

# SAMBANDAM SPINNING MILLS LIMITED

## FORM DPT-1

### CIRCULAR IN THE FORM OF ADVERTISEMENT INVITING DEPOSITS

[ Pursuant to section 73 (2)(a) and section 76 and rule 4(1) and rule 4(2) of the Companies (Acceptance of Deposits) Rules, 2014 ]

The Circular or Circular in the form of advertisement shall contain the following :

#### 1. GENERAL INFORMATION

a. Name, address, website and other contact details of the Company :

**Sambandam Spinning Mills Limited**

Post Box No.1, Kamaraj Nagar Colony, Salem – 636 014

Ph.: 0427 – 2240790; Fax: 0427-2240169

Web : [www.sambandam.com](http://www.sambandam.com)

E-mail : [corporate@sambandam.com](mailto:corporate@sambandam.com) & [cs@sambandam.com](mailto:cs@sambandam.com)

CIN : L17111TZ1973PLC000675

b. Date of incorporation of the Company : 17-11-1973

c. Business carried on by the Company and its subsidiaries with the details of branches or units, if any :

The Company carries on the business of Manufacture and Sale of Cotton Yarn.

The manufacturing activity is carried on at

1) Kamaraj Nagar Colony, Salem – 636 014 – Unit I

2) Ayeepalayam, Athanur – 636 301 – Unit II and

3) Kavarakalpatty, Seshanchavadi (PO) Salem – 636 111 - Unit III.

Wind Turbine Generators at :

1) Uthumalai Village, V.K. Pudur Taluk, Tirunelveli Dt., Tamilnadu,

2) Panangudi, Pazhavor and Parameshwarapuram Villages in  
Radhapuram Taluk, Tirunelveli Dt., Tamilnadu

and

3) Gudimangalam Village, Udumalpet Taluk, Coimbatore Dt., Tamilnadu.

d. Brief particulars of the management of the company;

The Company is managed by the Chairman and Managing Director under the supervision and direction of the Board of Directors.

e. Names, addresses, DIN and occupations of the directors;

Sl.No.	Name	Address	DIN	Occupation
1.	<b>Sri S.Devarajan</b> (Chairman and Managing Director)	63/315, Brindavan Road, 8th Cross, Fairlands, Salem 636 004	00001910	Industrialist
2.	<b>Sri S. Jegarajan</b> (Joint Managing Director)	326, Santham Street, 7 <sup>th</sup> Cross Brindavan Road, Fairlands, Salem 636 004	00018565	Industrialist
3.	<b>Sri S. Dinakaran</b> (Joint Managing Director)	327, Santham Street, 7 <sup>th</sup> Cross Brindavan Road, Fairlands, Salem 636 004	00001932	Industrialist
4.	<b>Sri D. Sudharsan</b> (Non - Executive Director)	63/315, Brindavan Road, 8th Cross, Fairlands, Salem 636 004	00018546	Industrialist
5.	<b>Smt. S. Abirami</b> (Non - Executive Director)	63/315, Brindavan Road, 8th	06953377	Software Engineer

Sl.No.	Name	Address	DIN	Occupation
		Cross, Fairlands, Salem 636 004		
6.	<b>Dr.V.Sekar</b> ( Independent Director)	147,Royapettah Hgh Road., Mylapore –chennai 600004	03128187	Management Consultant
7.	<b>Dr.R.Ramarathnam</b> ( Independent Director)	926,T.V.S colony 1 st Main Road., Anna Nagar west extension Chennai 600101	02175098	Industrialist .
8.	<b>Sri D.Balasundaram</b> ( Independent Director)	122,Tank Road., Sivananda colony Tatabad-coimbatore 641012	07800844	Management consultant
9.	<b>Sri S.Gnanasekharan</b> ( Independent Director)	“3/107,T.Kailasampalayam, Tiruchengode : 637209 Namakkal District.	06796817	Practising Company Secretary
10.	<b>Sri Kameshwar M Bhat</b> (Independent Director)	KMB Associates, # 309, Shreshtabhumi, No:87, KP Road, Shankarapuram, Bangalore – 560 004.	06951906	Financial Consultant

f. Management’s perception of risk factors:-

The deposits accepted by the Company are unsecured and rank pari passu with the other unsecured liabilities of the Company. Rating assigned by 'India Ratings & Research' is 'INDtB' / Outlook Stable which indicates "Inadequate safety of timely payment of financial commitments". Members may take note of this while deciding on making deposits with the Company.

Demand for Yarn depends upon many external factors like cotton price, economic growth, international policies and textile development in the Country. The entire Spinning Industry is linked to these economic activities. Any slow down or changes in these activities will affect the yarn demand adversely. Similarly government policies for economy in general and Spinning Industry in particular can also impact the ‘demand’ for Yarn and the profitability of the Company.

g. Details of default, including the amount involved, duration of default and present status, in repayment of – – – NO DEFAULT

- i) Statutory dues – Nil. The Company is generally regular in depositing statutory dues with the appropriate authorities, other than those which are sub-judice.
- ii) Debentures and interest thereon - Nil
- iii) Loan from any bank or financial institution and interest thereon - Nil

## 2. PARTICULARS OF THE DEPOSIT SCHEME

- a. Date of passing of board resolution : 12-08-2017
- b. Date of passing of resolution in general meeting  
authorizing the invitation of such deposits : 12-08-2017
- c. Type of deposits, i.e., whether secured or unsecured: **UNSECURED**
- d. Amount which the Company can raise by way of deposits as per the Act and the rules made thereunder, and the aggregate of deposits actually held on the last day of the immediately preceding financial year and on the date of issue of the Circular or advertisement and the amount of deposit proposed to be raised and amount of deposit repayable within the next twelve months;

- i. Amount which the Company can raise by way of deposits as per the Act and the rules made thereunder on the basis of Balance Sheet as at 31<sup>st</sup> March, 2017:

Particulars	Limit up to which deposit can be Accepted
From Shareholders *(35% of the aggregate paid up capital, Securities Premium Account and free Reserve as on 31 <sup>st</sup> March 2017)	Rs.1968. lakhs

(\*Limit upto which deposits calculated in accordance with the provisions of rule 3 of Companies (Acceptance of Deposits) Amendment Rules, 2016)

- ii. Aggregate of deposits actually held on the last day of the immediately preceding Financial year (i.e.31-03-2017):-

Deposits from Public	NIL
Deposits from Share holders	Rs 438.05 Lakhs
Deposits from Directors	Rs 101.25 Lakhs *
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Total	Rs. 539.30 Lakhs
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**\* Deposits accepted from directors are excluded from the definition of 'deposits' as per the Companies (Acceptance of Deposits) Rules, 2014**

- iii. Aggregate of deposits on the date ( 31.07.2017 ) of issue of this Circular :

Deposits from Public	NIL	
Deposits from Share holders	Rs. 443.35	Lakhs
Deposits from Directors	Rs. 95.00	Lakhs
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Total	Rs.538.35	Lakhs
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- iv. Amount of deposit Company proposes to raise in the Financial Year 2017-18:-  
Upto Rs.1968 lakhs (Deposits from Share holders) [Ref. item (i) above]

- v. Amount of deposit repayable within the next twelve months:-

Deposits from Public	NIL
Deposits from Share holders	Rs.101.85 Lakhs
Deposits from Directors	Rs.NIL

- e. Terms of raising of deposits:-

**Deposits from Share Holders:**

Type	:	Non- Cumulative
Duration	:	1 Year, 2 Years & 3 Years
Rate of interest	:	Deposits below Rupees one lakh ---11.00% p.a. Deposits Rupees one lakh and above ---12.00% p.a. Deposits of Senior Citizens --- --- ---12.00% p.a.
Mode of payment & Repayment	:	Payment of Interest & Principal will be by Cheque / Demand Draft / RTGS Mode

- ❖ The Company will accept unsecured Fixed Deposits from its Shareholders only.
- ❖ Detailed terms and conditions for acceptance/renewal of deposits can be obtained from the Registered Office of the Company
- ❖ Deposits shall be treated as deposit from the shareholders if the first holder of the deposit is a shareholder or a joint shareholder of the Company,

**PRINCIPAL TERMS AND CONDITIONS GOVERNING UNSECURED FIXED DEPOSIT SCHEME OF THE COMPANY:**

**APPLICATION :**

- ❖ Deposits will be accepted subject to the terms and conditions specified in the prescribed application form which is available at the Registered Office of the Company.
- ❖ The Company's prescribed application form duly filed in, along with necessary remittance should be sent to the Company's Registered Office situate at P.B.No.1, Kamaraj Nagar Colony, Salem – 636 014.
- ❖ The amount of the deposit should be remitted by an "Account Payee" Cheque / Demand Draft payable at Salem and drawn in favour of "Sambandam Spinning Mills Limited". No outstation Cheque / Demand Draft will be accepted.
- ❖ The minimum amount of deposit acceptable under the non-cumulative interest scheme is Rs.15,000/-, Rs.10,000/- and Rs.5,000/- for one year, two years and three years respectively. Any deposit in excess of the minimum acceptable amount covered under the above categories shall be in multiple of Rs.5,000/- only.
- ❖ Deposits will not be accepted from Non-Resident Indians and Foreign Nationals, un-registered Trusts, Partnership Firms etc. Applications from minors are acceptable, provided the application forms are signed by their natural guardian ( father or mother ) on behalf of the minor.
- ❖ In the event of death of the first named depositor, all payments on account of principal and/ or interest will be made to the first of the joint holders in order of the survivors on production of the death certificate of the first named depositor, without reference to the legal heirs and/ or legal representatives of the deceased depositor. In any other case, it will be necessary for the legal heir / representative of the deceased depositor to produce Succession Certificate/Letter of Administration / Probate of the Will to the satisfaction of the Company. In order to overcome such complexities, depositors are advised to include one or two joint names. Deposits can be held in joint names upto three persons (maximum).
- ❖ Individual depositors, singly or jointly, can nominate any person - major or minor through ( father or mother ) under the nomination facility. In the event of death of all the Depositors, the deposit will vest in the nominee. Power of Attorney holder or a guardian applying on behalf of a minor cannot nominate and in that case, proper indemnity must accompany such requests for repayment of Fixed Deposits.

### **FIXED DEPOSIT RECEIPTS :**

- ❖ Fixed Deposit Receipts will be issued to the depositors from the Company's Registered Office situate in Salem within a period of 21 days from the date of deposit.
- ❖ The Fixed Deposit Receipt is not transferable.
- ❖ The Company will not accept or recognize any lien or assignment of the deposit and/or interest thereon.
- ❖ In the event of loss or destruction or mutilation of a Fixed Deposit Receipt, the Company may, in its sole discretion, issue a duplicate receipt on such reasonable terms as to indemnity or otherwise as it may think fit. All expenses incurred in this connection will have to be borne by the depositor/s.

### **INTEREST:**

- ❖ Interest will be calculated from the date of realization of the Cheque/Draft in the Company's Bank Account. Interest under non cumulative deposit scheme will be paid Quarterly / on the date of maturity as requested by the depositors in the Fixed Deposit Application Form and the interest will be payable at the end of every quarter on 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December and on the date of maturity of the deposit.
- ❖ Payment of interest will be made by account payee D.D / RTGS / Cheque payable at par at all the branches of the Company's banks in India. The Cheque/DD will be sent by Regd.Post/Speed Post/Courier to the registered address of the depositor.
- ❖ Change of address and instruction regarding interest remittance would be given effect in the next payment of interest, if they are received at least 30 days in advance of the date of payment duly quoting the Fixed Deposit Receipt Number, and the amount of Deposit.
- ❖ Interest will cease to accrue on the date of maturity of the deposits.
- ❖ Excess interest, if any, paid under any circumstance, will be recovered from the subsequent payment of interest or from the principal amount.

### **INCOME TAX:**

- ❖ Tax at the applicable rates in accordance with the provisions of the Income-Tax Act, 1961, will be deducted at source from the amount of interest payable to a depositor. At present, tax is deductible if the aggregate amount of interest paid or payable during the financial year exceeds Rs.5,000/-. However, tax will not be deducted if the depositors furnish copy of their PAN Card with their deposit application and they should also furnish to the Company statement/declaration in Form 15G/15H as specified under the Income Tax Act for each financial year through out the deposit period. If the PAN card copy is not furnished, tax will be deducted at the applicable higher rate. Tax deducted due to non compliance with this condition will not be refunded under any circumstance.

### **RENEWAL/REPAYMENT OF DEPOSITS:**

- ❖ The Company reserves the right not to repay a deposit before the date of maturity. In case of premature withdrawal, re-payment of the deposit amount and interest will be governed by the Companies (Acceptance of Deposits) Rules, 2014 and amendments thereto.

- ❖ The Deposit Receipt duly discharged on a revenue stamp should be sent to the Company 30 days before the date of maturity to enable the Company to renew or refund the deposits as the case may be on the due date. For renewal of the deposit, a fresh application form duly filled in should accompany the discharged Fixed Deposit Receipt.
- ❖ Repayment of the principal amount of the deposit will be made by Cheque/DD/RTGS remittance to the Bank A/c of the depositor.
- ❖ It is not obligatory on the part of the Company to give notice or advance intimation about the due date of the deposit for Renewal or Repayment of the deposit.
- ❖ Where the due date of the deposit falls on a day on which the Registered Office of the Company is closed or on a Bank holiday, the payment will be made on the next working day.

#### **JOINT DEPOSITS :**

- ❖ Deposits will be accepted in joint names not exceeding THREE. The first named depositor will be regarded as the beneficial owner of the deposits and will be treated as the payee for the purpose of deducting tax u/s 194A of the Income-Tax Act, 1961.
- ❖ In the case of deposits in joint names, all correspondence, payment of interest and repayment of the fixed deposit will be made to the person whose name appears first on the Deposit Receipt

#### **GENERAL :**

- ❖ The Company reserves the right(s)
  - To accept deposit only for such periods as it may decide from time to time.
  - To reject any application for fresh deposit or for renewal without assigning any reason
  - To repay the deposit prematurely before the due date.
  - Not to repay a deposit before the date of maturity.
- ❖ Fixed Deposit will be subject to the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time and any other rules or regulations prescribed by the Central Government or the Reserve Bank of India or any other statutory authority.
- ❖ Any Dispute arising out of the acceptance of deposit is subject to Salem jurisdiction only.
- ❖ The forms having incomplete information will not be accepted and the remittance will be returned to the applicant within reasonable time.
- ❖ In the case of deposits made under Power of Attorney; the relevant Power of Attorney duly Notarized must be lodged with the Company at the time of application.
- ❖ All the correspondence for change of name, address, loss of Fixed Deposit Receipt/Interest Warrant etc., should be addressed to:-

**SAMBANDAM SPINNING MILLS LINTIED  
P.B.No:1, KAMARAJ NAGAR COLONY,  
SALEM – 636 014, TAMILNADU**

***MONDAY TO FRIDAY (9.00 TO 18.00 HRS)  
(EXCEPT ON BANK/PUBLIC HOLIDAYS)***

Board of Directors of the Company has constituted 'Stakeholders Relationship Committee' comprising three Directors of the Company for taking suitable action to redress the grievance of Stakeholders including Depositors. Any complaint/grievance of depositors may be sent to the Company Secretary, Sambandam Spinning Mills Limited, P.B.No.1, Kamaraj Nagar Colony, Salem – 636 014 by post or by e-mail to the following e-mail ID :

[cs@sambandam.com](mailto:cs@sambandam.com) ; [corporate@sambandam.com](mailto:corporate@sambandam.com)

- f. Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the Circular or advertisement is valid:-

The Fixed Deposit Scheme proposed to be opened from the date of receipt of the approval from ROC and this shall be valid till 30.09.2018 or the date of next Annual General Meeting of the Company, whichever is earlier.

- g. Reasons or objects of raising the deposits:-

To meet the Working Capital needs of the Company

- h. Credit rating obtained:

Name of the Credit Rating Agency : CRISIL

Rating obtained : FB+/Stable

Meaning of the rating obtained : Inadequate safety of timely payment of interest and principal

Date on which rating was obtained : 10.07.2017

- i. Extent of deposit insurance:-

The Ministry of Corporate Affairs vide notification No. G.S.R.454 (E) dated 11-05-2017, has allowed Companies to accept deposits from Shareholders without insurance contract till 31<sup>st</sup> March, 2018 or till the availability of a Deposit Insurance Product, whichever is earlier. Accordingly, the Company has not entered into any insurance contract for deposits but as and when such insurance product is available, the Company will obtain deposit insurance:

- j. Short particulars of the charge created or to be created for securing such deposits, if any :  
Not Applicable as the deposits are Unsecured

- k. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons.

None of the Directors, key managerial personnel and their relatives is concerned or interested

### 3. DETAILS OF ANY OUTSTANDING DEPOSITS AS ON 31 MARCH 2017

- a. Amount Outstanding : Rs.4,38,05,000/-  
(shareholders)
- b. Date of acceptance : Accepted on various dates in March 2016
- c. Total amount accepted : Rs.5,39,30,000/-
- d. Rate of interest : At different Rates within the permissible limit ( 11% to 12% )
- e. Total number of depositors : 100 members only

- f Default, if any, in repayment of deposits and payment of interest thereon, if any, including number of depositors, amount and duration of default involved: Nil – NO DEFAULT
- g. Any waiver by the depositors, of interest accrued on deposits: Nil

#### 4. FINANCIAL POSITION OF THE COMPANY

- a. Profits of the Company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of this Circular :

For the year ended	Profit before Tax	Profit after Tax
31-03-2015	508.41	345.41
31-03-2016	125.56	41.56
31-03-2017	1290.29	814.29

- b. Dividends declared by the Company in respect of the aforesaid three financial years; interest coverage ratio for the last three years (Cash profit after tax plus interest paid)

For the year ended	Dividend Declared (Equity) (Rs. Lakhs)	Dividend %	Interest Coverage Ratio
31-03-2015	85.29	20%	2.27
31-03-2016	85.29	20%	2.00
31-03-2017	170.58	40%	2.68

- c. Summary of the financial position of the Company as in the three audited balance sheets immediately preceding the date of issue of this Circular.

( Figures in Rs.Lakhs )

LIABILITIES	2016-17	2015-16	2014-15
<b>Shareholders' Fund:</b>			
Share Capital	427.55	427.55	427.55
Reserves and surplus	7903.27	7294.28	7355.38
<b>Non-current liabilities:</b>			
Long-term borrowings	1968.80	2741.97	2323.23
Deferred tax liabilities (net)	3288.64	3250.64	3211.64
Other long-term liabilities	28.28	26.49	26.49
Long-term provisions	241.41	215.75	199.02
<b>Current liabilities:</b>			
Short-term borrowings	4200.16	5059.52	5110.23
Trade payables	2829.19	1893.76	2701.47
Other current liabilities	1111.86	2202.02	2259.01
Short-term provisions	207.85	114.71	113.31
<b>Total</b>	<b>22207.01</b>	<b>23226.71</b>	<b>23727.33</b>



ASSETS	2016-17	2015-16	2014-15
<b>Non-current assets:</b>			
<b>Fixed: Tangible assets</b>	12041.61	13013.78	13826.87
Intangible Assets	0.26	0.48	--
Capital work-in-progress	-	--	--
Non-current investments	167.10	237.51	197.10
Long-term loans and advances	2054.75	2267.2	2098.30
Other non-current assets		--	--
<b>Current assets</b>			
Inventories	3893.35	3551.24	3442.20
Trade receivables	3144.38	3357.53	2699.73
Cash and cash equivalents	332.65	221.68	838.70
Short-term loans and advances	151.01	144.02	279.98
Other non-current assets	421.90	433.26	344.45
<b>Total</b>	<b>22207.01</b>	<b>23226.71</b>	<b>23727.33</b>

- d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of this Circular;

	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
Cash Flow from Operating Activities	4203.65	934.16	3488.55
Cash Flow from Investing Activities	(91.40)	(546.73)	(139.56)
Cash Flow from Financing Activities	(4000.55)	868.07	(2783.83)
Net increase in cash and cash equivalents	106.80	(480.64)	565.17

- e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the Company: **No Change**

#### 5. DECLARATION BY THE DIRECTORS THAT:-

- the Company has not defaulted in repayment of the deposits accepted either before or after the commencement of the Act or payment of interest there on;
- the board of directors have satisfied themselves fully with respect to the affairs and prospects of the Company and that they are of the opinion that having regard to the estimated future financial position of the Company, the Company will be able to meet its liabilities as and when they become due and that the Company will not become insolvent within a period of one year from the date of issue of this Circular;
- the Company has complied with the provisions of the Act and the rules made thereunder;
- the compliance with the Act and the rules does not imply that repayment of deposits is guaranteed by the Central Government;
- the deposits accepted by the Company before the commencement of the Act have been fully repaid with the interest payable thereon before 31.3.2017.
- In case of any adverse change in credit rating, depositors will be given a chance to withdraw their deposits without any penalty.
- the deposits shall be used only for the purposes indicated in this Circular;

- h. the deposits accepted by the Company are unsecured and rank pari passu with the other unsecured liabilities of the Company.

**6. DISCLAIMER( vide notification dt 29.06.16 )**


It is to be distinctly understood that filing of circular or circular in the Form of advertisement with the Registrar should not in any way be deemed or construed that the same has been cleared or approved by the Registrar or Central Government. The Registrar or Central Government does not take any responsibility either for the financial soundness of any deposit scheme for which the deposit is being accepted or invited or for the correctness of the statements made or opinions expressed in the circular or circular in the Form of advertisement. The depositors should exercise due diligence before investing in the deposits schemes."

NOTE: The text of this Circular has been approved by the Board of Director of the Company at the Board Meeting held on 12.08.2017. This Circular signed by a majority of all the directors on the board of Directors of the Company, will be filed with the Registrar of Companies, Coimbatore as required by the Companies (Acceptance of Deposits) Rules, 2014 as amended.

This Circular is issued on the authority and in the name of the Board of Directors of the Company.

(BY ORDER OF THE BOARD)

  
\_\_\_\_\_  
(S. DEVARAJAN)

  
\_\_\_\_\_  
(S. JEGANATHAN)

  
\_\_\_\_\_  
(S. DINAKARAN)

  
\_\_\_\_\_  
(D.SUDHARSAN)

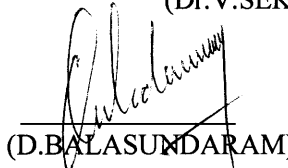
  
\_\_\_\_\_  
(S.ABIRAMI)

  
\_\_\_\_\_  
(Dr. V.SEKAR)

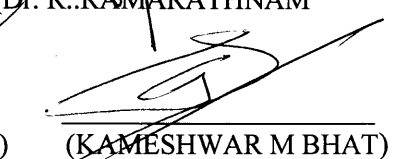
  
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(Dr. R..RAMARATHNAM)

PLACE : SALEM

DATE : 12-08-2017

  
\_\_\_\_\_  
(D.BALASUNDARAM)

  
\_\_\_\_\_  
(S. GNANASEKHARAN)

  
\_\_\_\_\_  
(KAMESHWAR M BHAT)