	5.92
	Miscellaneous expenses	69.99	72.19
		<u>945.01</u>	<u>902.23</u>
	Stores and Spares consumed		
	- Imported ( value)	0.36	-
	- Imported ( %)	0.4%	-
	- Indigenous ( value)	95.63	93.58
	- Indigenous ( %)	99.6%	100%
	Miscellaneous Expenses include		
	Payment to Auditors		
	Audit fee	0.90	0.90
	Tax audit fee	0.25	0.25
	Reimbursement of expenses	0.47	0.13
		<u>1.62</u>	<u>1.28</u>
<b>22</b>	<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
	Depreciation on tangible assets	47.11	41.46
	Amortization of intangible assets	-	0.58
		<u>47.11</u>	<u>42.04</u>



**SOUTHERN SPINNERS AND PROCESSORS LTD.**

**Notes to the financial statements for the year ended 31st March, 2016**

23 a)Contingent liabilities in respect of claims not accepted and not provided for ₹ 40.00 lacs (Previous year ₹ 95.00 lacs)

b) In respect of certain disallowances and additions made by Income Tax Authorities, appeals are pending before the Appellate Authorities and adjustments, if any, will be made after the same are finally settled.

24 The details of amounts outstanding under the Micro, Small and Medium Enterprises Development Act,2006 (MSMED Act) to the extent of information available with the Company are as under:

(i) Principal & interest amount due and remaining unpaid as on 31.03.2016 Nil ( Previous year Nil)

(ii) Payment made beyond the appointed day during the year Nil ( Previous year Nil )

(ii) Interest Accrued and unpaid as at 31.03.2016 Nil ( Previous Year Nil)

25 Derivative Instruments and Unhedged foreign currency exposure

(i) Forward Contracts for hedging - Receivables ₹ 14.10 lacs - USD 20500  
(Previous Year ₹ Nil- USD nil)

(ii) Foreign Currency unhedged (a) net receivables ₹ 196.69 Lacs and USD 2.45 lacs & Euro 0.43 lacs  
( Previous Year ₹ 314.21 Lacs USD Nil 4.16 Lacs)

26 **Segment Information:**

i) Primary segments - business :

Company operates in a single segment of textiles.

**For the year  
ended  
31.03.2016**

**For the year  
ended  
31.03.2015**

ii) Secondary segments - Geographical Segments :

**₹Lacs**

**₹Lacs**

**2015-16**

**2014-15**

Domestic Revenues

**3229.31**

**2839.26**

Export Revenues

**1212.81**

**1491.84**

Total

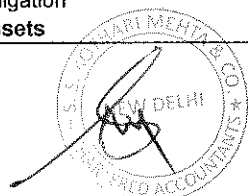
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27 **Employees' Benefits**

Defined Benefit Plan -Gratuity (Funded ) and Leave Encashment (Non-funded) - As per Actuarial Valuation on 31.03.2016  
₹ in lacs

A Expenses recognised in the Statement of Profit and Loss	Gratuity (Funded)		Leave Encashment (Non Funded)	
	2015-16	2014-15	2015-16	2014-15
Current service cost	6.97	3.86	2.60	1.9
Interest Cost	4.84	3.48	0.53	0.34
Expected return on plan assets	(4.38)	(3.93)	-	-
Net actuarial ((gain)/loss)	(2.09)	13.28	0.03	1.02
Past service cost		-		
<b>Total expenses</b>	<b>5.34</b>	<b>16.69</b>	<b>3.16</b>	<b>3.26</b>
Actual return on planned assets				-
<b>B Net Asset / (Liability) recognised in the Balance Sheet</b>				
Present value of obligation as at year end	69.17	61.36	9.51	6.95
Fair value of plan assets as at year end	63.83	45.78	-	-
Less Unrecognised past service cost			-	-
Funded status - surplus /( deficit)	(5.34)	(15.58)	(9.51)	(6.95)
<b>Net asset / (liability) as at year end</b>	<b>(5.34)</b>	<b>(15.58)</b>	<b>(9.51)</b>	<b>(6.95)</b>
<b>C Change in the present value of the defined benefit obligation</b>				
Opening defined benefit obligation	61.36	43.47	6.95	4.77
Interest cost	4.84	3.48	0.53	0.34
Current service cost	6.97	3.86	2.60	1.90
Benefit paid out of funds	(1.75)	(2.73)	(0.60)	(1.08)
Benefit paid by company				
Past service cost				
Actuarial (gains)/losses on obligation	(2.26)	13.28	0.03	1.02
<b>Closing defined benefit obligation</b>	<b>69.16</b>	<b>61.37</b>	<b>9.51</b>	<b>6.95</b>
<b>D Change in the Fair value of Plan Assets are as follows:-</b>				
Opening fair value of plan assets	45.78	44.59	-	-
Expected return	4.39	3.93	-	-
Contribution by employer	15.58	-	0.60	1.09
Benefit paid	(1.75)	(2.73)	(0.60)	(1.09)
Actuarial gains/(losses) on obligation	(0.17)		-	-
<b>Closing fair value of plan assets</b>	<b>63.83</b>	<b>45.78</b>	<b>-</b>	<b>-</b>



**SOUTHERN SPINNERS AND PROCESSORS LTD.**

Notes to the financial statements for the year ended 31st March, 2016

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:-				
Insurance Policy	100.00%	100.00%	Not Applicable	Not Applicable
The principal assumptions used in determining gratuity for the Company's plans are shown below:-				
Discount rate	8%	8%	8%	8%
Expected rate of return on assets	8%	8%	-	-
Mortality table	LIC 1994-96 ultimate			
Salary escalation	5%	5%		
Attrition	1%	1%		
Retirement	58 Yrs			

**Amounts for the current and previous four periods in respect of Gratuity & Leave Encashment are as follows:-**

₹ in lacs

Particulars	Gratuity (Funded)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	69.17	61.36	43.47	41.72	35.81
Plan assets	63.83	45.78	44.59	43.38	37.24
Surplus / (deficit)	(5.34)	(15.58)	1.12	1.66	1.43
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	-	-	-	-	-

Particulars	Leave Encashment (Non Funded)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit obligation	9.51	6.95	4.77	5.87	5.60
Plan assets					
Surplus / (deficit)	(9.51)	(6.95)	(4.77)	(5.87)	(5.60)
Experience adjustment on plan assets	-	-	-	-	-
Experience adjustment on plan liabilities	-	-	-	-	-

Particulars	2015-16	2014-15
Provident and other funds	Nil	Nil
Superannuation contributory fund with LIC	Nil	Nil

**Provident Fund**

- The expected return on plan assets has been determined considering several applicable factors mainly the composition of assets held, associated risks of assets management, historical results and policies for plan assets.
- The estimates of future salary increase considered in actuarial valuation take into account inflation, seniority, promotions other relevant factors such as supply and demand factors in the employment market.
- Defined contribution plan  
Employer's contribution to provident fund and other funds aggregating to ₹ 28.98 lacs (previous year ₹ 42.63 lacs) has included under Note - 20 - Employee benefit expense





**SOUTHERN SPINNERS AND PROCESSORS LTD.**

**Notes to Financial Statements**

28 Related party disclosures

- a) Related parties - Holding Company  
 - Fellow Subsidiary Companies
- Holding Company of J.K.Fenner (India) Ltd
- J.K. Fenner (India) Ltd.(JKFIL)  
 - Modern Cotton Yarn Spinners Ltd.(MCYSL)  
 - Acorn Engineering Ltd.  
 - BMF Investments Ltd.  
 - Divyashree Company Private Ltd.  
 - Bengal & Assam Company Ltd.

b) Transactions carried out with related parties in the ordinary course of business :  
 Nature of Transaction

	2015-16		2014-15		₹Lacs
	Holding Company	Fellow Subsidiary	Holding Company	Fellow Subsidiary	
Purchase of goods from JKFIL & MCYSL	46.67	257.20	88.80	33.29	
Sale of goods to JKFIL & MCYSL	809.87	32.66	269.63	62.43	
Interest received from MCYSL	-	20.51	-	42.63	
Other expenses from JKFIL	5.19	-	14.87	-	
Conversion charges paid to MCYSL	-	3.66	-	51.86	
Conversion charges received from MCYSL	-	2.35	-	2.67	
Design & development charges income from JKFIL	114.50	-	31.35	-	

c) Outstanding balances - amount receivable / (payable)

	2015-16	2014-15	₹Lacs
Holding Company (JKFIL)	374.13	22.71	-
Fellow subsidiary Company (MCYSL)	-	256.14	436.91

29 (i) Expenditure in Foreign Currency :

	2015-16	2014-15
(a) Expenditure		
Commission	9.64	9.08
Others	0.65	-
(b) CIF Value of Imports	0.36	-

(ii) Earnings in Foreign Currency on account of F.O.B Value of Exports :

	1187.88	1447.09
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30 Earnings Per Share

Profit (loss) after tax (₹ In lacs)	(87.58)	(48.99)
Add : Depreciation	47.11	42.04
Deferred Tax	54.77	(57.98)
Cash profit	14.30	(64.93)

Weighted Average number of Equity shares  
 Basic and Diluted Earnings per equity share  
 (Face value of ₹ 10 each)

	5050000	5050000
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Cash	₹ 0.28	₹ (1.29)
After tax	₹ (0.58)	₹ (1.03)

31 Previous year's figures have been regrouped and recast wherever necessary.

Per our report attached  
 For S.S.Kothari Mehta & Co.,  
 Chartered Accountants

Partner



*[Handwritten signature]*

*[Handwritten signatures]*  
 Directors

New Delhi, the 11th May 2016

New Delhi, the 11th May 2016

## SOUTHERN SPINNERS AND PROCESSORS LTD.

₹ in Lacs

## Cash Flow Statement

Particulars	31.03.2016	31.03.2015
<b>A Cash flow from Operating Activities</b>		
Net Profit / (loss ) before tax	(32.81)	(106.97)
<u>Adjustments for :</u>		
Depreciation and amortization expenses	47.11	42.04
Finance cost (net of interest income)	59.47	47.73
(Profit)/loss on sale of Assets	(4.73)	(2.93)
<b>Operating Profit before Working Capital Changes</b>	69.04	(20.13)
(Increase)/decrease in Trade receivables	(39.12)	(215.72)
(Increase)/decrease in Loans and advances	188.88	64.49
(Increase)/decrease in Inventories	(51.96)	42.09
(Increase)/decrease in Long term loans & advances	(8.13)	(20.04)
Increase/(decrease) in Trade payables	150.08	(71.23)
Increase/(decrease) in Provisions	2.56	2.18
Increase/(decrease) in Other current liabilities	(7.63)	(51.60)
<b>Cash generated from Operations</b>	303.72	(269.96)
Direct taxes (paid)	(0.82)	(4.77)
<b>Net Cash from Operating Activities</b>	302.90	(274.73)
<b>B Cash flow from Investing Activities</b>		
Purchase of fixed assets	(4.19)	(87.41)
Sale of fixed assets	4.80	2.96
Investment in shares	(6.25)	(1.77)
<b>Net Cash used in Investing Activities</b>	(5.64)	(86.22)
<b>C Cash flow from Financing Activities</b>		
Interest paid (net)	(59.47)	(47.73)
Increase /(decrease) in cash credit	(249.51)	434.55
<b>Net cash used in financing activities</b>	(308.98)	386.82
<b>Net increase / (decrease) in cash and cash equivalents</b>	(11.71)	25.87
Cash and bank balances as at the beginning of the year	30.69	4.82
<b>Cash and bank balances as at the end of the year</b>	18.98	30.69

**Notes :**

1) Figures in brackets are outflows.

2) Cash and bank balances comprise of :

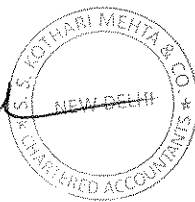
(a) Cash on hand	2.11	2.23
(b) Balances with banks		
i) Current accounts	16.87	28.46
<b>Total cash and bank Balances</b>	18.98	30.69

The accompanying notes form an integral part of these financial statements.

Per our report attached  
For S.S.Kothari Mehta & Co.  
Chartered Accountants

Partner

Company Secretary  
New Delhi, the 11th May 2016



Directors

New Delhi, the 11th May 2016