

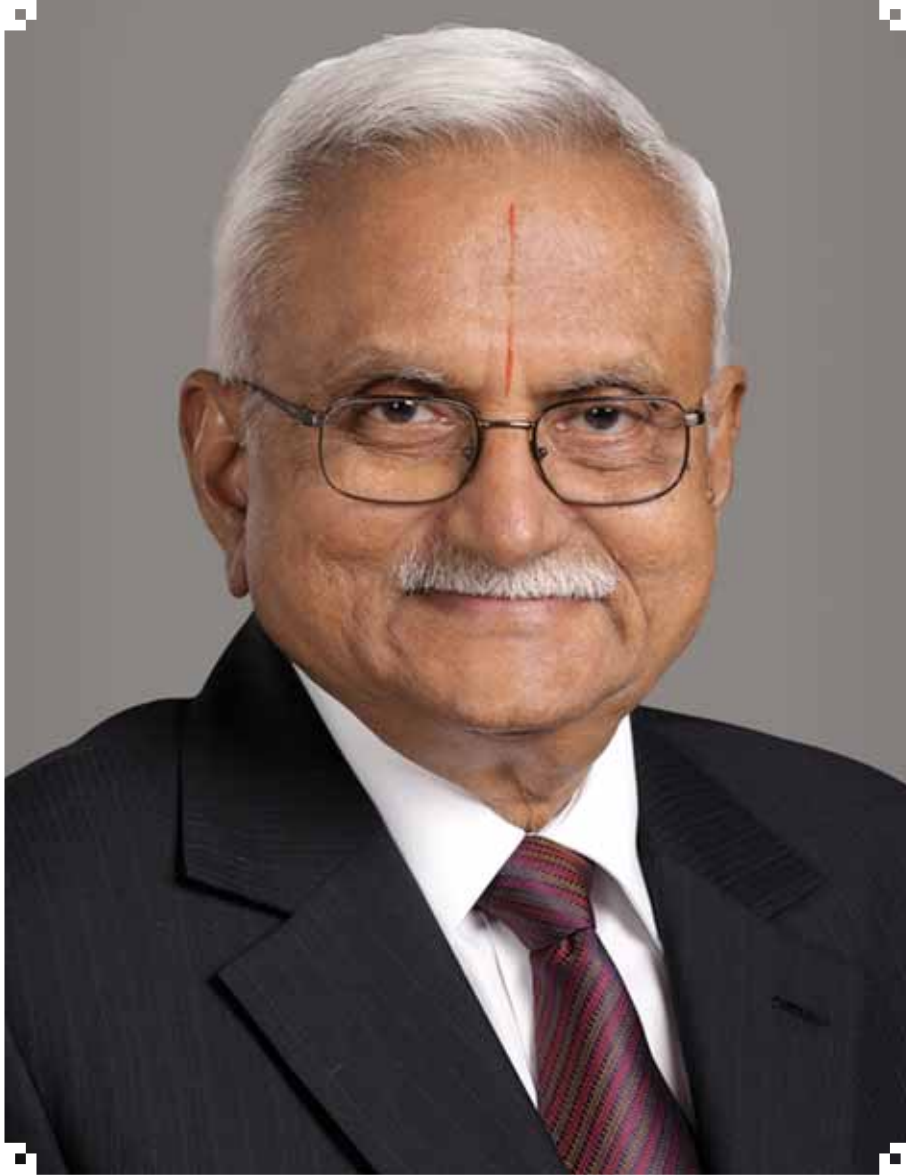
36th

Annual Report

2016 - 2017



SHRI P.A.C. RAMASAMY RAJA



SHRI P.R. RAMASUBRAHMANEYA RAJHA
Chairman, Ramco Group of Companies. Rajapalayam

04.07.1935 - 11.05.2017

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

BOARD OF DIRECTORS

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.,
Chairman (Upto 11-05-2017)

Shri P.R. VENKETRAMA RAJA, B. Tech., M.B.A.,
Chairman (From 04-06-2017)

Smt. S. SHARADA DEEPA, B.E.,
Managing Director

Shri S.S. RAMACHANDRA RAJA, B.Sc.,

Smt. R. CHITTAMMAL

Shri N.K. SHRIKANTAN RAJA, B.Com.,

Shri S.R. SRIRAMA RAJA, B.E.,

Shri ARUNKUMAR GOENKA, B.Com.,

Shri P.A.S. ALAGHAR RAJA, D.T.T.,

Shri S. KANTHIMATHINATHAN, M.Sc.,(Tex), M.B.A.,

BANKERS

CANARA BANK

INDIAN BANK

IDBI BANK LIMITED

THE KARUR VYSYA BANK LIMITED

STATE BANK OF INDIA

TAMILNAD MERCANTILE BANK LIMITED

ICICI BANK LIMITED

Auditors

Messrs N.A. JAYARAMAN & Co.,
Chartered Accountants,
9, Cedar Wood,
11 - 4th Main Road,
R.A.Puram, Chennai - 600 028.

Cost Auditor

Shri M. Kannan
IV-B, Akshaya Homes,
9 B - 20, Tagore Nagar,
S.S. Colony,
Madurai - 625 016.

**Chief General Manager (Finance)
cum Secretary**

Shri V. Gurusamy

REGISTERED OFFICE

Sri Vishnu Shankar Mill Premises,
Post Box No. 109

P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117. Tamil Nadu.

E-mail : svsm@ramcotex.com

Phone No.: 04563-235552-55

Fax No.: 04563-236493

Website: www.srivishnushankarmill.co.in

Corporate Identification Number:

U17301TN1981PLC008677

FACTORIES

Unit I

P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117.

Unit II

Subramaniapuram Village
Srivilliputhur - 626 137.

Unit III

Gopinenipalem Village
Vatsavai Mandal,
Krishna District - 521 190.
Andhra Pradesh

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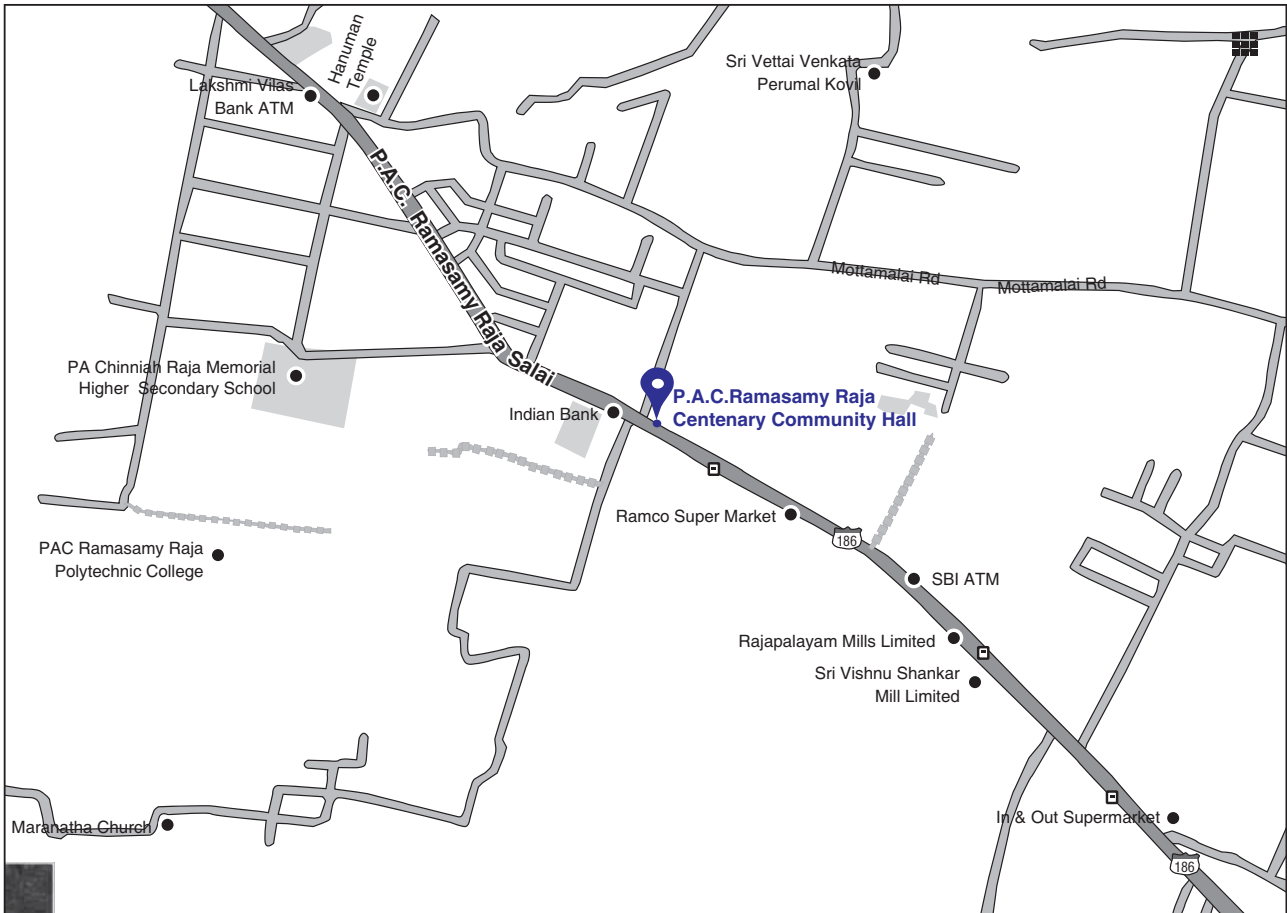
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Map Showing location of venue of 36th Annual General Meeting

**Venue Address: P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens,
P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu**



Land Mark: Near Indian Bank, P.A.C.R. Polytechnic College Branch

Distance from Rajapalayam Bus Stand : 3.5 KM; Distance from Rajapalayam Railway Station : 3.9 KM

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

NOTICE TO THE MEMBERS

Notice is hereby given that the 36th Annual General Meeting of the Company will be held at 10.30 A.M. on Thursday, the 10th August, 2017 at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS

1. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that the Directors' Report and the Company's Separate and Consolidated Statements of Profit & Loss for the year ended 31st March 2017, Balance sheets as at that date and Cash Flow Statements for the year ended on that date and the Auditors' Report thereon be and are hereby considered and adopted."

2. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that Shri S.S. Ramachandra Raja (DIN: 00331491), who retires by rotation, be and is hereby re-appointed as Director of the Company."

3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that Shri S.R. Srirama Raja (DIN: 00383912), who retires by rotation, be and is hereby re-appointed as Director of the Company."

4. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s.M.S. Jagannathan & N. Krishnaswami, Chartered Accountants holding Firm Registration No. FRN 001208S be and is hereby appointed as Statutory Auditors of the Company [in the place of Sri R. Palaniappan, Proprietor M/s. N.A. Jayaraman & Co., Chartered Accountants, holding Firm Registration No.: 001310S whose tenure as Auditors come to an end at the close of the 36th Annual General Meeting in terms of Section 139(2) of the Companies Act, 2013], for 5 consecutive financial year commencing from the financial year 2017-18 and to hold office from the conclusion of 36th Annual General Meeting till the conclusion of 41st Annual General Meeting to be held in the year 2022, subject to ratification of their appointment by the Members at every intervening Annual General Meeting to be held after this Annual General Meeting.

RESOLVED FURTHER that the Auditor shall be paid for the financial year 2017-18 a remuneration of Rs. 1,10,000/- (Rupees One lakh Ten thousand only) per year plus applicable taxes and out-of-pocket expenses.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

NOTICE

Resolved Further that the for the financial years 2018-19 to 2021-22, the Board of Directors are authorized to fix the remuneration based on the recommendation of the Audit Committee."

SPECIAL BUSINESS

5. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.66,000/- plus applicable taxes and out-of-pocket expenses payable to Shri M. Kannan, Cost Accountant (Firm Registration No. 102185) appointed as the Cost Auditor of the Company by the Board of Directors, for the financial year 2017-18 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified and confirmed."

By Order of the Board,
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,
4th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

NOTICE

NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning the Special Business is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**
3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total Share Capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution/ authority, as applicable. Attendance Slip is attached. Members, Proxies and Authorised Signatories are requested to bring the duly filled-in and signed, attendance slips to the Meeting.
4. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over 7 years, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company (www.srivishnushankarmill.co.in), as also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government.

Hence, the Members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund.

The details of due dates for transfer of such unclaimed dividend to the said Fund are:

Financial Year ended	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend	Due Date for Transfer to IEP Fund
31-03-2010	04-08-2010	03-08-2017	01-09-2017
31-03-2011	20-07-2011	19-07-2018	17-08-2018
31-03-2014	04-08-2014	03-08-2021	01-09-2021

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

NOTICE

5. In accordance with Section 124(6) of the Companies Act, 2013, the shares in respect of which, dividend has not been paid or claimed for 7 consecutive years or more shall be transferred by the Company to IEPF. The Company has sent individual notices through Registered Post to the Shareholders, whose dividends are lying unclaimed for the last seven consecutive years or more, advising them to claim the dividend on or before 31st May, 2017. The statement containing the details of the Shareholders and the shares due for transfer is also uploaded on the Company's website, <http://www.shrivishnushankarmill.co.in> for information and necessary action by the Shareholders. Since the modalities for transfer of shares to IEPF with Depositories are not yet finalized by MCA, it has deferred its implementation. Hence, the Shareholders concerned are requested to take immediate steps to claim the unclaimed dividend. In the event of the Shareholders not claiming the dividend and the shares are transferred to IEPF, the Shareholders are still entitled to claim the shares from IEPF by making an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form are available at <http://www.shrivishnushankarmill.co.in> and also on www.iepf.gov.in

6. A Route map with prominent land mark for easy location of the venue of the meeting is given with this notice as per requirement of Clause No. 1.2.4. of the Secretarial Standard - 2 on "General Meetings".

By Order of the Board,
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,
4th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a Cost Auditor to audit the cost records of the Company, relating to manufacture of Textile Products for the financial year 2017-18.

On the recommendation of the Audit Committee at its meeting held on 24-05-2017, the Board had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of Textile Products at a remuneration of Rs.66,000/- plus applicable taxes and out-of-pocket expenses for the financial year 2017-18.

The remuneration of the cost auditor is required to be ratified by the Members in accordance with the provisions of Section 148(3) of the Act and Rule 14 of the Rules.

The Directors recommend the Resolution to the Members for their approval.

None of the Directors, Key Managerial Personnel or their relatives are deemed to be interested in this Resolution.

By Order of the Board,
For SRI VISHNU SHANKAR MILL LIMITED,

P.R. VENKETRAMA RAJA
CHAIRMAN

RAJAPALAIYAM,
4th June, 2017.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

NOTICE

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT
THE ANNUAL GENERAL MEETING**

1. SHRI S.S. RAMACHANDRA RAJA

Shri S.S. Ramachandra Raja, aged 81, has a Bachelor Degree in Science and he has been on the Board of Sri Vishnu Shankar Mill Limited since 1986.

He holds 2,660 Equity Shares in the Company as on 31-03-2017.

He is also a Director in the following Companies:-

1. Ramco Industries Limited
2. Rajapalayam Mills Limited
3. Ramco Management Private Limited
4. Sudharsanam Investments Limited
5. Sri Sethu Ramasamy Farms Private Limited
6. Rajapalayam Chamber of Commerce and Industry

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairman/Member)
Rajapalayam Mills Limited	Stakeholders Relationship Committee	Member
Sri Vishnu Shankar Mill Limited	Share Transfer Committee	Member
Sri Vishnu Shankar Mill Limited	Corporate Social Responsibility Committee	Member

2. SHRI S.R.SRIRAMA RAJA

Shri S.R. Srirama Raja, aged 52 years has a Bachelor Degree in Engineering. He has been on the Board of Sri Vishnu Shankar Mill Limited since 2003. He is the son of Shri S.S.Ramchandra Raja, Director of the Company. He holds 2660 Equity shares in the Company.

He is also a Director in the following Companies:-

1. JKR Enterprise Limited
2. RT-Medibus Technolgies Private Limited

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

TO THE MEMBERS

Before reporting the working results of the year, your Directors with deep regret to inform the sad and sudden demise of Shri P.R. Ramasubrahmaneya Rajha, Chairman of the Company on 11-05-2017. When Shri P.R. Ramasubrahmaneya Rajha assumed charge of Sri Vishnu Shankar Mill Limited the capacity of the Company was 25,104 Spindles and Open End capacity of 672 Rotors. Under his leadership the Company grew to aggregate spindle capacity of 70,032 Spindles and Open End capacity of 2,016 Rotors. Shri P.R. Ramasubrahmaneya Rajha was appointed as a Director of the Company in the year 1992 and served the Company for more than 25 years. The Mill was developed financially and operationally very strong during his tenure because of prudent and transparent management. The achievements made by the legendary Chairman not only to the Company but also to the Textile Industry as a whole will be appreciated by many generations to come. He was also known for his business ethics, value systems and philanthropic activities. He not only led the Sri Vishnu Shankar Mill Limited but was also the guiding force for the entire Ramco Group of Companies, which has made the Group, one of the most respected industrial houses in the country. Under his leadership, the Company has enabled to earn good profits and handsomely rewarded all the stakeholders of the Company.

The Directors place on record the immense contribution, Shri P.R. Ramasubrahmaneya Rajha had made to the Company in its growth progress. We are committed to take forward the future growth of the Company, in line with his vision and values.

The Directors are presenting their 36th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2017.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2017 but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of Rs. 3,325.11 Lakhs against Rs.2,615.17 Lakhs for the previous financial year 2015-16.

After deducting Rs.1,809.14 Lakhs towards finance cost and providing Rs.1,028.27 Lakhs towards Depreciation, the Net Profit and other comprehensive income before tax for the year is Rs.457.75 Lakhs, as compared to Rs.(454.85) Lakhs for the previous financial year 2015-16.

2. SHARE CAPITAL

The Paid-up Capital of the Company is Rs.150.00 Lakhs (Previous Year: Rs.150.00 Lakhs) consisting of 15,00,000 Shares of Rs.10/- each.

DIRECTORS' REPORT

3. DIVIDEND

The Company has earned a net profit of Rs. 177.37 Lakhs for the year ended 31st March 2017. As per provisions of Section 123 of the Companies Act, 2013, the Company has to adjust the carried over previous year losses of Rs. 491.70 Lakhs set-off against the net profits of the Company for the year ended 31st March, 2017. Considering the above provisions, your Directors are unable to recommend any dividend for the current year.

4. TAXATION

An amount of Rs. 93.15 Lakhs towards MAT Tax for the current year, Rs. 57.24 Lakhs towards Income tax expenses related to earlier years and Rs.129.99 Lakhs towards Deferred Tax has been provided for the year 2016-17.

5. MANAGEMENT DISCUSSION AND ANALYSIS

TRADE CONDITIONS

• **COTTON**

India is the largest producer of cotton in the world. At the time of beginning of the cotton season during November-2016, the Government of India announced demonetization of high value currency notes, which prompted farmers to postpone their cotton sales. Because of this, the cotton prices had gone up by 18% as compared to the prices quoted at the same period of last cotton season. The price of comber noils, which is the Raw material for Open End Spinning has also increased steeply due to more exports from India. The Company has put in place a well-defined system for monitoring demand and supply of required quality of cotton and also the price movements in domestic and international cotton markets. Because of this, the Company was able to procure high quality cotton when the prices were competitive.

• **YARN PRODUCTION**

The Company is now focusing on production of customized, fine / super fine yarn to get better contribution as compared coarser / medium fine counts produced during the last financial year 2015-16. Due to this, the production volume has decreased to 72.11 Lakhs Kgs during the financial year 2016-17 as against 77.85 Lakhs Kgs of last year.

• **SALE OF YARN**

The sale volume has increased during the financial year 2016-17 and it was 74.85 Lakh Kgs as compared to 74.38 Lakh Kgs of last year. Also, the sale value of yarn has increased from Rs. 189.79 Crores [FY 2015-16] to Rs. 208.12 Crores [FY 2016-17].

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

Due to weak export demand especially from China and sluggishness in domestic market for yarn, the Company was not able to increase the Yarn prices in line with the increase in raw material cost. Though India is the top exporter of Cotton yarn in the world, exports during the financial year 2016-17 has declined by more than 26% as compared to financial year 2015-16. However, the Company continues to have a good demand from International Customers on account of supply of consistent and superior quality of yarn.

The Company was able to tap more opportunities available in the overseas yarn market and this enabled the Company to sustain the sale volume in export. Despite down trend in yarn markets in India, the Company was able to register a growth in its profitability mainly due to focus on value addition, procuring superior quality of cotton, reducing the production of commodity counts and replacing the same with customized yarn counts, cost optimization initiatives implemented across the organization etc.

The investments made in value added machineries during the past years have given the ability to the Company to customize its products in line with the requirements of its customers.

- **POWER COST**

During the financial year 2016-17, the Company was able to consume electricity from its own wind power to the extent of 56% of total power requirement as compared to 35% consumed from wind mills during the last year. Because of improved power generation from wind mills, the Company was able to reduce the power cost substantially as compared to previous financial year.

- **FINANCE COST**

The Finance cost has reduced from Rs. 1,917.14 Lakhs to Rs. 1,809.14 Lakhs, a decline of 5.70% mainly due to repayment of Term Loans and initiatives taken by the Company to reduce the average cost of borrowings.

In spite of increased cotton cost and labour costs, the strategic decision taken by the Company to make investments in value added machines like compact spinning system, TFO, gassing machines, etc., has helped the Company to increase its volume of sales in export / corporate customers, who require high quality value added yarn and also helped the Company to control the costs and to increase its operational and financial performance.

6. EXPORTS

On the export front during the year, we have made export of Cotton Yarn (including merchant exports) for a value of Rs.70.66 Crores as against Rs.95.81 Crores of the previous year.

DIRECTORS' REPORT

7. MODERNISATION / EXPANSION

As a part of continuous thrust on modernization and expansion programme, the Company has invested about Rs.4.70 Crores for investment in textile machinery & equipments like, Bale plucker, ERM machines, Carding machines, Compact conversion TFOs, etc.

8. PROSPECTS FOR THE CURRENT YEAR

The cotton prices are showing increasing trend due to reduced acreage of cotton plantation during the cotton season 2016-17. There is a huge volatility in the demand of cotton and yarn in domestic as well as international markets, which is reflecting in their prices also. There is an expectation that the US's exit from the Trans-Pacific partnership is likely to realign textile trade towards India, which will boost the consumption of Indian yarn. Cotton yarn is now enjoying the excise duty exemption through optional route since 2004. The Government is planning to implement GST in India with effect from 01-07-2017 and it is expected to yield long term benefits.

The Company is always focusing on maintaining highest standards of yarn quality and also concentrating on cost effective production. It is always our endeavor to minimize the waste and to focus more on automation with a view to utilize the skilled manpower more efficiently. With the flexibility to produce value added super fine counts and by using more imported contamination free cotton, the Company will continue to make efforts in expanding the marketing activities across the globe to increase its customer base.

9. WIND MILL

The Company has wind mills with installed capacity of 13.35 MW for its captive power consumption. The wind farm has generated 231.87 Lakhs Kwh as compared to 139.75 Lakhs Kwh of the previous year. There was a good wind velocity supported by good evacuation by Tamil Nadu Generation and Distribution Corporation (TANGEDCO) during the financial year 2016-17. All the Units generated by wind mills were adjusted for captive consumption at our Mills in Tamil Nadu. The income during the year from the Wind Mill Division was Rs.16.23 Crores as against Rs.9.23 Crores of previous year.

10. INDIAN ACCOUNTING STANDARDS (IND AS) - IFRS CONVERGED STANDARDS

The Ministry of Corporate Affairs vide its notification dated 16th February 2015 has notified the Companies (Indian Accounting Standard) Rules, 2015. In pursuance of this notification, our Group Companies M/s. The Ramco Cements Limited and M/s. Rajapalayam Mills Limited has adopted Ind AS in first phase i.e. with effect from 01-04-2016 and they have considered M/s. Sri Vishnu Shankar Mill Limited as their Associate Company. As per the above said notification, if a listed Company adopts Ind AS in first phase, their Associate Company should also adopt Ind AS in first phase. Hence the Company and its Associate Companies have adopted Ind AS with effect from

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

01-04-2016. The Company's financial results for previous year ended 31-03-2016 had also been recast in accordance with Ind AS.

11. ASSOCIATE COMPANY

The Company holds investments in the Group Companies viz., M/s. The Ramco Cements Limited, M/s. Rajapalayam Mills Limited, M/s. The Ramaraju Surgical Cotton Mills Limited, M/s. Ramco Wind Farms Limited, M/s. Ontime Industrial Services Limited and M/s. JKR Enterprise Limited.

During the year 2016-17, as per Ind AS - 28 the Board has considered the above Group Companies as its Associate Companies.

In accordance with Rule 5 of Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the Company's Associates' is attached in Form AOC-1 as Annexure-I.

CONSOLIDATED FINANCIAL STATEMENTS

As per provisions of Section 129(3) of the Companies Act, 2013, Companies are required to prepare consolidated financial statements of its Subsidiaries and Associates to be laid before the Annual General Meeting of the Company.

Accordingly, the consolidated financial statements incorporating the accounts of Associate Companies, viz. M/s. The Ramco Cements Limited, M/s. Rajapalayam Mills Limited, M/s. The Ramaraju Surgical Cotton Mills Limited, M/s. Ramco Wind Farms Limited and M/s. Ontime Industrial Services Limited along with the Auditors' Report thereon, forms part of this Annual Report. As per Section 136(1) of the Companies Act, 2013 the Financial Statements including Consolidated Financial Statements are available at the Company's website at the following link at <http://www.srivishnushankarmill.co.in>. The Annual Report containing the Statement of Accounts for Associate Companies are available at the Company's website. Due to small investment (100 equity shares) in M/s. JKR Enterprise Limited, we have not considered for consolidated financial statement.

The consolidated net profit of the Company amounted to Rs. 1,369.79 Lakhs for the year ended 31st March 2017 as compared to Rs. 614.57 Lakhs of the previous year.

The Consolidated Total Comprehensive Income for the year under review is Rs. 1,345.21 Lakhs as compared to Rs. 592.97 Lakhs of the previous year.

12. INTERNAL FINANCIAL CONTROLS

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls Policy by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements. ERP System developed by Ramco Systems Limited has been installed for online monitoring of all functions and management information reports are being used to have better internal control system and to take decisions in time.

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with Section 177(9) and (10) of the Companies Act, 2013 the Company has established a Vigil Mechanism and has a Whistle Blower Policy.

14. DIRECTORS

Smt. S. Sharada Deepa, was reappointed as Managing Director of the Company for a period of three years starting from 01-04-2014 to 31-03-2017 at the AGM held on 04-08-2014. Based on the recommendation of the Nomination and Remuneration Committee made at its meeting held on 27-05-2016, the Board of Directors at their meeting held on 28-05-2016 and the Shareholders at the 35th Annual General Meeting held on 10th August, 2016 have approved appointment of Smt. S. Sharada Deepa as Managing Director for a further period of 3 years starting from 01-04-2017.

In accordance with the provision of the Companies Act, 2013 and in terms of the Memorandum and Articles of Association of the Company, the following Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

1. Shri S.S. Ramachandra Raja, (DIN: 00331491)
2. Shri S.R. Srirama Raja, (DIN: 00383912)

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

The Audit Committee has three members, out of which two are Independent Directors. Pursuant to Section 177(8) of the Companies Act, 2013, it is reported that there has not been an occasion, where the Board had not accepted any recommendation of the Audit Committee. In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees.

Shri P.R. Venketrama Raja has been appointed as Chairman at the Board meeting held on 04-06-2017.

The objective of the Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

15. EVALUATION OF BOARD

Pursuant to Section 134(3)(p) of the Companies Act, 2013, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, performance of the Board as a whole, its committee and its Members and other required matters. The Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, expertise and contribution brought in by the Independent Directors at the Board Meeting, which shall be taken into account at the time of reappointment of Independent Director.

16. MEETINGS

MEETINGS OF THE BOARD

During the year, under review, four minutes of the Board Meetings were held, one each on 28-05-2016, 09-08-2016, 10-11-2016 & 11-02-2017.

Details of attendance of each Director at the Board Meetings held during the year are as follows:

Sl. No.	Name of the Director	Directorship	No. of Meetings attended	Attendance at Last AGM
1.	Shri P.R.Ramasubrahmaneya Rajha*	Chairman	4	Yes
2.	Smt. S. Sharada Deepa	Managing Director	3	Yes
3.	Shri P.R. Venketrama Raja	Director	2	No
4.	Shri S.S. Ramachandra Raja	Director	4	Yes
5.	Smt. R. Chittammal	Director	4	Yes
6.	Shri S.R. Srirama Raja	Director	3	Yes
7.	Shri N.K. Shrikantan Raja	Director	4	Yes
8.	Shri Arunkumar Goenka	Director	1	No
9.	Shri S. Kanthimathinathan	Director	3	Yes
10.	Shri P.A.S. Alaghar Raja	Director	4	Yes

* Demised on 11-05-2017

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

MEETINGS OF THE COMMITTEES

AUDIT COMMITTEE

The composition of the Audit Committee and attendance of each Member at the Audit Committee Meetings held during the year as follows:

Sl. No.	Name of the Director	Directorship	No. of Meetings attended
1.	Shri N.K. Shrikantan Raja	Chairman	4
2.	Shri S. Kanthimathinathan	Member	3
3.	Shri P.A.S. Alaghar Raja	Member	4

No. of meeting held during the year: 4

Date of Meeting : 27-05-2016, 08-08-2016, 09-11-2016 & 10-02-2017.

SHARE TRANSFER COMMITTEE

The composition of the Share Transfer Committee and attendance of each Member at the Share Transfer Committee Meetings held during the year as follows:

Sl. No.	Name of the Director	Directorship	No. of Meetings attended
1.	Shri S.S. Ramachandra Raja	Chairman	3
2.	Smt. R. Chittammal	Member	3
3.	Shri N.K. Shrikantan Raja	Member	3

No. of meeting held during the year: 3

Date of Meeting: 30-06-2016, 05-10-2016 & 28-12-2016.

NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee and attendance of each Member at the Nomination and Remuneration Committee Meetings held during the year as follows:

Sl. No.	Name of the Director	Directorship	No. of Meetings attended
1.	Shri N.K. Shrikantan Raja	Chairman	2
2.	Shri S. Kanthimathinathan	Member	1
3.	Shri P.A.S. Alaghar Raja	Member	2

No. of meeting held during the year: 2

Date of Meeting: 27-05-2016 & 10-02-2017

DIRECTORS' REPORT

17. PUBLIC DEPOSITS

Pursuant to Rule 8(5)(v)& (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review.

18. ORDERS PASSED BY REGULATORS

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that, no significant and material orders have been passed by the Regulators or Courts or Tribunals, impacting the going concern status and Company's operations in future.

19. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to Section 186(4) of the Companies Act, 2013, it is reported that:

- (a) the Company has not given any loans during the year 2016-17 under Section 186 of the Companies Act, 2013.
- (b) the particulars of the investments are provided under Note No. 8 respectively of Notes forming part of financial statements.

20. CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and adopted a CSR Policy which is based on the philosophy that "As the Organization grows, the Society and Community around it also grows."

Your Directors are pleased to inform that the Company has fulfilled its CSR obligations pursuant to Section 135(5) of the Companies Act, 2013. As against the requirement of Rs. 3.02 Lakhs, the Company has spent Rs. 3.02 Lakhs on CSR.

21. AUDITS

STATUTORY AUDIT

As per the provisions of Section 139 of the Companies Act, 2013, the term of Office of M/s. N.A. Jayaraman & Co. Chartered Accountants come to an end at the close of the 36th Annual General Meeting of the Company.

M/s. N.A. Jayaraman & Co. Chartered Accountants, were the Auditors of the Company since 2001. The Board of Directors wish to place on record their sincere appreciation for the services rendered by M/s. N.A. Jayaraman & Co. Chartered Accountants, as Statutory Auditors of the Company, during their long association with the Company.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

Subject to the approval of the Members of the Company at the ensuing 36th Annual General Meeting, the Board of Directors have recommended the appointment of M/s. M.S. Jagannathan & N. Krishnaswami Chartered Accountants, Chartered Accountants as Statutory Auditors of the Company, pursuant to Section 139 of the Companies Act, 2013. The Audit Committee at its meeting held on 24-05-2017 had recommended their appointment as Statutory Auditors, pursuant to Section 139 (11) of the Companies Act, 2013. Written consents from the incoming Auditors have been obtained, confirming that they satisfy the legal requirements for their appointment. The proposal relating to their appointment has been included in the notice convening the 36th Annual General Meeting of the Company. They shall hold office from the conclusion of 36th Annual General Meeting to the conclusion of 41st Annual General Meeting and the matter relating to the Auditors' appointment will be placed before the Members for their ratification at every intervening Annual General Meeting.

The report of Statutory Auditors M/s. N.A. Jayaraman & Co. Chartered Accountants, for the year ended 31st March, 2017 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

COST AUDIT

As per notification dated 31-12-2014 issued by MCA under the Companies (Cost Records and Audit) Rules, 2014, Textile Mills are required to file cost audit report with effect from the financial year 2015-16.

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 2017-18.

The remuneration of the cost auditor is required to be ratified by the members in accordance with the provisions of Section 148(3) of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014. Accordingly, the matter is being placed before the Members for ratification at the ensuing Annual General Meeting.

The Cost Auditor Report for the financial year 2015-16 due to be filed with Ministry of Corporate Affairs 30-09-2016 had been filed on 03-09-2016.

The Cost Audit Report for the financial year 2016-17 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is attached as Annexure - III.

DIRECTORS' REPORT

23. EXTRACT OF ANNUAL RETURN

In Accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT-9 is attached herewith as Annexure - IV.

24. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosures in terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to remuneration are provided in Annexure-II.

25. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 1,456 employees as on 31-03-2017. Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

26. RELATED PARTY TRANSACTION

Prior approval / Omnibus approval is obtained from the Audit Committee for all related party transactions and the transactions are periodically placed before the Audit Committee for its approval. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy". In accordance with Ind AS 24 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No: 41 of disclosures forming part of Financial Statements.

27. RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimization of risk thereof.

28. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31st March 2017;

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

DIRECTORS' REPORT

- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2017 and of the profit and loss of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

29. ACKNOWLEDGEMENT

The Directors are grateful to the various Departments and agencies of the Central and State Governments for their help and co-operation. They are thankful to the Financial Institutions and Banks for their continued help, assistance and guidance. The Directors wish to place on record their appreciation of employees at all levels for their commitment and their contribution.

On behalf of the Board of Directors,
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,
4th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE I TO DIRECTORS' REPORT

Form AOC-1

[Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of Associate Companies.

PART A - SUBSIDIARY COMPANY

The Company has no Subsidiary Company.

PART B - ASSOCIATE COMPANY

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

Particulars	2016-17					
	The Ramco Cements Limited	Rajapalayam Mills Limited	The Ramaraju Surgical Cotton Mills Limited	Ramco Windfarms Limited	Ontime Industrial Services Limited	JKR Enterprise Limited
Last audited Balance Sheet date	31-03-2017					
Date on which Associate was associated / Acquired	01-04-2016	01-04-2016	01-04-2016	01-04-2016	01-04-2016	01-04-2016
No. of Shares held as on 31-03-2017	38,83,200	29,740	1,100	4,55,000	26,350	100
Amount of Investment in Associate as on 31-03-2017 (Rs. in Lakhs)	24.07	8.76	0.36	4.55	2.64	0.001
Extent of Shareholding % as on 31-03-2017	1.63	0.40	0.06	4.55	9.36	0.00020
Description of how there is significant influence	Note No. 1					
Reason why Associate is not consolidated	Not applicable					Due to small of investment
Net worth attributable to Shareholding (Rs. in Lakhs)	3,79,546.00	1,48,823.93	21,199.08	678.00	785.10	Not Applicable
Profit / Loss for the Year (Consolidated) (Rs. in Lakhs)	66,356.00	14,507.07	1,671.78	435.45	41.16	Not Applicable
a) Considered in Consolidation (Rs. in Lakhs)	1,080.55	58.40	0.85	25.04	3.98	Not Applicable
b) Not considered in Consolidation (Rs. in Lakhs)	65,275.45	14,448.67	1,670.93	410.41	37.18	Not Applicable

Note: 1) There is significant influence, because of shareholding / common directors.

2) Names of associates or joint ventures which are yet to commence operations - NIL

3) Names of associates or joint ventures which have been liquidated or sold during the year - NIL

On behalf of the Board of Directors,
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,
4th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE II TO DIRECTORS' REPORT

DISCLOSURE RELATING TO REMUNERATION UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (2) AND (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Particulars of Top 10 Employees in terms of remuneration drawn and Particulars of Employees employed throughout the financial year 2016-17 and was in receipt of remuneration in the aggregate of not less than Rs. 102 Lakhs.

Sl. No.	Name	Age (Yrs)	Designation	Remuneration Paid / Payable Rs. in lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. S. Sharada Deepa	51	Managing Director	203.10	B.E. (12)	31-01-2005	-
2	Shri V. Gurusamy	59	CGM - Finance cum Secretary	21.89	B.Com., ACS FCA (33)	08-03-1984	-
3	Shri D. Raviraja	51	Senior General Manager Works	14.60	DTT (33)	23-08-2007	M/s. Standard Spinning Mills
4	Shri S. Thangam	55	Chief Manager - Cotton	8.49	B.Com., (25)	01-08-1991	-
5	Shri S. Hariharasubramanian	56	Sales Manager	6.85	B.Sc., DMM (33)	02-03-1984	-
6	Shri J.K. Prakash Peter	45	Chief Manager Cus. Service	6.64	DTT (22)	07-11-1994	-
7	Shri K. Sivaraman	45	Dy. Manager - IT	6.17	DCP (25)	01-07-1992	-
8	Sri R. Vadapathiran	57	Dy. Manager - Accounts	6.15	M.Com, (31)	01-01-1986	-
9	Shri P. Velmurugan	44	Chief Manager - Production	6.01	DTT (25)	11-06-2013	M/s. Madura Coats Ltd.
10	Shri K.K. Mohan Rao	46	Manager - Production	5.53	DTT (21)	05-11-2012	M/s. Rajavir Industries Limited

NOTE: 1. All appointments are contractual.

2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund but does not include Provision for Gratuity and Leave encashment.

3. None of the employees mentioned above is related to any Director of the Company except Smt. S. Sharada Deepa, Managing Director who is related to Shri P.R. Ramasubramaneya Rajha, Chairman (Till 11-05-2017) Shri P.R. Venketrana Raja, Chairman and Shri S.R. Srirama Raja, Director, Shri S.S. Ramachandra Raja, Director and Smt. R. Chittammal Director.

On behalf of the Board of Directors,
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,
4th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE III TO DIRECTORS' REPORT

**Conservation of Energy, Technology Absorption and
Foreign Exchange Earnings and Outgo**

*[Pursuant to Section 134(3)(m) of the Companies Act, 2013
read with Rule 8(3) of Companies (Accounts) Rules 2014]*

A. CONSERVATION OF ENERGY

The Company pays attention at all levels to reduce energy consumption, by continuous monitoring maintenance and improvements.

- (i) the steps taken or impact on conservation of energy : NIL
- (ii) The steps taken by the company for utilizing alternate sources of energy : NIL
- (iii) The capital investment on energy Conservation equipments : NIL

B. TECHNOLOGY ABSORPTION

- (i) The efforts made towards technology absorption and the benefits derived like product improvement, cost reduction, product development or import substitution
 - : i) The Company installed DK 740 carding machines to improve quality of yarn.
 - ii) The Company has made compact conversion in 3 Nos of LRG 5/1 Ring frames each 960 spindles.
 - iii) The Company installed 5 Nos of volkman TFO machine to increase the double yarn production.
- (ii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
 - (a) The details of technology imported; : NIL

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE III TO DIRECTORS' REPORT

- (b) The year of import; : NIL
- (c) Whether the technology been : Not Applicable
fully absorbed;
- (d) If not fully absorbed, areas : Not Applicable
where absorption has not
taken place, and the reasons
thereof; and
- (iii) the expenditure incurred on : Not Applicable
Research and Development

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in : Rs. 4,253.00 Lakhs
terms of actual inflows during the
year and

The Foreign Exchange outgo : Rs. 4,916.63 Lakhs
during the year in terms of actual
outflows.

On behalf of the Board of Directors,
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,
4th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT

Form MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2017

[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:

CIN	U17301TN1981PLC008677
Registration Date	23-03-1981
Name of the Company	SRI VISHNU SHANKAR MILL LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and Contact details	Sri Vishnu Shankar Mill Premises, P.A.C. Ramasamy Raja Salai, Post Box No.109, Rajapalaiyam, Tamilnadu, Pin: 626 117.
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	Share Transfer is being carried out in-house

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
Yarn	13111	98.40%

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1. The Ramco Cements Limited "Ramamandiram", Rajapalayam - 626117. Tamilnadu.	L26941TN1957 PLC003566	Associate	1.63%	2 (6)
2. Rajapalayam Mills Limited Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626117. Tamilnadu	L17111TN1936 PLC002298	Associate	0.40%	2 (6)
3. The Ramaraju Surgical Cotton Mills Limited The Ramaraju Surgical Cotton Mills Premises Post Box No. 2, 119, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626117. Tamilnadu	U17111TN1939 PLC002302	Associate	0.06%	2 (6)
4. Ramco Windfarms Limited Auras Corporate Centre, 98-A, Dr Radhakrishnan Salai, V Floor, Mylapore, Chennai - 600 004.	U40109TN2013 PLC093905	Associate	4.55%	2 (6)
5. Ontime Industrial Services Limited 47, P.S.K. Nagar Rajapalayam - 626108. Tamilnadu	U74999TN2002 PLC048773	Associate	9.36%	2 (6)

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-Wise Share Holding

Category of Shareholder	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	
A. Promoters									
(1) Indian									
a) Individuals/ Hindu Undivided Family	-	8,66,920	8,66,920	57.80	-	8,66,920	8,66,920	57.80	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	51,700	51,700	3.45	-	51,700	51,700	3.45	-
e) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
f) Any Others...	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	-	9,18,620	9,18,620	61.25	-	9,18,620	9,18,620	61.25	-
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	-	9,18,620	9,18,620	61.25	-	9,18,620	9,18,620	61.25	-

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT

i) Category-Wise Share Holding - (contd.)

Category of Shareholder	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. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-
B (2) Non-Institutions									
a) Bodies Corporate									
i) Indian	-	8,820	8,820	0.59	-	8,820	8,820	0.59	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.1 lakh	-	5,59,780	5,59,780	37.31	-	5,57,120	5,57,120	37.14	(0.17)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	12,780	12,780	0.85	-	15,440	15,440	1.02	0.17
c) Others (specify)									
Sub-Total (B)(2)	-	5,81,380	5,81,380	38.75	-	5,81,380	5,81,380	38.75	-
B Total Public Shareholding (B) = (B)(1) + (B)(2)	-	5,81,380	5,81,380	38.75	-	5,81,380	5,81,380	38.75	-
C Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	-	15,00,000	15,00,000	100.00	-	15,00,000	15,00,000	100.00	-

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding 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.	Shri P R Ramasubrahmaneya Rajha*	2,12,280	14.15	-	2,12,280	14.15	-	-
2.	Smt. R. Sudarsanam	81,000	5.40	-	81,000	5.40	-	-
3.	Shri P R Venketrama Raja	48,000	3.20	-	48,000	3.20	-	-
4.	Sri S.S. Ramachandra Raja	2,660	0.18	-	2,660	0.18	-	-
5.	Smt. R. Chittammal	7,320	0.49	-	7,320	0.49	-	-
6.	Smt. Nalina Ramalakshmi	29,000	1.93	-	29,000	1.93	-	-
7.	Smt. S. Sharadha Deepa	4,68,000	31.20	-	4,68,000	31.20	-	-
8.	Smt. B. Srisandhya Raju	16,000	1.07	-	16,000	1.07	-	-
9.	Shri S.R. Srirama Raja	2,660	0.18	-	2,660	0.18	-	-
10.	The Ramco Cements Limited	2,100	0.14	-	2,100	0.14	-	-
11.	The Ramaraju Surgical Cotton Mills Limited	11,200	0.75	-	11,200	0.75	-	-
12.	Rajapalayam Mills Limited	38,400	2.56	-	38,400	2.56	-	-
	Total	9,18,620	61.25	-	9,18,620	61.25	-	-

* Demised on 11-05-2017.

(iii) Change in Promoters' Shareholding

Sl. No.	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	9,18,620	61.25	01-04-2016	Nil	Nil	Nil	Nil
	9,18,620	61.25	31-03-2017				

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT

(iv) Shareholding Pattern of top ten Shareholders (other than Directors and Promoters):

Sl. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Smt. R. Sakuntala	12,780	0.85	30-06-2016	2,660	Transmission	15,440	1.02
2.	Shri K.Kumaran	9,990	0.67	01-04-2016	-	-	9,990	0.67
3.	Smt. J. Sethulakshmi	8,980	0.60	01-04-2016	-	-	8,980	0.60
4.	Smt. A.Rathinamala	8,240	0.55	01-04-2016	-	-	8,240	0.55
5.	Smt. Anne B.Thangasamy	7,720	0.51	01-04-2016	-	-	7,720	0.51
6.	Smt. A. Ramalakshmi	7,320	0.49	01-04-2016	-	-	7,320	0.49
7.	Shri P.S. Jaganatha Raja	7,180	0.48	01-04-2016	-	-	7,180	0.48
8.	Miss V. Poorna Pushkalambal	6,660	0.44	01-04-2016	-	-	6,660	0.44
9.	Shri Madhav Prasad Goenka	5,320	0.35	01-04-2016	-	-	5,320	0.35
10.	Smt. Gayatri Devi Goenka	5,320	0.35	01-04-2016	-	-	5,320	0.35

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Shri P.R. Ramasubrahmaneya Rajha*	2,12,280	14.15	N.A.	N.A.	N.A.	2,12,280	14.15
2	Smt. S. Sharada Deepa	4,68,000	31.20	N.A.	N.A.	N.A.	4,68,000	31.20
3	Shri P.R. Venketrama Raja	48,000	3.20	N.A.	N.A.	N.A.	48,000	3.20
4	Shri S.S. Ramachandra Raja	2,660	0.18	N.A.	N.A.	N.A.	2,660	0.18
5	Smt. R. Chittammal	7,320	0.49	N.A.	N.A.	N.A.	7,320	0.49
6	Shri N.K. Shrikantan Raja	3,060	0.20	N.A.	N.A.	N.A.	3,060	0.20
7	Shri S.R. Srirama Raja	2,660	0.18	N.A.	N.A.	N.A.	2,660	0.18
8	Shri Arunkumar Goenka	5,320	0.36	N.A.	N.A.	N.A.	5,320	0.36
9	Shri P.A.S. Alaghar Raja	660	0.04	N.A.	N.A.	N.A.	660	0.04
10	Shri S. Kanthimathinathan	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil
11	Shri V. Gurusamy	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil

* Demised on 11-05-2017.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
ANNEXURE IV TO DIRECTORS REPORT

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment
(Rs. in Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the Beginning of the financial year				
i) Principal Amount	19,395	905	–	20,300
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	6	–	–	6
Total (i + ii + iii)	19,401	905	–	20,306
Change in Indebtedness during the financial year				
Addition	74,523	1,822	–	76,345
Reduction	72,526	1,858	–	74,384
Net Change	1,997	(36)	–	1,961
Indebtedness at the end of the financial year				
i) Principal Amount	21,392	869	–	22,261
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	30	–	–	30
Total (i + ii + iii)	21,422	869	–	22,291

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Smt. S. Sharada Deepa Managing Director	Total Amount (Rs. in lakhs)
1	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	180.00	180.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission as % of profit	-	-
	Sitting Fees	0.45	0.45
5	Contribution to Provident Fund	21.60	21.60
	Contribution to Superannuation Fund	1.50	1.50
	Total	203.55	203.55
	Ceiling as per Act	As per Rule 7(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, unlisted companies are permitted to pay remunerations to its managerial personnel, in the event of no profit or inadequate profit beyond ceiling specified in Section II, Part II of Schedule V, if the Resolution passed by the Shareholders is a Special Resolution and the remuneration approved is for a period not exceeding 3 years. She is also entitled for sitting fees for attending Board Meetings / Committee Meetings in addition to the above.	

B. REMUNERATION TO OTHER DIRECTORS:

1. Independent Director

Sl. No.	Particulars of Remuneration	Shri N.K. Shrikantan Raja	Shri P.A.S. Alaghar Raja	Total Amount (Rs. in lakhs)
1	Fees for attending board / committee meetings	1.95	1.50	3.45
2	Commission	-	-	-
3	Others please specify	-	-	-
	Total (1)	1.95	1.50	3.45

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT

2. Other Non-Executive Directors

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Shri P.R. Ramasubrah maneya Rajha	Shri P.R. Venketrama Raja	Shri S.S. Rama chandra Raja	Smt. R. Chittammal	Shri S.R. Srirama Raja	Shri Arun kumar Goenka	Shri S. Kanthimathi nathan	
1.	Fee for attending board committee meetings	0.60	0.30	1.05	1.05	0.45	0.15	1.05	4.65
2.	Commission	-	-	-	-	-	-	-	-
3.	Others	-	-	-	-	-	-	-	-
	Total (2)	0.60	0.30	1.05	1.05	0.45	0.15	1.05	4.65
	Total B (1) + (2)								8.10
	Total Managerial Remuneration (A+B)								211.65

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Shri V. Gurusamy Chief G.M. (F) cum Secretary	
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	21.89	21.89
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- Others, specify	-	-
5	Others	-	-
	Total	21.89	21.89

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

ANNEXURE IV TO DIRECTORS REPORT

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors,
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,
4th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF M/S. SRI VISHNU SHANKAR MILL LIMITED**

REPORT ON THE SEPARATE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Separate Ind AS financial statements of Sri Vishnu Shankar Mill Limited ('the Company'), which comprise the balance sheet as at 31st March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Separate Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE SEPARATE 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 and presentation of these Separate Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 Separate Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Separate Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our auditing 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 Separate Ind AS financial statements are free from material misstatement.

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

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Separate Ind AS financial statements give the information required by the Act in the manners required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Separate Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 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"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Separate Ind AS financial statements - Refer Note 37 to the Separate Ind AS financial statements;
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note No. 25 to the separate Ind AS financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv. The Company has provided requisite disclosures in its Separate Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No. 46 to the Separate Ind AS financial statements.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

R. PALANIAPPAN
Proprietor
Membership No. 205112

RAJAPALAIYAM,
25th May, 2017.

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT - 31ST MARCH, 2017

(Referred to Paragraph 1 under the heading of - "Report on other Legal and Regulatory Requirements" of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories, except goods in transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventories lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and book records were not material.
- (iii) The Company has not granted loans to body corporate covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly paragraph (iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the act and Companies (Acceptance of Deposits) Rules, 2014 from the public during the year.
- (vi) The Central Government under Section 148(1) of the Act has specified maintenance of cost records for the company and such accounts and records have been made and maintained by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is regular in depositing statutory dues including provident fund, employees' state insurance, income-tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and any other material statutory dues with the appropriate authorities.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following dues of value added tax has not been deposited by the Company on account of disputes:

Name of the Statute	Amount (Rs. in lakhs)	Forum where dispute is pending
VAT	33.31	JC (CT), Tirunelveli

- (viii) The Company has not defaulted in repayment of loans or borrowing to financial institutions or bank. The Company did not have any loans or borrowings from the government or borrowings by way of debentures.
- (ix) The Company has not raised any money by way of initial public offer (including debt instruments). The moneys raised by way of Term Loans were applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act and Rule 7(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Separate Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered in to non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

R. PALANIAPPAN
Proprietor
Membership No. 205112

RAJAPALAIYAM,
25th May, 2017.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

**"ANNEXURE - B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON
THE FINANCIAL STATEMENTS OF SRI VISHNU SHANKAR MILL LIMITED**

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

We have audited the internal financial controls over financial reporting of Sri Vishnu Shankar Mill Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the Separate Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, 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.

RAJAPALAIYAM,
25th May, 2017.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

R. PALANIAPPAN
Proprietor
Membership No. 205112

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
SEPARATE BALANCE SHEET AS AT 31ST MARCH 2017

		Note No.	As at 31-03-2017	As at 31-03-2016		(Rs. in Lakhs) As at 01-04-2015	
I ASSETS							
(1) Non-Current Assets							
(a)	Property, Plant and Equipment	6	12,886.82	13,519.02		14,397.81	
(b)	Capital Work-in-progress		20.19	31.96		-	
(c)	Intangible Assets	6	8.16	15.56		24.80	
(d)	Investment Property	7	202.40	205.37		208.34	
(e)	Investment in Associates	8	835.38	836.58		836.58	
(f)	Financial Assets						
	Other Investment	8	0.55	0.55		-	
	Other Financial Assets	9	502.84	363.31		188.76	
(g)	Other Non-Current Assets	10	4.03	4.03	14,976.38	4.03	15,660.32
(2) Current Assets							
(a)	Inventories	11	6,779.20	5,169.02		4,424.53	
(b)	Financial Assets						
	Trade Receivables	12	2,177.16	1,501.11		2,205.33	
	Cash and Cash Equivalents	13	361.48	96.34		137.45	
	Other Financial Assets	14	12.00	12.00		12.00	
(c)	Loans and Advances	15	1,705.88	1,101.35		378.85	
(d)	Tax Assets						
	Other Current Assets	16	310.04	348.36	8,228.18	703.37	7,861.53
TOTAL ASSETS			25,806.13	23,204.56		23,521.85	
II EQUITY & LIABILITIES							
(1) Equity							
(a)	Equity Share Capital	17	150.00	150.00		150.00	
(b)	Other Equity	18	1,212.16	1,034.79		1,214.97	
Total Equity			1,362.16		1,184.79		1,364.97
(2) Liabilities							
A) Non Current Liabilities							
(a) Financial Liabilities							
	Borrowings	19	8,371.64	9,612.14		6,332.39	
(b)	Provisions	20	142.03	79.86		108.76	
(c)	Deferred Income	21	51.40	54.07		45.20	
(d)	Deferred Tax Liabilities (Net)	22	874.32	744.33	10,490.40	1,019.00	7,505.35
B) Current Liabilities							
(a) Financial Liabilities							
	Borrowings	23	10,447.16	7,664.07		10,586.32	
	Trade Payables	24	179.90	140.24		59.44	
	Other Financial Liabilities	25	3,933.65	3,260.43		3,633.50	
(b)	Provisions	26	201.72	196.90		372.27	
(c)	Liabilities for Current Tax	27	242.15	267.73	11,529.37	-	14,651.53
TOTAL EQUITY AND LIABILITIES			25,806.13	23,204.56		23,521.85	
Significant Accounting Policies		5					
See accompanying notes to the financial statements.							

As per our report annexed
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

Smt. S. SHARADA DEEPA
MANAGING DIRECTOR

R. PALANIAPPAN
Proprietor
Membership No. 205112

S.S. RAMACHANDRA RAJA
DIRECTOR

Rajapalaiyam, 25th May, 2017.

V. GURUSAMY
CHIEF GENERAL MANAGER (FINANCE) CUM SECRETARY

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

STATEMENT OF SEPERATE PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017

		(Rs. in Lakhs)	
		For the year ended	For the year ended
		31-03-2017	31-03-2016
	Note No.		
REVENUE			
I	Revenue from Operations	21,042.82	19,180.89
II	Finance Income	158.26	109.94
III	Other Income	72.42	188.34
IV	Total Revenue (I + II + III)	<u>21,273.50</u>	<u>19,479.17</u>
V EXPENSES			
	Cost of Materials Consumed	11,028.03	9,279.35
	Trade Purchases	627.68	2,029.33
	Changes in Inventories of Finished Goods and Work-in-progress	(205.15)	(1,017.38)
	Employee Benefit Expenses	2,168.52	1,948.76
	Finance Costs	1,809.14	1,917.14
	Depreciation and Amortization Expenses	1,028.27	1,136.71
	Other Expenses	4,329.31	4,623.94
	Total Expenses	<u>20,785.80</u>	<u>19,917.85</u>
VI	Profit / (Loss) Before Tax (IV-V)	<u>487.70</u>	<u>(438.68)</u>
VII	Income Tax Expenses / (Savings)		
	Current Tax	99.50	-
	Income Tax related to earlier years	57.24	-
	Deferred Tax Liability / (Assets)	129.99	(274.67)
		<u>286.73</u>	<u>(274.67)</u>
VIII	Profit / (Loss) After Tax (VI-VII)	<u>200.97</u>	<u>(164.01)</u>
IX	Other Comprehensive Income		
	<i>Item that will not be reclassified subsequently to Profit and Loss:</i>		
	Actuarial Gain / (Loss) on defined benefit obligation (net)	(29.95)	(16.17)
	Unrelaised Gain / (Loss) on Equity Investment (net)	-	-
	Income Tax (Expenses) / Savings	6.35	-
	Other Comprehensive Income / (Loss) for the year, net of tax	<u>(23.60)</u>	<u>(16.17)</u>
X	Total Comprehensive Income / (Loss) for the year, net of tax (VIII + IX)	<u>177.37</u>	<u>(180.18)</u>
XI	Earnings per Equity Share of Rs. 10/- each		
	Basic & Diluted (in Rupees) [Refer to Note No.40]	13.40	(10.93)
	Significant Accounting Policies	5	
	See accompanying notes to the financial statements.		

As per our report annexed
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

Smt. S. SHARADA DEEPA
MANAGING DIRECTOR

R. PALANIAPPAN
Proprietor
Membership No. 205112

S.S. RAMACHANDRA RAJA
DIRECTOR

Rajapalaiyam, 25th May, 2017.

V. GURUSAMY
CHIEF GENERAL MANAGER (FINANCE) CUM SECRETARY

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
SEPARATE CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2017

	Note	31-03-2017	(Rs. in Lakhs) 31-03-2016
A. Cash flow from Operating Activities:			
Profit / (Loss) before Tax		487.70	(438.68)
Adjustments for:			
Depreciation & Amortisation		1,028.27	1,136.71
Interest Paid		1,809.14	1,917.14
Interest Received		(158.26)	(109.94)
Dividend Received		-	(176.40)
Profit on Sale of Assets		(0.91)	2.90
Fair Value movement on forward contracts		110.29	-
Operating Profit before Working capital Changes		3,276.23	2,331.73
Adjustments for:			
Gratuity and Government Grants		(32.62)	(7.30)
Trade Receivables		(676.05)	704.22
Loans and Advances		(744.06)	(536.04)
Inventories		(1,610.18)	(744.49)
Trade Payables & Current liabilities		238.76	98.82
Cash generated from Operations		452.08	1,846.94
Income tax Paid		(137.65)	(6.00)
Net Cash generated from Operating Activities	A	314.43	1,840.94
B. Cash Flow from Investing Activities:			
Purchase of Fixed Assets (Including Capital work-in-progress)		(458.76)	(294.42)
Investments in Shares		-	(0.55)
Proceeds from Sale of Investment - shares in Ramco Windfarms Limited		1.20	-
Proceeds from Sale of Assets		85.74	13.85
Interest Received		158.26	109.94
Dividend Received		-	176.40
Net Cash from / (used) in Investing Activities	B	(213.56)	5.22
C. Cash Flow from Financing Activities:			
Proceeds from Long Term Borrowings		2,632.50	5,963.90
Repayment of Long Term Loan		(3,442.00)	(3,010.15)
Availment / (Repayment) of Short Term Borrowings (Net)		2,783.09	(2,922.25)
Interest Paid		(1,809.14)	(1,917.14)
Net cash used in Financing Activities	C	164.45	(1,885.64)
Net Increase / (Decrease) in Cash and Cash Equivalent	(A+B+C)	265.32	(39.48)
Opening balance of Cash and Cash Equivalents [Refer to Note No. 13]	D	91.80	131.28
Closing balance of Cash and Cash Equivalents [Refer to Note No. 13]	E	357.12	91.80
Net Increase / (Decrease) in Cash and Cash Equivalent	(E-D)	265.32	39.48
Earmarked balances with Banks	F	4.36	4.54
Closing Cash and Bank Balances	(E+F)	361.48	96.34
See accompanying notes to the financial statements.			

As per our report annexed
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

Smt. S. SHARADA DEEPA
MANAGING DIRECTOR

R. PALANIAPPAN
Proprietor
Membership No. 205112

S.S. RAMACHANDRA RAJA
DIRECTOR

Rajapalaiyam, 25th May, 2017.

V. GURUSAMY
CHIEF GENERAL MANAGER (FINANCE) CUM SECRETARY

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

1. Corporate Information

Sri Vishnu Shankar Mill Limited is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of Companies Act. The Registered office of the Company is located at Sri Vishnu Shankar Mill Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu, India.

The Company is principally engaged in manufacture of Yarn. The Company is also engaged in generation of electricity from its windmills for its captive consumption.

The financial statements of the Company for the year ended 31-03-2017 were approved and adopted by Board of Directors of the Company at their meeting held on 25-05-2017.

2. Basis of Preparation of Separate Financial Statements

- (i) The financial statements for the period upto 31-03-2016 were prepared in accordance with Accounting Standards notified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Pursuant to the mandatory requirement for adoption of Ind AS as notified by Ministry of Corporate Affairs (MCA), the Company has prepared its financial statements for the year ended 31-03-2017 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time. The comparative figures in the financial statements with respect to the previous year have been restated in accordance with Ind AS requirements. While preparing these financials statements, the Company has first prepared its opening Balance sheet as at 01-04-2015, the date of transition to Ind AS.
- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.5.
- (iii) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (iv) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.
- (v) The Company has considered its operating cycle as 12 months for the purpose of Current or Non-current classification of assets and liabilities.
- (vi) The financial statements are presented in Indian Rupees rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as Rs.0.00 Lakhs.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

3. First time adoption of Ind AS

The financial statements for the year ended 31-03-2017 are the first financial statements prepared in accordance with Ind AS. The Reconciliation and description of the effect of transition from previous GAAP to Ind AS on Equity, Statement of Profit and Loss are provided in Note No. 45. The Balance sheet as on the date of transition has been prepared in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards (Ind AS). All applicable Ind AS were applied consistently and retrospectively in preparation of the first Ind AS Financial Statements with certain mandatory exceptions and voluntary exemptions for the specific cases as provided under Ind AS 101.

Estimates

The estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error.

The Company has not made any changes to estimates made in accordance with previous GAAP.

- a) The mandatory exceptions for retrospective application as provided under Ind AS 101 that are applicable to the Company are as below:

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Derecognition of previously recognised financial assets / financial liabilities	
An entity shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.	The Company has applied the de-recognition requirements prospectively.
Hedge accounting	
At the date of transition to Ind AS, an entity shall measure all derivatives at fair value and eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.	The Company has measured derivatives at fair value through Profit or loss.
An entity shall not reflect in its opening Ind AS Balance Sheet a hedging relationship that does not qualify for hedge accounting in accordance with Ind AS 109.	The Company does not have any hedging relationship that meets the qualifying criteria for Hedge accounting.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Classification and measurement of financial assets	
Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS.	The Company has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial assets and accordingly has classified and measured financial assets on the date of transition.
Impairment of Financial Assets	
Impairment requirements under Ind AS 109 should be applied retrospectively based on the reasonable and supportable information that is available on transition date without undue cost or effort.	The Company has applied impairment requirements retrospectively.

- b) The voluntary exemptions for retrospective application as provided under Ind AS 101 that are applicable to the Company are as below:

Voluntary Exemption under Ind AS 101	Applicability / Option exercised
Deemed Cost An entity may elect to measure an item of property, plant and equipment, investment property and intangible asset at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of property, plant and equipment, intangibles by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost.	The Company has opted to continue with the carrying amount for all of its property, plant and equipment and intangible assets measured as per Previous GAAP and use that as its deemed cost as at the date of transition.
Investments in Subsidiary and Associates	
An entity is required to account for its investments in subsidiaries, joint ventures and associates either (a) at cost; or (b) in accordance with Ind AS 109. Such cost shall be cost as per Ind AS 27 or deemed cost. The deemed cost of such an investment shall be its fair value on the date of transition to Ind AS or Previous GAAP carrying amount at that date.	The Company has opted to measure its investment in associates as per the previous GAAP carrying amount as at the date of transition to Ind AS.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Designation of previously recognised financial instruments	
An entity may designate an investment in an equity instrument as at fair value through other comprehensive income (FVTOCI) in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.	The Company has designated all equity instruments in companies other than subsidiaries / associates at FVTOCI, based on the assessment made on the date of transition to Ind AS.

4. Basis of Measurement

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note No. 5 - Accounting Policy for Financial Instruments) which are measured at fair value.

5. Significant Accounting Policies

A. Inventories

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at cost including the cost of conversion with systematic allocation of production and administration overheads, or net realisable value whichever is lower.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

B. Cash Flow Statement

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of 3 months or less, highly liquid investments that are readily convertible into cash.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

- (iii) Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of the Company's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

C. Dividend distribution to Equity shareholders

Final dividend distribution to Shareholders is recognised in the period in which the dividends are approved by the Shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend together with applicable taxes is recognised directly in Equity.

D. Income Taxes

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.
- (iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.
- (iv) Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date.
- (v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- (vi) Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.
- (vii) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right for such set off.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

E. Property, plant and equipments (PPE)

- (i) PPEs are stated at cost of acquisition or construction (net of CENVAT / VAT wherever applicable) less accumulated depreciation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.
- (ii) The Company has opted to use previous GAAP carrying amount as Deemed cost as at the date of transition to Ind AS (i.e as on 01-04-2015).
- (iii) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. When each major inspection/overhauling is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/overhauling (as distinct from physical parts) is de-recognised.
- (iv) Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria in accordance with Ind AS 16 are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (v) The present value of the expected cost for the decommissioning of PPE after its use, if materially significant, is included in the cost of the respective asset when the recognition criteria are met.
- (vi) The Company believes that the useful lives of the significant parts of certain class of PPE on best estimate basis upon technical estimate, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	10 to 25 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years

- (vii) PPEs are eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains or losses arising from disposal,

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the Statement of Profit and Loss.

- (viii) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value, except for process control systems whose residual value is considered as Nil.
- (ix) Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded / sold.
- (x) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

F. Capital Work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation, under development including related expenses and attributable interest as at the reporting date.

G. Leases

- (i) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.
- (ii) The lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease. Operating lease receipts and payments are recognised in the Statement of Profit and Loss on straight line basis over the lease terms. The Company do not have any finance leases.

H. Revenue Recognition

- (i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The specific recognition criteria described below must also be met before revenue is recognised.

(ii) Revenue from Operations

a) Sale of products

Revenue is recognised at the fair value of consideration received or receivable upon transfer of significant risks and rewards of ownership of goods which

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

generally coincides with the delivery of goods. It comprises of invoice value of goods, after deducting discounts, volume rebates and applicable taxes on sale.

b) Power generated from Windmills

Power generated from windmills that are covered under wheeling & banking arrangement with TANGEDCO are consumed at Mills. The monetary values of such power generated that are captively consumed are not recognised as revenue.

The value of unadjusted units available if any, at the end of the financial year and sold to the Electricity Board at an agreed rate / Tariff rate are recognised and shown as Income from Wind Mills.

c) Income from Job Work

Income from job work is recognized on the proportion of work executed as per the contract / agreement.

(iii) Other Income

- a) Interest income is recognised using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period where appropriate, to the gross carrying amount of the financial asset.
- b) Dividend income is recognised when the Company's right to receive dividend is established.
- c) Rental income from operating lease on investment properties is recognised on a straight line basis over the term of the relevant lease, unless the escalation is in the nature of compensation for cost inflation.
- d) Value of Carbon credits are recognised when the Company's right to receive the same is established.
- e) Scrap sales is recognised at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods and after deducting applicable taxes on sale.
- f) Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

I. Employee Benefits

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employees' basic salary. The Company has no further obligations.
- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the officer's eligible annual basic salary. Out of the said 15% contribution, a sum upto Rs.1.50 Lakhs per annum is remitted to Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund administered by trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.
- (v) The Company has its own Defined Benefit Plan viz., an approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment, for an amount equivalent to 15 days' basic salary for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to "Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund" administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the Balance Sheet date using Projected Unit Credit method.
- (vi) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method.
- (vii) Re-measurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to 'Other Comprehensive Income' in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

J. Government Grants

- (i) Government grants are recognised at fair value on accrual basis where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets".

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

- (iii) In case of grant relates to an asset, it is recognised as income over the expected useful life of the related asset.
- (iv) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.
- (v) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
- (vi) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note No. 30 "Other Income".

K. Foreign currency transactions

- (i) The financial statements are presented in Indian Rupees, which is also the Company's functional currency.
- (ii) All transactions in foreign currency are recorded on initial recognition at their functional currency exchange rates prevailing on that date.
- (iii) Monetary assets and liabilities in foreign currencies outstanding at the reporting date are translated to the functional currency at the exchange rates prevailing on the reporting date and the resultant gains or losses are recognised during the year in the Statement of Profit and Loss.
- (iv) Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rates at the date of transaction.

L. Borrowing Costs

- (i) Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings cost are expensed in the period in which they occur.

M. Earnings per Share

- (i) Earnings per share is calculated by dividing the Net profit after tax by the weighted average number of equity shares outstanding during the year.
- (ii) Where an item of income or expense which is otherwise required to be recognised in the Statement of Profit and Loss is debited or credited to Equity, the amount in respect thereof is suitably adjusted in Net profit for the purpose of computing Earnings per share.
- (iii) The Company do not have any potential equity shares.

N. Impairment of Non-Financial Assets

- (i) The carrying values of non-financial assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors.
- (ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation / amortisation for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

O. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.
- (ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

- (iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are neither recognised nor disclosed.
- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

P. Intangible Assets

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as given below:

Nature of Intangible Assets	Estimated useful life
Computer Software	6 years
Power Transmission System	5 years

- (iii) The intangible assets that are under development phase are carried at cost including related expenses and attributable interest, and are recognised as Intangible assets under development.
- (iv) The residual values, useful lives and methods of depreciation of intangible asset are reviewed at each reporting date and adjusted prospectively, if appropriate.

Q. Investment Properties

- (i) An investment in land or buildings both furnished and unfurnished, which are held for earning rentals or capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, are classified as investment properties.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and impairment loss, if any except freehold land which is carried at cost.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

- (iii) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant components as detailed below:

Asset type	Useful life
Buildings under Investment properties	60 years

- (iv) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such investment properties, are recognised in the Statement of Profit and Loss.
- (v) The residual values, useful lives and methods of depreciation of investment properties are reviewed at each reporting date and adjusted prospectively, if appropriate.

R. Operating Segments

The Company has only two operating / reportable segments viz. Textiles and Power generation from Windmills.

The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard.

Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general other income and expenses which are not allocated to any business segment.

S. Financial Instruments

- (i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (ii) Financial assets and liabilities are offset and the net amount is presented in the Balance sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- (iii) The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at Fair value through Other Comprehensive Income (FVTOCI) and financial assets / liabilities that are specifically designated as Fair value through Profit or Loss (FVTPL). However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company

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reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Company does not restate any previously recognised gains, losses including impairment gains or losses or interest.

T. Financial Assets

- (i) Financial assets comprise of investments in equity, trade receivables, cash and cash equivalents and other financial assets.
- (ii) Depending on the business model (i.e) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:
 - a) Amortised cost; or
 - b) Fair value through Other Comprehensive Income (FVTOCI); or
 - c) Fair value through Profit or Loss (FVTPL)

Amortised cost represents carrying amount on initial recognition at fair value plus or minus transaction cost.

- (iii) The Company has evaluated the facts and circumstances on date of transition to Ind AS for the purpose of classification and measurement of financial assets. Accordingly, financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Business Model
Amortised cost	The objective of the Company is to hold and collect the contractual cash flows till maturity. In other words, the Company do not intend to sell the instrument before its contractual maturity to realise its fair value changes.
FVTOCI	The objective of the Company is to collect its contractual cash flows and selling financial assets.

- (iv) Investment in equity of associates are carried at cost (i.e) previous GAAP carrying amount as the date of transition to Ind AS. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
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equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

Classification	Name of Financial Assets
Amortised cost	Trade receivables, Loans and advances to employees and related parties, deposits, IPA receivable, interest receivable, unbilled revenue and other advances recoverable in cash or kind.
FVTOCI	Equity investments in companies other than Associates as an option exercised at the time of initial recognition.
FVTPL	Forward exchange contracts.

- (v) Financial assets are derecognised (i.e) removed from the financial statements, when its contractual rights to the cash flows expire or upon transfer of the said assets. The Company also derecognises when it has an obligation to adjust the cash flows arising from the financial asset with third party and either upon transfer of:
- a. significant risk and rewards of the financial asset, or
 - b. control of the financial asset

However, the Company continue to recognise the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset. The Company has applied the de-recognition requirements prospectively.

- (vi) Upon derecognition of its financial asset or part thereof, the difference between the carrying amount measured at the date of recognition and the consideration received including any new asset obtained less any new liability assumed shall be recognised in the Statement of Profit and Loss.
- (vii) For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

Name of Financial Asset	Impairment Testing Methodology
Trade receivables	Expected Credit Loss (ECL) model is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates

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Name of Financial Asset	Impairment Testing Methodology
	reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other Financial Assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

U. Financial Liabilities

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Derivative financial instruments and other financial liabilities.
- (ii) The Company measures its financial liabilities as below:

Measurement basis	Name of Financial liabilities
Amortised Cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.
FVTPL	Foreign Exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109.

- (iii) Financial liabilities are derecognised when and only when it is extinguished (i.e) when the obligation specified in the contract is discharged or cancelled or expired.
- (iv) Upon de-recognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in the Statement of Profit and Loss.

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V. Fair value measurement

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- (ii) The fair value of an asset or a liability is measured / disclosed using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.
- (iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

- (iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period (i.e) based on the lowest level input that is significant to the fair value measurement as a whole.
- (v) For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.
- (vi) The basis for fair value determination for measurement and / or disclosure purposes is detailed below:

a) Investments in Equity

The fair value is determined by reference to their quoted prices at the reporting date. In the absence of the quoted price, the fair value of the equity is measured using generally accepted valuation techniques.

b) Forward Exchange Contracts

The fair value of forward exchange contracts is based on the quoted price if available; otherwise it is estimated by discounting the difference between contractual forward price and current forward price for the residual maturity of the contract using government bond rates.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
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c) Non-derivative financial liabilities

The fair value of non-derivative financial liabilities viz, borrowings are determined for disclosure purposes calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

W. Significant Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

Accordingly, the management has applied the following estimates / assumptions / judgements in preparation and presentation of financial statements:

(i) Property, Plant and Equipment, Intangible Assets and Investment Properties

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

(ii) Current Taxes

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

(iii) Deferred Tax Asset (Including MAT Credit Entitlement)

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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(iv) Contingent Liabilities

Management judgement is exercised for estimating the possible outflow of resources, if any, in respect of contingencies / claims / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(v) Impairment of Trade receivables

The impairment for financial assets are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

(vi) Impairment of Non-financial assets (PPE/Intangible Assets / Investment Properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

(vii) Defined Benefit Plans and Other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rate are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions.

(viii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

(ix) Interests in other entities

Significant management judgement is exercised in determining the interests in other entities. The management believes that wherever there is significant influence over certain companies belong to its group, such companies are treated as Associate companies even though it holds less than 20% of the voting rights.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

NOTE NO. 6

PROPERTY, PLANT AND EQUIPMENT

Particulars	Year	Gross Block				Depreciation				Net Block		
		As at the beginning of the year	Additions	Deductions	As at the end of the year	As at the beginning of the year	For the year (Note No. 35)	Deductions	As at the end of the year	As at the end of the year	As at the beginning of the year	
Tangible Assets												
Land	2016-17	311.61	-	-	311.61	-	-	-	-	-	311.61	311.61
	2015-16	311.61	-	-	311.61	-	-	-	-	-	311.61	311.61
Buildings	2016-17	2,671.99	-	-	2,671.99	887.81	79.77	-	967.58	-	1,704.41	1,784.18
	2015-16	2,671.99	-	-	2,671.99	802.22	85.59	-	887.81	-	1,784.18	1,869.77
Plant and machinery	2016-17	23,182.94	432.91	153.66	23,462.19	12,309.59	815.46	101.85	13,023.20	-	10,438.99	10,873.36
	2015-16	22,978.99	238.67	34.72	23,182.94	11,445.34	884.99	20.74	12,309.59	-	10,873.35	11,533.65
Electrical machinery	2016-17	1,201.42	2.23	-	1,203.65	778.32	95.36	-	873.68	-	329.97	423.10
	2015-16	1,201.42	-	-	1,201.42	655.60	122.72	-	778.32	-	423.10	545.82
Furniture & Office Equipments	2016-17	146.27	0.86	-	147.13	118.24	5.99	-	124.23	-	22.90	28.02
	2015-16	142.17	4.10	-	146.27	108.80	9.44	-	118.24	-	28.03	33.37
Vehicles	2016-17	170.83	34.53	38.00	167.36	72.08	21.32	4.98	88.42	-	78.94	98.75
	2015-16	182.64	19.69	31.50	170.83	79.05	21.76	28.73	72.08	-	98.75	103.59
Total - Tangible Assets	2016-17	27,685.06	470.53	191.66	27,963.93	14,166.04	1,017.90	106.83	15,077.11	-	12,886.82	13,519.02
	2015-16	27,488.82	262.46	66.22	27,685.06	13,091.01	1,124.50	49.47	14,166.04	-	13,519.02	14,397.81
Intangible Assets												
Computer Software	2016-17	41.82	-	-	41.82	39.84	-	-	39.84	-	1.98	1.98
	2015-16	41.82	-	-	41.82	38.02	1.82	-	39.84	-	1.98	3.80
Power Transmission System	2016-17	25.17	-	-	25.17	11.59	7.40	-	18.99	-	6.18	13.58
	2015-16	25.17	-	-	25.17	4.17	7.42	-	11.59	-	13.58	21.00
Total - Intangible Assets	2016-17	66.99	-	-	66.99	51.43	7.40	-	58.83	-	8.16	15.56
	2015-16	66.99	-	-	66.99	42.19	9.24	-	51.43	-	15.56	24.80

(a) The Company has opted to use previous GAAP carrying amount as deemed cost as at the date of transition to Ind AS (i.e. As on 1-4-2015). However, as per the FAQ issued by Accounting Standard Board of ICAI, the above information regarding gross block of assets, accumulated depreciation under Previous GAAP is an additional disclosure and the same is not considered for subsequent recognition and/or measurement purposes.

(b) No Borrowings cost have been capitalised for both current and previous year.

(c) All the fixed assets have been pledged by way of pari-passu first charge as security for long-term borrowings and second charge for short-term borrowings Note No. 19 & 23.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 7			
INVESTMENT PROPERTY			
Land			
As at the beginning of the year	124.26	124.26	124.26
Less: Sale of Land	—	—	—
As at the end of the year	124.26	124.26	124.26
Building			
As at the beginning of the year	95.33	95.33	95.33
Add: Addition / Sale	—	—	—
As at the end of the year	95.33	95.33	95.33
Less:			
Accumulated depreciation as at the beginning of the year	14.22	11.25	8.28
Depreciation for the year	2.97	2.97	2.97
Accumulated depreciation as at the end of the year	17.19	14.22	11.25
Net Block	78.14	81.11	84.08
Total Investment Property	202.40	205.37	208.34
For investment property existing as on 1 st April 2015, i.e. the date of transition to Ind AS, the Company has used Indian GAAP carrying amount as deemed cost.			
Information regarding income and expenditure of Investment property			
Rental Income from Investment Properties	3.82	3.76	3.76
Direct Operating Expenses	0.85	0.73	0.73
Profit arising from Investment Properties before Depreciation and indirect expenses	2.97	3.03	3.03
Less: Depreciation	2.97	2.97	2.97
Profit arising from Investment Properties before indirect expenses	—	0.06	0.06
	—	0.06	0.06

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2017 As at
31-03-2016 As at
01-04-2015

NOTE NO. 8

A) INVESTMENT IN ASSOCIATES

Name of the Company	No. of Shares	Total face Value	Cost	Cost	Cost
I. Investment in Equity Instruments					
1) Quoted					
The Ramco Cements Limited	38,83,200	38.83	24.07	24.07	24.07
Rajapalayam Mills Limited	29,740	2.97	8.76	8.76	8.76
Sub-Total (A)			32.83	32.83	32.83
2) Unquoted					
The Ramaraju Surgical Cotton Mills Limited	1,100	0.11	0.36	0.36	0.36
Ramco Windfarms Limited	455,000	4.55	4.55	5.75	5.75
Ontime Industrial Services Limited	26,350	2.64	2.64	2.64	2.64
JKR Enterprise Limited	100	-	-	-	-
Sub-Total (B)			7.55	8.75	8.75
Total C = (A+B)			40.38	41.58	41.58
Quoted Investments - Cost			32.83	32.83	32.83
Market Value			26,372.60	15,629.55	11,937.47

II. Investment in Preference Shares, Non-Trade - Unquoted

1) Unquoted

JKR Enterprise Limited - 9% Cumulative

Redeemable Preference Shares	D	7,95,00,000	7,950	795.00	795.00	795.00
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Grand Total (C + D)			835.38	836.58	836.58
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B) OTHER INVESTMENT

I. Investment in Equity Instruments - Unquoted

ARS Energy Private Limited	200	0.55	0.55	0.55	-
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NOTES:

The Company has opted to use previous GAAP carrying amount as 'Deemed Cost', for Investments in Associates.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 9			
OTHER FINANCIAL ASSETS - (NON CURRENT)			
Unsecured, considered good			
Security Deposits with Electricity Board / Others	<u>502.84</u>	<u>363.31</u>	<u>188.76</u>
NOTE NO. 10			
OTHER NON CURRENT-ASSETS			
Unsecured, considered good			
Other Non-Current Assets	<u>4.03</u>	<u>4.03</u>	<u>4.03</u>
NOTE NO. 11			
INVENTORIES			
(Valued at lower of cost or Net realisable value)			
Finished Goods	1,319.51	1,427.44	822.61
Rawmaterials - Cotton & Cotton Waste	4,335.70	2,931.83	3,203.89
Stores and Spares	89.10	87.94	88.77
Works-in-progress (Cotton Yarn)	<u>1,034.89</u>	<u>721.81</u>	<u>309.26</u>
	<u>6,779.20</u>	<u>5,169.02</u>	<u>4,424.53</u>
Note:			
The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.			
NOTE NO. 12			
TRADE RECEIVABLES			
Secured, considered good			
Trade Receivables more than Six months	57.65	57.65	57.65
Other Trade Receivables	<u>2,119.51</u>	<u>1,443.46</u>	<u>2,147.68</u>
	<u>2,177.16</u>	<u>1,501.11</u>	<u>2,205.33</u>
(a) Trade receivables are non-interest bearing and are generally on terms of 30 to 35 days.			
(b) No trade receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.			
(c) The total carrying amount of trade receivables has been pledged as security for Borrowings.			
NOTE NO. 13			
CASH AND CASH EQUIVALENTS			
Cash on Hand	2.17	2.93	2.71
Balance with Bank			
In Current Account	94.96	15.77	28.34
In Deposit Account for Margin Money	254.36	64.51	37.76
In Unclaimed Dividend Warrant Account	4.36	4.54	6.17
Cheque on Hand	<u>5.63</u>	<u>8.59</u>	<u>62.47</u>
	<u>361.48</u>	<u>96.34</u>	<u>137.45</u>

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NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 14			
OTHER FINANCIAL ASSETS (CURRENT)			
Security Deposit	<u>12.00</u>	<u>12.00</u>	<u>12.00</u>
NOTE NO. 15			
LOANS AND ADVANCES (CURRENT ASSETS)			
Unsecured, considered good			
Advance to Suppliers / Others	917.33	183.05	378.85
Accrued Income	628.78	758.90	-
Prepaid Expenses	117.04	92.73	-
Other Current Assets	42.73	66.67	-
	<u>1,705.88</u>	<u>1,101.35</u>	<u>378.85</u>
NOTE NO. 16			
TAX ASSETS			
Other Current Assets	<u>310.04</u>	<u>348.36</u>	<u>703.37</u>
NOTE NO. 17			
EQUITY SHARE CAPITAL			
Authorised			
30,00,000 Equity Shares of Rs.10/- each (PY : 30,00,000 Equity shares of Rs.10/-each)	300.00	300.00	300.00
Issued, Subscribed and Fully paid-up			
15,00,000 Equity Shares of Rs.10/- each (PY : 15,00,000 Equity shares of Rs.10/-each)	150.00	150.00	150.00
	<u>150.00</u>	<u>150.00</u>	<u>150.00</u>

- a) (5,00,000 Equity Shares of Rs. 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves).
- b) Reconciliation of the number of shares outstanding:

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	1,500,000	150.00	1,500,000	150.00	1,500,000	150.00
Number of Shares at the end	1,500,000	150.00	1,500,000	150.00	1,500,000	150.00

c. Rights / Restrictions attached to Equity Shares

The Company has one class of equity shares having a face value of Rs. 10/- each. Each Shareholder is eligible for one vote per share held. The Company declares and pays dividend in Indian Rupees. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at 31-03-2017 As at 31-03-2016 As at 01-04-2015

d) List of Shareholders holding more than 5 percent in the Company.

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Shri P.R. Ramasubrahmaneya Rajha	212,280	14.15%	212,280	14.15%	212,280	14.15%
Smt. R. Sudarsanam	81,000	5.40%	81,000	5.40%	81,000	5.40%
Smt. S. Sharada Deepa	468,000	31.20%	468,000	31.20%	460,180	30.68%

NOTE NO. 18

OTHER EQUITY

Capital Reserve	23.77	23.77	23.77
Securities Premium Reserve	25.00	25.00	25.00
General Reserve	1,477.72	1,477.72	1,477.72

RETAINED EARNINGS

Opening Balance	(491.70)	(311.52)	194.45
Add: Profit / (Loss) for the Year	177.37	(180.18)	(505.97)
	<u>(314.33)</u>	<u>(491.70)</u>	<u>(311.52)</u>
	<u>1,212.16</u>	<u>1,034.79</u>	<u>1,214.97</u>

Capital Reserve

Represents the difference between the shares allotted to the Share Holders of Transferor Company and Net Worth acquired from Transferor Company as per scheme of Amalgamation.

Securities Premium Reserve

Represents excess of share subscription money reserved over par value of shares.

General reserve

The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

Retained earnings

Represents that portion of the net income of the Company that has been retained by the Company.

NOTE NO. 19

NON CURRENT BORROWINGS

Secured

Term Loan from Banks	7,371.64	9,612.14	6,332.39
Working Capital Term Loan from Banks / Financial Institutions	1,000.00	—	—
	<u>8,371.64</u>	<u>9,612.14</u>	<u>6,332.39</u>

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
a) Term Loan from Banks are secured by pari-passu first charge on the Fixed Assets of the Company and <i>pari-passu</i> second charge on the Current Assets of the Company.			
b) The Long Term Borrowings from Banks are repayable in quarterly installments. The year wise repayment are as follows:			
Year	Amount	Amount	Amount
2016-17	-	-	2,669.00
2017-18	-	3,442.00	1,605.00
2018-19	3,463.00	3,130.00	1,291.00
2019-20	3,246.00	2,379.00	767.39
2020-21	1,171.00	661.14	-
2021-22	491.64	-	-
	8,371.64	9,612.14	6,332.39
NOTE NO. 20			
PROVISION (NON - CURRENT)			
Provision for Employee Benefits [Refer to Note No. 39]	142.03	79.86	108.76
NOTE NO. 21			
DEFERRED INCOME			
Government Grants	51.40	54.07	45.20
NOTE NO. 22			
DEFERRED TAX LIABILITY (NET)			
Deferred Tax Liability			
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	2,720.71	2,826.93	2,949.74
Deferred Tax Asset			
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,769.62)	(2,052.08)	(1,930.74)
Tax effect on Provision for Bonus and Leave Encashment	(76.77)	(30.52)	-
Net Deferred Tax Liability	874.32	744.33	1,019.00

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 23			
CURRENT BORROWINGS			
Secured			
Loan Repayable on Demand from Banks *	9,578.60	6,759.52	9,466.94
Unsecured			
Loan Repayable on Demand from Banks	570.09	748.59	1,101.81
Loan from other parties	153.12	2.25	2.25
Loan from Related Parties [Refer to Note No.41 (VII)]	145.35	153.71	15.32
	10,447.16	7,664.07	10,586.32
* Loan Repayable on Demand from Banks are secured by <i>pari-passu</i> first charge on the current assets of the Company and <i>pari-passu</i> second charge on the fixed assets of the Company.			
NOTE NO. 24			
TRADE PAYABLES			
Trade Payables	179.90	140.24	59.44
Terms and conditions of the above Financial Liabilities:			
Trade payables are non-interest bearing and are normally settled on 10 to 30 days.			
There are no dues to micro and small enterprises as at 31-03-2017 (PY: Rs. NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.			
NOTE NO. 25			
OTHER CURRENT FINANCIAL LIABILITIES			
Current Maturities of Long Term Loans	3,442.00	3,011.00	3,337.00
Interest Accrued but not Due on Borrowings	29.48	6.07	2.71
Unpaid Dividends	4.36	4.54	6.17
Liabilities for Other Finance	457.81	238.82	287.62
	3,933.65	3,260.43	3,633.50
NOTE NO. 26			
PROVISIONS, CURRENT			
Provision for Employee Benefits	201.72	196.90	372.27
NOTE NO. 27			
LIABILITIES FOR CURRENT TAX			
Tax Liabilities - Other Current Liabilities	242.15	267.73	-

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2017	As at 31-03-2016
NOTE NO. 28		
REVENUE FROM OPERATION		
Sale of Products		
Yarn	20,479.39	18,388.17
Fabrics	–	135.33
Waste Cotton	332.65	455.19
	<u>20,812.04</u>	<u>18,978.69</u>
Other operating Revenues		
Export Incentive	132.29	87.63
Job Work Charges Received	98.49	114.57
	<u>21,042.82</u>	<u>19,180.89</u>
NOTE NO. 29		
FINANCE INCOME		
Interest Receipts	<u>158.26</u>	<u>109.94</u>
NOTE NO. 30		
OTHER INCOME		
Rent Received	3.94	3.88
Dividend Income	–	176.40
Carbon Credit Sale	–	0.50
Government Grants	9.96	2.45
Miscellaneous Income	4.00	1.55
Profit on Sale of Assets	0.91	–
Profit on Sale of Cotton	53.61	3.56
	<u>72.42</u>	<u>188.34</u>
NOTE NO. 31		
COST OF MATERIALS CONSUMED		
Rawmaterials Consumed		
Cotton & Cotton Waste	<u>11,028.03</u>	<u>9,279.35</u>

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2017	As at 31-03-2016
NOTE NO. 32		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening stock		
Finished Goods	1,427.44	822.61
Work-in-Progress	<u>721.81</u>	<u>309.26</u>
	2,149.25	1,131.87
Closing Stock		
Finished Goods	1,319.51	1,427.44
Work-in-Progress	<u>1,034.89</u>	<u>721.81</u>
	2,354.40	2,149.25
Net (Increase) / Decrease in Stock	<u>(205.15)</u>	<u>(1,017.38)</u>
NOTE NO. 33		
EMPLOYEE BENEFITS		
Salaries , Wages and Bonus	1,785.00	1,649.14
Contribution to Provident and Other Funds	294.18	207.92
Staff and Labour Welfare Expenses	<u>89.34</u>	<u>91.70</u>
	<u>2,168.52</u>	<u>1,948.76</u>
NOTE NO. 34		
FINANCE COSTS		
Interest on Debts and Borrowings	<u>1,809.14</u>	<u>1,917.14</u>
NOTE NO. 35		
DEPRECIATION		
Depreciation of Plant, Property and Equipment	1,017.90	1,124.50
Amortization of intangible assets	7.40	9.24
Depreciation on Investment Properties	<u>2.97</u>	<u>2.97</u>
	<u>1,028.27</u>	<u>1,136.71</u>

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	As at 31-03-2017	As at 31-03-2016
NOTE NO. 36		
OTHER EXPENSES		
Manufacturing Expenses		
Power and Fuel	1,747.24	2,421.38
Packing Materials	282.23	319.07
Repairs to Buildings	44.32	38.06
Repairs to Plant and Machinery	555.18	449.20
Repairs - General	355.56	357.06
Jobwork Charges Paid	175.26	143.14
	3,159.79	3,727.91
Establishment Expenses		
Managing Director's Remuneration	203.10	202.60
Rates and Taxes	50.02	56.67
Insurance	43.44	41.98
Postage and Telephone	12.13	13.89
Printing and Stationery	6.11	6.13
Travelling Expenses	37.09	31.13
Vehicle Maintenance	51.20	42.50
Exchange Loss on Foreign Currency Transactions	93.11	2.21
Loss on Sale of Assets	-	2.90
Directors Sitting Fees	8.55	8.10
Rent Paid	0.84	1.74
Audit and Legal Expenses	17.05	18.97
Corporate Social Responsibility Expenses	3.02	1.12
Miscellaneous Expenses	150.04	74.43
	675.70	504.37
Selling Expenses		
Sales Commission	279.34	236.02
Export Expenses	101.81	64.53
Other Selling Expenses	112.67	91.11
	493.82	391.66
	4,329.31	4,623.94

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 37			
CONTINGENT LIABILITIES			
Guarantees given by the bankers on behalf of company	31.00	–	26.71
Deputed VAT Liability	33.31	–	33.31
i. Income Tax Assessment have been completed upto the Accounting Year ended 31 st March, 2014 i.e. AY 2014-15. The company has prepared appeals before appellate authorities in respect of Section 14A disallowance of Rs. 36.38 Lakhs.			
ii. Sales Tax Assessment has been completed upto the Accounting year 2009-10. The Assessment was also completed for the Accounting year 2012-13, 2013-14 and 2014-15.			
iii. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of Rs. 340.42 Lakhs (PY: Rs. 340.42 Lakhs). In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on this matter.			
iv. Income tax department has filed an appeal before the Honorable Supreme Court/ High Court against the order of the high Court/ITAT in the matter of Replacement Expenditure allowed in favour of the Company in previous years. The Honble Supreme Court had remanded the matter back to the Commissioner of Income Tax / Assessing Authorities to consider the matter afresh. On these issues we opted for the Tax Dispute Resolution Scheme, 2016 for the Assessment Year 1991-92 and paid tax arrears of Rs. 57.24 Lakhs with Interest of Rs. 9.69 Lakhs relating to the Assessment Year 1991-92.			

NOTE NO. 38

As per Ind AS 19, the disclosures pertaining to "Employee Benefits" are given below:

	(Rs. in lakhs)	
	2016-17	2015-16
Defined Contribution Plan:		
Employer's Contribution to Provident Fund	165.89	156.82
Employer's Contribution to Superannuation Fund	8.25	7.31

Details of the post retirement gratuity plan (Funded) are as follows:

Movements in the present value of define benefit obligation:

Opening defined Benefit Obligation	375.53	334.36
Current Service Cost	26.82	24.41
Interest Cost	28.47	25.12
Actuarial (gain) / loss	29.95	16.17
Benefits paid	(-) 39.29	(-) 24.53
Closing Defined Benefit obligation	421.48	375.53

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in lakhs)	
	2016-17	2015-16
Movement in the present value of plan assets:		
Opening fair value of plan assets	389.21	342.49
Expected return on plan assets	34.54	26.95
Actuarial gain / (loss)	(-)1.35	0.61
Employer Contribution	124.39	30.82
Benefits paid	(-) 39.29	(-) 24.53
Closing fair value of plan assets	507.51	376.35
The amount included in the Statement of Financial position arising from the entity's obligation in respect of its define benefit plans:		
Fair value of plan assets	507.51	376.35
Present value of obligation	421.48	375.53
Present value of Funded defined obligation	86.03	0.81
Cost of define benefit plan:		
Current Service Cost	26.82	24.41
Interest Cost	(-)5.04	(-)1.83
Net Cost Recognized in the Income Statement	21.78	22.58
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	(-) 0.32	0.61
Actuarial (gain) / loss	30.26	15.56
Net Cost recognized in the Other Comprehensive Income	29.94	16.17
Major Categories of Plan Assets:		
GOI Securities	-	-
Funds with LIC	507.51	376.35
Others	-	-
Total	507.51	376.35
Actuarial assumptions:		
Discount rate p.a	7.30%	8.00%
Rate of escalation in salary p.a	3.00%	3.00%

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

(Rs. in lakhs)

Estimate of Expected Benefit payments

Particulars	2016-17	2015-16
Year 1	16.95	18.48
Year 2	21.62	24.36
Year 3	28.50	16.73
Year 4	26.09	29.91
Year 5	30.67	22.82
Next 5 Years	305.24	283.37

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Discount Rate	29.02	25.37
0.50% Decrease in Discount Rate	32.40	28.39
0.50% Increase in Salary Growth Rate	32.49	28.48
0.50% Increase in Salary Growth Rate	28.93	25.28

Details of Leave encashment plan (Unfunded) are as follows:

Movement in the present value of define benefit Obligation:

Opening defined Benefit Obligation	79.86	108.76
Current Service Cost	9.91	9.15
Interest Cost	5.83	8.16
Actuarial (gain) / loss	60.37	(-)38.01
Benefits paid	(-) 13.95	(-) 8.20
Closing defined Benefit obligation	142.02	79.86

Movement in the present value of plan assets:

Opening fair value of plan assets	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	13.94	8.20
Benefits paid	(-) 13.94	(-) 8.20
Closing fair value of plan assets	NIL	NIL
Actual Return of plan assets:		
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2016-17	2015-16
The amount included in the Statement of Financial position arising from the entity's obligation in respect of its define benefit plans:		
Fair value of plan assets	NIL	NIL
Present value of obligation	142.02	79.86
Present value of Funded define obligation	142.02	79.86
Cost of define benefit Plan:		
Current Service Cost	9.91	9.15
Interest Cost	5.83	8.16
Actuarial (gain) / loss	60.38	(-) 38.01
Net Cost recognized in the Income Statement	76.12	(-) 20.70
Major Categories of Plant Assets:		
GOI Securities	NIL	NIL
Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
Total	NIL	NIL
Actuarial assumptions:		
Discount rate p.a	7.30%	8.00%
Rate of escalation in salary p.a	3.00%	3.00%
Estimate of Expected Benefit payments		
Year 1	5.61	5.95
Year 2	6.58	9.66
Year 3	12.68	2.02
Year 4	14.29	10.87
Year 5	5.16	11.90
Next 5 Years	111.61	24.57
Quantitative Sensitivity Analysis for Significant Assumptions		
0.50% Increase in Salary Growth Rate	10.10	7.48
0.50% Increase in Salary Growth Rate	11.28	8.39
0.50% Increase in Salary Growth Rate	11.30	8.42
0.50% Increase in Salary Growth Rate	10.07	7.45

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognized within the Balance Sheet.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

(Rs. in Lakhs)

NOTE NO. 40

EARNINGS PER SHARE

Particulars	31-03-2017	31-03-2016
Net profit after tax (Rs. in Lakhs) (A)	200.97	(164.01)
Weighted average number of Equity shares [In Lakhs] (B)	15.00	15.00
Nominal value per equity share (in Rs)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) in Rs.	13.40	(10.93)

NOTE NO. 41

RELATED PARTY TRANSACTIONS

Information on names of related parties and nature of Relationship as required by Ind AS 24 on related party disclosures for the year ended 31st March 2017:

a. Associates Company

Name of the Company	Country of Incorporation	% of Shareholding as at		
		31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	India	1.63%	1.63%	1.63%
Rajapalayam Mills Limited	India	0.40%	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	India	0.06%	0.06%	0.06%
Ramco Wind Farms Limited	India	4.55%	5.75%	5.75%
Ontime Industrial Services Limited	India	9.36%	9.36%	9.36%

b. Key Managerial Personnel (including KMP under Companies Act, 2013)

Name of the Key Management Personnel	Designation
Shri P.R. Ramasubrahmaneya Rajha	Chairman
Shri P.R. Venketrama Raja	Non-Executive Director
Smt. S. Sharada Deepa	Managing Director
Shri S.S. Ramachandra Raja	Non-Executive Director
Smt. R. Chittammal	Non-Executive Director
Shri N.K. Shrikantan Raja	Independent Director
Shri S.R. Srirama Raja	Non-Executive Director
Shri P.A.S. Alaghar Raja	Independent Director
Shri Arunkumar Goenka	Non-Executive Director
Shri S. Kanthimathinathan	Non-Executive Director
Shri V. Gurusamy	Chief General Manager (Finance) cum Secretary

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

c. Relatives of Key Managerial Personnel

Name of the Relative of KMP	Relationship
Smt. Nalina Ramalakshmi	Daughter of Shri. P.R. Ramasubrahmaneya Rajha

d. Companies over which KMP / Relatives of KMP exercise significant influence

Thanjavur Spinning Mill Limited Sandhya Spinning Mill Limited Sri Harini Textiles Limited Rajapalayam Textile Limited	Sri Harini Media Limited
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e. Employee Benefit Funds where control exists

Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund

f. Other entities over which there is a significant influence

PACR Sethurammal Charity Trust

Disclosure in respect of Related Party Transactions (excluding Reimbursements) during the year and outstanding balances including commitments as at the reporting date:

a. Transactions during the year at Arm's length basis or its equivalent

Name of the Related party	(Rs. in Lakhs)	
	2016-17	2015-16
i. Good Supplied / Services rendered		
Associates		
Rajapalayam Mills Limited	602.52	192.93
The Ramaraju Surgical Cotton Mills Limited	818.76	593.67
Companies over which KMP / Relative of KMP exercise significant Influence		
Ramco Industries Limited	340.18	237.36
Sandhya Spinning Mill Limited	282.20	221.03
Thanjavur Spinning Mill Limited	141.77	196.96
Rajapalayam Textile Limited	30.51	103.26
Sri Harini Textiles Limited	23.18	30.71

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

		(Rs. in Lakhs)	
Name of the Related party		Value	
		2016-17	2015-16
i.	Cost of Goods & Services purchased / availed		
	Associates		
	The Ramco Cements Limited	36.09	99.31
	The Ramaraju Surgical Cotton Mills Limited	400.30	512.38
	Rajapalayam Mills Limited	1583.28	638.04
	Ramco Wind Farms limited	270.27	171.78
	Companies / Other entities over KMP / Relative of KMP exercise significant influence		
	Ramco Industries Limited	255.86	424.78
	Ramco Systems Limited	11.37	9.45
	Sandya Spinning Mill Limited	120.99	836.02
	Thanjavur Spinning Mill Limited	14.80	170.82
	Rajapalayam Textile limited	8.15	Nil
	Sri Harini Media Limited	0.70	0.35
ii.	Other entities over which there is significant influence		
	PACR Sethurammam Charity Trust	14.70	13.71
iii.	Purchase of Fixed Assets		
	Thanjavur Spinning Mill Limited	Nil	82.12
iv.	Sale of Fixed Assets		
	Associates		
	Rajapalayam Mills Limited	3.15	Nil
v.	Sale of Investments		
	Companies / Other entities over KMP / Relative of KMP exercise significant influence		
	Thanjavur Spinning Mill Limited	1.20	Nil
vi.	Dividend Received		
	Associates		
	The Ramco Cements Limited	Nil	174.74
	Rajapalayam Mills Limited	Nil	1.64
	The Ramaraju Surgical Cotton Mills Limited	Nil	0.02
vii.	Interest Paid		
	Key Managerial Personnel		
	Smt. S. Sharada Deepa	6.33	4.39
	Shri S.S. Ramachandra Raja	1.90	1.50
	Smt. R.Chittammal	10.35	1.21

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

		(Rs. in Lakhs)	
Name of the Related party		Value	
		2016-17	2015-16
viii. Sitting Fees			
Key Managerial Personnel			
Shri P.R. Ramasubrahmaneya Rajha		0.60	0.60
Shri P.R. Venketrama Raja		0.30	0.60
Smt. S. Sharada Deepa		0.45	0.60
Shri S.S. Ramachandra Raja		1.05	1.20
Smt. R. Chittammal		1.05	1.20
Shri S.R. Srirama Raja		0.45	0.45
Shri N.K. Shrikantan Raja		1.95	1.95
Shri S. Kanthimathinathan		1.05	1.35
Shri Arunkumar Goenka		0.15	0.15
Shri P.A.S. Alaghar Raja		1.50	Nil
ix. Remuneration to Key Management Personnel (Other than Sitting Fees)			
Key Managerial Personnel			
Smt. S. Sharada Deepa, Managing Director		203.10	202.60
Shri V. Gurusamy, C.G.M. Finance Cum Secretary		21.89	19.20
x. Contribution to Superannuation Fund / Gratuity Fund			
Other entities over which there is a significant influence			
Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund		8.25	7.31
Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund		119.62	37.14
xi. Maximum amount of loans and advance / (borrowings) outstanding during the year			
Key Managerial Personnel			
Smt. S. Sharada Deepa		(356.13)	(105.39)
Shri S.S. Ramachandra Raja		(18.94)	(17.23)
Smt. R. Chittammal		(125.40)	(31.09)
xii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL			
Associates			
The Ramco Cements Limited		1.92	2.05

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
Name of the Related party	31-03-2017	31-03-2016	01-04-2015
xiii. Outstanding balance including commitments			
i. Borrowings:			
Key Managerial Personnel			
Shri S.S. Ramachandra Raja	18.94	17.23	13.88
Smt. R. Chittammal	125.40	31.09	–
Smt. S. Sharada Deepa	1.00	105.39	1.44
ii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL			
Associates			
The Ramco Cements Limited	12.00	12.00	12.00
xiv. Disclosure of Key Management Personnel compensation in total and for each of the following categories:			
Particulars	31-03-2017	31-03-2016	
Short - Term Benefits (1)	207.42	205.27	
Defined Contribution Plan (2)	26.12	24.63	
Defined Benefit Plan / Other Long-Term Benefits(3)	–	–	
Total	233.54	229.90	
1. It includes bonus, sitting fees, and value of perquisites.			
2. It includes contribution to Provident fund and Superannuation fund			
3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.			

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

NOTE NO. 42

Segment Information for the year ended 31-03-2017

(Rs. in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
REVENUE						
External Sales (Net)	22,666.06	20,103.80	–	–	22,666.06	20,103.80
Inter Segment Sale	–	–	1,623.24	922.91	1,623.24	922.91
Total Sales	22,666.06	20,103.80	1,623.24	922.91	24,289.30	21,026.71
Other Income	230.68	298.29	–	–	230.68	298.29
Total Revenue	22,896.74	20,402.09	1,623.24	922.91	24,519.98	21,325.00
RESULT						
Segment Profit	(472.30)	(640.96)	960.00	202.28	487.70	(438.68)
Unallocated Income					–	–
Unallocated Expenses						
Operating Profit					487.70	(438.68)
Interest Expenses					1,809.14	1,917.14
Interest Income					158.26	109.94
Provision for Taxation						
Current Tax					93.15	–
Income Tax related to earlier years					57.24	–
Deferred Tax					129.99	(274.67)
Profit from ordinary activities					207.32	(164.01)
Other Comprehensive Income					(29.95)	(16.17)
Total Comprehensive Income					177.37	(180.18)
OTHER INFORMATION						
Segment Assets	22,927.50	19,967.43	2,878.63	3,237.13	25,806.13	23,204.56
Unallocated Assets					–	–
Total Assets					25,806.13	23,204.56
Segment Liabilities	24,931.81	22,460.23	–	–	24,931.81	22,460.23
Unallocated Liabilities					874.32	744.33
Total Liabilities					25,806.13	23,204.56
Capital Expenditure	–	–	–	–	–	–
Unallocated Capital Expenditure					–	–
Depreciation	836.00	917.92	192.28	218.79	1,028.28	1,136.71
Unallocated Depreciation Expenditure					–	–
Non-Cash expenses other than Depreciation	–	–	–	–	–	–

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

NOTE NO. 43

FINANCIAL RISK MANAGEMENT

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework and thus established a risk management policy to identify and analyse the risk faced by the Company. Risk Management systems are reviewed by the BOD periodically to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit committee is assisted in the oversight role by Internal Audit. Internal Audit undertakes reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has the following financial risks:

Categories of Risk	Nature of Risk
Credit Risk	Receivables
	Financial Instruments and Cash deposits
Liquidity Risk	Fund Management
Market Risk	Foreign Currency Risk
	Cash flow and fair value interest rate risk

The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks:

Credit Risk

Credit Risk is the risk of financial loss to the Company if the customer or counterparty to the financial instruments fails to meet its contractual obligations and arises principally from the Company's receivables, treasury operations and other operations that are in the nature of lease.

Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Company extends credit to its customers in the normal course of business by considering the factors such as financial reliability of customers. The Company evaluates the concentration of the risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. In case of Corporate / Export Customer, credit risks are mitigated by way of enforceable securities. However, unsecured credits are extended based on creditworthiness of the customers on case to case basis.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company and where there is a probability of default, the company creates a provision based on Expected Credit Loss for trade receivables under simplified approach as below:

(Rs. in Lakhs)

As at 31-03-2017	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,886.00	147.00	122.00	57.65	2,212.65
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,886.00	147.00	122.00	57.65	2,212.65

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at 31-03-2016	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,015.59	339.38	95.79	57.65	1,508.41
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,015.59	339.38	95.79	57.65	1,508.41

(Rs. in Lakhs)

As at 01-04-2015	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,485.46	349.80	297.74	57.65	2,190.65
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,485.46	349.80	297.74	57.65	2,190.65

Financial Instruments and Cash deposits

Investments of surplus funds are made only with the approved counterparties. The Company is presently exposed to counter party risk relating to short term and medium term deposits placed with Banks. The Company places its cash equivalents based on the creditworthiness of the financial institutions.

Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. The Company has laid well defined policies and procedures facilitated by robust information system for timely and qualitative decision making by the management including its day to day operations.

Financial arrangements

The Company has access to the following undrawn borrowing facilities:

Particulars	31-03-2017	31-03-2016	01-04-2015
Expiring within one year			
Bank Overdraft and other facilities	1,751.00	4,570.00	1,883.00
Term Loans	–	1,200.00	–
Expiring beyond year			
Term Loans	–	–	–

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

Maturities of Financial Liabilities (Rs. in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
As at 31-3-2017				
Borrowings from Banks	3442.00	8372	–	11,814
Trade payables	179.90	–	–	179.90
Other Financial Liabilities (Incl. Interest)	491.65	–	–	491.65
As at 31-3-2016				
Borrowings from Banks	3011.00	9612	–	12,623
Trade payables	140.00	–	–	140.00
Other Financial Liabilities	249.00	–	–	249.00
As at 01-04-2015				
Borrowings from Banks	3337.00	6335.00	–	9672.00
Trade payables	59.43	–	–	59.43
Other Financial Liabilities	296.50	–	–	296.50

Foreign Currency Risk

The Company's exposure in USD and other foreign currency denominated transactions in connection with import of cotton, capital goods & spares, besides exports of finished goods and borrowings in foreign currency, gives rise to exchange rate fluctuation risk. The Company has following policies to mitigate this risk:

Decisions regarding borrowing in Foreign Currency and hedging thereof, (both interest and exchange rate risk) and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contract after taking into consideration the anticipated Foreign exchange inflows / outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

The Company's exposure to foreign currency risk (un-hedged) as detailed below:

Currency	Trade Payables	Trade and other Receivables	Balance with Banks	Foreign Currency Loan
USD in Millions				
As at 31-03-2017	–	–	–	0.19
As at 31-03-2016	–	–	–	1.29
As at 01-04-2015	–	–	–	0.94

Risk sensitivity on foreign currency fluctuation (Rs. in Lakhs)

Foreign Currency	31-03-2017	31-03-2016
	1% Increase	1% increase
USD	(-) 1.23	(-) 8.60

Cash flow and fair value interest rate risk

Interest rate risk arises from long term borrowings with variable rates which exposed the Company to cash flow interest rate risk. The Company's fixed rate borrowing are carried at amortized cost and therefore are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of the change in market interest rates. The Company is exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing, which is mainly addressed through the management of the fixed / floating ratio of financial liabilities. The Company constantly monitors credit markets to strategize a well-balanced maturity profile in order to reduce both the risk of refinancing and large fluctuations of its financing cost. The Company believes that it can source funds for both short term and long term at a competitive rate considering its strong fundamentals on its financial position.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

Interest rate risk exposure

Particulars	31-03-2017	31-03-2016	01-04-2015
Variable rate borrowings	21,781.10	19,775.18	19,676.99
Fixed rate borrowings	181.96	356.07	561.15

The Company does not have any interest rate swap contracts

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-3-2017	31-3-2016
1% Increase in Interest Rate	217.80	197.75

NOTE NO. 44

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the Shareholders' wealth.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus Debt.

Particulars	31-03-2017	31-03-2016	01-04-2015
Long Term Borrowings	8,371.64	9,612.14	6,332.39
Current maturities of Long Term borrowings	3,442.00	3,011.00	3,337.00
Short Term Borrowings	10,148.69	7,508.11	10,568.75
Less: Cash and Cash Equivalents	361.48	96.34	137.45
Net Debt (A)	21,601.85	20,034.91	20,100.69
Equity Share Capital	150.00	150.00	150.00
Other Equity	1,403.00	1,188.00	1,374.00
Total Equity (B)	1,553.00	1,338.00	1,524.00
Total Capital Employed (C) = (A) + (B)	23,154.12	21,372.66	21,624.56
Capital Gearing Ratio (A) / (C)	93%	94%	93%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans/borrowing. The Company has been consistently focusing on reduction in long term borrowings. There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31-03-2017 and 31-03-2016.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

NOTE NO. 45

Disclosures as Required by Ind AS 101 First Time Adoption of Indian Accounting Standards

Reconciliation of Balance sheet as at the date of transition (01-04-2015)

(Rs. in Lakhs)

Particulars	Ref. No.	Previous GAAP	Transition Adjustments	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment		14,397.81	–	14,397.81
Intangible Assets		24.80	–	24.80
Investment Property		208.34	–	208.34
Investment in Associates	D	836.58	–	836.58
Financial Assets				
Other Financial Assets		188.76	–	188.76
Other Non-Current Assets		4.03	–	4.03
		15,660.32	–	15,660.32
Current Assets				
Inventories		4,424.53	–	4,424.53
Financial Assets				
Trade Receivables		2,213.22	(7.89)	2,205.33
Cash and Cash Equivalents		137.45	–	137.45
Loans and Advances		12.00	–	12.00
Other Financial Assets		378.85	–	378.85
Other Current Assets	E	703.37	–	703.37
		7869.42	–	7861.53
TOTAL ASSETS		23,529.74	(7.89)	23,521.85
EQUITY & LIABILITIES				
Equity				
Equity Share Capital		150.00	–	150.00
Other Equity		1,214.97	–	1214.97
		1,364.97	–	1,364.97
Liability				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	H	6,335.00	(2.60)	6,332.39
Provisions		108.76	–	108.76
Deferred Income		–	45.20	45.20
Deferred Tax Liabilities (Net)	F, J	1,019.00	–	1,019.00
		7,462.76	42.60	7,505.35
Current Liabilities				
Financial Liabilities				
Borrowings		10,586.32	–	10,586.32
Trade Payables		59.44	–	59.44
Other Financial Liabilities	D	3,633.50	–	3,633.50
Provisions		372.27	–	372.27
		14,651.53	–	14,651.53
TOTAL EQUITY AND LIABILITIES		23,529.74	(7.89)	23,521.85

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

Reconciliation of Balance sheet as at 31-03-2016

(Rs. in Lakhs)

Particulars	Ref. No.	Previous GAAP	Transition Adjustments	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment		13,519.02	–	13,519.02
Capital Work-in-Progress		31.96	–	31.96
Intangible Assets		15.56	–	15.56
Investment Property		205.37	–	205.37
Investment in Associates	D	836.58	–	836.58
Financial Assets				
Other Investment	C	0.55	–	0.55
Other Financial Assets		363.31	–	363.31
Other Non-Current Assets		4.03	–	4.03
		14,976.38	–	14,976.38
Current Assets				
Inventories		5,169.02	–	5,169.02
Financial Assets				
Trade Receivables		1,505.93	(4.82)	1,501.11
Cash and Cash Equivalents		96.34	–	96.34
Other Financial Assets		12.00	–	12.00
Loans and Advances		1,101.48	(0.12)	1,101.35
Other Current Assets	E, H	348.36	–	348.36
		8,233.12	(4.94)	8,228.18
TOTAL ASSETS		23,209.50	(4.94)	23,204.56
EQUITY & LIABILITIES				
Equity				
Equity Share Capital		150.00	–	150.00
Other Equity		1,080.97	(46.18)	1,034.79
		1,230.97	(46.18)	1,184.79
Liability				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	H	9,624.84	(12.70)	9,612.14
Provisions		79.86	–	79.86
Deferred Income		–	54.07	54.07
Deferred Tax Liabilities (Net)	I, J	744.33	–	744.33
		10,449.03	41.37	10,490.40
Current Liabilities				
Financial Liabilities				
Borrowings	I	7,664.07	–	7,664.07
Trade Payables		140.24	–	140.24
Other Financial Liabilities	D, I	3,260.56	(0.13)	3,260.43
Provisions		196.90	–	196.90
Liability for Current Tax		267.73	–	267.73
		11,529.50	(0.13)	11,529.37
TOTAL EQUITY AND LIABILITIES		23,209.50	(4.94)	23,204.56

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

Reconciliation of Statement of Profit and Loss for the year ended 31-03-2016

(Rs. in Lakhs)

Particulars	Ref. No.	Previous GAAP	Transition Adjustments	Ind AS
Revenue from Operations		19,256.22	(75.33)	19,180.89
Finance Income		31.54	78.41	109.94
Other Income	D, E	197.10	(8.75)	188.34
Total Revenue (I + II + III)		19,484.86	(5.68)	19,479.17
EXPENSES				
Cost of Materials consumed		9,279.35	–	9,279.35
Trade Purchases		2,029.33	–	2,029.33
Changes in Inventories of Finished Goods and Work-in-Progress		(1,017.38)	–	(1,017.38)
Employee Benefit Expenses	K	1,964.93	(16.17)	1,948.76
Finance costs	H	1,927.12	(9.98)	1,917.14
Depreciation and Amortization Expenses	A	1,072.35	64.36	1,136.71
Other expenses	D	4,623.94	–	4,623.94
Total Expenses		19,879.66	38.20	19,917.85
Profit Before Tax (III - IV)		(394.80)	(43.88)	(438.68)
Current Tax - MAT		–	–	–
Deferred Tax Liability / (Assets)		(253.39)	(21.28)	(274.67)
Profit / (Loss) After Tax (VI - VII)		(141.41)	(22.60)	(164.01)
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified subsequently to Profit and Loss :				
Actuarial Gain / (Loss) on defined benefit obligation (net)	K	–	(16.17)	(16.17)
Unrelaised Gain / (Loss) on Equity Investment (net)		–	–	–
Income Tax relating to the above				
Total Other Comprehensive Income for the year		–	(16.17)	(16.17)
Total Comprehensive Income for the year, net of tax		(141.41)	(38.77)	(180.18)

Notes

In preparing these financial statements, the Company's Opening Balance Sheet was prepared as at 01-04-2015, which is the Company's date of transition to Ind AS. The following note explains the nature of adjustments made by the Company read with Note No. 3 in restating its previous GAAP Financial Statements including its Balance Sheet as at 01-04-2015 and the financial statements as at and for the year ended 31-03-2016. The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this disclosure.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

A. Depreciation and Amortization Expense

Under previous GAAP, the carrying value of significant components of Property, Plant and Equipment which have completed their useful life, have been charged off against opening balance of General Reserves for the financial year 2015-16 as permitted by Schedule II to the Companies Act, 2013. However, under Ind AS, this has been taken through profit and loss for the year ended 31-03-2016 as it not a GAAP difference.

B. Investment Properties

Under previous GAAP as well as Ind AS, Investment Properties are required to be stated at cost net of accumulated depreciation and impairment loss, if any. Under previous GAAP, it was grouped under non-current investments whereas under Ind AS, the same is required to be disclosed as a separate line item in the Balance Sheet. Accordingly, investment properties are reclassified.

C. Investments

Under previous GAAP, long term equity instruments were measured at cost less provision for permanent diminution. Under Ind AS, in respect of investments in companies other than Associates, the Company is required to designate such investments necessarily at fair value. Therefore, the Company has designated such investments as FVTOCI Investments. At the date of transition to Ind AS, the excess /deficit of fair value of equity instruments over the previous GAAP carrying amount is recognised as fair value gain/loss, in the Other Comprehensive Income and transferred to FVTOCI Reserve, net of tax for the year ended 31-03-2016.

D. Financial Guarantee Contracts

The Company has issued Financial Guarantee to Banks for the loans availed by Associates and other related parties. Where guarantees in relation to loans are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment if the loan is given to Associates, and recognized as Other expenses if the loan is given to other related parties. The carrying amount of financial guarantee obligation is recognized as other income over the tenure of the corporate guarantee.

E. Recognition & Measurement of Loans & Advances at Amortized Cost

Loans and advances comprise of loans given to employees at concessional interest rates and the said loans are recovered in agreed installments. Under previous GAAP, this has been measured at Transaction value. However, under Ind AS, when the said loans and advances carry interest below the market rate is required to be measured at fair value on initial recognition. The fair value is determined at the present value of EMI, discounted using the market interest rates for similar instruments. The difference between historical value and fair value of such loans and advances are classified under prepaid expenses.

Subsequent to initial recognition, the loans and advances are measured at amortized cost using the effective interest rate method with the carrying amount increased over the period upto the recovery of the loans and advances. The amount of increase in the carrying amount of loans and advances is recognized as 'Interest Income' and prepaid expenses are amortized over the tenure of loans and advances as 'Employee cost' or 'Other Expenses', as it may be appropriate.

F. Presentation of MAT Credit Entitlement as 'Deferred Tax Assets'

Under previous GAAP, MAT credit entitlement was presented under the head 'Loans and advances' since there being a convincing evidence of realization of the asset. As per Ind AS 12 on Income Taxes, Deferred Tax Assets include the amounts of income taxes recoverable in future periods in respect of the carry forward of unused tax credits. Accordingly, MAT Credit Entitlement classified as Loans and Advances under previous GAAP, are netted off against Deferred Tax Liability under Ind AS.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

G. Dividend

Under previous GAAP, dividends proposed by the Board of Directors are recognized as proposed dividend in the financial statements even though it is approved by the Shareholders in the AGM only after the Balance Sheet date. However, under Ind AS, dividend has to be recognized upon approval by the Shareholders in the Annual General Meeting. Accordingly, Proposed Dividend (including Dividend Distribution Tax recognized as liability in the financial year 2014-15 as per previous GAAP has been reversed with corresponding credit to Equity as at the date of transition i.e. 01-04-2015 and recognized in the Equity during the year ended 31-03-2016 as declared and paid.

H. Transaction cost on Borrowings

Under previous GAAP, transaction costs (loan processing fees) incurred in connection with borrowings is charged to profit or loss upfront. Under Ind AS, transaction cost is to be included in the initial recognition and charged to profit or loss using the effective interest method. Accordingly, transaction cost on borrowings is reversed to Equity, for the loans outstanding as at 01-04-2015 and additional interest expense is recognized in the Opening Equity for the period upto 01-04-2015, using Effective Interest Rate method (EIR). For the year ended 31-03-2016, the Company has reversed the transaction cost pertaining to the Borrowings availed during the year 2015-16 and the additional Interest impact computed using EIR method is recognized as Finance cost.

I. Recognition and Measurement of Forward Contracts on Mark To Market (MTM)

Under previous GAAP, in respect of forward contracts, the difference between the forward rate and the exchange rate at the inception of the forward exchange contract is recognized as income/expenses over the tenure of such contract. Under Ind AS, the fair value of forward foreign exchange contracts has to be recognized. Accordingly, the assets and liabilities related to forward contracts recognized under previous GAAP are reversed and Mark to Market (MTM) gain / loss is recognized as other expenses in the Statement of Profit and Loss.

J. Deferred Tax

Deferred tax is accounted using income statement approach by computing the differences between taxable profits and accounting profits for the period under previous GAAP. As per Ind AS 12, the deferred tax is to be computed using the balance sheet approach, which is based on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax adjustments are recognized either in retained earnings or a separate component of equity.

K. Defined Benefit Plan

Under previous GAAP, actuarial gains and losses are charged to profit or loss. Under Ind AS re-measurements of net defined benefit asset/liability comprising of actuarial gains or losses are arising from experience adjustments and changes in actuarial assumption are charged/credited to other comprehensive income. There is no impact on the total equity as at 31-03-2016. However for the period upto the date of transition, the Company has transferred all re-measurement costs recognized in the past periods within accumulated profits or loss (a component of equity), in accordance with provisions of Para 122 of Ind AS 19.

L. Other Comprehensive Income (OCI)

This is a new classification under Ind AS. Any income or expense that are not required to be recognized in profit or loss are shown under a new category namely OCI in the Statement of Profit and Loss. Expenses of such items are re-measurements of defined benefit plans, gains and losses from investments in equity instruments designated at fair value through other comprehensive income, gains and losses on financial assets measured at fair value through other comprehensive income, gain or loss on financial instruments that qualify for hedge accounting, changes in revaluation surplus and gains and losses arising from translating the financial statements of a foreign operation.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

NOTE NO. 46

Details of Specified Bank Notes ('SBN') held and transacted during the period 08-11-2016 to 30-12-2016

As per the amendments notified on 30-03-2017 to Ind AS Schedule III, Clause K of Note 6 to General Instructions for Preparation of Balance Sheet, the details of Specified Bank Notes ('SBN') held and transacted during the period 08-11-2016 to 30-12-2016 is given in the below table:

(Rs. in Lakhs)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as at 08-11-2016	1.86	1.92	3.78
Add: Permitted Receipts	–	13.58	13.58
Less: Permitted Payments	–	12.76	12.76
Less: Amount Deposited in Banks	1.86	–	1.86
Closing Cash in hand as at 30-12-2016	–	2.74	2.74

As per our report annexed
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

R. PALANIAPPAN
Proprietor
Membership No. 205112

Rajapalaiyam, 25th May, 2017.

Smt. S. SHARADA DEEPA
MANAGING DIRECTOR

S.S. RAMACHANDRA RAJA
DIRECTOR

V. GURUSAMY
CHIEF GENERAL MANAGER (FINANCE) CUM SECRETARY

CONSOLIDATED FINANCIAL STATEMENTS

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Sri Vishnu Shankar Mill Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of Sri Vishnu Shankar Mill Limited (hereinafter referred to as "the Parent Company") and its associates, comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

- i. The Parent Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated financial position, consolidated cash flows and consolidated statement of changes in equity in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards specified under Section 133 of the Act.

The respective Board of Directors of the Parent Company and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company as aforesaid.

- ii. In reaching conclusions commented upon above, we have relied on our audit of the Parent Company and Management Certification in the case of associates which are unaudited.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. While conducting the 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.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

We conducted our audit of the Consolidated Financial Statements 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 Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Parent Company's preparation of the Consolidated 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 Parent Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the management representations on separate financial statements and on the other financial information of the associates, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards, of the consolidated state of affairs (financial position) of the Parent Company and its associates as at 31st March, 2017 and their Consolidated Profit (financial performance including Other Comprehensive Income), their Consolidated Cash Flows and Consolidated Statement of Changes in Equity for the year ended on 31st March, 2017.

Other Matters

The Consolidated Financial Statements also include the Parent Company's share of net profit of Rs. 1,168.82 Lakhs and share of Other Comprehensive Loss of associates amounting to Rs. 0.98 Lakhs for the year ended 31st March, 2017 which was considered in the consolidated financial statements in respect of Five Associates whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

associates, and our report in terms of sub section (3) of Section 143 of the Act in so far as it relates to the aforesaid associates is based solely on such unaudited financial statements / financial information. In our opinion, and according to the information and explanations give to us by the Management, these financial statements / financial information are not material to the Parent Company.

Our opinion above on the consolidated financial statements, and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act based on our audit and on the consideration of separate financial statements / financial information on the associates furnished by the Management as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

1. 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 of the aforesaid Consolidated Financial Statements.
2. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the financial statements furnished by the management in respect of associates.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
5. On the basis of the written representations received from the Directors of the Parent Company as on 31st March 2017 taken on record by the Board of Directors of the Parent Company and Management Certification in the case of the unaudited associate companies, none of the Directors of the Group and its associate companies is disqualified as on 31st March, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act.
6. We have enclosed our separate report in "Annexure A" with respect to the adequacy of the internal financial controls over financial reporting of the entities in the Parent Company and associate companies and the operating effectiveness of such controls. We have relied on the management certification in respect of the unaudited associates with respect to the adequacy of internal financial controls over financial reporting. Our report expresses an unmodified

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of entities in the Parent Company and the associate companies.

7. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of separate financial statements / financial information on the associates furnished by the Management as noted in the 'other matter' paragraph:
- i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in the Separate Financial Statements of the Parent Company and by the associates.
 - ii. The Parent company and associate companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the entities in the Parent company and its associates.
 - iv. The Companies comprising the Parent Company and associate companies have provided requisite disclosures in its Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Holding Company.
 - v. In reaching conclusions commented upon in items i) to iv) above, we have relied on our audit of the Parent Company and the Management Certification in the case of associates which are unaudited.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

R. PALANIAPPAN
Proprietor
Membership No. 205112

RAJAPALAIYAM,
25th May, 2017.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

**"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
CONSOLIDATED FINANCIAL STATEMENTS DRAWN IN ACCORDANCE WITH INDIAN
ACCOUNTING STANDARDS, OF SRI VISHNU SHANKAR MILL LIMITED**

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

We have audited the internal financial controls over financial reporting of Sri Vishnu Shankar Mill Limited, and its associates ("the Group") as of 31st March, 2017 in conjunction with our audit of the Consolidated Financial Statements of the Parent Company for the year ended on 31st March, 2017.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on Group'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") issued by ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Group's internal financial controls system over financial reporting.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

AUDITORS' REPORT TO SHAREHOLDERS

Other Matters

We have relied on our audit of the Parent Company and the Management Certification in the case of associates which are unaudited.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Parent Company, and its associates company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Group 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 N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

R. PALANIAPPAN
Proprietor
Membership No. 205112

RAJAPALAIYAM,
25th May, 2017.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

		Note No.	As at 31-03-2017	As at 31-03-2016		(Rs. in Lakhs) As at 01-04-2015	
I ASSETS							
(1) Non-Current Assets							
(a)	Property, Plant and Equipment	6	12,886.82	13,519.02		14,397.81	
(b)	Capital Work-in-progress		20.19	31.96		-	
(c)	Intangible Assets	6	8.16	15.56		24.80	
(d)	Investment Property	7	202.40	205.37		208.34	
(e)	Investment in Associates	8	14,677.84	13,511.20		12,738.05	
(f)	Financial Assets						
	Other Investment	8	0.55	0.55		-	
	Other Financial Assets	9	502.84	363.31		188.76	
(g)	Other Non-Current Assets	10	4.03	4.03	27,651.00	4.03	27,561.81
(2) Current Assets							
(a)	Inventories	11	6,779.20	5,169.02		4,424.53	
(b)	Financial Assets						
	Trade Receivables	12	2,177.16	1,501.11		2,205.33	
	Cash and Cash Equivalents	13	361.48	96.34		137.45	
	Other Financial Assets	14	12.00	12.00		12.00	
(c)	Loans and Advances	15	1,705.88	1,101.35		378.85	
(d)	Tax Assets						
	Other Current Assets	16	310.04	348.36	8,228.18	703.37	7,861.53
TOTAL ASSETS			39,648.59	35,879.18		35,423.34	
II EQUITY & LIABILITIES							
(1) Equity							
(a)	Equity Share Capital	17	149.98	149.98		149.98	
(b)	Other Equity	18	15,054.64	13,709.43		13,116.46	
Total Equity			15,204.62	13,859.41		13,266.46	
(2) Liabilities							
A) Non Current Liabilities							
(a) Financial Liabilities							
	Borrowings	19	8,371.64	9,612.14		6,332.39	
	Provisions	20	142.03	79.86		108.76	
	Deferred Income	21	51.40	54.07		45.20	
	Deferred Tax Liabilities (Net)	22	874.32	744.33	10,490.40	1,019.00	7,505.35
B) Current Liabilities							
(a) Financial Liabilities							
	Borrowings	23	10,447.16	7,664.07		10,586.32	
	Trade Payables	24	179.90	140.24		59.44	
	Other Financial Liabilities	25	3,933.65	3,260.43		3,633.50	
(b)	Provisions	26	201.72	196.90		372.27	
(c)	Liabilities for Current Tax	27	242.15	267.73	11,529.37	-	14,651.53
TOTAL EQUITY AND LIABILITIES			39,648.59	35,879.18		35,423.34	
Significant Accounting Policies		5					

See accompanying notes to the financial statements.

As per our report annexed
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

Smt. S. SHARADA DEEPA
MANAGING DIRECTOR

R. PALANIAPPAN
Proprietor
Membership No. 205112

S.S. RAMACHANDRA RAJA
DIRECTOR

Rajapalaiyam, 25th May, 2017.

V. GURUSAMY
CHIEF GENERAL MANAGER (FINANCE) CUM SECRETARY

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017

		(Rs. in Lakhs)	
		For the year ended	For the year ended
		31-03-2017	31-03-2016
	Note No.		
REVENUE			
I	Revenue from Operations	21,042.82	19,180.89
II	Finance Income	158.26	109.94
III	Other Income	72.42	11.94
IV	Total Revenue (I + II + III)	21,273.50	19,302.77
V EXPENSES			
	Cost of Materials Consumed	11,028.03	9,279.35
	Trade Purchases	627.68	2,029.33
	Changes in Inventories of Finished Goods and Work-in-progress	(205.15)	(1,017.38)
	Employee Benefit Expenses	2,168.52	1,948.76
	Finance Costs	1,809.14	1,917.14
	Depreciation and Amortization Expenses	1,028.27	1,136.71
	Other Expenses	4,329.31	4,623.94
	Total Expenses	20,785.80	19,917.85
VI	Profit / (Loss) Before Tax (IV-V)	487.70	(615.08)
VII	Income Tax Expenses / (Savings)		
	Current Tax	99.50	-
	Income Tax related to earlier years	57.24	-
	Deferred Tax Liability / (Assets)	129.99	(274.67)
		286.73	(274.67)
VIII	Profit / (Loss) After Tax (VI-VII)	200.97	(340.41)
IX	Share of Net Profit After Tax (PAT) of Associates accounted for using the equity method	1,168.82	954.98
X	Profit for the Period (VIII+IX)	1,369.79	614.57
XI	Other Comprehensive Income		
	Item that will not be reclassified subsequently to Profit and Loss:		
	Actuarial Gain / (Loss) on defined benefit obligation (net)	(29.95)	(16.17)
	Unrelaised Gain / (Loss) on Equity Investment (net)	-	-
	Income Tax (Expenses) / Savings	6.35	-
	Other Comprehensive Income / (Loss) for the year, net of tax	(23.60)	(16.17)
	Share of OCI of Associates accounted for using the equity method	(0.98)	(5.43)
	Total Other Comprehensive Income / (Loss) for the year, net of tax	(24.58)	(21.60)
XII	Total Comprehensive Income for the year, net of tax (X+XI)	1,345.21	592.97
XIII	Earnings per Equity Share of Rs. 10/- each		
	Basic & Diluted (in Rupees)	91.32	40.97

Significant Accounting Policies 5

See accompanying notes to the financial statements.

As per our report annexed
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

Smt. S. SHARADA DEEPA
MANAGING DIRECTOR

R. PALANIAPPAN
Proprietor
Membership No. 205112

S.S. RAMACHANDRA RAJA
DIRECTOR

Rajapalaiyam, 25th May, 2017.

V. GURUSAMY
CHIEF GENERAL MANAGER (FINANCE) CUM SECRETARY

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2017

	Note	31-03-2017	(Rs. in Lakhs) 31-03-2016
A. Cash flow from Operating Activities:			
Net Profit / (Loss) before Tax		487.70	(615.08)
Adjustments for :			
Depreciation & Amortisation		1,028.27	1,136.71
Interest Paid		1,809.14	1,917.14
Interest Received		(158.26)	(109.94)
Profit on Sale of Assets		(0.91)	2.90
Fair Value movement on forward contracts		110.29	-
Operating Profit before Working capital Changes		<u>3,276.23</u>	<u>2,331.73</u>
Adjustments for :			
Gratuity and Government Grants		(32.62)	(7.30)
Trade Receivables		(676.05)	704.22
Loans and Advances		(744.06)	(536.04)
Inventories		(1,610.18)	(744.49)
Trade Payables & Current liabilities		238.76	98.82
Cash generated from Operations		<u>452.08</u>	<u>1,846.94</u>
Income tax Paid		(137.65)	(6.00)
Net Cash from Operating Activities	A	<u>314.43</u>	<u>1,840.94</u>
B. Cash Flow from Investing Activities :			
Purchase of Fixed Assets (Including Capital work-in-progress)		(458.76)	(294.42)
Purchase of Investment - Shares		-	(0.55)
Sale of Investment - shares in Ramco Windfarms Limited		1.20	-
Proceeds from Sale of Assets		85.74	13.85
Interest Received		158.26	109.94
Dividend Received		-	176.40
Net Cash from / (used) in Investing Activities	B	<u>(213.56)</u>	<u>5.22</u>
C. Cash Flow from Financing Activities :			
Proceeds from Long Term Borrowings		2,632.50	5,963.90
Repayment of Long Term Loan		(3,442.00)	(3,010.15)
Availment / (Repayment) of Short Term Borrowings (Net)		2,783.09	(2,922.25)
Interest Paid		(1,809.14)	(1,917.14)
Net cash from / (used) in Financing Activities	C	<u>164.45</u>	<u>(1,885.64)</u>
Net Increase / (Decrease) in Cash and Cash Equivalent	(A+B+C)	<u>265.32</u>	<u>(39.48)</u>
Opening balance of Cash and Cash Equivalents [Refer to Note No. 13]	D	91.80	131.28
Closing balance of Cash and Cash Equivalents [Refer to Note No. 13]	E	357.12	91.80
Net Increase / (Decrease) in Cash and Cash Equivalent	(E-D)	265.32	(39.48)
Earmarked balances with Banks (*)	F	4.36	4.54
Closing Cash and Bank Balances	(E+F)	361.48	96.34
See accompanying notes to the financial statements.			

As per our report annexed
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

Smt. S. SHARADA DEEPA
MANAGING DIRECTOR

R. PALANIAPPAN
Proprietor
Membership No. 205112

S.S. RAMACHANDRA RAJA
DIRECTOR

Rajapalaiyam, 25th May, 2017.

V. GURUSAMY
CHIEF GENERAL MANAGER (FINANCE) CUM SECRETARY

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

STATEMENT OF CHANGES IN EQUITY FOR SRI VISHNU SHANKAR MILL LIMITED FOR THE YEAR ENDED 31-03-2017

A. Equity Share Capital

(Rs. in Lakhs)

Balance as at 01-04-2015	150.00
Changes in Equity Share Capital during the year 2015-16	-
Less: Treasury Shares adjustment	0.02
Balance as at 31-03-2016	149.98
Changes in Equity Share Capital during the year 2016-17	-
Add: Treasury Shares adjustment	-
Balance as at 31-03-2017	149.98

Note: Treasury Shares adjustment computed based on holding of Company's shares by fellow associates.

B. Other Equity

Particulars	Reserves and Surplus					Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserve on Consolidation	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments Obligations	Re-measurements of Defined Benefit	Share of OCI of Associates	
Other Equity as at 1st April, 2015	11,925.26	-	25.00	1,477.72	(311.52)	-	-	-	13,116.46
Add: Profit for the financial year 2015-16	-	-	-	-	592.97	-	-	-	592.97
Add: Other Comprehensive Income	-	-	-	-	-	-	(16.17)	-	(16.17)
Total Comprehensive Income	11,925.26	-	25.00	1,477.72	281.45	-	(16.17)	-	13,693.26
Less: Cash Dividend									
Less: Dividend Distribution Tax on Cash Dividend									
Less: Transfer to Retained Earnings							16.17		16.17
Add: Transfer from OCI									
Less: Transfer to General Reserve									
Add: Transfer from Retained Earnings									
Other Equity as at 31st March, 2016	11,925.26	-	25.00	1,477.72	281.45	-	-	-	13,709.43
Add: Profit for the financial year 2016-17					1,345.21				1,345.21
Add: Other Comprehensive Income							(23.60)		(23.60)
Total Comprehensive Income	-	-	-	-	1,626.66	-	(23.60)	-	15,031.04
Less: Transfer to Retained Earnings									
Add: Transfer from OCI									
Less: Transfer to General Reserve									
Add: Transfer from Retained Earnings									
Add: Others							23.60		
Other Equity as at 31st March, 2017	11,925.26	-	25.00	1,477.72	1,626.66	-	-	-	15,054.64

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Sri Vishnu Shankar Mill Limited (the Parent Company) is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of Companies Act. The Registered office of the Company is located at Sri Vishnu Shankar Mill Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu, India.

The Company is principally engaged in manufacture of Yarn. The Company is also engaged in generation of electricity from its windmills for its captive consumption.

The Consolidated financial statements of the Company for the year ended 31-03-2017 were approved and adopted by Board of Directors of the Company at their meeting held on 25-05-2017.

2. Basis of Preparation of Consolidated Financial Statements (CFS)

- (i) The consolidated financial statements for the period upto 31-03-2016 were prepared in accordance with Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Pursuant to the mandatory requirement for adoption of Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs (MCA), the Company has prepared its financial statements for the year ended 31-03-2017 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time. The Company has reclassified some of the non-trade investment as investment in 'Associates' in accordance with Ind AS. The Company, under previous GAAP has not consolidated 'Associates' acquired during the past period.
- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.5.
- (iii) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (iv) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.
- (v) The Company has considered its operating cycle to be 12 months for the purpose of Current or Non-current classification of assets and liabilities.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

- (vi) The consolidated financial statements are presented in Indian Rupees rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as Rs.0.00 Lakhs.
- (vii) Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the Separate financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.
- (viii) The CFS comprises the financial statements of Sri Vishnu Shankar Mill Limited and its Associate Companies. The list of Companies which are included in consolidation and the Company's holding and voting rights therein are as under:

Name of the Associates	% of Holding & Voting Rights	
	2016-17	2015-16
The Ramco Cements Limited	1.63%	1.63%
Rajapalayam Mills Limited	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	0.06%	0.06%
Ramco Wind Farms Limited	4.55%	5.75%
Ontime Industrial Services Limited	9.36%	9.36%

- (ix) The Financial Statements of above Associates Companies have not been audited for the year ended March 31, 2017 and have been consolidated on the basis of the accounts as certified by their respective Management.

3. Principles of Consolidation

- a) Associates are the entities over which the Company has significant influence. Investments in Associates are accounted for using equity method of accounting.
- b) While preparing these consolidated financial statements, the Company has first prepared its opening Balance sheet as at 01-04-2015, the date of transition to Ind AS. Ind AS 101 provides an option to apply Ind AS-103 prospectively from the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to transition date. This exemption is also available for investments in Associates. The Company has elected to apply the equity method of accounting for investments made in Associates prospectively from the transition date i.e. 01-04-2015. In

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

accordance with Ind AS-101, the deemed cost of Goodwill / Capital Reserve has been computed as the difference at the date of transition to Ind AS (01-04-2015) between:

- I. The Company's share of fair value of net assets of Associates; and
 - II. The Company's cost in the separate financial statements of its investment in the Associates.
- c) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate Company and adjusted thereafter to recognize the Company's share of post-acquisition profits or losses of the Associate in the profit & loss and the Company's share of other comprehensive income of the Associate in other comprehensive income of the Company.
- d) Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.
- e) Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.
- f) The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in Note (N) below.
- g) The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances and is presented, to the extent possible, in the same manner as the Company's Separate financial statements.

4. First time adoption of Ind AS

The financial statements for the year ended 31-03-2017 are the first financial statements prepared in accordance with Ind AS. Since the Company has not presented consolidated financial statements under previous GAAP, the Reconciliation and description of the effect of transition from previous GAAP to Ind AS on Equity, Statement of Profit and Loss and Cash flow are not applicable. The Balance sheet as on the date of transition has been prepared in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards (Ind AS). All applicable Ind AS were applied consistently and retrospectively in preparation of the first Ind AS Financial Statements with certain mandatory exceptions and voluntary exemptions for the specific cases as provided under Ind AS 101.

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Estimates

The estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error.

The Company has not made any changes to estimates made in accordance with previous GAAP.

- a) The mandatory exceptions for retrospective application as provided under Ind AS 101 that are applicable to the Company are as below:

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Derecognition of previously recognised financial assets / financial liabilities	
An entity shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.	The Company has applied the de-recognition requirements prospectively.
Hedge accounting	
At the date of transition to Ind AS, an entity shall measure all derivatives at fair value and eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.	The Company has measured derivatives at fair value through Profit or loss.
An entity shall not reflect in its opening Ind AS Balance Sheet a hedging relationship that does not qualify for hedge accounting in accordance with Ind AS 109.	The Company does not have any hedging relationship that meets the qualifying criteria for Hedge accounting.

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Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Classification and measurement of financial assets	
Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS.	The Company has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial assets and accordingly has classified and measured financial assets on the date of transition.
Impairment of Financial Assets	
Impairment requirements under Ind AS 109 should be applied retrospectively based on the reasonable and supportable information that is available on transition date without undue cost or effort.	The Company has applied impairment requirements retrospectively.

- b) The voluntary exemptions for retrospective application as provided under Ind AS 101 that are applicable to the Company are as below:

Voluntary Exemption under Ind AS 101	Applicability / Option exercised
Deemed Cost An entity may elect to measure an item of property, plant and equipment, investment property and intangible asset at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of property, plant and equipment, intangibles by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost.	The Company has opted to continue with the carrying amount for all of its property, plant and equipment and intangible assets measured as per Previous GAAP and use that as its deemed cost as at the date of transition.
Investments in Subsidiary and Associates	
An entity is required to account for its investments in subsidiaries, joint ventures and associates either (a) at cost; or (b) in accordance with Ind AS 109. Such cost shall be cost as per Ind AS 27 or deemed cost. The deemed cost of such an investment shall be its fair value on the date of transition to Ind AS or Previous GAAP carrying amount at that date.	The Company has opted to measure its investment in associates as per the previous GAAP carrying amount as at the date of transition to Ind AS.

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Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Designation of previously recognised financial instruments	
An entity may designate an investment in an equity instrument as at fair value through other comprehensive income (FVTOCI) in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.	The Company has designated all equity instruments in companies other than subsidiaries / associates at FVTOCI, based on the assessment made on the date of transition to Ind AS.

Basis of Measurement

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note No. 5 - Accounting Policy for Financial Instruments) which are measured at fair value.

5. Significant Accounting Policies

A. Inventories

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at cost including the cost of conversion with systematic allocation of production and administration overheads, or net realisable value whichever is lower.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

B. Cash Flow Statement

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of 3 months or less, highly liquid investments that are readily convertible into cash.

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- (iii) Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of the Company's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

C. Dividend distribution to Equity shareholders

Final dividend distribution to Shareholders is recognised in the period in which the dividends are approved by the Shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend together with applicable taxes is recognised directly in Equity.

D. Income Taxes

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.
- (iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.
- (iv) Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date.
- (v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- (vi) Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.
- (vii) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right for such set off.

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E. Property, plant and equipments (PPE)

- (i) PPEs are stated at cost of acquisition or construction (net of CENVAT / VAT wherever applicable) less accumulated depreciation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.
- (ii) The Company has opted to use previous GAAP carrying amount as Deemed cost as at the date of transition to Ind AS (i.e as on 01-04-2015).
- (iii) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. When each major inspection / overhauling is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/overhauling (as distinct from physical parts) is de-recognised.
- (iv) Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria in accordance with Ind AS 16 are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (v) The present value of the expected cost for the decommissioning of PPE after its use, if materially significant, is included in the cost of the respective asset when the recognition criteria are met.
- (vi) The Company believes that the useful lives of the significant parts of certain class of PPE on best estimate basis upon technical estimate, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	10 to 25 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years

- (vii) PPEs are eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains or losses arising from disposal,

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measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the Statement of Profit and Loss.

- (viii) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value, except for process control systems whose residual value is considered as Nil.
- (ix) Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded / sold.
- (x) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

F. Capital Work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation, under development including related expenses and attributable interest as at the reporting date.

G. Leases

- (i) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.
- (ii) The lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease. Operating lease receipts and payments are recognised in the Statement of Profit and Loss on straight line basis over the lease terms. The Company do not have any finance leases.

H. Revenue Recognition

- (i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The specific recognition criteria described below must also be met before revenue is recognised.

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(ii) Revenue from Operations

a) Sale of products

Revenue is recognised at the fair value of consideration received or receivable upon transfer of significant risks and rewards of ownership of goods which generally coincides with the delivery of goods. It comprises of invoice value of goods, after deducting discounts, volume rebates and applicable taxes on sale.

b) Power generated from Windmills

Power generated from windmills that are covered under wheeling & banking arrangement with TANGEDCO are consumed at Mills. The monetary values of such power generated that are captively consumed are not recognised as revenue.

The value of unadjusted units available if any, at the end of the financial year and sold to the Electricity Board at an agreed rate / Tariff rate are recognised and shown as Income from Wind Mills.

c) Income from Job Work

Income from job work is recognized on the proportion of work executed as per the contract / agreement.

(iii) Other Income

- a) Interest income is recognised using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period where appropriate, to the gross carrying amount of the financial asset.
- b) Dividend income is recognised when the Company's right to receive dividend is established.
- c) Rental income from operating lease on investment properties is recognised on a straight line basis over the term of the relevant lease, unless the escalation is in the nature of compensation for cost inflation.
- d) Value of Carbon credits are recognised when the Company's right to receive the same is established.
- e) Scrap sales is recognised at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods and after deducting applicable taxes on sale.
- f) Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

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I. Employee Benefits

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employees' basic salary. The Company has no further obligations.
- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the officer's eligible annual basic salary. Out of the said 15% contribution, a sum upto Rs.1.50 Lakhs per annum is remitted to Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund administered by trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.
- (v) The Company has its own Defined Benefit Plan viz., an approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment, for an amount equivalent to 15 days' basic salary for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to "Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund" administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the Balance Sheet date using Projected Unit Credit method.
- (vi) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method.
- (vii) Re-measurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to 'Other Comprehensive Income' in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

J. Government Grants

- (i) Government grants are recognised at fair value on accrual basis where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.

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- (ii) In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".
- (iii) In case of grant relates to an asset, it is recognised as income over the expected useful life of the related asset.
- (iv) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.
- (v) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
- (vi) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note No. 30 "Other Income".

K. Foreign currency transactions

- (i) The financial statements are presented in Indian Rupees, which is also the Company's functional currency.
- (ii) All transactions in foreign currency are recorded on initial recognition at their functional currency exchange rates prevailing on that date.
- (iii) Monetary assets and liabilities in foreign currencies outstanding at the reporting date are translated to the functional currency at the exchange rates prevailing on the reporting date and the resultant gains or losses are recognised during the year in the Statement of Profit and Loss.
- (iv) Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rates at the date of transaction.

L. Borrowing Costs

- (i) Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate

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to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings cost are expensed in the period in which they occur.

M. Earnings per Share

- (i) Earnings per share is calculated by dividing the Net profit after tax by the weighted average number of equity shares outstanding during the year.
- (ii) Where an item of income or expense which is otherwise required to be recognised in the Statement of Profit and Loss is debited or credited to Equity, the amount in respect thereof is suitably adjusted in Net profit for the purpose of computing Earnings per share.
- (iii) The Company do not have any potential equity shares.

N. Impairment of Non-Financial Assets

- (i) The carrying values of non-financial assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors.
- (ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation / amortisation for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

O. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.
- (ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost.

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These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

- (iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are neither recognised nor disclosed.
- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

P. Intangible Assets

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as given below:

Nature of Intangible Assets	Estimated useful life
Computer Software	6 years
Power Transmission System	5 years

- (iii) The intangible assets that are under development phase are carried at cost including related expenses and attributable interest, and are recognised as Intangible assets under development.
- (iv) The residual values, useful lives and methods of depreciation of intangible asset are reviewed at each reporting date and adjusted prospectively, if appropriate.

Q. Investment Properties

- (i) An investment in land or buildings both furnished and unfurnished, which are held for earning rentals or capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, are classified as investment properties.

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- (ii) Investment properties are stated at cost, net of accumulated depreciation and impairment loss, if any except freehold land which is carried at cost.
- (iii) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant components as detailed below:

Asset type	Useful life
Buildings under Investment properties	60 years

- (iv) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such investment properties, are recognised in the Statement of Profit and Loss.
- (v) The residual values, useful lives and methods of depreciation of investment properties are reviewed at each reporting date and adjusted prospectively, if appropriate.

R. Operating Segments

The Company has only two operating / reportable segments viz. Textiles and Power generation from Windmills.

The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard.

Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general other income and expenses which are not allocated to any business segment.

S. Financial Instruments

- (i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (ii) Financial assets and liabilities are offset and the net amount is presented in the Balance sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- (iii) The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at Fair value through Other Comprehensive Income (FVTOCI) and financial assets / liabilities that are specifically designated as Fair value through Profit or Loss (FVTPL). However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company

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reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Company does not restate any previously recognised gains, losses including impairment gains or losses or interest.

T. Financial Assets

- (i) Financial assets comprise of investments in equity, trade receivables, cash and cash equivalents and other financial assets.
- (ii) Depending on the business model (i.e) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:
 - a) Amortised cost; or
 - b) Fair value through Other Comprehensive Income (FVTOCI); or
 - c) Fair value through Profit or Loss (FVTPL)

Amortised cost represents carrying amount on initial recognition at fair value plus or minus transaction cost.

- (iii) The Company has evaluated the facts and circumstances on date of transition to Ind AS for the purpose of classification and measurement of financial assets. Accordingly, financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

Classification	Business Model
Amortised cost	The objective of the Company is to hold and collect the contractual cash flows till maturity. In other words, the Company do not intend to sell the instrument before its contractual maturity to realise its fair value changes.
FVTOCI	The objective of the Company is to collect its contractual cash flows and selling financial assets.

- (iv) Investment in equity of associates are carried at cost (i.e) previous GAAP carrying amount as the date of transition to Ind AS. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other

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equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

Classification	Name of Financial Assets
Amortised cost	Trade receivables, Loans and advances to employees and related parties, deposits, IPA receivable, interest receivable, unbilled revenue and other advances recoverable in cash or kind.
FVTOCI	Equity investments in companies other than Associates as an option exercised at the time of initial recognition.
FVTPL	Forward exchange contracts.

- (v) Financial assets are derecognised (i.e) removed from the financial statements, when its contractual rights to the cash flows expire or upon transfer of the said assets. The Company also derecognises when it has an obligation to adjust the cash flows arising from the financial asset with third party and either upon transfer of:
- a. significant risk and rewards of the financial asset, or
 - b. control of the financial asset

However, the Company continue to recognise the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset. The Company has applied the de-recognition requirements prospectively.

- (vi) Upon derecognition of its financial asset or part thereof, the difference between the carrying amount measured at the date of recognition and the consideration received including any new asset obtained less any new liability assumed shall be recognised in the Statement of Profit and Loss.
- (vii) For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

Name of Financial Asset	Impairment Testing Methodology
Trade receivables	Expected Credit Loss (ECL) model is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates

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Name of Financial asset	Impairment testing methodology
	reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other Financial Assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

U. Financial Liabilities

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Derivative financial instruments and other financial liabilities.
- (ii) The Company measures its financial liabilities as below:

Measurement basis	Name of Financial liabilities
Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.
FVTPL	Foreign Exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109.

- (iii) Financial liabilities are derecognised when and only when it is extinguished (i.e) when the obligation specified in the contract is discharged or cancelled or expired.
- (iv) Upon de-recognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred

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to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in the Statement of Profit and Loss.

V. Fair value measurement

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- (ii) The fair value of an asset or a liability is measured / disclosed using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.
- (iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

- (iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period (i.e) based on the lowest level input that is significant to the fair value measurement as a whole.
- (v) For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.
- (vi) The basis for fair value determination for measurement and / or disclosure purposes is detailed below:

a) Investments in Equity

The fair value is determined by reference to their quoted prices at the reporting date. In the absence of the quoted price, the fair value of the equity is measured using generally accepted valuation techniques.

b) Forward Exchange Contracts

The fair value of forward exchange contracts is based on the quoted price if available; otherwise it is estimated by discounting the difference between

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

contractual forward price and current forward price for the residual maturity of the contract using government bond rates.

W. Significant Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

Accordingly, the management has applied the following estimates / assumptions / judgements in preparation and presentation of financial statements:

(i) Property, Plant and Equipment, Intangible Assets and Investment Properties

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

(ii) Current Taxes

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

(iii) Deferred Tax Asset (Including MAT Credit Entitlement)

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(iv) Contingent Liabilities

Management judgement is exercised for estimating the possible outflow of resources, if any, in respect of contingencies / claims / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(v) Impairment of Trade receivables

The impairment for financial assets are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

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(vi) Impairment of Non-financial assets (PPE/Intangible Assets / Investment Properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

(vii) Defined Benefit Plans and Other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rate are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions.

(viii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

(ix) Interests in other entities

Significant management judgement is exercised in determining the interests in other entities. The management believes that wherever there is significant influence over certain companies belong to its group, such companies are treated as Associate companies even though it holds less than 20% of the voting rights.

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

NOTE NO. 6

PROPERTY, PLANT AND EQUIPMENT

Particulars	Year	Gross Block				Depreciation				Net Block		
		As at the beginning of the year	Additions	Deductions	As at the end of the year	As at the beginning of the year	For the year (Note No. 35)	Deductions	As at the end of the year	As at the end of the year	As at the beginning of the year	
Tangible Assets												
Land	2016-17	311.61	-	-	311.61	-	-	-	-	-	311.61	311.61
	2015-16	311.61	-	-	311.61	-	-	-	-	-	311.61	311.61
Buildings	2016-17	2,671.99	-	-	2,671.99	887.81	79.77	-	967.58	-	1,704.41	1,784.18
	2015-16	2,671.99	-	-	2,671.99	802.22	85.59	-	887.81	-	1,784.18	1,869.77
Plant and machinery	2016-17	23,182.94	432.91	153.66	23,462.19	12,309.59	815.46	101.85	13,023.20	-	10,438.99	10,873.36
	2015-16	22,978.99	238.67	34.72	23,182.94	11,445.34	884.99	20.74	12,309.59	-	10,873.35	11,533.65
Electrical machinery	2016-17	1,201.42	2.23	-	1,203.65	778.32	95.36	-	873.68	-	329.97	423.10
	2015-16	1,201.42	-	-	1,201.42	655.60	122.72	-	778.32	-	423.10	545.82
Furniture & Office Equipments	2016-17	146.27	0.86	-	147.13	118.24	5.99	-	124.23	-	22.90	28.02
	2015-16	142.17	4.10	-	146.27	108.80	9.44	-	118.24	-	28.03	33.37
Vehicles	2016-17	170.83	34.53	38.00	167.36	72.08	21.32	4.98	88.42	-	78.94	98.75
	2015-16	182.64	19.69	31.50	170.83	79.05	21.76	28.73	72.08	-	98.75	103.59
Total - Tangible Assets	2016-17	27,685.06	470.53	191.66	27,963.93	14,166.04	1,017.90	106.83	15,077.11	-	12,886.82	13,519.02
	2015-16	27,488.82	262.46	66.22	27,685.06	13,091.01	1,124.50	49.47	14,166.04	-	13,519.02	14,397.81
Intangible Assets												
Computer Software	2016-17	41.82	-	-	41.82	39.84	-	-	39.84	-	1.98	1.98
	2015-16	41.82	-	-	41.82	38.02	1.82	-	39.84	-	1.98	3.80
Power Transmission System	2016-17	25.17	-	-	25.17	11.59	7.40	-	18.99	-	6.18	13.58
	2015-16	25.17	-	-	25.17	4.17	7.42	-	11.59	-	13.58	21.00
Total - Intangible Assets	2016-17	66.99	-	-	66.99	51.43	7.40	-	58.83	-	8.16	15.56
	2015-16	66.99	-	-	66.99	42.19	9.24	-	51.43	-	15.56	24.80

(a) The Company has opted to use previous GAAP carrying amount as deemed cost as at the date of transition to Ind AS (i.e As on 1-4-2015). However, as per the FAQ issued by Accounting Standard Board of ICAI, the above information regarding gross block of assets, accumulated depreciation under Previous GAAP is an additional disclosure and the same is not considered for subsequent recognition and/or measurement purposes.

(b) No Borrowings cost have been capitalised for both current and previous year.

(c) All the fixed assets have been pledged by way of pari-passu first charge as security for long-term borrowings and second charge for short-term borrowings Note No. 19 & 23.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 7			
INVESTMENT PROPERTY			
Land			
As at the begning of the year	124.26	124.26	124.26
Less: Sale of Land	—	—	—
As at the end of the year	<u>124.26</u>	<u>124.26</u>	<u>124.26</u>
Building			
As at the begning of the year	95.33	95.33	95.33
Add: Addition / Sale	—	—	—
As at the end of the year	<u>95.33</u>	<u>95.33</u>	<u>95.33</u>
Less:			
Accumulated depreciation as at the beginning of the year	14.22	11.25	8.28
Depreciation for the year	2.97	2.97	2.97
Accumulated depreciation as at the end of the year	<u>17.19</u>	<u>14.22</u>	<u>11.25</u>
Net Block	<u>78.14</u>	<u>81.11</u>	<u>84.08</u>
Total Investment Property	<u>202.40</u>	<u>205.37</u>	<u>208.34</u>

For investment property existing as on 1st April 2015, i.e. the date of transition to Ind AS, the Company has used Indian GAAP carrying amount as deemed cost.

Information regarding income and expenditure of Investment property

Rental Income from Investment Properties	3.82	3.76	3.76
Direct Operating Expenses	<u>0.85</u>	<u>0.73</u>	<u>0.73</u>
Profit arising from Investment Properties before Depreciation and indirect expenses	2.97	3.03	3.03
Less: Depreciation	<u>2.97</u>	<u>2.97</u>	<u>2.97</u>
Profit arising from Investment Properties before indirect expenses	<u>—</u>	<u>0.06</u>	<u>0.06</u>

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Name of the Company	No. of Shares	Total face Value	(Rs. in Lakhs)		
			As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 8					
A) INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD					
I. Investment in Equity Instruments					
1) Quoted					
The Ramco Cements Limited	38,83,200	38.83	13,624.98	12,545.24	11,820.46
Rajapalayam Mills Limited	29,740	2.95	185.32	126.97	87.88
Sub-Total (A)			13,810.30	12,672.21	11,908.34
2) Unquoted					
The Ramaraju Surgical Cotton Mills Limited	1,100	0.11	3.52	2.66	1.65
Ramco Windfarms Limited	4,55,000	4.55	37.75	13.91	12.18
Ontime Industrial Services Limited	26,350	2.64	31.27	27.42	20.90
JKR Enterprise Limited	100	-	-	-	-
Sub-Total (B)			72.54	43.99	34.73
Total C= (A+B)			13,882.84	12,716.20	11,943.07
Quoted Investments - Carrying Value			13,810.30	12,672.21	11,908.34
Market Value			26,372.60	15,629.55	11,937.47
II. Investment in Preference Shares					
1) Unquoted					
JKR Enterprise Limited - 9% Cumulative Redeemable Preference Shares	7,95,00,000	7,950	795.00	795.00	795.00
Total (B + D)			867.54	838.99	829.73
B. OTHER INVESTMENT					
I. Investment in Equity Instruments - Unquoted					
ARS Energy Private Limited	200	0.55	0.55	0.55	-

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 9			
OTHER FINANCIAL ASSETS - (NON CURRENT)			
Unsecured, considered good			
Security Deposits with Electricity Board / Others	<u>502.84</u>	<u>363.31</u>	<u>188.76</u>
NOTE NO. 10			
OTHER NON CURRENT-ASSETS			
Unsecured, considered good			
Other Non-Current Assets	<u>4.03</u>	<u>4.03</u>	<u>4.03</u>
NOTE NO. 11			
INVENTORIES			
(Valued at lower of cost or net realisable value)			
Finished Goods	1,319.51	1,427.44	822.61
Rawmaterials - Cotton & Cotton Waste	4,335.70	2,931.83	3,203.89
Stores and Spares	89.10	87.94	88.77
Works-in-progress (Cotton Yarn)	<u>1,034.89</u>	<u>721.81</u>	<u>309.26</u>
	<u>6,779.20</u>	<u>5,169.02</u>	<u>4,424.53</u>
Note: The total carrying amount in Inventories as at reporting date has been pledged as security for Borrowings.			
NOTE NO. 12			
TRADE RECEIVABLES			
Unsecured, considered good			
Trade Receivables more than Six months	57.65	57.65	57.65
Other Trade Receivables	<u>2,119.51</u>	<u>1,443.46</u>	<u>2,147.68</u>
	<u>2,177.16</u>	<u>1,501.11</u>	<u>2,205.33</u>
(a) Trade receivables are non-interest bearing and are generally on terms of 30 to 35 days.			
(b) No trade receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.			
(c) The total carrying amount of trade receivables has been pledged as security for Borrowings.			
NOTE NO. 13			
CASH AND CASH EQUIVALENTS			
Cash on Hand	2.17	2.93	2.71
Balance with Bank			
In Current Account	94.96	15.77	28.34
In Deposit Account for Margin Money	254.36	64.51	37.76
In Unclaimed Dividend Warrant Account	4.36	4.54	6.17
Cheque on Hand	<u>5.63</u>	<u>8.59</u>	<u>62.47</u>
	<u>361.48</u>	<u>96.34</u>	<u>137.45</u>

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	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 14			
OTHER FINANCIAL ASSETS (CURRENT)			
Security Deposit	12.00	12.00	12.00
NOTE NO. 15			
LOANS AND ADVANCES (CURRENT ASSETS)			
Unsecured, considered good			
Advance to Suppliers / Others	917.33	183.05	378.85
Accrued Income	628.78	758.90	-
Prepaid Expenses	117.04	92.73	-
Other Current Assets	42.73	66.67	-
	1,705.88	1,101.35	378.85

NOTE NO. 16			
TAX ASSETS			
Other Current Assets	310.04	348.36	703.37

NOTE NO. 17			
EQUITY SHARE CAPITAL			
Authorised			
30,00,000 Equity Shares of Rs.10/- each (PY : 30,00,000 Equity shares of Rs.10/-each)	300.00	300.00	300.00
Issued, Subscribed and Fully paid-up			
15,00,000 Equity Shares of Rs.10/- each (PY : 15,00,000 Equity shares of Rs.10/-each)	149.98	149.98	150.00
	149.98	149.98	150.00

- a) (5,00,000 Equity Shares of Rs. 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves).
- b) Reconciliation of the number of shares outstanding:

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	1,500,000	150.00	1,500,000	150.00	1,500,000	150.00
Number of Shares at the end	1,500,000	150.00	1,500,000	150.00	1,500,000	150.00

- c) Rights / Restrictions attached to Equity Shares

The Company has one class of equity shares having a face value of Rs. 10/- each. Each Shareholder is eligible for one vote per share held. The Company declares and pays dividend in Indian Rupees. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at
31-03-2017 As at
 31-03-2016 As at
 01-04-2015

d) List of Shareholders holding more than 5 percent in the Company.

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Shri P.R. Ramasubrahmaneya Rajha	212,280	14.15%	212,280	14.15%	212,280	14.15%
Smt. R. Sudarsanam	81,000	5.40%	81,000	5.40%	81,000	5.40%
Smt. S. Sharada Deepa	468,000	31.20%	468,000	31.20%	460,180	30.68%

NOTE NO. 18

OTHER EQUITY

Capital Reserve	11,925.26	11,925.26	11,925.26
Securities Premium Reserve	25.00	25.00	25.00
General Reserve	1,477.72	1,477.72	1,477.72
Retained Earnings	1,626.66	<u>281.45</u>	<u>(311.52)</u>
	<u>15,054.64</u>	<u>13,709.43</u>	<u>13,116.46</u>

Capital Reserve

Represents the difference between the shares allotted to the Share Holders of Transferor Company and Net Worth acquired from Transferor Company as per scheme of Amalgamation.

Securities Premium Reserve

Represents excess of share subscription money reserved over par value of shares.

General reserve

The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

Retained earnings

Represents that portion of the net income of the Company that has been retained by the Company.

NOTE NO. 19

NON CURRENT BORROWINGS

Secured

Term Loan from Banks	7,371.64	9,612.14	6,332.39
Working Capital Term Loan from Banks / Financial Institutions	1,000.00	<u>—</u>	<u>—</u>
	<u>8,371.64</u>	<u>9,612.14</u>	<u>6,332.39</u>

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
a) Term Loan from Banks are secured by <i>pari-passu</i> first charge on the Fixed Assets of the Company and <i>pari-passu</i> second charge on the Current Assets of the Company.			
b) The Long Term Borrowings from Banks are repayable in quarterly installments. The year wise repayment are as follows:			
Year	Amount	Amount	Amount
2016-17	–	–	2,669.00
2017-18	–	3,442.00	1,605.00
2018-19	3,463.00	3,130.00	1,291.00
2019-20	3,246.00	2,379.00	767.39
2020-21	1,171.00	661.14	–
2021-22	491.64	–	–
	8,371.64	9,612.14	6,332.39
NOTE NO. 20			
PROVISION (NON - CURRENT)			
Provision for Employee Benefits [Refer to Note No. 39]	142.03	79.86	108.76
NOTE NO. 21			
DEFERRED INCOME			
Income Government Grants	51.40	54.07	45.20
NOTE NO. 22			
DEFERRED TAX LIABILITY (NET)			
Deferred Tax Liability			
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	2,720.71	2,826.93	2,949.74
Deferred Tax Asset			
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,769.62)	(2,052.08)	(1,930.74)
Tax effect on Provision for Bonus and Leave Encashment	(76.77)	(30.52)	–
Net Deferred Tax Liability	874.32	744.33	1,019.00
Reconciliation of deferred tax Liabilities(net)			
Opening balance as on 1 st April	744.33	1,019.00	1,098.25
Tax income / (Expense) during the period recognised in Profit and Loss	129.99	(274.67)	(79.25)
Closing balance as on 31 st March	874.32	744.33	1,019.00

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 23			
CURRENT BORROWINGS			
Secured			
Loan Repayable on Demand from Banks *	9,578.60	6,759.52	9,466.94
Unsecured			
Loan Repayable on Demand from Banks	570.09	748.59	1,101.81
Loan from other parties	153.12	2.25	2.25
Loan from Related Parties [Refer to Note No.41 (VII)]	145.35	153.71	15.32
	10,447.16	7,664.07	10,586.32
* Loan Repayable on Demand from Banks are secured by <i>pari-passu</i> first charge on the current assets of the Company and <i>pari-passu</i> second charge on the fixed assets of the Company.			
NOTE NO. 24			
TRADE PAYABLES			
Trade Payables	179.90	140.24	59.44
Terms and conditions of the above Financial Liabilities:			
Trade payables are non-interest bearing and are normally settled on 10 to 30 days.			
There are no dues to micro and small enterprises as at 31-03-2016 (PY: Rs. NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.			
NOTE NO. 25			
OTHER CURRENT FINANCIAL LIABILITIES			
Current Maturities of Long Term Loans	3,442.00	3,011.00	3,337.00
Interest Accrued but not Due on Borrowings	29.48	6.07	2.71
Unpaid Dividends	4.36	4.54	6.17
Liabilities for Other Finance	457.81	238.82	287.62
	3,933.65	3,260.43	3,633.50
NOTE NO. 26			
PROVISIONS, CURRENT			
Provision for Employee Benefits	201.72	196.90	372.27
NOTE NO. 27			
LIABILITIES FOR CURRENT TAX			
Tax Liabilities - Other Current Liabilities	242.15	267.73	-

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2016-17	2015-16
NOTE NO. 28		
REVENUE FROM OPERATION		
Sale of Products		
Yarn	20,479.39	18,388.17
Fabrics	–	135.33
Waste Cotton	<u>332.65</u>	<u>455.19</u>
	20,812.04	18,978.69
Other operating Revenues		
Export Incentive	132.29	87.63
Job Work Charges Received	<u>98.49</u>	<u>114.57</u>
	<u>21,042.82</u>	<u>19,180.89</u>
NOTE NO. 29		
FINANCE INCOME		
Interest Receipts	<u>158.26</u>	<u>109.94</u>
NOTE NO. 30		
OTHER INCOME		
Rent Received	3.94	3.88
Carbon Credit Sale	–	0.50
Government Grants	9.96	2.45
Miscellaneous Income	4.00	1.55
Profit on Sale of Assets	0.91	–
Profit on Sale of Cotton	<u>53.61</u>	<u>3.56</u>
	<u>72.42</u>	<u>11.94</u>
NOTE NO. 31		
COST OF MATERIALS CONSUMED		
Rawmaterials Consumed		
Cotton & Cotton Waste	<u>11,028.03</u>	<u>9,279.35</u>

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2016-17	2015-16
NOTE NO. 32		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening stock		
Finished Goods	1,427.44	822.61
Work-in-Progress	<u>721.81</u> 2,149.25	<u>309.26</u> 1,131.87
Closing Stock		
Finished Goods	1,319.51	1,427.44
Work-in-Progress	<u>1,034.89</u> 2,354.40	<u>721.81</u> 2,149.25
Net (Increase) / Decrease in Stock	<u>(205.15)</u>	<u>(1,017.38)</u>
NOTE NO. 33		
EMPLOYEE BENEFITS		
Salaries , Wages and Bonus	1,785.00	1,649.14
Contribution to Provident and Other Funds	294.18	207.92
Staff and Labour Welfare Expenses	<u>89.34</u>	<u>91.70</u>
	<u>2,168.52</u>	<u>1,948.76</u>
NOTE NO. 34		
FINANCE COSTS		
Interest on Debts and Borrowings	<u>1,809.14</u>	<u>1,917.14</u>
NOTE NO. 35		
DEPRECIATION		
Depreciation of Plant, Property and Equipment	1,017.90	1,124.50
Amortization of intangible assets	7.40	9.24
Depreciation on Investment Properties	<u>2.97</u>	<u>2.97</u>
	<u>1,028.27</u>	<u>1,136.71</u>

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)	
	2016-17	2015-16
NOTE NO. 36		
OTHER EXPENSES		
Manufacturing Expenses		
Power and Fuel	1,747.24	2,421.38
Packing Materials	282.23	319.07
Repairs to Buildings	44.32	38.06
Repairs to Plant and Machinery	555.18	449.20
Repairs - General	355.56	357.06
Jobwork Charges Paid	175.26	143.14
	3,159.79	3,727.91
Establishment Expenses		
Managing Director's Remuneration	203.10	202.60
Rates and Taxes	50.02	56.67
Insurance	43.44	41.98
Postage and Telephone	12.13	13.89
Printing and Stationery	6.11	6.13
Travelling Expenses	37.09	31.13
Vehicle Maintenance	51.20	42.50
Exchange Loss on Foreign Currency Transactions	93.11	2.21
Loss on Sale of Assets	-	2.90
Directors Sitting Fees	8.55	8.10
Rent Paid	0.84	1.74
Audit and Legal Expenses	17.05	18.97
Corporate Social Responsibility Expenses	3.02	1.12
Miscellaneous Expenses	150.04	74.43
	675.70	504.37
Selling Expenses		
Sales Commission	279.34	236.02
Export Expenses	101.81	64.53
Other Selling Expenses	112.67	91.11
	493.82	391.66
	4,329.31	4,623.94

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 37			
CONTINGENT LIABILITIES			
Guarantees given by the bankers on behalf of company	31.00	-	26.71
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to -			
- Parent	33.31	33.31	33.31
- Parent's share in Associates	1,640.65	1,572.29	1,489.83
NOTE NO. 38			
As per Ind AS 19, the disclosures pertaining to "Employee Benefits" are given below:			
		2016-17	2015-16
Defined Contribution Plan:			
Employer's Contribution to Provident Fund		165.89	156.82
Employer's Contribution to Superannuation Fund		8.25	7.31
Details of the post retirement gratuity plan (Funded) are as follows:			
Movements in the present value of define benefit obligation:			
Opening defined Benefit Obligation		375.53	334.36
Current Service Cost		26.82	24.41
Interest Cost		28.47	25.12
Actuarial (gain) / loss		29.95	16.17
Benefits paid		(-) 39.29	(-) 24.53
Closing Defined Benefit obligation		421.48	375.53
Movement in the present value of plan assets:			
Opening fair value of plan assets		389.21	342.49
Expected return on plan assets		34.54	26.95
Actuarial gain / (loss)		(-)1.35	0.61
Employer Contribution		124.39	30.82
Benefits paid		(-) 39.29	(-) 24.53
Closing fair value of plan assets		507.51	376.35

The amount included in the Statement of Financial position arising

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	2016-17	2015-16
from the entity's obligation in respect of its define benefit plans:		
Fair value of plan assets	507.51	376.35
Present value of obligation	421.48	375.53
Present value of Funded defined obligation	86.03	0.81
Cost of define benefit plan:		
Current Service Cost	26.82	24.41
Interest Cost	(-)5.04	(-)1.83
Net Cost Recognized in the Income Statement	21.78	22.58
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	(-) 0.32	0.61
Actuarial (gain) / loss	30.26	15.56
Net Cost recognized in the Other Comprehensive Income	29.94	16.17

Major Categories of Plan Assets:

GOI Securities	-	-
Funds with LIC	507.51	376.35
Others	-	-
Total	507.51	376.35

Actuarial assumptions:

Discount rate p.a	7.30%	8.00%
Rate of escalation in salary p.a	3.00%	3.00%

Estimate of Expected Benefit payments

Particulars	2016-17	2015-16
Year 1	16.95	18.48
Year 2	21.62	24.36
Year 3	28.50	16.73
Year 4	26.09	29.91
Year 5	30.67	22.82
Next 5 Years	305.24	283.37

Quantitative Sensitivity Analysis for Significant Assumptions

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	2016-17	2015-16
0.50% Increase in Discount Rate	29.02	25.37
0.50% Decrease in Discount Rate	32.40	28.39
0.50% Increase in Salary Growth Rate	32.49	28.48
0.50% Increase in Salary Growth Rate	28.93	25.28

Details of Leave encashment plan (Unfunded) are as follows:

Movement in the present value of define benefit Obligation:

Opening defined Benefit Obligation	79.86	108.76
Current Service Cost	9.91	9.15
Interest Cost	5.83	8.16
Actuarial (gain) / loss	60.37	(-)38.01
Benefits paid	(-) 13.95	(-) 8.20
Closing defined Benefit obligation	142.02	79.86

Movement in the present value of plan assets:

Opening fair value of plan assets	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	13.94	8.20
Benefits paid	(-) 13.94	(-) 8.20
Closing fair value of plan assets	NIL	NIL
Actual Return of plan assets:		
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL

The amount included in the Statement of Financial position arising from the entity's obligation in respect of its define benefit plans:

Fair value of plan assets	NIL	NIL
Present value of obligation	142.02	79.86
Present value of Funded define obligation	142.02	79.86

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

2016-17 2015-16

Cost of define benefit Plan:

Current Service Cost	9.91	9.15
Interest Cost	5.83	8.16
Actuarial (gain) / loss	60.38	(-) 38.01
Net Cost recognized in the Income Statement	76.12	(-) 20.70

Major Categories of Plant Assets:

GOI Securities	NIL	NIL
Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
Total	NIL	NIL

Actuarial assumptions:

Discount rate p.a	7.30%	8.00%
Rate of escalation in salary p.a	3.00%	3.00%

Estimate of Expected Benefit payments

Year 1	5.61	5.95
Year 2	6.58	9.66
Year 3	12.68	2.02
Year 4	14.29	10.87
Year 5	5.16	11.90
Next 5 Years	111.61	24.57

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Salary Growth Rate	10.10	7.48
0.50% Increase in Salary Growth Rate	11.28	8.39
0.50% Increase in Salary Growth Rate	11.30	8.42
0.50% Increase in Salary Growth Rate	10.07	7.45

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognized within the Balance Sheet.

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 39

(Rs. in Lakhs)

Disclosure of Interests in Associates under equity method

Name of the Company	Location	Principal activities of Business
Material Associates		
The Ramco Cements Limited	India	Manufacture of Building materials
Immaterial Associates		
Rajapalayam Mills Limited	India	Manufacturer of Cotton yarn
The Ramaraju Surgical Cotton Mills Limited	India	Manufacturer of Cotton yarn
Ramco Windfram Limited	India	Power Generation
Ontime Industrial Services Limited	India	Goods transport services

Name of the Company	% of Shareholding as at		
	31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	1.63%	1.63%	1.63%
Rajapalayam Mills Limited	0.40%	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	0.06%	0.06%	0.06%
Ramco Windfram Limited	4.55%	5.75%	5.75%
Ontime Industrial Services Limited	9.36%	9.36%	9.36%

Summarized financial information for Material Associates:

The summarized consolidated financial statements of the material associates are as below:

(Rs. in Lakhs)

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
As at 31-03-2017						
The Ramco Cements Limited	5,46,481.00	18,392.00	1,42,178.00	1,24,763.00	2,02,548.00	3,79,740.00
As at 31-03-2016						
The Ramco Cements Limited	5,44,022.00	16,989.00	1,33,418.00	1,77,720.00	2,03,325.00	3,13,384.00
As at 01-04-2015						
The Ramco Cements Limited	5,49,646.00	16,836.00	1,27,502.00	2,42,972.00	1,78,953.00	2,72,059.00

Note: The above financial information is amended to determine the share of interest in associates.

Profit and Loss	TRCL	
	31-03-2017	31-03-2016
Total Revenue	4,62,125.00	4,21,488.00
Profit before tax	85,691.00	66,292.00
Tax expenses	20,270.00	13,166.00
Profit after Tax	65,421.00	53,126.00
Share of profit in Associate	977.00	1,406.00
Other Comprehensive Income	40.00	(204.00)
Share of OCI of Associate	(82.00)	(96.00)
Total Comprehensive Income	66,356.00	54,232.00

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Lakhs)

Fair Value of Investments

Name of the material Associates	31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	13,624.98	12,545.24	11,820.46

Share of contingent Liabilities in respect of associates

Name of the material Associates	31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	1,639.59	1,568.08	1,485.83

Reconciliation to the carrying amount of investment in associates as on 31-03-2016:

Profit and Loss	TRCL	
	31-03-2017	31-03-2016
Entity's TCI	66,356.00	54,232.00
Entity's Adjusted TCI	66,198.33	55,149.21
Effective shareholding %	1.63%	1.63%
Associates share of profit / OCI	1079.74	899.52
Amount recognized in P & L	1079.74	899.52
Reconciliation		
Opening Carrying amount	12,545.24	11,820.46
Add: Associate's share of Profit / OCI	1079.74	899.52
Less: Dividend received	-	174.74
Net Carrying amount	13,624.98	12,545.24

Notes: 1) Adjusted TCI represents total comprehensive income of the entity after eliminating effects of reciprocal interests and unrealized profits.

2) Effective shareholdings represent the aggregate of direct holding and indirect holding through fellow associates.

The Group's aggregate share of profit and other comprehensive income in its individually immaterial associates are furnished below:

Aggregate amounts of Group's share of:	31-03-2017	31-03-2016
Profit after Tax	88.27	23.58
Other Comprehensive Income	(0.19)	(0.55)
Total Comprehensive Income	88.08	23.03

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 40

EARNINGS PER SHARE

Particulars	31-03-2017	31-03-2016
Net profit after tax (Rs. in Lakhs) (A)	1,369.79	614.57
Weighted average number of Equity shares [In Lakhs] (B)	15.00	15.00
Nominal value per equity share (in Rs)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) in Rs.	91.32	40.97

NOTE NO. 41

RELATED PARTY TRANSACTIONS

Information on names of related parties and nature of Relationship as required by Ind AS 24 on related party disclosures for the year ended 31st March 2017:

a. Associates Company

Name of the Company	Country of Incorporation	% of Shareholding as at		
		31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	India	1.63%	1.63%	1.63%
Rajapalayam Mills Limited	India	0.40%	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	India	0.06%	0.06%	0.06%
Ramco Wind Farms Limited	India	4.55%	5.75%	5.75%
Ontime Industrial Services Limited	India	9.36%	9.36%	9.36%

b. Key Managerial Personnel (including KMP under Companies Act, 2013)

Name of the Key Management Personnel	Designation
Shri P.R. Ramasubrahmaneya Rajha	Chairman
Shri P.R. Venketrama Raja	Non-Executive Director
Smt. S. Sharada Deepa	Managing Director
Shri S.S. Ramachandra Raja	Non-Executive Director
Smt. R. Chittammal	Non-Executive Director
Shri N.K. Shrikantan Raja	Independent Director
Shri S.R. Srirama Raja	Non-Executive Director
Shri P.A.S. Alaghar Raja	Independent Director
Shri Arunkumar Goenka	Non-Executive Director
Shri S. Kanthimathinathan	Non-Executive Director
Shri V. Gurusamy	Chief General Manager (Finance) cum Secretary

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

c. Relatives of Key Managerial Personnel

Name of the Relative of KMP	Relationship
Smt. Nalina Ramalakshmi	Daughter of Shri. P.R. Ramasubrahmaneya Rajha

d. Companies over which KMP / Relatives of KMP exercise significant influence

Thanjavur Spinning Mill Limited Sandhya Spinning Mill Limited Sri Harini Textiles Limited Rajapalayam Textile Limited	Sri Harini Media Limited
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e. Employee Benefit Funds where control exists

Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund

f. Other entities over which there is a significant influence

PACR Sethurammal Charity Trust

Disclosure in respect of Related Party Transactions (excluding Reimbursements) during the year and outstanding balances including commitments as at the reporting date:

a. Transactions during the year at Arm's length basis or its equivalent

Name of the Related party	(Rs. in Lakhs)	
	2016-17	2015-16
i. Good Supplied / Services rendered		
Associates		
Rajapalayam Mills Limited	602.52	192.93
The Ramaraju Surgical Cotton Mills Limited	818.76	593.67
Companies over which KMP / Relative of KMP exercise significant Influence		
Ramco Industries Limited	340.18	237.36
Sandhya Spinning Mill Limited	282.20	221.03
Thanjavur Spinning Mill Limited	141.77	196.96
Rajapalayam Textile Limited	30.51	103.26
Sri Harini Textiles Limited	23.18	30.71

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

		(Rs. in Lakhs)	
Name of the Related party		Value	
		2016-17	2015-16
i.	Cost of Goods & Services purchased / availed		
	Associates		
	The Ramco Cements Limited	36.09	99.31
	The Ramaraju Surgical Cotton Mills Limited	400.30	512.38
	Rajapalayam Mills Limited	1583.28	638.04
	Ramco Wind Farms limited	270.27	171.78
	Companies / Other entities over KMP / Relative of KMP exercise significant influence		
	Ramco Industries Limited	255.86	424.78
	Ramco Systems Limited	11.37	9.45
	Sandya Spinning Mill Limited	120.99	836.02
	Thanjavur Spinning Mill Limited	14.80	170.82
	Rajapalayam Textile limited	8.15	Nil
	Sri Harini Media Limited	0.70	0.35
ii.	Other entities over which there is significant influence		
	PACR Sethurammam Charity Trust	14.70	13.71
iii.	Purchase of Fixed Assets		
	Thanjavur Spinning Mill Limited	Nil	82.12
iv.	Sale of Fixed Assets		
	Associates		
	Rajapalayam Mills Limited	3.15	Nil
v.	Sale of Investments		
	Companies / Other entities over KMP / Relative of KMP exercise significant influence		
	Thanjavur Spinning Mill Limited	1.20	Nil
vi.	Dividend Received		
	Associates		
	The Ramco Cements Limited	Nil	174.74
	Rajapalayam Mills Limited	Nil	1.64
	The Ramaraju Surgical Cotton Mills Limited	Nil	0.02
vii.	Interest Paid		
	Key Managerial Personnel		
	Smt. S. Sharada Deepa	6.33	4.39
	Shri S.S. Ramachandra Raja	1.90	1.50
	Smt. R.Chittammal	10.35	1.21

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

		(Rs. in Lakhs)	
Name of the Related party		Value	
		2016-17	2015-16
viii. Sitting Fees			
Key Managerial Personnel			
Shri P.R. Ramasubrahmaneya Rajha		0.60	0.60
Shri P.R. Venketrama Raja		0.30	0.60
Smt. S. Sharada Deepa		0.45	0.60
Shri S.S. Ramachandra Raja		1.05	1.20
Smt. R. Chittammal		1.05	1.20
Shri S.R. Srirama Raja		0.45	0.45
Shri N.K. Shrikantan Raja		1.95	1.95
Shri S. Kanthimathinathan		1.05	1.35
Shri Arunkumar Goenka		0.15	0.15
Shri P.A.S. Alaghar Raja		1.50	Nil
ix. Remuneration to Key Management Personnel (Other than Sitting Fees)			
Key Managerial Personnel			
Smt. S. Sharada Deepa, Managing Director		203.10	202.60
Shri V. Gurusamy, C.G.M. Finance Cum Secretary		21.89	19.20
x. Contribution to Superannuation Fund / Gratuity Fund			
Other entities over which there is a significant influence			
Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund		8.25	7.31
Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund		119.62	37.14
xi. Maximum amount of loans and advance / (borrowings) outstanding during the year			
Key Managerial Personnel			
Smt. S. Sharada Deepa		(356.13)	(105.39)
Shri S.S. Ramachandra Raja		(18.94)	(17.23)
Smt. R. Chittammal		(125.40)	(31.09)
xii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL			
Associates			
The Ramco Cements Limited		1.92	2.05

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	(Rs. in Lakhs)		
Name of the Related party	31-03-2017	31-03-2016	01-04-2015
xiii. Outstanding balance including commitments			
i. Borrowings:			
Key Managerial Personnel			
Shri S.S. Ramachandra Raja	18.94	17.23	13.88
Smt. R. Chittammal	125.40	31.09	–
Smt. S. Sharada Deepa	1.00	105.39	1.44
ii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL			
Associates			
The Ramco Cements Limited	12.00	12.00	12.00
xiv. Disclosure of Key Management Personnel compensation in total and for each of the following categories:			
Particulars	31-03-2017	31-03-2016	
Short - Term Benefits (1)	207.42	205.27	
Defined Contribution Plan (2)	26.12	24.63	
Defined Benefit Plan / Other Long-Term Benefits(3)	–	–	
Total	233.54	229.90	
1. It includes bonus, sitting fees, and value of perquisites.			
2. It includes contribution to Provident fund and Superannuation fund			
3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.			

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 42

Segment Information for the year ended 31-03-2017

(Rs. in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
REVENUE						
External Sales (Net)	22,666.06	20,103.80	–	–	22,666.06	20,103.80
Inter Segment Sale	–	–	1,623.24	922.91	1,623.24	922.91
Total Sales	22,666.06	20,103.80	1,623.24	922.91	24,289.30	21,026.71
Other Income	230.68	298.29	–	–	230.68	298.29
Total Revenue	22,896.74	20,402.09	1,623.24	922.91	24,519.98	21,325.00
RESULT						
Segment Profit	(472.30)	(640.96)	960.00	202.28	487.70	(438.68)
Unallocated Income					–	–
Unallocated Expenses						
Operating Profit					487.70	(438.68)
Interest Expenses					1,809.14	1,917.14
Interest Income					158.26	109.94
Provision for Taxation						
Current Tax					93.15	–
Income Tax related to earlier years					57.24	–
Deferred Tax					129.99	(274.67)
Profit from ordinary activities					207.32	(340.41)
Other Comprehensive Income					(29.95)	(16.17)
Share of TCI from Associates					1,167.84	949.55
Total Comprehensive Income					1,345.21	592.97
OTHER INFORMATION						
Segment Assets	22,927.50	19,967.43	2,878.63	3,237.13	25,806.13	23,204.56
Unallocated Assets					–	–
Total Assets					25,806.13	23,204.56
Segment Liabilities	24,931.81	22,460.23	–	–	24,931.81	22,460.23
Unallocated Liabilities					874.32	744.33
Total Liabilities					25,806.13	23,204.56
Capital Expenditure	–	–	–	–	–	–
Unallocated Capital Expenditure					–	–
Depreciation	836.00	917.92	192.28	218.79	1,028.28	1,136.71
Unallocated Depreciation Expenditure					–	–
Non-Cash expenses other than Depreciation	–	–	–	–	–	–

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 43

FINANCIAL RISK MANAGEMENT

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework and thus established a risk management policy to identify and analyse the risk faced by the Company. Risk Management systems are reviewed by the BOD periodically to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit committee is assisted in the oversight role by Internal Audit. Internal Audit undertakes reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has the following financial risks:

Categories of Risk	Nature of Risk
Credit Risk	Receivables
	Financial Instruments and Cash deposits
Liquidity Risk	Fund Management
Market Risk	Foreign Currency Risk
	Cash flow and fair value interest rate risk

The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks:

Credit Risk

Credit Risk is the risk of financial loss to the Company if the customer or counterparty to the financial instruments fails to meet its contractual obligations and arises principally from the Company's receivables, treasury operations and other operations that are in the nature of lease.

Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Company extends credit to its customers in the normal course of business by considering the factors such as financial reliability of customers. The Company evaluates the concentration of the risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. In case of Corporate / Export Customer, credit risks are mitigated by way of enforceable securities. However, unsecured credits are extended based on creditworthiness of the customers on case to case basis.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company and where there is a probability of default, the company creates a provision based on Expected Credit Loss for trade receivables under simplified approach as below:

(Rs. in Lakhs)

As at 31-03-2017	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,886.00	147.00	122.00	57.65	2,212.65
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,886.00	147.00	122.00	57.65	2,212.65

As at 31-03-2016	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,015.59	339.38	95.79	57.65	1,508.41
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,015.59	339.38	95.79	57.65	1,508.41

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Lakhs)

As at 01-04-2015	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,485.46	349.80	297.74	57.65	2,190.65
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,485.46	349.80	297.74	57.65	2,190.65

Financial Instruments and Cash deposits

Investments of surplus funds are made only with the approved counterparties. The Company is presently exposed to counter party risk relating to short term and medium term deposits placed with Banks. The Company places its cash equivalents based on the creditworthiness of the financial institutions.

Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. The Company has laid well defined policies and procedures facilitated by robust information system for timely and qualitative decision making by the management including its day to day operations.

Financial arrangements

The Company has access to the following undrawn borrowing facilities:

Particulars	31-03-2017	31-03-2016	01-04-2015
Expiring within one year			
Bank Overdraft and other facilities	1,751.00	4,570.00	1,883.00
Term Loans	–	1,200.00	–
Expiring beyond year			
Term Loans	–	–	–

Maturities of Financial Liabilities

(Rs. in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
As at 31-3-2017				
Borrowings from Banks	3,442.00	8,372.00	–	11,814.00
Trade payables	179.90	–	–	179.90
Other Financial Liabilities (Incl. Interest)	491.65	–	–	491.65
As at 31-3-2016				
Borrowings from Banks	3,011.00	9,612.00	–	12,623.00
Trade payables	140.00	–	–	140.00
Other Financial Liabilities	249.00	–	–	249.00
As at 01-04-2015				
Borrowings from Banks	3,337.00	6,335.00	–	9,672.00
Trade payables	59.43	–	–	59.43
Other Financial Liabilities	296.50	–	–	296.50

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency Risk

The Company's exposure in USD and other foreign currency denominated transactions in connection with import of cotton, capital goods & spares, besides exports of finished goods and borrowings in foreign currency, gives rise to exchange rate fluctuation risk. The Company has following policies to mitigate this risk:

Decisions regarding borrowing in Foreign Currency and hedging thereof, (both interest and exchange rate risk) and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contract after taking into consideration the anticipated Foreign exchange inflows / outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

The Company's exposure to foreign currency risk (un-hedged) as detailed below:

Currency	Trade Payables	Trade and other Receivables	Balance with Banks	Foreign Currency Loan
USD in Millions				
As at 31-03-2017	-	-	-	0.19
As at 31-03-2016	-	-	-	1.29
As at 01-04-2015	-	-	-	0.94

Risk sensitivity on foreign currency fluctuation

(Rs. in Lakhs)

Foreign Currency	31-03-2017	31-03-2016
	1% Increase	1% increase
USD	(-) 1.23	(-) 8.60

Cash flow and fair value interest rate risk

Interest rate risk arises from long term borrowings with variable rates which exposed the Company to cash flow interest rate risk. The Company's fixed rate borrowing are carried at amortized cost and therefore are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of the change in market interest rates. The Company is exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing, which is mainly addressed through the management of the fixed / floating ratio of financial liabilities. The Company constantly monitors credit markets to strategize a well-balanced maturity profile in order to reduce both the risk of refinancing and large fluctuations of its financing cost. The Company believes that it can source funds for both short term and long term at a competitive rate considering its strong fundamentals on its financial position.

Interest rate risk exposure

Particulars	31-03-2017	31-03-2016	01-04-2015
Variable rate borrowings	21,781.10	19,775.18	19,676.99
Fixed rate borrowings	181.96	356.07	561.15

The Company does not have any interest rate swap contracts

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-3-2017	31-3-2016
1% Increase in Interest Rate	217.80	197.75

SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 43

CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the Shareholders' wealth.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus Debt.

Particulars	31-03-2017	31-03-2016	01-04-2015
Long Term Borrowings	8,371.64	9,612.14	6,332.39
Current maturities of Long Term borrowings	3,442.00	3,011.00	3,337.00
Short Term Borrowings	10,148.69	7,508.11	10,568.75
Less: Cash and Cash Equivalents	361.48	96.34	137.45
Net Debt (A)	21,601.85	20,034.91	20,100.69
Equity Share Capital	150.00	150.00	150.00
Other Equity	1,403.00	1,188.00	1,374.00
Total Equity (B)	1,553.00	1,338.00	1,524.00
Total Capital Employed (C) = (A) + (B)	23,154.85	21,372.91	21,624.69
Capital Gearing Ratio (A) / (C)	93%	94%	93%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans/borrowing. The Company has been consistently focusing on reduction in long term borrowings. There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31-03-2017 and 31-03-2016.

As per our report annexed
For N.A. JAYARAMAN & CO.,
Chartered Accountants
FRN 001310S

R. PALANIAPPAN
Proprietor
Membership No. 205112

Rajapalaiyam, 25th May, 2017.

Smt. S. SHARADA DEEPA
MANAGING DIRECTOR

S.S. RAMACHANDRA RAJA
DIRECTOR

V. GURUSAMY
CHIEF GENERAL MANAGER (FINANCE) CUM SECRETARY

PROXY FORM

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

SRI VISHNU SHANKAR MILL LIMITED

U17301TN1981PLC008677

Regd. Office : Sri Vishnu Shankar Mill Premises, P.A.C. Ramasamy Raja Salai,
Post Box No.109, Rajapalayam, Tamil Nadu, Pin : 626 117.

Name of the Member(s) :

Registered address :

E-mail Id :

Folio No. :

I/We, being the Member(s) of shares of the above named Company, hereby appoint

1. Name : Address :
E-mail Id : Signature : or failing him,

2. Name : Address :
E-mail Id : Signature : or failing him,

3. Name : Address :
E-mail Id : Signature :

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 36th Annual General Meeting of the Company, to be held on the Thursday, the 10th August, 2017 at 10.30 AM at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
	Ordinary Business
1	Adoption of Financial Statements for the year ended 31 st March, 2017
2	Appointment of Shri S.S. Ramachandra Raja as Director, who retires by rotation
3	Appointment of Shri S.R. Srirama Raja as Director, who retires by rotation
4	Appointment of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, as Auditor

Please see overleaf for Special Business

SRI VISHNU SHANKAR MILL LIMITED

U17301TN1981PLC008677

Regd. Office : Sri Vishnu Shankar Mill Premises, P.A.C. Ramasamy Raja Salai,
Post Box No.109, Rajapalayam, Tamil Nadu, Pin : 626 117.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I / We hereby record my/our presence at the 36th Annual General Meeting of the Company.

Venue : P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens,
P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108.

Date & Time : Thursday, 10th August, 2017, at 10.30 AM

Name of the Member _____ Folio No _____

Name of the Proxy* _____ Signature of Member / Proxy Attending _____

*(To be filled in, if the proxy attends instead of the Member)

Resolution No.	Resolutions
	Special Business
5	Ratification of fee payable to Shri M. Kannan, Cost Accountant, appointed as Cost Auditor of the Company for the financial year 2017-18

Signed this..... day of 2017

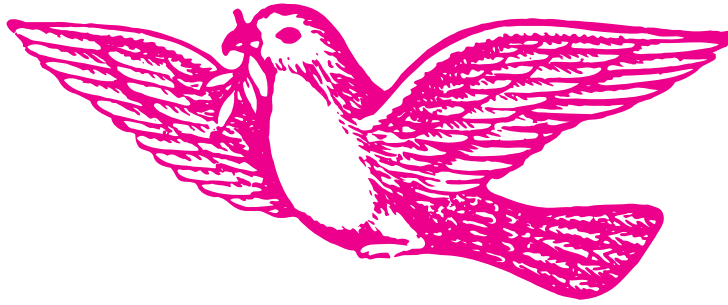
Signature of Shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

SRI VISHNU SHANKAR MILL LIMITED



RAJAPALAIYAM