

38<sup>th</sup>

*Annual Report*

*2018 - 2019*

Our Founder's Mentor



SHRI P.A.C. RAMASAMY RAJA

## SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

### BOARD OF DIRECTORS

Shri P.R. VENKETRAMA RAJA, B.Tech., M.B.A.,  
*Chairman*

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

TAMILNAD MERCANTILE BANK LIMITED

ICICI BANK LIMITED

RBL BANK LIMITED

INDUSIND BANK LIMITED

THE FEDERAL BANK LIMITED

### Auditors

Messrs M.S. JAGANNATHAN &  
N. KRISHNASWAMI  
Chartered Accountants,  
Unit - 5, Ground Floor,  
Abirami Apartments,  
No. 14, VOC Road, Cantonment,  
Trichy - 620 001.

### Cost Auditor

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

### FACTORIES

#### Unit I

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

#### Unit II

Subramaniapuram Village  
Srivilliputhur - 626 137.

#### Unit III

Gopinenipalem Village  
Jaggyyapet,  
Krishna District - 521 190.  
Andhra Pradesh

### 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.vishnushankarmill.co.in

**Corporate Identification Number:**

U17301TN1981PLC008677

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### Separate Financial Statements

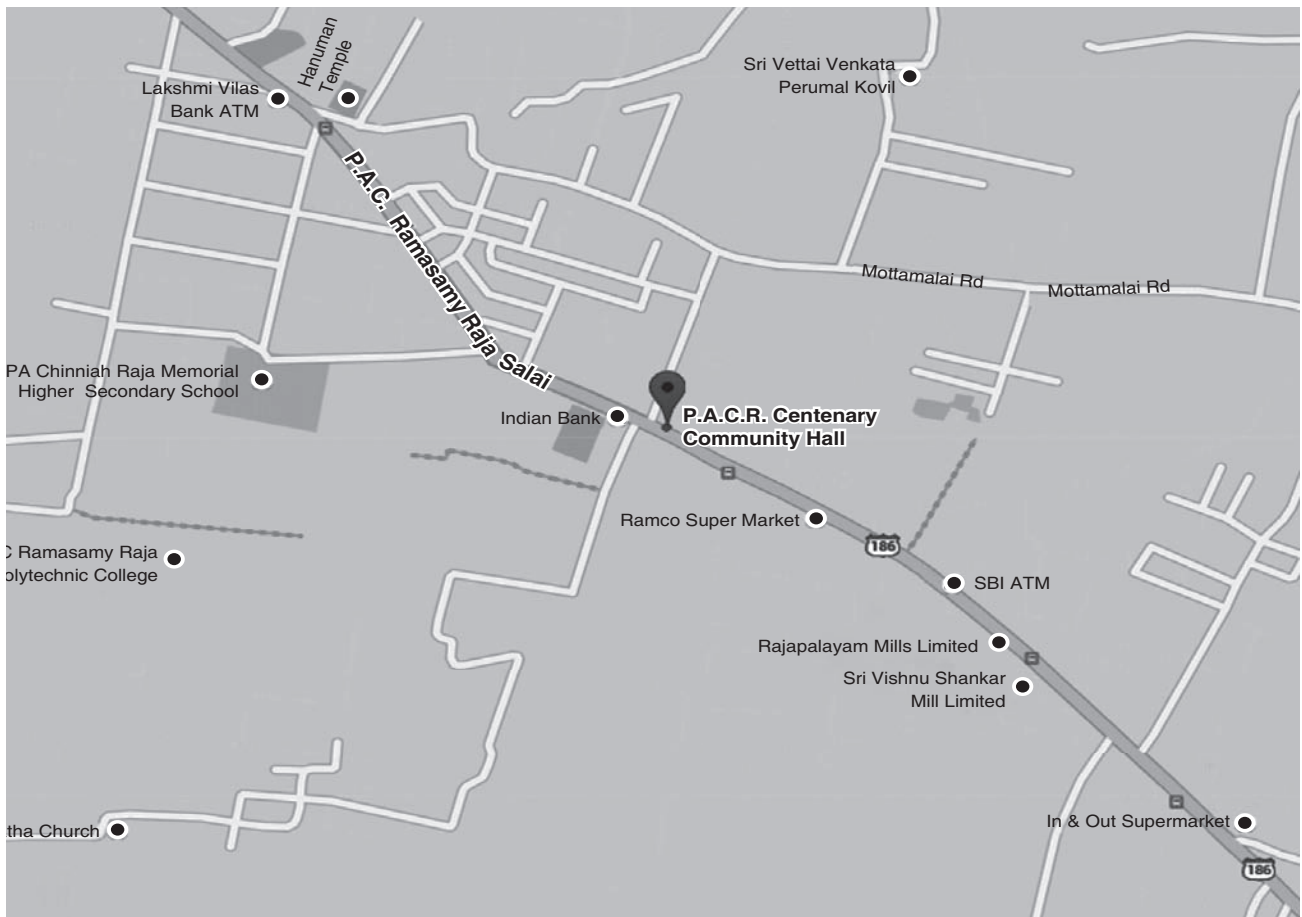
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### Map Showing location of venue of 38<sup>th</sup> Annual General Meeting

**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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE TO THE MEMBERS**

Notice is hereby given that the 38<sup>th</sup> Annual General Meeting of the Company will be held at 10:30 AM on Wednesday the 14<sup>th</sup> August, 2019 at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarasan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu to transact the following business:

**ORDINARY BUSINESS - ORDINARY RESOLUTION**

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

"RESOLVED that the Company's Separate and Consolidated Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019, and the Reports of the Board of Directors and Auditors 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 Arunkumar Goenka (DIN: 00393845), who retires by rotation, be and is hereby re-appointed as Director of the Company."

**SPECIAL BUSINESS - SPECIAL RESOLUTION**

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to Section 196,197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval of the Company be and is hereby accorded to the appointment of Smt. S. Sharada Deepa (DIN: 00383799) as Managing Director of the Company for a period of 3 years with effect from 01-04-2020, at a remuneration equivalent to 5% of the net profits of the Company.

RESOLVED FURTHER that where in any financial year during the currency of her tenure, the Company has no profits or where the remuneration computed at 5% of the net profit is less

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

than ₹ 1,80,00,000/-, the minimum yearly remuneration of the Managing Director shall be ₹ 1,80,00,000/- along with the following perquisites:

- (i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax, Act, 1961;
- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- (iii) Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER that the Nomination and Remuneration Committee be and is hereby authorized to fix the components, quantum and periodicity of the remuneration payable to the Managing Director subject to the aforementioned limits.

RESOLVED FURTHER that the remuneration aforesaid shall be exclusive of any fee paid for attending Meetings of the Board or any Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013."

**SPECIAL BUSINESS - ORDINARY RESOLUTION**

5. To consider and, if thought fit, to pass with or without modification, 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 ₹ 75,000 (Rupees Seventy Five thousand only) 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 2019-20 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,  
28<sup>th</sup> May, 2019.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

**NOTES:**

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of 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 a proxy on behalf of the 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 Authorized Signatories are requested to bring the duly filled-in and signed, attendance slips to the Meeting.
4. Under Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules, 2016), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by 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:

<b>Financial Year ended</b>	<b>Date of Declaration of Dividend</b>	<b>Last Date for Claiming Unpaid Dividend</b>	<b>Due Date for Transfer to IEP Fund</b>
31-03-2014	04-08-2014	03-08-2021	01-09-2021

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

P.R. VENKETRAMA RAJA  
CHAIRMAN

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

**STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 2**

Shri S.S. Ramachandra Raja (DIN: 00331491), aged 83 , has a Bachelor Degree in Science and he has been on the Board of Sri Vishnu Shankar Mill Limited since 1986.

He holds 13410 Equity Shares in the Company as on 31-03-2019

He is also a Director in the following Companies:-

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

He is also member in the following Committees:

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

Number of Board meeting attended during the year: 4 out of 4

**Item No. 3**

Shri Arunkumar Goenka (DIN: 00393845), aged 66 , has a Bachelor Degree in Science and he has been on the Board of Sri Vishnu Shankar Mill Limited since 1986.

He holds 5320 Equity Shares in the Company as on 31-03-2019.

Number of Board meeting attended during the year: 1 out of 4.

**Item No. 4**

Smt. S. Sharada Deepa (DIN: 00383799) was first appointed as Managing Director of the Company on 31-01-2005. At that time, the networth of the Company was ₹ 11.08 Crores and the turnover was ₹ 49 Crores. The spindles capacity of the Company has also increased from 34272 Spindles and 288



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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

Rotors to 70032 Spindles and 2016 Rotors. The Company's net worth has increased to ₹ 22.45 Crores as on 31.03.2019 with a Total turnover of ₹ 199.65 Crores for the financial year 2018-19.

Smt. S. Sharada Deepa was reappointed as Managing Director of the Company by the Board of Directors at their meeting held on 28-05-2019, subject to the approval of the Shareholders at the Annual General Meeting, for a further period of 3 years from 01-04-2020 to 31-03-2023 in accordance with the provisions of Section 196 and 197 of Companies Act, 2013 read with Schedule V and other applicable provisions of the Companies Act, 2013.

**Terms of Remuneration:**

- a) 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- b) In any financial year, where the Company has no profits or where the remuneration computed at 5% of the net profit is less than ₹ 1,80,00,000/-, the minimum yearly remuneration of the Managing Director shall be ₹ 1,80,00,000/- along with the following perquisites:
  - (i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
  - (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
  - (iii) Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.

The aforesaid remuneration shall be exclusive of any fee paid for attending Meetings of the Board or Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013.

The proposed reappointment and the payment of remuneration has also been approved by the Nomination and Remuneration Committee at its meeting held on 27-05-2019.

Smt. S. Sharada Deepa is the Director in the following Companies:

1. JKR Enterprise Limited
2. Sri Saradha Deepa Farms Private Limited
3. JKR Hospitality Services Private Limited

The reappointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013 and hence approval of the Central Government is not required.

None of the Directors and Key Managerial Personnel except Smt. S. Sharada Deepa as an appointee and Shri P.R. Venketrama Raja, Chairman, Shri S.S. Ramachandra Raja, Smt. R. Chittammal and Shri S.R. Srirama Raja, Directors as a relative to the Managing Director may be deemed to be concerned or interested in the Resolution.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

**DETAILS OF MANAGING DIRECTOR SEEKING RE-APPOINTMENT AND SEEKING  
FIXATION OF REMUNERATION AT THE FORTHCOMING ANNUAL GENERAL MEETING**

[Pursuant to Clause 1.2.5 of Secretarial Standards-2 on General Meetings]

Name of the Managing Director	Smt. S. Sharada Deepa
DIN	00383799
Date of Birth and Age	28-08-1966 53 Years
Date of appointment on the Board	02-07-2003
Qualifications	Bachelor of Engineering
Experience and Expertise	16 Years of experience in the field of Industry, Business and Corporate Management.
Number of Meetings of the Board attended during the year	3 out of 4
List of Directorship / Membership / Chairmanship of Committees of other Board	Directorship: Public Company: 1. JKR Enterprise Limited Private Companies: 1. Sri Saradha Deepa Farms Private Limited 2. JKR Hospitality Services Private Limited
Shareholding in Sri Vishnu Shankar Mill Limited	6,82,600 Equity shares
Relationship with other directors, manager and other Key Managerial Personnel of the Company	She is sister of Shri P.R. Venketrama Raja, Chairman. Wife of Shri S.R. Srirama Raja, Director. Daughter in law of Shri S.S. Ramachandra Raja and Smt. R. Chittammal, Directors of the Company.
Terms and Conditions of appointment / re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	Terms and Conditions of re-appointment are as per the Remuneration and Nomination Policy of the Company. The details of remuneration sought to be paid is given in the explanatory statement annexed to this notice. Remuneration last drawn is ₹ 180 Lakh in FY 2018-19 plus allowable perquisites

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**NOTICE**

**I. General Information:**

1	Nature of Industry		Textiles
2	Date of Commencement of Business		15-07-1983
3	Financial performance based on given indicators		
	<b>Year</b>	<b>Total turnover ₹ in Crores</b>	<b>Total Comprehensive Income net of Tax ₹ in Crores</b>
	2018-19	199.65	8.54
	2017-18	202.75	0.29
	2016-17	204.79	(1.77)
4	Foreign investments or collaborations, if any		Nil

**II. Information about the appointee:**

1.	Background Details	<p>Smt. S. Sharada Deepa is a Promoter and has been on the Board of the Company since 2003. She took over the management of the Company as Managing Director in January 2005. Since then she has been responsible for the strategic decision making in the development of the Company.</p> <p>Age : 53 Years No. of Equity Shares Held in the Company : 6,82,600</p>								
2.	Past Remuneration	<table border="1"> <thead> <tr> <th>Financial Years</th> <th>Amount (₹ In Lakhs)</th> </tr> </thead> <tbody> <tr> <td>2016-17</td> <td>180</td> </tr> <tr> <td>2017-18</td> <td>180</td> </tr> <tr> <td>2018-19</td> <td>180</td> </tr> </tbody> </table> <p>The above remuneration is exclusive of contribution to Provident Fund, Superannuation Fund, Provision for Gratuity and Leave encashment at the end of the tenure. The past remuneration paid is in compliance with the Companies Act, 2013.</p>	Financial Years	Amount (₹ In Lakhs)	2016-17	180	2017-18	180	2018-19	180
Financial Years	Amount (₹ In Lakhs)									
2016-17	180									
2017-18	180									
2018-19	180									
3.	Recognition or awards	–								
4.	Job profile and her suitability	Overall in-charge for Management of the affairs of the Company. She is involved in Policy planning, vision and Strategy and long term development activities of the Company. She is an Engineering Graduate and has vast experience in the Management of the affairs of the Company. The Company has grown well under her management. She is suitable for being appointed as Managing Director of the Company.								

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**NOTICE**

5.	Remuneration proposed	<p>i) 5% of the net profits of the Company</p> <p>ii) In case of no profits or where the remuneration computed at 5% of the net profits is less than ₹ 1,80,00,000/-, the minimum yearly remuneration shall be ₹ 1,80,00,000/- along with the perquisites prescribed under Schedule V of the Companies Act, 2013.</p> <p>She will also be entitled for sitting fees for meetings of the Board or its Committees attended by her.</p>
6.	Comparative Remuneration profile	Remuneration proposed is comparable with respect to industry, size of the Company, profile of the position and person.
7.	Relationship with Managerial Personnel / Pecuniary relationship Directly or indirectly with the Company	<p>She is related to, Shri P.R.Venketrama Raja Chairman, Shri S.S. Ramachandra Raja, Smt. R. Chittammal and Shri S.R. Srirama Raja Directors of the Company. She has no pecuniary relationship other than the remuneration and sitting fees she is entitled to receive. Her transactions with the Company are disclosed under related party transactions under Note No.43</p>

**III. Other information:**

1.	Reasons of loss or inadequate Profits	The Company has earned profit during the financial year 2018-19. The Company is passing special resolution for payment of minimum remuneration in the case of absence or inadequacy of profit during the period for which remuneration is payable to Smt. Sharada Deepa in view of the uncertainty prevailing in the textile industry.
2.	Steps taken or proposed to be taken for improvement	By focusing on quality and value added counts fetching better prices and trying to concentrate on export markets the Company is hopeful of achieving good results in the financial year 2019-20 and future years.
3.	Expected increase in productivity and profits in measurable terms	The Company has taken various initiatives to improve the financial performance of the Company. As a result of the ongoing modernization programs the productivity of the Company is expected to increase during the current year and future years. This will improve the profitability of the Company substantially.

**IV. Disclosures:**

1.	Remuneration package of Managerial person	Fully described in the explanatory statements as stated above
2.	Corporate Governance	Not applicable

**DIRECTORS' REPORT**

**TO THE MEMBERS**

Your Directors have pleasure in presenting their 38<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2019.

**1. FINANCIAL RESULTS**

The financial results for the year ended 31<sup>st</sup> March, 2019 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of ₹ 4,141.11 Lakhs against ₹ 2,611.76 Lakhs for the previous financial year 2017-18.

After deducting ₹ 1827.32 Lakhs towards finance cost and providing ₹ 1904.24 Lakhs towards Depreciation, the Net Profit and other comprehensive income before tax for the year is ₹ 417.15 Lakhs, as compared to ₹ (-) 229.48 Lakhs for the previous financial year 2017-18. After considering the deferred tax assets of ₹ 496.10 Lakhs and income tax act liability ₹ 59.20 the net profit after tax is ₹ 854.05 Lakhs as against ₹ 28.81 Lakhs for the previous year.

**2. SHARE CAPITAL**

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

**3. DIVIDEND**

Considering financial position of the Company, your Directors are unable to recommend any dividend for the current year.

**4. TAXATION**

An amount of ₹ 59.20 Lakhs towards Current Tax has been provided and an amount of ₹ 496.10 has been withdrawn from Deferred Tax liability provided in the earlier years which is in accordance with the Accounting Standards.

**5. MANAGEMENT DISCUSSION AND ANALYSIS**

**TRADE CONDITIONS**

• **COTTON**

In India, cotton production was estimated at 325 Lakhs bales during cotton season 2018-19 (October to September) as against 365 Lakhs bales during the previous year, a drop in production of 11% due to erratic monsoon in cotton growing area and reduced

**DIRECTORS' REPORT**

yield. The cotton production in India is continuously declining from the peak production of 400 Lakhs bales produced during the cotton season 2013-14. The current year's cotton crop is the lowest production in the last 10 years. The Government of India has increased the Minimum Support Price (MSP) for cotton by more than 25% during the year under review. The lower production coupled with increased MSP has resulted in spike in cotton prices and Mills were forced to buy good quality cotton at higher prices.

The depreciation of Rupee against US-Dollar has made the import of cotton very expensive. The waste cotton prices (raw material for Open End Spinning) has prevailed at reasonable level. The Company has judiciously procured high quality cotton by closely monitoring the demand and supply situation and also the price movements in domestic and international cotton markets.

- **YARN PRODUCTION**

The Company is now focusing on production of customized, fine / super fine yarn to get better contribution. Some of the ring frames and open end frames have been stopped for few days for shifting of machines and modernization. Due to this, the production volume has decreased to 60.86 Lakhs Kgs during the financial year 2018-19 as against 67.59 Lakhs Kgs of last year. The reason for decrease in the production was due to stoppage of production at Andhra Pradesh unit.

- **SALE OF YARN**

The sale volume has decreased in line with production and accumulation of stock during the financial year 2018-19 and it was 60.70 Lakh Kgs as compared to 65.76 Lakh Kgs of last year. The sale value of yarn has decreased to ₹ 199.65 Crores during the FY 2018-19 as compared to ₹ 202.76 Crores of last year.

The Company was able to attract more customers from overseas market and continues to have a good demand from International customers on account of supply of consistent and superior quality of yarn. Due to good demand for our cotton yarn in export markets, yarn prices in exports in dollar terms have improved during the financial year 2018-19. However, yarn prices in domestic yarn markets were stagnant inspite of higher cotton prices. Reduced consumption of yarn in India, due to import of fabric which has grown by 20% during the year 2018-19 coupled with excess spinning capacity has created over supply situation for yarn and hence the Mills were not able to pass on the increased cost

**DIRECTORS' REPORT**

of production in the yarn prices. The Company's focus on value added customized yarn counts has helped to mitigate the impact to some extent.

- **EXPORTS**

We have made export of Cotton Yarn (including merchant exports) for a value of ₹ 64.79 Crores as against ₹ 46.92 Crores of the previous year. In addition to our regular International Market, our sales volume has grown considerably in new markets viz. Turkey, Portugal etc. where our yarn quality is well accepted.

- **POWER COST**

During the financial year 2018-19, the Company was able to consume power from its own wind farms to the extent of 52 % of total power requirement as compared to 60 % consumed during the last year. Because of lower power generation from wind mills, the Company was forced to consume power from other sources which are high cost and due to this, the power cost has been increased during the financial year 2018-19 to ₹ 20.64 Crores as compared to ₹ 17.85 Crores incurred during previous year.

- **FINANCE COST**

The Finance cost during the financial year 2018-19 has increased to ₹ 1,827.32 Lakhs, from ₹ 1,778.91 Lakhs.

- **DIVIDEND INCOME**

During the financial year 2018-19, the Company has received dividend income of ₹ 117.70 Crores as compared to same period of previous year ₹ 117.70 Crores.

## **6. MODERNISATION / EXPANSION**

As a part of continuous thrust on modernization and expansion programme, the Company has invested about ₹ 7.16 Crores in textile machinery & equipments like Carding machines, savio Auto coner, Draw frames, Double Apron system etc.

## **7. PROSPECTS FOR THE CURRENT YEAR**

Indian cotton prices are likely to remain firm on account of a tight supply situation, less availability of good quality cotton, crop damages etc. The Company is focusing on sourcing the raw materials across the globe at a competitive price and production of more value added yarn with contamination free cotton. The Company has developed strong customer base and

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

also strengthened its infrastructure to manufacture any kind of yarn demanded by the customers to mitigate the risk of fluctuating yarn and cotton prices. The consistent growth of import volume of fabric into India is a major concern for spinning mills in India as it reduces the domestic demand for yarn.

The Company is concentrating on modernizing the machineries to further improve quality and cost effective production. Efforts are being taken continuously to scale up the production of value added counts, which will fetch higher margin and will replace commodity counts in the forthcoming years. With the flexibility to produce value added super fine counts, the Company will continue to make efforts in expanding the marketing activities across the globe to increase the profitability.

**8. SALE / TRANSFER OF ASSETS FROM ANDHRA PRADESH UNIT**

The Company has decided to sell / shift majority of the machines installed at Andhra Pradesh Unit. After sale / shift the majority of the machineries, the Company will initiate the process of selling the residual machines, land & building of AP Unit. The Company is seeking the approval of the Shareholders by postal ballot process as per the provisions of the Companies Act, 2013 for sale of the entire assets of AP unit.

**9. CREDIT RATING**

The Company's bank borrowings have been rated by M/s. CRISIL Limited and the ratings has been upgraded during the financial year 2018-19 for long term and short term borrowings as detailed below:

Long Term Rating	CRISIL BBB / Stable (upgraded from CRISIL BBB - / Negative)
Short Term Rating	CRISIL A3 + (upgraded from CRISIL A3)

**10. WIND MILL**

The Company has wind mills with installed capacity of 13.35 MW for its captive power consumption.

The wind farm has generated 218 Lakhs Kwh as compared to 254 Lakhs Kwh of the previous year. The wind availability / velocity during the financial year 2018-19 was low as compared to the financial year 2017-18. 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 ₹ 14.56 Crores as against ₹ 16.95 Crores of previous year.

**11. ASSOCIATE COMPANY**

During the year under review, the following Companies have ceased to be an Associates consequent to review by the Board based on existence of voting power and significant influence in accordance with Ind AS - 28:



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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

1. Ramco Windfarms Limited
2. Ramco Industrial and Technology Services Limited

After the above reclassification, the Company now has four Associate Companies viz., M/s. The Ramco Cements Limited, M/s. Rajapalayam Mills Limited, M/s. The Ramaraju Surgical Cotton Mills Limited and M/s. JKR Enterprise Limited.

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 and M/s. The Ramaraju Surgical Cotton Mills Limited along with the Auditors' Report thereon, forms part of this Annual Report. Due to insignificant amount of investment (100 Equity Shares) in M/s. JKR Enterprise Limited, we have not considered for consolidated financial statement.

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.vishnushankarmill.co.in>.

The consolidated profit of the Company amounted to ₹ 1,429.27 Lakhs for the year ended 31<sup>st</sup> March, 2019 as compared to ₹ 908.31 Lakhs of the previous year.

The Consolidated Total Comprehensive Income for the year under review is ₹ 1,432.61 Lakhs as compared to ₹ 882.99 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 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 M/s. 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. The policy is available at the Company's website.

**DIRECTORS' REPORT**

**14. DIRECTORS**

Smt. S. Sharada Deepa, was reappointed as Managing Director of the Company for a period of three years starting from 01-04-2017 to 31-03-2020 at the AGM held on 10-08-2016. Based on the recommendation of the Nomination and Remuneration Committee made at its meeting held on 27-05-2019, the Board of Directors at their meeting held on 28-05-2019 have reappointed her as Managing Director for a further period of 3 years starting from 01-04-2020. Approval of the Members has been sought for her reappointment in the Notice convening the AGM.

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 Arunkumar Goenka, (DIN:00393845)

The Independent Directors hold office for a fixed term of 5 years and are not liable to retire by rotation. No independent Director has retired during the year.

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.

Pursuant to Rule 8(5) (iii) of Companies (Accounts) Rules, 2014, it is reported that, other than the above, there have been no changes in the Directors or Key Managerial Personnel during the year.

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.

**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 and its Members and other required matters.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**DIRECTORS' REPORT**

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 Director 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 on 29-05-2018, 09-08-2018, 10-11-2018 & 09-02-2019.

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

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

**MEETING 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:

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

No. of meeting held during the year: 4

Date of Meeting: 28-05-2018, 08-08-2018, 09-11-2018 & 08-02-2019.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

**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:

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

No. of meeting held during the year: 1

Date of Meeting: 14-02-2019.

**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:

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

No. of meeting held during the year: 2

Date of Meeting: 28-05-2018 & 08-08-2018.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

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

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Directorship</b>	<b>No. of Meetings attended</b>
1.	Shri P.R. Veneketrama Raja	Chairman	1
2.	Shri S.S. Ramachandra Raja	Member	1
3.	Shri N.K. Shrikantan Raja	Member	1

No. of meeting held during the year: 1

Date of Meeting: 28-05-2018.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

**INDEPENDENT DIRECTORS COMMITTEE**

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

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Directorship</b>	<b>No. of Meetings attended</b>
1.	Shri N.K. Shrikantan Raja	Chairman	1
2.	Shri P.A.S. Alaghar Raja	Member	1

No. of meeting held during the year: 1

Date of Meeting: 28-05-2018.

**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. There was no outstanding of deposits as on 31-03-2019 (Previous year: NIL). The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

The Company has received a sum of ₹ 1551 Lakhs from Directors as deposit / loan during the financial year 2018-19. It has repaid an amount of ₹ 1314 Lakhs during the year 2018-19. The loans from Directors are not treated as deposits under Chapter V of the Companies Act, 2013.

**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 loans during the year 2018-19 under Section 186 of the Companies Act, 2013.
- (b) the particulars of the investments are provided under Note No.10 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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

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 ₹ 3.54 Lakhs, the Company has spent ₹ 3.65 Lakhs on CSR during the year 2018-19.

The Annual Report on CSR activities as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure - V.

## **21. AUDITS**

### **STATUTORY AUDIT**

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants (FRN: 001310S) who have been appointed as the Statutory Auditors of the Company at the 36<sup>th</sup> Annual General Meeting, would be the Auditors of the Company till the conclusion of the 41<sup>st</sup> Annual General Meeting to be held in the year 2022.

The report of the Statutory Auditors for the year ended 31<sup>st</sup> March, 2019 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**

The Company is required to maintain the accounts and records which have been specified by the Central Government under Section 148(1) of the Act as cost records and accordingly such accounts and records are made and maintained by the Company.

The Board of Directors 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 for the year 2019-20.

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 Audit Report for the financial year 2017-18 due to be filed with Ministry of Corporate Affairs by 30-09-2018 had been filed on 30-08-2018. The Cost Audit Report for the financial year 2018-19 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

**DIRECTORS' REPORT**

**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.

**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(1), (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 1218 employees as on 31-03-2019. 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.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**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 Indian Accounting Standard - 24 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No:43 of disclosures forming part of Financial Statements.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

**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 31<sup>st</sup> March, 2019;
- (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 31<sup>st</sup> March, 2019 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.

**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,  
28<sup>th</sup> May, 2019.

P.R. VENKETRAMA RAJA  
CHAIRMAN



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE I TO DIRECTORS' REPORT**

**Form AOC-1**

*[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]*

Statement containing salient features of the financial statement of  
Associate Companies

**PART A - SUBSIDIARY COMPANY**

There is no Subsidiary Company

**PART B - ASSOCIATE COMPANY**

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

Particulars	2018-19			
	The Ramco Cements Limited	Rajapalayam Mills Limited	The Ramaraju Surgical Cotton Mills Limited	JKR Enterprise Limited
Last audited Balance Sheet date	31-03-2019			
Date on which the Associate was associated / acquired	01-04-2016	01-04-2016	01-04-2016	01-04-2016
No. of Shares held as on 31 <sup>st</sup> March 2019	35,75,200	29,750	2,200	100
Amount of Investment in Associate as on 31 <sup>st</sup> March 2019 (₹ in Lakhs)	22.16	8.76	0.36	0.001
Extent of Shareholding % as on 31 <sup>st</sup> March 2019	1.52	0.40	0.06	0.001
Description of how there is significant influence	Note (1)			
Reason why Associate is not consolidated	Not applicable			Due to insignificant amount of investment
Net worth attributable to Shareholders (₹ in Lakhs)	4,54,170.00	1,70,122.64	21,733.65	Not Applicable
Profit / Loss for the Year (Consolidated) (₹ in Lakhs)	50,964.00	10,369.96	31.62	Not Applicable
a) Considered in Consolidation (₹ in Lakhs)	7,82.78	10.36	0.13	Not Applicable
b) Not considered in Consolidation (₹ in Lakhs)	50,181.22	10,359.60	31.49	Not Applicable

Note: 1) Significant influence exists based on combined voting rights.

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

3) Consequent to review of significant influence, Ramco Industrial and Technology Services Limited and Ramco Windfarm Limited ceased to be an Associates w.e.f. 01-04-2018.

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

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 the terms of remuneration drawn and Particulars of Employees Employed throughout the financial year 2018-19 and were in receipt of remuneration in the aggregate of not less than ₹ 102 Lakhs.

Sl. No.	Name	Age (Yrs)	Designation	Remuneration Paid / Payable ₹ in lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. Sharada Deepa S.	53	Managing Director	203.10	B.E. (13)	31-01-2005	-
2	Shri Gurusamy V.	60	AVP - Finance cum Secretary	32.72	B.Com., ACS FCA (35)	12-06-2014	Rajapalayam Mills Limited
3	Shri Raviraja D.	53	Senior General Manager Works	19.41	DTT (35)	23-08-2007	M/s. Standard Spinning Mills
4	Shri Thangam S.	57	DGM - Cotton	11.69	B.Com., (27)	01-08-1991	-
5	Shri Prakash Peter J.K.	47	DGM - Customer Service	9.75	DTT (24)	07-11-1994	-
6	Shri Velmurugan P.	46	Chief Manager - Production	8.45	DTT (27)	11-06-2013	M/s. Madura Coats Ltd.
7	Shri Hariharasubramanian S.	58	Sales Manager	7.96	B.Sc., DMM (35)	02-03-1984	-
8	Shri Ravi G.	37	Manager - Marketing	7.90	B.Tech (8)	18-08-2016	-
9	Shri Gnaneswaran K	33	Sr. Manager - Accounts	7.59	ACMA (9)	04-03-2013	-
10	Shri Ravichandran P.	57	Manger - Accounts	7.27	B.Com (29)	01-09-1990	-

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.Venketrama Raja Chairman, 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,  
28<sup>th</sup> May, 2019.

P.R. VENKETRAMA RAJA  
CHAIRMAN

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**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                                 | : Reduction of air leakage by arresting air leakage points.<br><br>Optimization of TFO & OE Spinning humidification exhaust system.<br><br>Installation of Variable Frequency Drive (VFD) for Spinning machine fan motor.<br><br>Conversion of "V" belt drive to Flat belt drive in Waste Collection system. |
| Impact on conservation of energy  | : The above steps have resulted in power saving of 1.00 lakhs units per annum.   |
| (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 has installed the latest 7 Nos. of DK 740 carding machines and 1 No. of Savio Auto coner to improve quality of yarn for Corporate customers.<br><br>ii) The Company has installed Automatic Waste Recovery System for carding machines to improve the quality of carding sliver.<br><br>iii) The Company has installed back process machines like SB20 Drawing, E32 Unilap and E65 Combers to strengthen preparatory process to equip for any count pattern. |
|--|---|

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE III TO DIRECTORS' REPORT**

- iv) The Company has installed double apron system in 6 Nos. of LR6S Ring Frame machines to improve the quality of yarn.
- v) The Company has installed short stretch geometric conversion in 8 Nos. of LRG5/1 Ring frames to reduce breakage rate in compact Ring frames.
- (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
- (b) The year of import; : NIL
- (c) Whether the technology been fully absorbed; : Not Applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : Not Applicable
- (iii) the expenditure incurred on Research and Development : Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned in terms of actual inflows during the year and : ₹ 3,778.00 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows. : ₹ 5,616.31 Lakhs

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

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 31<sup>st</sup> March, 2019**

[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	M/s. Cameo Corporate Services Limited, Subramaniapuram Building, No.1. Club House Road, Chennai - 600 002.

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

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

<b>Name and Description of main products / services</b>	<b>NIC Code of the Product / service</b>	<b>% to total turnover of the Company</b>
Yarn	13111	96.26%

**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	1.52%	2 (6)
2. Rajapalayam Mills Limited Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626117. Tamilnadu	L17111TN1936 PLC002298	Associate	0.40%	2 (6)
3. The Ramaraju Surgical Cotton Mills Limited Post Box No. 2, 119, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626117. Tamilnadu	U17111TN1939 PLC002302	Associate	0.06%	2 (6)
JKR Enterprise Limited, 39/17, Bishop Garden, R.A.Puram, Chennai - 600 028. Tamilnadu.	U55101TN2009 PLC073737	Associate	0.0001%	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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals/ Hindu Undivided Family	-	866920	866920	57.80	-	879920	879920	58.66	0.86
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	51700	51700	3.45	-	51700	51700	3.45	-
e) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
f) Any Others...	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1)</b>	-	<b>918620</b>	<b>918620</b>	<b>61.25</b>	-	<b>931690</b>	<b>931690</b>	<b>62.11</b>	<b>0.86</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	<b>918620</b>	<b>918620</b>	<b>61.25</b>	-	<b>931690</b>	<b>931690</b>	<b>62.11</b>	<b>0.86</b>

**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>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
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)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>B (2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	-	8820	8820	0.59	-	8820	8820	0.59	-
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh*	-	548580	548580	36.57	14970	520500	535470	35.71	(0.86)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	15400	15400	1.02	-	15440	15440	1.02	-
c) Others (specify) IEPF	8580	-	8580	0.57	8580	-	8580	0.57	-
<b>Sub-Total (B)(2)</b>	<b>8580</b>	<b>572800</b>	<b>581380</b>	<b>38.75</b>	<b>23550</b>	<b>544760</b>	<b>568310</b>	<b>37.89</b>	<b>(0.86)</b>
<b>B Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>8580</b>	<b>572800</b>	<b>581380</b>	<b>38.75</b>	<b>23550</b>	<b>544760</b>	<b>568310</b>	<b>37.89</b>	<b>(0.86)</b>
<b>C Shares held by Custodians for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>8580</b>	<b>1491420</b>	<b>15,00,000</b>	<b>100.00</b>	<b>23550</b>	<b>1476450</b>	<b>15,00,000</b>	<b>100.00</b>	<b>-</b>



**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. Venkatarama Raja	48,000	3.20	-	48,000	3.20	-	-
2	Smt. R. Sudarsanam	81,000	5.40	-	81,000	5.40	-	-
3	Shri S.S. Ramachandra Raja	2,660	0.18	-	13,410	0.89	-	0.71
4	Smt. R. Chittammal	7,320	0.49	-	7,320	0.49	-	-
5	Smt. Nalina Ramalakshmi	29,000	1.93	-	29,000	1.93	-	-
6	Smt. S. Sharada Deepa	6,80,280	45.35	-	6,82,600	45.50	-	0.15
7	Smt. B. Srisandhya Raju	16,000	1.07	-	16,000	1.07	-	-
8	Shri S.R. Srirama Raja	2,660	0.18	-	2,660	0.18	-	-
9	The Ramco Cements Limited	2,100	0.14	-	2,100	0.14	-	-
10	The Ramaraju Surgical Cotton Mills Limited	11,200	0.75	-	11,200	0.75	-	-
11	Rajapalayam Mills Limited	38,400	2.56	-	38,400	2.56	-	-
	<b>Total</b>	<b>9,18,620</b>	<b>61.25</b>	<b>-</b>	<b>9,31,690</b>	<b>62.11</b>	<b>-</b>	<b>0.86</b>

**(iii) Change in Promoters' Shareholding**

Sl. No.	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2018 to 31-03-2019)	
	No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	9,18,620	61.25	01-04-2018				
	9,31,690	62.11	31-03-2019	13070	Purchase of Shares	13,070	0.86

**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 (01-04-2018 to 31-03-2019)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Smt. R. Sakuntala	15440	1.02	-	-	-	15440	1.02
2.	Shri K. Kumaran	9990	0.67	-	-	-	9950	0.67
3.	Smt. J. Sethulakshmi	8980	0.60	-	-	-	8980	0.60
4.	Smt. A. Rathinamala	8240	0.55	-	-	-	8240	0.55
5.	Smt. Anne B.Thangasamy	7720	0.51	-	-	-	7720	0.51
6.	Smt. A. Ramalakshmi	7320	0.49	-	-	-	7320	0.49
7.	Shri P.S. Jaganatha Raja	7180	0.48	-	-	-	7180	0.48
8.	Shri Indra Kumar Bagri	-	-	01-04-18	7080	Purchase	7080	0.47
9.	Miss. V. Poorna Pushkalmal	6660	0.44	-	-	-	6660	0.44
10.	Shri Madhav Prasad Goenka	5320	0.35	-	-	-	5320	0.35
11.	Smt. Gayatri Devi Goenka	5320	0.35	-	-	-	5320	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 (01-04-2018 to 31-03-2019)	
		No. of Shares at the beginning (01-04-2018) / end of the year (31-03-2019)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Shri P.R. Venkatarama Raja	48000	3.20	NA	NA	NA	48000	3.20
2	Smt. S. Sharada Deepa	680280	45.35	14-02-2019	2320	Purchase of Shares	682600	45.50
3	Shri S.S. Ramachandra Raja	2660	0.18	14-02-2019	10750	Purchase of Shares	13410	0.89
4	Smt. R. Chittammal	7320	0.49	NA	NA	NA	7320	0.49
5	Shri N.K. Shrikantan Raja	3060	0.20	NA	NA	NA	3060	0.20
6	Shri S.R. Srirama Raja	2660	0.18	NA	NA	NA	2660	0.18
7	Shri Arunkumar Goenka	5,320	0.36	NA	NA	NA	5,320	0.36
8	Shri P.A.S. Alaghar Raja	660	0.04	NA	NA	NA	660	0.04
9	Shri S. Kanthimathinathan	Nil	0	NA	NA	NA	NA	NA
10	Shri V. Gurusamy	Nil	0	NA	NA	NA	NA	NA

**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  
(₹ in Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the Beginning of the financial year</b>				
i) Principal Amount	17,828	5,419	–	23,247
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	26	–	–	26
<b>Total (i + ii + iii)</b>	<b>17,854</b>	<b>5,419</b>	<b>–</b>	<b>23,273</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	98,657	7,524	–	1,06,181
Reduction	99,090	8,963	–	1,08,053
<b>Net Change</b>	<b>(433)</b>	<b>(1,439)</b>	<b>–</b>	<b>(1,872)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	17,421	3,980	–	21,401
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	<b>17,421</b>	<b>3,980</b>	<b>–</b>	<b>21,401</b>

**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 (₹ 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
	<b>Total</b>	<b>203.55</b>	<b>203.55</b>
	<b>Ceiling as per Act</b>	Managing Director remuneration is fixed at 5% of net profits of the Company and in case of no profits or inadequacy of profits in any financial year, the Managing Director shall be paid double of the applicable limit as per Section II Part II of Schedule V of the Companies Act, 2013 which works out to ₹ 270.30 Lakhs plus applicable sitting fees.	

**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 (₹ in lakhs)
1	Fees for attending board / committee meetings	1.95	1.65	3.60
2	Commission	-	-	-
3	Others please specify	-	-	-
	<b>Total (1)</b>	<b>1.95</b>	<b>1.65</b>	<b>3.60</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV TO DIRECTORS REPORT**

2. Other Non-Executive Directors

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Shri P.R. Venketrama Raja	Shri S.S. Ramachandra Raja	Smt. R. Chittammal	Shri S.R. Srirama Raja	Shri Arun kumar Goenka	Shri S. Kanthimathi nathan	
1.	Fee for attending board committee meetings	0.75	0.90	0.60	0.60	0.15	1.50	4.50
2.	Commission	-	-	-	-	-	-	-
3.	Others	-	-	-	-	-	-	-
	<b>Total (2)</b>	0.75	0.90	0.60	0.60	0.15	1.50	4.50
	<b>Total B (1) + (2)</b>							<b>8.10</b>
	<b>Total Managerial Remuneration (A+B)</b>							<b>211.65</b>

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Shri V. Gurusamy Associate Vice President (Finance) cum Secretary	
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	32.72	32.72
	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	-	-
	<b>Total</b>	<b>32.72</b>	<b>32.72</b>

**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)
<b>A. COMPANY</b> Penalty Punishment Compounding			NIL		
<b>B. DIRECTORS</b> Penalty Punishment Compounding			NIL		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding			NIL		

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

P.R.VENKETRAMA RAJA  
CHAIRMAN

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**ANNEXURE V TO DIRECTORS REPORT**

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ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR Policy.

The objective of the CSR Policy is:

- a. To ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stockholders.
- b. To directly or indirectly take up programs that benefit the communities in & around its work locations and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- c. To generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive & socially responsible image of the Company as a corporate entity.

Web line to the CSR Policy: <http://www.vishnushankarmill.co.in>.

2. The Composition of the CSR Committee:

- a. Shri P.R. Venketrama Raja, Chairman of the Committee
- b. Shri S.S. Ramachandra Raja, Member
- c. Shri N.K. Shrikantan Raja, Member

3. Average Net profit of the Company for last three financial years ₹ 177.12 lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) ₹ 3.54 lakhs.

5. Details of CSR spent during the financial year:

- a. Total amount spent for the financial year : ₹ 3.65 lakhs
- b. Amount unspent, if any : Nil



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**ANNEXURE V TO DIRECTORS REPORT**

c. Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs (1) Local Area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay (Budget) Project or Programs wise	Amount Spent on the Project or Programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads:	Cumulative Expenditure up to reporting period	Amount Spent Direct or through implementing Agency
1.	Eradicating Hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swatch Bharat Kosh setup by Central Government for the promotion of Sanitation and making available safe drinking water [Clause(i)]	Eradication Hunger and Promotion of Healthcare including preventive Healthcare	Virudhunagar District, Tamil Nadu	0.59	0.59	0.59	0.59
2	Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects	Promotion of Education	Virudhunagar District, Tamil Nadu	3.06	3.06	3.06	3.06
Total				3.65	3.65	3.65	3.65

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in Compliance with CSR objectives and policy of the Company.

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

P.R.VENKETRAMA RAJA  
CHAIRMAN

## **SEPARATE FINANCIAL STATEMENTS**

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Sri Vishnu Shankar Mill Limited**

**Report on the Separate Financial Statements**

We have audited the accompanying Separate financial statements drawn in accordance with the Indian Accounting Standards ("the Financial Statements"), of Sri Vishnu Shankar Mill Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow for the year ended on 31<sup>st</sup> March 2019 and a summary of significant accounting policies and other explanatory information.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Separate '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 state of affairs (financial position) of the Company as at 31<sup>st</sup> March 2019, its Profit (financial performance including Other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on 31<sup>st</sup> March 2019.

**Basis for Opinion**

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of the Financial Statements that give a true and fair view of the Financial Position, Financial Performance (including Other Comprehensive Income), Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

**Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the Directors as on 31 March 2019 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) We have enclosed our report in "Annexure B" with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

of such controls. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in Note No 40 (iii) of the 'Notes forming part of Separate Financial Statements' for the year ended 31<sup>st</sup> March 2019;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts that were required to be transferred by the Company to the Investor Education and Protection Fund.

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 21510

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**AUDITORS' REPORT TO SHAREHOLDERS**

**"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date to the Financial Statements of the Company for the year ended 31<sup>st</sup> March 2019:

1) Fixed Assets

1.1 The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

1.2 The fixed assets were physically verified during the year by the Management in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed during such verification.

1.3 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.

2) Inventory

2.1 The Management has conducted the physical verification of inventory at reasonable intervals.

2.2 The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account and were not material.

4) 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, in respect of loans, investments, guarantees, and security.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) The Company is maintaining the accounts and records which have been specified by the Central Government under Section 148(1) of the Act.

7) Undisputed and disputed taxes and duties

7.1 The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

Excise, Value Added Tax, Cess, Goods and Services Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.

- 7.2 According to the information and explanations given to us, the following dues of taxes has not been deposited by the Company on account of disputes:

<b>Name of the Statute</b>	<b>Forum where dispute is pending</b>	<b>Amount (₹ in Lakhs)</b>
Value Added Tax	Joint Commissioner (Commercial Tax - Appellate), Tirunelveli	33.31

- 8) The Company has not defaulted in repayment of dues to Financial Institutions, Banks, Debenture holders or Government.
- 9) The Company did not raise any money by way of initial public offer or further public offer. The Company has raised term loans from Banks/Institutions during the year and the proceeds have been applied for the purposes for which they were raised. The Company has not issued any debentures during the year.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- 15) Based upon the audit procedures performed and the information and explanations given by the Management, the Company has not entered into any non-cash transactions with Directors or



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

- 16) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 21510

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**AUDITORS' REPORT TO SHAREHOLDERS**

**"Annexure B" to the Independent Auditor's Report**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"), referred to in Paragraph 2 f) of our report.

We have audited the internal financial controls over financial reporting of Sri Vishnu Shankar Mill Limited. ("the Company") as of March 31, 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31 March 2019.

**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 and, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**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 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, 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 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 21510

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

(₹ in Lakhs)

	Note No.	As at 31-03-2019	As at 31-03-2018	
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment	7	10,545.52	11,638.08	
(b) Capital Work-in-progress		128.86	54.55	
(c) Intangible Assets	7	3.11	3.11	
(d) Investment Property	8	194.43	197.40	
(e) Assets held for Sales	9	635.49	1,338.88	
(f) Investment in Associates	10	826.29	828.19	
(g) Financial Assets				
Other Investment	10	11.42	9.23	
Other Financial Assets	11	434.22	435.63	
(h) Other Non-Current Assets	12	4.03	4.03	14,509.10
<b>(2) Current Assets</b>				
(a) Inventories	13	6,965.24	6,350.47	
(b) Financial Assets				
Trade Receivables	14	2,881.29	3,126.45	
Cash and Cash Equivalents	15	9.58	75.26	
Bank Balance other than Cash and Cash Equivalents	16	1.48	3.61	
Other Financial Assets	17	-	12.00	
(c) Other Current Assets	18	2,145.06	2,186.07	11,753.86
<b>TOTAL ASSETS</b>		<b>24,786.02</b>	<b>26,262.96</b>	
<b>EQUITY &amp; LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital	19	150.00	150.00	
(b) Other Equity	20	2,095.02	1,240.97	
<b>Total Equity</b>			<b>2,245.02</b>	1,390.97
<b>(2) Liabilities</b>				
<b>A) Non Current Liabilities</b>				
(a) Financial Liabilities				
Borrowings	21	7,987.46	7,480.66	
(b) Provisions	22	172.75	151.04	
(c) Deferred Income	23	46.04	48.72	
(d) Deferred Tax Liabilities (Net)	24	119.93	616.03	8,296.45
<b>B) Current Liabilities</b>				
(a) Financial Liabilities				
Borrowings	25	11,008.95	11,853.73	
Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	26	-	-	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	26	88.54	121.43	
Other Financial Liabilities	27	2,809.21	4,135.57	
(b) Provisions	28	227.03	225.50	
(c) Liabilities for Current Tax	29	81.09	239.31	16,575.54
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,786.02</b>	<b>26,262.96</b>	
Significant Accounting Policies, Judgements and Estimates	1-6			
See accompanying notes to the financial statements.	7-29			

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner,  
Membership No. 21510  
Rajapalaiyam,  
28<sup>th</sup> May, 2019.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019**

(₹ in Lakhs)

	Note No.	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>REVENUE</b>			
I	30	<b>20,739.49</b>	21,295.21
II	31	<b>91.87</b>	118.35
III	32	<b>2,262.55</b>	147.87
<b>IV</b>		<b><u>23,093.91</u></b>	<b><u>21,561.43</u></b>
<b>EXPENSES</b>			
	33	<b>11,404.85</b>	11,804.72
		<b>1,038.52</b>	839.56
	34	<b>(535.39)</b>	(281.20)
	35	<b>2,349.17</b>	2,173.72
	36	<b>1,827.32</b>	1,778.91
	37	<b>1,904.24</b>	1,030.93
	38	<b>4,695.65</b>	4,412.87
<b>V</b>		<b><u>22,684.36</u></b>	<b><u>21,759.51</u></b>
<b>VI</b>		<b>409.55</b>	(198.08)
<b>VII</b>			
		<b>59.20</b>	–
		–	–
		<b>(497.48)</b>	(249.55)
		<b><u>(438.28)</u></b>	<b><u>(249.55)</u></b>
<b>VIII</b>		<b><u>847.83</u></b>	<b><u>51.47</u></b>
<b>IX</b>			
		<b>4.96</b>	(31.40)
		<b>(1.38)</b>	8.74
		<b>3.58</b>	(22.66)
		<b>2.64</b>	–
		<b>6.22</b>	(22.66)
<b>X</b>		<b><u>854.05</u></b>	<b><u>28.81</u></b>
<b>XI</b>			
		<b>56.52</b>	3.43
	1-6		
	7-47		

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner,  
Membership No. 21510  
Rajapalaiyam,  
28<sup>th</sup> May, 2019.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2019**

(₹ in Lakhs)

2018-19      2017-18

**A. Cash Flow from Operating Activities:**

Profit / (Loss) before Tax	<b>409.55</b>	(198.08)
Adjustments for:		
Depreciation & Amortisation	<b>1,904.24</b>	1,030.93
Interest Paid	<b>1,827.32</b>	1,778.91
Interest Received	<b>(91.87)</b>	(118.35)
Dividend Received	<b>(117.70)</b>	(117.70)
Rent Received	<b>(1.40)</b>	(3.82)
Impairment of Assets	<b>64.21</b>	–
Profit on Sale of Assets (Including Share Investment)	<b>(2,076.83)</b>	(0.44)
Fair Value movement on Forward Contracts	–	(151.11)
Operating Profit before Working Capital Changes	<b>1,917.52</b>	2,220.34
Adjustments for:		
Gratuity and Government Grants	<b>2.28</b>	(34.08)
Trade Receivables	<b>245.16</b>	(949.29)
Loans and Advances	<b>54.42</b>	(102.03)
Inventories	<b>(614.77)</b>	428.73
Trade Payables & Current liabilities	<b>171.88</b>	(143.65)
Cash generated from Operations	<b>1,776.49</b>	1,420.02
Income Taxes Paid	<b>(217.42)</b>	(3.75)
<b>Net Cash generated from Operating Activities</b>	<b>A      1,559.07</b>	1,416.27

**B. Cash Flow from Investing Activities:**

Purchase of Fixed Assets (Including Capital work-in-progress)	<b>(673.59)</b>	(1,270.26)
Purchase of Investments	<b>(2.64)</b>	(1.60)
Sale of Investments	<b>2,082.52</b>	0.11
Proceeds from Sale of Assets / Investment Property	<b>429.75</b>	125.32
Interest Received	<b>91.87</b>	118.35
Dividend Received	<b>117.70</b>	117.70
Exceptional Item		
Rent Received	<b>1.40</b>	3.82
<b>Net Cash from / (used) in Investing Activities</b>	<b>B      2,047.01</b>	(906.56)

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2019**

(₹ in Lakhs)

2018-19      2017-18

**C. Cash Flow from Financing Activities:**

Proceeds from Long Term Borrowings	<b>1,402.62</b>	3,493.02
Repayment of Long Term Loan	<b>(2,404.41)</b>	(3,913.00)
Availment / (Repayment) of Short Term Borrowings (Net)	<b>(844.78)</b>	1,406.57
Interest Paid	<b>(1,827.32)</b>	(1,778.91)
<b>Net cash used in Financing Activities</b>	<b>C</b>	<b>(3,673.89)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>D = (A+B+C)</b>	<b>(67.81)</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>78.87</b>
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D + E</b>	<b>11.06</b>

Notes:

- (i) The above Statement of Cash Flow has been prepared under 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flow.
- (ii) Bank Borrowings including Cash Credits are considered as Financing Activities.
- (iii) For the purpose of Statement of Cash Flow, Cash and Cash Equivalents comprise the following:

Particulars	31-03-2019	31-03-2018
Cash and Cash Equivalents [Refer to Note No.15]	<b>9.58</b>	75.26
Bank Balances other than Cash and Cash Equivalents [Refer to Note No.16]	<b>1.48</b>	3.61
	<b>11.06</b>	<b>78.87</b>

See accompanying notes to the financial statements [Refer to No. 7 to 47]

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner,  
Membership No. 21510  
Rajapalaiyam,  
28<sup>th</sup> May, 2019.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31-03-2019**

**A. Equity Share Capital**

**(₹ in Lakhs)**

Balance as at 01-04-2017	150.00
Changes in Equity Share Capital during the year 2017-18	-
Balance as at 31-03-2018	150.00
Changes in Equity Share Capital during the year 2018-19	-
Balance as at 31-03-2019	150.00

**B. Other Equity**

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Capital Reserves	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
<b>Other Equity as at 1<sup>st</sup> April 2017</b>	<b>23.77</b>	<b>25.00</b>	<b>1,477.72</b>	<b>(314.33)</b>	-	-	<b>1,212.16</b>
Add: Profit for the year				51.47			51.47
Add: Other Comprehensive Income						(22.66)	(22.66)
<b>Total Comprehensive Income</b>				<b>51.47</b>	-	<b>(22.66)</b>	<b>28.81</b>
Less: Transfer to Retained Earnings						(22.66)	(22.66)
Add: Transfer from OCI				(22.66)			(22.66)
<b>Other Equity as at 31<sup>st</sup> March 2018</b>	<b>23.77</b>	<b>25.00</b>	<b>1,477.72</b>	<b>(285.52)</b>	-	-	<b>1,240.97</b>
Add: Profit for the year				847.83			847.83
Add: Other Comprehensive Income					2.64	3.58	6.22
<b>Total Comprehensive Income</b>	-	-	-	<b>847.83</b>	<b>2.64</b>	<b>3.58</b>	<b>854.05</b>
Less: Transfer to Retained Earnings					(2.64)	(3.58)	(6.22)
Add: Transfer from OCI				3.58			3.58
Less: Transfer to General Reserve				-			-
Add: Transfer from Retained Earnings				2.64			2.64
<b>Other Equity as at 31<sup>st</sup> March 2019</b>	<b>23.77</b>	<b>25.00</b>	<b>1,477.72</b>	<b>568.53</b>	-	-	<b>2,095.02</b>



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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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**1. CORPORATE INFORMATION**

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

The Company is principally engaged in manufacture of cotton 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 31-03-2019 were approved and adopted by Board of Directors of the Company in their meeting dated 28-05-2019.

**2. BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS**

- (i) The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with 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.)
- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.4.
- (iii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iv) 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.
- (v) 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.
- (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 ₹ 0.00 Lakhs.
- (vii) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

**3. BASIS OF MEASUREMENT**

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note No. 4(R) - Accounting Policy for Financial Instruments) and defined benefit plan assets which are measured at fair value.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Inventories**

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis 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 weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities, or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities 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. Cost is determined on a moving weighted average basis.

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 less than 3 months, highly liquid investments that are readily convertible into cash. which are subject to insignificant risk of changes in value
- (iii) Bank borrowings including Bank over Drafts and Cash Credits are generally considered to be financing activities.

**NOTES TO FINANCIAL STATEMENTS**

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**C. 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) 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 to such set off current tax assets against current tax liabilities.
- (vii) 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.

**D. Property, plant and equipments (PPE)**

- i. PPEs are stated at cost of acquisition or construction less accumulated depreciation / amortisation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase

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taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

- ii. Subsequent expenditures are included in the assets' carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.
- iii. Spares which meet the definition of PPE are capitalised from the date when it is available for use. 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 are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- iv. 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.
- 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. Capital Expenditure on tangible assets for research and development is classified as PPE and is depreciated based on the estimated useful life. Other expenditure incurred for research and development are expensed under the heads of accounts in the year in which it is incurred.
- vii. The Company follows 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:

<b>Type of Plant and Machinery</b>	<b>Useful life of such Component ranging from</b>
Textile Machines / Equipment	10 to 15 years
Wind Mills	22 to 30 years
HFO / DG Set	12 to 25 years
Electrical Machineries	3 to 25 years

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- viii. PPE acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.
- ix. 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, 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. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- x. 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.
- xi. 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.
- xii. 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.

**E. 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.

**F. 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 except where the payments are structured to increase in line with the general inflation to compensate for the expected inflationary cost increases. The Company do not have any finance leases.

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**NOTES TO FINANCIAL STATEMENTS**

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- iii. The amount paid for securing right to use of lands qualify as Operating lease and the amount paid for leasehold land and are amortised over the tenure of lease.

**G. Revenue Recognition**

(i) Revenue from Operations

The Company has adopted Ind AS 115 with effect from 01-04-2018 (i.e) from the date on which it became effective.

a) Sale of products

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. There is no significant financing component with regard to sale of products for the company as per Ind AS 115. The Company do not have any non-cash consideration.

b) Power generated from windmills

Power generated from windmills that are covered under wheeling & banking arrangement with TANGEDCO are consumed at Factories. The monetary values of such power generated that are captively consumed are not recognised as revenue, but have been set after against the cost of power & fuel.

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 recognized and shown as income from windmills.

c) Scrap sale

Scrap sales is recognized when the Company transfers control of the product to customers.

(ii) Other Income

- a. Interest income is recognized 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 or to the amortised cost of a financial liability.

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- b. Dividend income is recognized when the Company's right to receive dividend is established.
- c. Rental income from operating lease on investment properties is recognized on a straight line basis over the terms of the relevant lease.

**H. 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 ₹ 1.50 Lakhs per annum is remitted to Sri Vishnu Shankar Mill Limited Officers' Superannuation Trust 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.

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- (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.

**I. Government Grants**

- (i) Government grants are recognised at fair value 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". 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".

**J. 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.

**K. 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.



**NOTES TO FINANCIAL STATEMENTS**

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- (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 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.

**L. Earnings per Share**

- (i) Earnings per share is calculated by dividing the Profit / (loss) attributable to equity shareholders by the weighted average number of equity shares.
- (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.

**M. Impairment of Non-Financial Assets**

- (i) The carrying values of assets include property, plant and equipment, investment properties, cash generating units and intangible 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.

**NOTES TO FINANCIAL STATEMENTS**

**N. 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.
- (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 not recognised.
- (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.

**O. 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) The cost incurred for right to un-restricted usage of power transmission system for drawal of power from State grid to its mills were capitalized as the Company is expected to yield future economic benefits.
- (iii) 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 detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

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

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- (iv) 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.
- (v) The residual values, useful lives and methods of amortisation of intangible asset are reviewed at each reporting date and adjusted prospectively, if appropriate.

**P. 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.
- (iii) The company identifies the significant parts of investment properties separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives determined on best estimate basis upon technical advice. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. Other expenses including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant parts as detailed below:

<b>Asset type</b>	<b>Useful life ranging from</b>
Buildings under Investment properties	60 years

- (v) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use. 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. Amount receivable towards investment properties that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.

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- (vi) The residual values, useful lives and methods of depreciation of investment properties are reviewed periodically including at each reporting date and adjusted prospectively, if appropriate.

**Q. Operating Segments**

The Company's business operation comprises of two operating segment viz. Textiles and Wind Mills. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision maker.

**R. 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 FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company 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.

**S. 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:

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- 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) 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:

<b>Classification</b>	<b>Business Model</b>
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. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

<b>Classification</b>	<b>Name of Financial Assets</b>
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

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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 de-recognition 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:

<b>Name of Financial asset</b>	<b>Impairment testing methodology</b>
Trade Receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates 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.

**T. Financial Liabilities**

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Derivative financial instruments and other financial liabilities

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- (ii) The Company measures its financial liabilities as below:

<b>Measurement basis</b>	<b>Name of Financial liabilities</b>
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 and other financial liabilities held for trading.

**U. 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 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 valuation techniques.

**b) Trade and other receivables**

The fair value is estimated as the present value of the future cash flows, discounted at the market rate of interest at the reporting date. However, the fair value generally approximates the carrying amount due to the short term nature of such assets.

**c) Investment Properties**

The fair value is determined for disclosure purposes based on valuation report given by an Independent External Valuer.

**5. Amendments to the existing Accounting Standards / issuance of new accounting standard effective from 01-04-2019 onwards**

**(i) New Standard**

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying deletion of existing standard Ind AS 17 on Leases and insertion of new standard Ind AS 116 on Leases for applicability with effect from April 1, 2019.

**Ind AS 116 Leases**

**Entity as a Lessee**

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an



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index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

**Entity as a Lessor**

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The above notified standard provides two recognition exemptions for lessees viz., leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less).

The Company is evaluating the requirements of this new standard and its effect on the financial statements.

**(ii) Amendments in existing accounting standards**

The details of amendments to the existing standards applicable to the Company with effect from April 1, 2019, which may impact the financial statements in the coming years are detailed below:

**Ind AS 12 Income Taxes**

**(a) Uncertainty over Income Tax Treatments**

Appendix C to Ind AS 12 addresses the following issues, when there is uncertainty over income tax treatments

- (i) whether an entity considers uncertain tax treatments separately;
- (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (iii) how an entity determines taxable profit, tax bases, unused tax losses, unused tax credits and tax rates; and
- (iv) how an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

**(b) Income tax consequences of dividends**

The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, the Company shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

**Ind AS 19 Employee Benefits**

**Plan Amendment, Curtailment or Settlement**

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement, the Company is required to:

- (a) Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset);
- (b) Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) and the discount rate used to remeasure that net defined benefit liability (asset).

Further the Company first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The Company is evaluating the requirements of the above amendments and its effect on the financial statements.

**6. 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.

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

**(i) Revenue Recognition**

Significant management judgment is exercised in determining the transaction price and discounts to customer which is based on market factors namely demand and supply. The company offers credit period to customers and management judgment is exercised in assessing whether a contract contains a significant financing component.

**(ii) 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 the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation / amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

**(iii) 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.

**(iv) 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.

**(v) Provisions**

The timing of recognition requires application of judgment to existing facts and circumstance that may be subject to change. The litigations and claims to which the company is exposed are assessed by the management and in certain cases with the support of external experts. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

**(vi) Contingent Liabilities**

Management judgment 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.

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**(vii) Impairment of Trade receivables**

The impairment for trade receivables 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.

**(viii) 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.

**(ix) 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. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates 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. All assumptions are reviewed at each reporting date.

**(x) 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.

**(xi) Impairment of Investments in Associates**

Significant management judgement is exercised in determining whether the investment in associates are impaired or not is on the basis of its nature of long term strategic investments and business projections.

**(xii) Interests in other entities**

Significant management judgement is exercised in determining the interests in other entities. The management believes that wherever there is a significant influence over certain companies belonging 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 TO FINANCIAL STATEMENTS**

**NOTE NO. 7**  
**PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Year		Gross Block			Depreciation			Net Block		
	As at the beginning of the year	Additions	Deductions	Transfer to Investment Property & Assets held for Sale	As at the end of the year	As at the beginning of the year	For the year	Deductions	Transfer to Investment Property & Assets held for Sale	As at the end of the year	As at the beginning of the year
<b>Tangible Assets</b>											
Land	2018-19	313.63	-	-	313.63	-	-	-	-	313.63	313.63
	2017-18	313.63	-	-	313.63	-	-	-	-	313.63	313.63
Buildings	2018-19	2,671.99	20.47	-	2,692.46	1,047.31	79.71	-	-	1,565.44	1,624.68
	2017-18	2,671.99	-	-	2,671.99	967.58	79.73	-	-	1,624.68	1,704.41
Plant and machinery	2018-19	24,196.07	512.05	1,314.50	22,033.21	13,489.46	1,724.74	885.37	695.96	8,400.36	10,706.61
	2017-18	23,462.19	1,214.98	481.10	24,196.07	13,023.20	822.50	356.24	1,690.98	12,397.59	10,438.99
Electrical machinery	2018-19	1,203.65	1.56	-	921.66	967.89	63.99	-	264.14	153.92	235.77
	2017-18	1,203.65	-	-	1,203.65	873.68	94.20	-	226.31	462.08	329.97
Furniture & Office Equipments	2018-19	167.47	9.79	-	163.20	133.57	8.24	-	12.13	33.52	33.89
	2017-18	149.48	17.99	-	167.47	126.46	7.11	-	11.32	45.22	23.02
Vehicles	2018-19	170.05	55.39	1.51	186.69	107.68	24.59	0.89	23.34	78.65	62.37
	2017-18	167.36	2.93	0.23	170.06	88.42	19.49	0.22	18.95	81.32	78.94
Total - Tangible Assets	2018-19	28,722.87	599.26	1,316.01	26,310.85	15,745.91	1,901.27	886.26	995.57	10,545.52	12,976.95
	2017-18	27,968.30	1,235.90	481.33	25,436.43	15,079.34	1,023.03	356.46	1,947.56	11,638.08	12,888.96
<b>Intangible Assets</b>											
Computer Software	2018-19	39.47	-	-	39.47	37.61	-	-	-	1.86	1.86
	2017-18	41.82	-	-	41.82	39.84	-	-	-	1.98	1.98
Power Transmission System	2018-19	25.17	-	-	25.17	23.92	-	-	-	1.25	1.25
	2017-18	25.17	-	-	25.17	18.99	4.93	-	-	1.25	6.18
Total - Intangible Assets	2018-19	64.64	-	-	64.64	61.53	-	-	-	3.11	3.11
	2017-18	66.99	-	-	66.99	58.83	4.93	-	-	3.23	8.16

Notes: (a) Borrowings cost have been capitalised for current year Nil (P.Y.: ₹ 20.05 Lakhs).

(b) All the Fixed Assets have been pledged as Security for Borrowings.

(c) Previous year net block figures have been reclassified to make them comparable with the current year figures.

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

(₹ in Lakhs)

As at  
31-03-2019

As at  
31-03-2018

**NOTE NO. 8**

**INVESTMENT PROPERTY**

**Land**

As at the begning of the year	122.24		122.24
Less: Sale of Land	—		—
As at the end of the year	<u>122.24</u>		<u>122.24</u>

**Building**

As at the begning of the year	95.33		95.33
Addition / Sale	—		—
As at the end of the year	<u>95.33</u>		<u>95.33</u>

Less:

Accumulated depreciation as at the beginning of the year	20.17		17.20
Depreciation for the year	2.97		2.97
Accumulated depreciation as at the end of the year	<u>23.14</u>		<u>20.17</u>

Net Block 72.19 75.16

Total Investment Property 194.43 197.40

**Information regarding income and expenditure of Investment property**

Rental Income from Investment Properties	1.24		3.82
Direct Operating Expenses	0.93		0.87
Profit arising from Investment Properties before Depreciation and indirect expenses	0.31		2.95
Less: Depreciation	(2.97)		(2.97)
Profit arising from Investment Properties before indirect expenses	<u>(2.66)</u>		<u>(0.02)</u>
Fair Value of Investment Property	<u>651.37</u>		<u>516.92</u>

Notes:

- (i) The Company measure all of its Investment Properties at Cost in accordance with Ind AS 40.
- (ii) The fair valuation of these investment property are determined by an independent valuer, who is a specialist in valuing these types of investment properties.
- (iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iv) Fair value hierarchy disclosures for investment properties have been provided in [Note No. 45].

**NOTE NO. 9**

**ASSETS HELD FOR SALES**

Assets held for Sales - Andhra Pradesh Unit	635.49		1,338.88
	<u>635.49</u>		<u>1,338.88</u>

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

(₹ in Lakhs)

As at  
31-03-2019      As at  
31-03-2018

**NOTE NO. 10**

**INVESTMENT IN ASSOCIATES**

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
<b>I. Investment in Equity Instruments</b>					
<b>1) Quoted</b>					
The Ramco Cements Limited	1	35,75,200	38,83,200	22.17	24.07
Rajapalayam Mills Limited	10	29,740	29,740	8.76	8.76
The Ramaraju Surgical Cotton Mills Limited	10	2,200	2,200	0.36	0.36
Sub-Total (A)				31.29	33.19
<b>2) Unquoted</b>					
JKR Enterprise Limited	1	100	100	-	-
Sub-Total (B)				-	-
Grand-Total (C) = (A) + (B)				31.29	33.19
<b>II. Investment in Preference Shares - Unquoted</b>					
JKR Enterprise Limited - 9% Cumulative Redeemable Preference Shares	1	7,95,00,000	7,95,00,000	795.00	795.00
Sub-Total (D)				795.00	795.00
Quoted Investments - Cost				31.29	33.19
Market Value				25,578.22	28,429.98
Unquoted Investments - Cost (E) = (B) + (D)				795.00	795.00
<b>Grand Total (C) + (D)</b>				<b>826.29</b>	<b>828.19</b>
<b>OTHER INVESTMENT (DESIGNATED AT FVTOCI)</b>					
<b>III. Investment in Equity Instruments - Unquoted</b>					
Ramco Windfarms Limited	1	6,15,000	6,15,000	6.15	6.15
Ramco Industrial and Technology Services Limited	10	26,350	26,350	5.27	2.64
ARS Energy Private Limited	10	-	160	-	0.44
<b>Total Investment in Equity Investments - Unquoted</b>				<b>11.42</b>	<b>9.23</b>

Note: 1) Refer to Note No. 45 for information about fair value hierarchy under Disclosure of Fair Value Measurement.

2) Ramco Industrial and Technology Services Limited and Ramco Windfarms Limited ceased to be Associates with effect from 01-04-2018.

3) Market Value of quoted investments for some equity instruments were not available due to no trading activities in stock market.

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

(₹ in Lakhs)

As at  
**31-03-2019**      As at  
31-03-2018

**NOTE NO. 11**

OTHER FINANCIAL ASSETS - NON CURRENT

**Unsecured, considered good**

Security Deposits with Electricity Board / Others	<u>434.22</u>	<u>435.63</u>
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**NOTE NO. 12**

OTHER NON-CURRENT ASSETS

**Unsecured, considered good**

Other Non-Current Assets	<u>4.03</u>	<u>4.03</u>
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**NOTE NO. 13**

INVENTORIES

(Valued at lower of cost or Net realisable value)

Finished Goods	<b>2,071.35</b>	1,609.07
Rawmaterials - Cotton & Cotton Waste	<b>3,672.13</b>	3,604.89
Stores and Spares	<b>122.12</b>	109.98
Works-in-progress (Cotton Yarn)	<b>1,099.64</b>	1,026.53
	<u><b>6,965.24</b></u>	<u>6,350.47</u>

Note:

The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.

**NOTE NO. 14**

TRADE RECEIVABLES

**Unsecured, considered good**

Trade Receivables more than Six months	<b>38.65</b>	57.65
Other Trade Receivables	<b>2,842.64</b>	3,068.80
	<u><b>2,881.29</b></u>	<u>3,126.45</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.



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

(₹ in Lakhs)

As at  
**31-03-2019**      As at  
31-03-2018

**NOTE NO. 15**

CASH AND CASH EQUIVALENTS

Cash on Hand	1.90	3.43
Balance with Bank		
In Current Account	1.77	19.77
In Deposit Account for Margin Money	4.38	50.66
Cheque on Hand	1.53	1.40
	<b>9.58</b>	<b>75.26</b>

**NOTE NO. 16**

BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Earmarked balances with Banks for Unclaimed Dividend	1.48	3.61
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**NOTE NO. 17**

OTHER FINANCIAL ASSETS (CURRENT)

Security Deposit	-	12.00
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**NOTE NO. 18**

LOANS AND ADVANCES (CURRENT ASSETS)

**Unsecured, considered good**

Advance to Suppliers / Others	739.91	1,123.76
Tax Credit and Refund due - Indirect Taxes	841.49	310.95
Accrued Income	389.86	624.35
Prepaid Expenses	171.00	124.29
Other Current Assets	2.80	2.72
	<b>2,145.06</b>	<b>2,186.07</b>

**NOTE NO. 19**

EQUITY SHARE CAPITAL

Authorised

30,00,000 Equity Shares of ₹ 10/- each (PY : 30,00,000 Equity shares of ₹ 10/-each)	300.00	300.00
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Issued, Subscribed and Fully paid-up

15,00,000 Equity Shares of ₹ 10/- each (PY : 15,00,000 Equity shares of ₹ 10/-each)	150.00	150.00
	<b>150.00</b>	<b>150.00</b>

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

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

Particulars	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	15,00,000	150	15,00,000	150
Number of Shares at the end	15,00,000	150	15,00,000	150

**c) Rights / Restrictions attached to Equity Shares**

The Company has one class of equity shares having a face value of ₹ 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.

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

Particulars	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. R. Sudarsanam	81,000	5.40%	81,000	5.40%
Smt. S. Sharada Deepa	6,82,600	45.50%	6,82,280	45.35%

**NOTE NO. 20**

**OTHER EQUITY**

<b>Capital Reserve</b>	23.77	23.77
Securities Premium Reserve	25.00	25.00
General Reserve	1,477.72	1,477.72
FVOTCI Reserve	2.64	-
<b>Retained Earnings</b>		
Opening Balance	(285.52)	(314.43)
Add: Profit for the Year	851.41	28.81
	<u>565.89</u>	<u>(285.52)</u>
	<u>2,095.02</u>	<u>1,240.97</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.

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

(₹ in Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>NOTE NO. 21</b>		
NON CURRENT BORROWINGS		
<b>Secured</b>		
Term Loan from Banks *	7,187.46	5,480.66
<b>Unsecured</b>		
Working Capital Term Loan from Financial Institutions	800.00	2,000.00
	<u>7,987.46</u>	<u>7,480.66</u>
* a) Term Loan from Banks are secured by <i>pari-passu</i> first charge on all 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 is as follows:		
Year	Amount	Amount
2019-20	–	3,791.66
2020-21	1,692.00	1,807.00
2021-22	1,020.70	1,137.00
2022-23	1,220.28	554.00
2023-24	1,219.48	104.00
2024-25	1,410.47	87.00
2025-26	1,424.53	–
	<u>7,987.46</u>	<u>7,480.66</u>
<b>NOTE NO. 22</b>		
PROVISION (NON - CURRENT)		
Provision for Employee Benefits [Refer to Note No. 41]	172.75	151.04
<b>NOTE NO. 23</b>		
DEFERRED INCOME		
Deferred Income Government Grants	46.04	48.72
<b>NOTE NO. 24</b>		
DEFERRED TAX LIABILITY (NET)		
<b>Deferred Tax Liability</b>		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	1,914.46	2,226.75
Tax effect on Fair Value Measurement	–	–
<b>Deferred Tax Asset</b>		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,715.21)	(1,537.46)
Tax effect on Provision for Bonus and Leave Encashment	(79.32)	(73.26)
<b>Net Deferred Tax Liability</b>	<u>119.93</u>	<u>616.03</u>

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

(₹ in Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>Reconciliation of deferred tax Liabilities (net)</b>		
Opening balance as on 1 <sup>st</sup> April	616.03	874.32
Tax income / (Expense) during the period recognised in Profit and Loss	<u>(496.10)</u>	<u>(258.29)</u>
Closing balance as on 31 <sup>st</sup> March	<u>119.93</u>	<u>616.03</u>

**NOTE NO. 25**

**CURRENT BORROWINGS**

**Secured**

Loan Repayable on Demand from Banks *	7,829.17	8,434.65
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**Unsecured**

Loan Repayable on Demand from Banks	2,530.03	3,006.03
Loan from Related Parties [Refer to Note No. 43(b)(i)]	496.63	259.93
Loan from Other Parties	<u>153.12</u>	<u>153.12</u>
	<u>11,008.95</u>	<u>11,853.73</u>

\* Loan Repayable on Demand from Banks are secured by *pari-passu* first charge on the current assets of the Company and *pari-passu* second charge on the fixed assets of the Company.

**NOTE NO. 26**

**TRADE PAYABLES**

Total outstanding dues of micro enterprises and small enterprises	–	–
Total outstanding dues of Creditors other than micro enterprises and small enterprises	<u>88.54</u>	<u>121.43</u>
	<u>88.54</u>	<u>121.43</u>

**Terms and conditions of the above Financial Liabilities:**

- i) Trade payables are non-interest bearing and are normally settled on 10 to 30 days.
- ii) There are no dues to micro and small enterprises as at 31-03-2019 (PY: ₹ 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. 27**

**OTHER CURRENT FINANCIAL LIABILITIES**

Current Maturities of Long Term Loans	2,404.41	3,913.00
Interest Accrued but not Due on Borrowings	–	25.97
Unpaid Dividends	1.48	3.61
Liabilities for Other Finance	<u>403.32</u>	<u>192.99</u>
	<u>2,809.21</u>	<u>4,135.57</u>

**NOTE NO. 28**

**PROVISIONS, CURRENT**

Provision for Employee Benefits	<u>227.03</u>	<u>225.50</u>
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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>NOTE NO. 29</b>		
LIABILITIES FOR CURRENT TAX		
Tax Liabilities - Other Current Liabilities	<u>81.09</u>	<u>239.31</u>
<b>NOTE NO. 30</b>		
REVENUE FROM OPERATION		
<b>Sale of Products</b>		
Yarn	19,964.89	20,275.82
Waste Cotton	<u>555.69</u>	<u>633.35</u>
	<b>20,520.58</b>	20,909.17
<b>Other operating Revenues</b>		
Export Incentive	63.39	57.87
Job Work Charges Received	<u>155.52</u>	<u>328.17</u>
	<b><u>20,739.49</u></b>	<b><u>21,295.21</u></b>
<b>NOTE NO. 31</b>		
FINANCE INCOME		
Interest Receipts	<u>91.87</u>	<u>118.35</u>
<b>NOTE NO. 32</b>		
OTHER INCOME		
Rent Receipts	1.40	3.95
Dividend Income	117.70	117.70
Government Grants	2.68	2.68
Profit on Sale of Property, Plant and Equipment	-	0.44
Profit on Sale of Investments	2,080.17	-
Profit on Sale of Cotton	11.95	18.33
Miscellaneous Income	<u>48.65</u>	<u>4.77</u>
	<b><u>2,262.55</u></b>	<b><u>147.87</u></b>
<b>NOTE NO. 33</b>		
COST OF MATERIALS CONSUMED		
<b>Rawmaterials Consumed</b>		
Cotton & Cotton Waste	<u>11,404.85</u>	<u>11,804.72</u>

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

(₹ in Lakhs)

As at  
**31-03-2019**                      As at  
31-03-2018

**NOTE NO. 34**

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

**Opening stock**

Finished Goods	<b>1,609.07</b>		1,319.51	
Work-in-Progress	<b>1,026.53</b>	<b>2,635.60</b>	1,034.89	2,354.40

**Closing Stock**

Finished Goods	<b>2,071.35</b>		1,609.07	
Work-in-Progress	<b>1,099.64</b>	<b>3,170.99</b>	1,026.53	2,635.60

**Net (Increase) / Decrease in Stock**

**(535.39)**                      **(281.20)**

**NOTE NO. 35**

EMPLOYEE BENEFITS

Salaries, Wages and Bonus	<b>1,999.31</b>		1,891.72	
Contribution to Provident and Other Funds	<b>229.47</b>		188.63	
Staff and Labour Welfare & Training Expenses	<b>120.39</b>		93.37	
	<b><u>2,349.17</u></b>		<u>2,173.72</u>	

**NOTE NO. 36**

FINANCE COSTS

Interest on Debts and Borrowings	<b>1,827.32</b>		1,732.21	
Exchange differences regarded as an adjustment to borrowing costs	<b>–</b>		46.70	
	<b><u>1,827.32</u></b>		<u>1,778.91</u>	

**NOTE NO. 37**

DEPRECIATION

Depreciation of Plant, Property and Equipment	<b>1,901.27</b>		1,023.03	
Amortization of Intangible Assets	<b>–</b>		4.93	
Depreciation on Investment Properties	<b>2.97</b>		2.97	
	<b><u>1,904.24</u></b>		<u>1,030.93</u>	

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

(₹ in Lakhs)

As at  
31-03-2019

As at  
31-03-2018

**NOTE NO. 38**

OTHER EXPENSES

**Manufacturing Expenses**

Power and Fuel	2,063.93	1,784.62
Packing Materials	300.69	307.77
Repairs to Buildings	56.01	84.78
Repairs to Plant and Machinery	516.28	521.21
Repairs - General	366.70	356.73
Jobwork Charges Paid	242.96	275.00
	<b>3,546.57</b>	<b>3,330.11</b>

**Establishment Expenses**

Managing Director's Remuneration	203.10	203.10
Rates and Taxes	44.58	44.66
Insurance	54.03	49.57
Postage and Telephone	11.11	11.36
Printing and Stationery	13.06	19.73
Travelling Expenses	41.65	37.55
Vehicle Maintenance	51.55	54.12
Loss on Sale of Property, Plant and Equipment & Investment Property	3.34	-
Directors Sitting Fees	8.55	11.10
Rent	6.79	1.60
Audit and Legal Expenses	19.40	15.43
Corporate Social Responsibility Expenses	3.65	2.70
Loss on Exchange Difference (net)	35.53	115.20
Impairment of Assets	64.21	-
Miscellaneous Expenses	124.88	156.53
	<b>685.43</b>	<b>722.65</b>

**Selling Expenses**

Sales Commission	262.23	159.40
Export Expenses	103.65	121.07
Other Selling Expenses	97.77	79.64
	<b>463.65</b>	<b>360.11</b>
	<b>4,695.65</b>	<b>4,412.87</b>

**NOTE NO. 39**

**Deferred Tax Recognised in the Statement of Profit and Loss**

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	(312.30)	(74.30)
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(177.75)	(57.59)
Tax effect on Provision for Bonus and Leave Encashment	(6.05)	(10.30)
Tax effect due to change in Income Tax Rate	-	116.10
	<b>(496.10)</b>	<b>(258.29)</b>

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

(₹ in Lakhs)

	As at 31-03-2019	As at 31-03-2018
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**NOTE NO. 40**

**CONTINGENT LIABILITIES**

Guarantees given by the bankers on behalf of company	87.05	34.28
Disputed VAT Liability	33.31	33.31

- i. Income Tax Assessment have been completed upto the Accounting Year ended 31<sup>st</sup> March, 2014 i.e. AY 2014-15
- ii. Sales Tax Assessment has been completed upto the Accounting year 2016-17.
- 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 ₹ 340.42 Lakhs (PY: ₹ 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.

**NOTE NO. 41**

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

(₹ in lakhs)

	2018-19	2017-18
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**Defined Contribution Plan:**

Employer's Contribution to Provident Fund	156.47	168.15
Employer's Contribution to Superannuation Fund	9.96	8.68

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

**Movements in the present value of define benefit obligation:**

Opening defined Benefit Obligation	484.57	421.48
Current Service Cost	36.44	30.64
Interest Cost	35.70	29.06
Actuarial (gain) / loss	(-) 4.40	33.04
Benefits paid	(-) 44.33	(-) 30.26
Closing Defined Benefit obligation	507.98	484.57

**Movement in the present value of plan assets:**

Opening fair value of plan assets	516.14	507.51
Expected return on plan assets	38.19	35.97
Actuarial gain / (loss)	0.56	1.96
Employer Contribution	1.35	0.95
Benefits paid	(-) 44.33	(-) 30.26
Closing fair value of plan assets	511.89	516.14



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

(₹ in lakhs)

2018-19      2017-18

**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	511.89	516.14
Present value of obligation	507.97	484.57
Present value of Funded defined obligation	3.92	31.57

**Cost of define benefit plan:**

Current Service Cost	36.44	30.64
Interest Cost	(-) 2.49	(-) 6.31
Net Cost Recognized in the Income Statement	33.95	24.33
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	0.56	1.96
Actuarial (gain) / loss	(4.40)	33.05
Net Cost recognized in the Other Comprehensive Income	(4.96)	31.09

**Major Categories of Plan Assets:**

GOI Securities	-	-
Funds with LIC	511.89	516.14
Others	-	-
Total	511.89	516.14

**Actuarial assumptions:**

Discount rate p.a	7.66%	7.72%
Rate of escalation in salary p.a	4.00%	4.00%

**Estimate of Expected Benefit payments**

Particulars	31-03-2019	31-03-2018
Year 1	14.86	16.89
Year 2	45.44	39.52
Year 3	29.70	26.77
Year 4	41.86	28.71
Year 5	49.46	38.54
Next 5 Years	307.82	304.39

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

Particulars	(₹ in lakhs)	
	31-03-2019	31-03-2018
<b>Quantitative Sensitivity Analysis for Significant Assumptions</b>		
0.50% Increase in Discount Rate	34.50	34.37
0.50% Decrease in Discount Rate	38.68	38.71
0.50% Increase in Salary Growth Rate	38.77	38.63
0.50% Decrease in Salary Growth Rate	34.41	34.44
<b>Details of Leave encashment plan (Unfunded) are as follows:</b>		
<b>Movement in the present value of define benefit Obligation:</b>		
Opening defined Benefit Obligation	151.04	142.03
Current Service Cost	11.05	10.66
Interest Cost	10.91	9.94
Actuarial (gain) / loss	18.89	0.28
Benefits paid	(-)19.40	(-) 11.86
Closing defined Benefit obligation	172.49	151.04
<b>Movement in the present value of plan assets:</b>		
Opening fair value of plan assets	Nil	Nil
Expected return on plan assets	Nil	Nil
Actuarial gain / (loss)	Nil	Nil
Employer Contribution	19.40	11.86
Benefits paid	(-) 19.40	(-) 11.86
Closing fair value of plan assets	Nil	Nil
Expected return of plan assets	Nil	Nil
Actuarial gain / (loss) on plan assets	Nil	Nil
Actual return on plan assets	Nil	Nil
<b>The amount included in the Statement of Financial position arising from the entity's obligation in respect of its define benefit plans:</b>		
Fair value of plan assets	NIL	NIL
Present value of obligation	172.49	151.04
Present value of Funded define obligation	172.49	151.04

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

(₹ in Lakhs)

2018-19      2017-18

**Cost of define benefit Plan:**

Current Service Cost	11.05	10.66
Interest Cost	10.91	9.94
Actuarial (gain) / loss	18.89	0.28
Net Cost recognized in the Income Statement	40.86	20.88

**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	7.66%	7.72%
Rate of escalation in salary p.a	4.00%	4.00%

**Estimate of Expected Benefit payments**

Year 1	9.88	6.21
Year 2	27.71	19.44
Year 3	8.05	15.14
Year 4	4.79	7.35
Year 5	6.49	4.19
Next 5 Years	115.80	100.71

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	12.89	10.43
0.50% Decrease in Discount Rate	14.43	11.73
0.50% Increase in Salary Growth Rate	14.46	11.71
0.50% Decrease in Salary Growth Rate	12.86	10.45

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

(₹ in Lakhs)

**NOTE NO. 42**

EARNINGS PER SHARE

Particulars	31-03-2019	31-03-2018
Net profit after tax (₹ in Lakhs) (A)	847.83	51.47
Weighted average number of Equity shares [In Lakhs] (B)	15.00	15.00
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) in ₹	56.52	3.43

**NOTE NO. 43**

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 31<sup>st</sup> March 2019:

**a. Associates Company**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2019	31-03-2018
The Ramco Cements Limited	India	1.52%	1.63%
Rajapalayam Mills Limited	India	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	India	0.06%	0.06%
JKR Enterprise Limited	India	0.001%	0.001%

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

Name of the Key Management Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt. S. Sharada Deepa	Managing Director
Shri V. Gurusamy	Associate Vice President (Finance) cum Secretary
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 Arunkumar Goenka	Non-Executive Director
Shri S. Kanthimathinathan	Non-Executive Director
Shri P.A.S. Alaghar Raja	Independent Director

**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	Sister of Shri. P.R. Venketrama Raja

**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
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**f. Other entities over which there is a significant influence**

PACR Sethurammam Charity Trust
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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	Value (₹ in Lakhs)	
	2018-19	2017-18
<b>i. Good Supplied / Services rendered</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	1,039.06	621.51
The Ramaraju Surgical Cotton Mills Limited	847.97	601.45
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Ramco Industries Limited	1,646.60	904.07
Sandhya Spinning Mill Limited	301.15	697.14
Thanjavur Spinning Mill Limited	-	114.56
Rajapalayam Textile Limited	7.09	216.59
Sri Harini Textiles Limited	241.46	-
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	278.95	-

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

Name of the Related party	(₹ in Lakhs)	
	Value	
	2018-19	2017-18
<b>iii. Sale of Equity Shares</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	1,081.60	1.61
The Ramaraju Surgical Cotton Mills Limited	-	0.19
<b>Companies / Other entities over KMP / Relative of KMP exercise significant influence</b>		
Ramco Industries Limited	1,000.48	3.40
<b>iv. Cost of Goods &amp; Services purchased / availed</b>		
<b>Associates</b>		
The Ramco Cements Limited	4.00	2.98
The Ramaraju Surgical Cotton Mills Limited	393.21	115.83
Rajapalayam Mills Limited	1,065.29	1,420.02
<b>Companies / Other entities over KMP / Relative of KMP exercise significant influence</b>		
Ramco Industries Limited	769.99	594.93
Ramco Systems Limited	13.04	11.32
Sandhya Spinning Mill Limited	280.26	218.57
Thanjavur Spinning Mill Limited	-	4.12
Rajapalayam Textile Limited	438.17	208.91
Shri Harini Media Limited	70.00	-
Sri Harini Textiles Limited	1.18	-
Ramco Windfarms Limited*	325.44	241.23
<b>Other entities over which there is significant influence</b>		
PACR Sethurammam Charity Trust	63.35	60.34
<b>v. Purchase of Fixed Assets</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	47.23	-
The Ramaraju Surgical Cotton Mills Limited	71.98	-
<b>vi. Dividend Received</b>		
<b>Associates</b>		
The Ramco Cements Limited	116.50	116.50
Rajapalayam Mills Limited	1.19	1.19
The Ramaraju Surgical Cotton Mills Limited	0.01	0.01
<b>vii. Rent Received</b>		
JKR Enterprise Limited	1.24	1.22
<b>viii. Interest Paid / (Received)</b>		
<b>Key Managerial Personnel</b>		
Smt. S. Sharada Deepa	17.40	44.05
Shri S.S. Ramachandra Raja	1.91	1.86
Smt. R. Chittammal	15.25	14.58

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

		(₹ in Lakhs)	
Name of the Related party		Value	
		2018-19	2017-18
<b>ix. Sitting Fees</b>			
<b>Key Managerial Personnel</b>			
Shri P.R. Venketrama Raja		0.75	0.75
Smt. S. Sharada Deepa		0.45	0.60
Shri S.S. Ramachandra Raja		0.90	1.65
Smt. R. Chittammal		0.60	1.50
Shri S.R. Srirama Raja		0.60	0.75
Shri N.K. Shrikantan Raja		1.95	2.55
Shri S. Kanthimathinathan		1.50	1.50
Shri Arunkumar Goenka		0.15	0.15
Shri P.A.S. Alaghar Raja		1.65	1.65
<b>x. Remuneration to Key Managerial Personnel (Other than Sitting Fees)</b>			
<b>Key Managerial Personnel</b>			
Smt. S. Sharada Deepa, Managing Director		203.10	203.10
Shri V. Gurusamy, Associate Vice President (Finance) cum Secretary		32.72	28.23
<b>xi. Contribution to Superannuation Fund / Gratuity Fund</b>			
<b>Other entities over which there is a significant influence</b>			
Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund		9.96	8.68
Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund		2.51	2.65
<b>xii. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>			
<b>Key Managerial Personnel</b>			
Smt. S. Sharada Deepa		(1,000.48)	(1,103.19)
Shri S.S. Ramachandra Raja		(22.33)	(20.61)
Smt. R. Chittammal		(183.39)	(173.16)
<b>xiii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL</b>			
<b>Associates</b>			
The Ramco Cements Limited		1.54	3.47

\* Ramco Windfarms Limited ceased to be an Associate with effect from 01-04-2018.

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

	(₹ in Lakhs)	
Name of the Related party	31-03-2019	31-03-2018
<b>b. Outstanding balance including commitments</b>		
<b>i. Borrowings:</b>		
<b>Key Managerial Personnel</b>		
Shri S.S. Ramachandra Raja	22.33	20.61
Smt. R. Chittammal	154.35	171.28
Smt. S. Sharada Deepa	319.95	68.04
<b>Total</b>	<b>496.63</b>	<b>259.93</b>
<b>ii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL</b>		
<b>Associates</b>		
The Ramco Cements Limited	–	12.00
<b>c. Disclosure of Key Management Personnel compensation in total and for each of the following categories:</b>		
Particulars	31-03-2019	31-03-2018
Short - Term Benefits <sup>[1]</sup>	210.27	206.31
Defined Contribution Plan <sup>[2]</sup>	26.00	25.81
Defined Benefit Plan / Other Long-Term Benefits <sup>[3]</sup>	–	–
<b>Total</b>	<b>236.27</b>	<b>232.12</b>
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. 44**

SEGMENT INFORMATION FOR THE YEAR ENDED 31-03-2019

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
<b>REVENUE</b>						
External Sales (Net)	22,195.06	22,990.46	–	–	22,195.06	22,990.46
Inter Segment Sale	–	–	1,455.56	1,695.24	1,455.59	1,695.24
Total Sales	22,195.06	22,990.46	1,455.56	1,695.24	23,650.62	24,685.70
Other Income	2,354.42	266.22	–	–	2,354.42	266.22
<b>Total Revenue</b>	<b>24,549.48</b>	<b>23,256.68</b>	<b>1,455.56</b>	<b>1,695.24</b>	<b>26,005.04</b>	<b>24,951.92</b>
<b>RESULT</b>						
Segment Profit	1,383.47	468.80	853.40	1,051.58	2,236.87	1,520.38
Unallocated Income	–	–	–	–	(91.87)	(118.35)
Unallocated Expenses	–	–	–	–	–	–
Operating Profit	–	–	–	–	2,145.00	1,402.03
Interest Expenses	–	–	–	–	1,827.32	1,718.46
Interest Income	–	–	–	–	91.87	118.35
Provision for Taxation	–	–	–	–	–	–
Current Tax	–	–	–	–	59.20	–
Deferred Tax	–	–	–	–	(496.10)	(258.29)
Profit from ordinary activities	–	–	–	–	846.45	60.21
Other Comprehensive Income	–	–	–	–	7.60	(31.40)
<b>Net Profit</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>854.05</b>	<b>28.81</b>
<b>OTHER INFORMATION</b>						
Segment Assets	22,203.47	23,462.22	2582.55	2800.74	24,786.02	26,262.96
Unallocated Assets	–	–	–	–	–	–
Total Assets	–	–	–	–	24,786.02	26,262.96
Segment Liabilities	974.21	959.84	–	–	974.21	959.84
Unallocated Liabilities	–	–	–	–	21,566.80	23,912.15
Total Liabilities	–	–	–	–	22,541.01	24,871.99
Capital Expenditure	673.59	1,270.26	–	–	673.59	1,270.26
Unallocated Capital Expenditure	–	–	–	–	–	–
Depreciation	1,686.05	812.74	218.19	218.19	1,904.24	1,030.93
Unallocated Depreciation Expenditure	–	–	–	–	–	–
Non-Cash expenses other than Depreciation	–	–	–	–	–	–

**NOTE NO. 45**

**DISCLOSURE OF FAIR VALUE MEASUREMENTS**

The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to their short term maturities of these instruments.

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

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2019</b>					
<b>Financial Assets</b>					
Investments in					
Preference Shares	795.00			795.00	795.00
Other Investments	–	–	11.42	11.42	11.42
Trade Receivables	2,881.29	–	–	2,881.29	2,881.29
Cash and Cash Equivalents	9.58	–	–	9.58	9.58
Bank Balance other than Cash and Cash Equivalents	1.48			1.48	1.48
<b>Financial Liabilities</b>					
Borrowings	7,987.46	–	–	7,987.46	7,987.46
Trade Payables	88.54	–	–	88.54	88.54
Other Financial Liabilities	2,809.21	–	–	2,809.21	2,809.21
<b>As at 31-03-2018</b>					
<b>Financial Assets</b>					
Investments In					
Preference Shares	795.00			795.00	795.00
Other Investments	0.44	–	8.79	9.23	9.23
Loans	0.00	–	–	0.00	0.00
Trade Receivables	3,126.45	–	–	3,126.45	3,126.45
Cash and Cash Equivalents	75.26	–	–	75.26	75.26
Bank Balance other than Cash and Cash Equivalents	3.61			3.61	3.61
Other Financial Assets	12.00	–	–	12.00	12.00
<b>Financial Liabilities</b>					
Borrowings	7,480.66	–	–	7,480.66	7,480.66
Trade Payables	121.43	–	–	121.43	121.43
Other Financial Liabilities	4,135.57	–	–	4,135.57	4,135.57

**Fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (Unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

The details of financial instruments that are measured at fair value on recurring basis are given below:

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
<b>Investment in unlisted securities</b>				
As at 31-03-2019	–	–	11.42	11.42
As at 31-03-2018	–	–	9.23	9.23

**Valuation techniques used to determine the fair value**

The significant inputs used in the fair value measurement categorized within the fair value hierarchy are given below:

Nature of Financial Instrument	Valuation Technique	Remarks
Investment in Listed securities	Market Value	Closing Price as at 31 <sup>st</sup> March in Stock Exchange
Investment in Unlisted securities	At Book Value	Insignificant Value

**NOTE NO. 46**

**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.

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

**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:

(₹ in Lakhs)

As at 31-03-2019	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	2,073.06	637.52	82.27	38.65	2,831.50
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	2,073.06	637.52	82.27	38.65	2,831.50

As at 31-03-2018	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	2,276.00	456.00	319.00	54.65	3,106.00
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	2,276.00	456.00	319.00	54.65	3,106.00

**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.

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

**Financial arrangements**

The Company has access to the following undrawn borrowing facilities: (₹ in Lakhs)

Particulars	31-03-2019	31-03-2018
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	3,354.00	3,868.00
Term Loans	-	-
<b>Expiring beyond year</b>		
Term Loans	400	-

**Maturities of Financial Liabilities**

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
<b>As at 31-3-2019</b>				
Borrowings from Banks	2,404.41	1,887.46	6,100.00	10,391.97
Trade payables	88.54	-	-	88.54
Other Financial Liabilities (Incl. Interest)	404.80	-	-	406.01
<b>As at 31-3-2018</b>				
Borrowings from Banks	3,913.00	7,480.66	-	11,393.66
Trade payables	121.43	-	-	121.43
Other Financial Liabilities (Incl. Interest)	222.56	-	-	222.56

**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
<b>USD in Millions</b>				
As at 31-03-2019	-	-	-	-
As at 31-03-2018	-	-	-	-
<b>EURO in Millions</b>				
As at 31-03-2019	-	-	-	-
As at 31-03-2018	-	-	-	-

Risk sensitivity on foreign currency fluctuation

(₹ in Lakhs)

Foreign Currency	31-03-2019	31-03-2018
	1% Increase	1% increase
USD	-	-

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

**Cash flow and fair value interest rate risk**

(₹ in Lakhs)

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	31-03-2019	31-03-2018
Variable rate borrowings	20,751.07	22,834.34

The Company does not have any interest rate swap contracts

**Sensitivity on Interest rate fluctuation**

Incremental Interest Cost works out to	31-3-2019	31-3-2018
1% Increase in Interest Rate	207.51	228.34

**NOTE NO. 47**

**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	31-03-2019	31-03-2018
Long Term Borrowings	7,987.46	7,480.66
Current maturities of Long Term borrowings	2,404.41	3,913.00
Short Term Borrowings	11,008.95	11,853.73
Less: Cash and Cash Equivalents	9.58	75.26
<b>Net Debt (A)</b>	<b>21,391.24</b>	<b>23,247.39</b>
Equity Share Capital	150.00	150.00
Other Equity	2,095.02	1,240.97
<b>Total Equity (B)</b>	<b>2,245.02</b>	<b>1,390.97</b>
<b>Total Capital Employed (C) = (A) + (B)</b>	<b>23,636.26</b>	<b>24,638.36</b>
<b>Capital Gearing Ratio (A) / (C)</b>	<b>90.50%</b>	<b>94.35%</b>

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 31-03-2019 and 31-03-2018.

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner,  
Membership No. 21510  
Rajapalaiyam,  
28<sup>th</sup> May, 2019.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

# **CONSOLIDATED FINANCIAL STATEMENTS**

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**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 Financial Statements drawn in accordance with the Indian Accounting Standards ("the Consolidated Financial Statements") of Sri Vishnu Shankar Mill Limited (hereinafter referred to as "the Company") and the share of profit / loss of its associates. These Consolidated Financial Statements comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2019, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended 31<sup>st</sup> March 2019 and a summary of the significant accounting policies and other explanatory information.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, 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 Company including the effect of share in the profit of its associates as at 31<sup>st</sup> March 2019, and their consolidated profit (financial performance including other comprehensive income) including the share in the profit of its associates, their consolidated cash flows and consolidated statement of changes in equity for the year ended on 31<sup>st</sup> March 2019.

**Basis for Opinion**

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

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

The 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, ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

cash flow and consolidated statement of changes in equity of the Company including its associates in accordance with the accounting principles generally accepted in India and including the Indian Accounting Standards specified under Section 133 of the Act, read with applicable Rules there under. The respective Board of Directors of the Company and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its associates 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 Company, as aforesaid.

**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 there under.

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 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 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.

**AUDITORS' REPORT TO SHAREHOLDERS**

**Other Matters**

The consolidated financial statements year to date includes the financial statements of THREE associates whose consolidated financial statements reflects the total comprehensive income of ₹ 1,432.61 Lakhs For the year ended 31<sup>st</sup> March 2019. All of these financial statements are audited by an Independent Auditor.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is based 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, 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.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow 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 Accounting Standards specified under Section 133 of the Act.
5. On the basis of the written representations received from the Directors of the Company as on 31<sup>st</sup> March 2019 taken on record by the Board of Directors of the Company and the reports of the Statutory Auditor of the associate companies, and Management Certification in the case of the unaudited associate companies, none of the Directors of the Company and its associate companies is disqualified as on 31<sup>st</sup> March 2019 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 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 opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of entities in the Company and the associate companies.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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:
- i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in the Separate Financial Statements of the respective entities in the Company and by the associates.
  - ii. The 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 Company and its associates.

In reaching conclusions commented upon in items (i) to(iii) above, we have relied on our audit of the Company and Management Certification in the case of associates which are either audited or unaudited.

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 21510

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

**"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
CONSOLIDATED FINANCIAL STATEMENTS**

**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 The Sri Vishnu Shankar Mill Limited and its associates ("the Company") as of 31<sup>st</sup> March 2019 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on 31<sup>st</sup> March 2019.

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

The respective Board of Directors of the 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.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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 judgement, 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.

**Other Matters**

We have relied on a) our audit of the Company, b) management certification in the case of associates which are either audited or 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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company and associate companies 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 31<sup>st</sup> March 2019, 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 M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 21510

RAJAPALAIYAM,  
28<sup>th</sup> May, 2019.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

		Note No.	(₹ in Lakhs)	
			As at 31-03-2019	As at 31-03-2018
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a)	Property, Plant and Equipment	8	10545.52	11,638.08
(b)	Capital Work-in-progress		128.86	54.55
(c)	Intangible Assets	8	3.11	3.11
(d)	Investment Property	9	194.43	197.40
(e)	Assets held for Sales	10	635.49	1,338.88
(f)	Investment in Associates	11	14,974.98	15,445.93
(g)	Financial Assets			
	Other Investment	11	11.42	106.25
	Other Financial Assets	12	434.22	435.63
(h)	Other Non-Current Assets	13	4.03	4.03
			<b>26,932.06</b>	<b>29,223.86</b>
<b>(2) Current Assets</b>				
(a)	Inventories	14	6,965.24	6,350.47
(b)	Financial Assets			
	Trade Receivables	15	2,881.29	3,126.45
	Cash and Cash Equivalents	16	9.58	75.26
	Bank Balance other than Cash and Cash Equivalents	17	1.48	3.61
	Other Financial Assets	18	-	12.00
(c)	Other Current Assets	19	2,145.06	2,186.07
			<b>12,002.65</b>	<b>11,753.86</b>
<b>TOTAL ASSETS</b>			<b>38,934.71</b>	<b>40,977.72</b>
<b>EQUITY &amp; LIABILITIES</b>				
<b>(1) Equity</b>				
(a)	Equity Share Capital	20	149.98	149.98
(b)	Other Equity	21	16,243.74	15,955.76
	Total Equity		<b>16,393.72</b>	<b>16,105.74</b>
<b>(2) LIABILITIES</b>				
<b>A) Non Current Liabilities</b>				
(a)	Financial Liabilities			
	Borrowings	22	7,987.46	7,480.66
(b)	Provisions	23	172.75	151.04
(c)	Deferred Income	24	46.04	48.72
(d)	Deferred Tax Liabilities (Net)	25	119.93	616.03
			<b>8,326.18</b>	<b>8,296.45</b>
<b>B) Current Liabilities</b>				
(a)	Financial Liabilities			
	Borrowings	26	11,008.95	11,853.73
	Trade Payables			
	(i) Total outstanding dues of micro enterprises and small enterprises	27	-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	27	88.53	121.42
	Other Financial Liabilities	28	2,809.21	4,135.57
(b)	Provisions	29	227.03	225.50
(c)	Liabilities for Current Tax	30	81.09	239.31
			<b>14,234.81</b>	<b>16,575.53</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>38,934.71</b>	<b>40,977.72</b>
Significant Accounting Policies, Judgements and Estimates		1-7		
See accompanying notes to the financial statements.		8-30		

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner,  
Membership No. 21510  
Rajapalaiyam,  
28<sup>th</sup> May, 2019.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019**

(₹ in Lakhs)

	Note No.	For the year ended 31-03-2019	For the year ended 31-03-2018
<b>REVENUE</b>			
I	31	<b>20,739.49</b>	21,295.21
II	32	<b>91.87</b>	118.35
III	33	<b>2,144.85</b>	30.17
<b>IV</b>		<b><u>22,976.21</u></b>	<b><u>21,443.73</u></b>
<b>EXPENSES</b>			
	34	<b>11,404.85</b>	11,804.72
		<b>1,038.52</b>	839.56
	35	<b>(535.39)</b>	(281.20)
	36	<b>2,349.17</b>	2,173.72
	37	<b>1,827.32</b>	1,778.91
	38	<b>1,904.25</b>	1,030.93
	39	<b>4,792.66</b>	4,412.86
<b>V</b>		<b><u>22,781.38</u></b>	<b><u>21,759.50</u></b>
<b>VI</b>		<b>194.83</b>	(315.77)
<b>VII</b>			
		<b>59.20</b>	8.74
		<b>-</b>	<b>-</b>
		<b>(497.48)</b>	(258.29)
		<b>(438.28)</b>	(249.55)
<b>VIII</b>		<b>633.11</b>	(66.22)
<b>IX</b>			
		<b>796.16</b>	974.53
<b>X</b>		<b>1,429.27</b>	908.31
<b>XI</b>			
<b>Item that will not be reclassified subsequently to Profit and Loss:</b>			
(i)		<b>4.96</b>	(31.40)
(ii)		<b>2.64</b>	-
		<b>(1.38)</b>	8.74
		<b>6.22</b>	(22.66)
		<b>(2.88)</b>	(2.66)
		<b>3.34</b>	(25.32)
<b>XII</b>		<b>1,432.61</b>	882.99
<b>XIII</b>			
		<b>95.30</b>	60.56

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner,  
Membership No. 21510  
Rajapalaiyam,  
28<sup>th</sup> May, 2019.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2019**

	(₹ in Lakhs)	
	2018-19	2017-18
<b>A. Cash Flow from Operating Activities:</b>		
Profit / (Loss) before Tax	194.83	(315.77)
Adjustments for :		
Depreciation & Amortisation	1,904.24	1,030.93
Interest Paid	1,827.32	1,778.91
Interest Received	(91.87)	(118.35)
Rent Received	(1.40)	(3.82)
Impairment of Assets	64.21	–
Profit on Sale of Assets (Including Share Investment)	(2,076.83)	(0.44)
Fair Value movement on Forward Contracts	–	(151.11)
Operating Profit before Working Capital Changes	<u>1,820.50</u>	<u>2,220.35</u>
Adjustments for :		
Gratuity and Government Grants	2.28	(34.08)
Trade Receivables	245.16	(949.29)
Loans and Advances	54.42	(102.03)
Inventories	(614.77)	428.73
Trade Payables & Current liabilities	171.88	(143.65)
Cash generated from Operations	<u>1,679.47</u>	<u>1,420.03</u>
Income tax Paid	(217.42)	(3.75)
<b>Net Cash generated from Operating Activities</b>	A <u>1,462.05</u>	<u>1,416.28</u>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets (Including Capital work-in-progress)	(673.59)	(1,270.26)
Purchase of Investments	(2.64)	(1.60)
Sale of Investments	2,082.52	0.11
Changes in value of Investments	97.02	–
Proceeds from Sale of Assets / Investment Property	429.75	125.31
Interest Received	91.87	118.35
Dividend Received	117.70	117.70
Exceptional Item		
Rent Received	1.40	3.82
<b>Net Cash used in Investing Activities</b>	B <u>2,144.03</u>	<u>(906.57)</u>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2019**

		(₹ in Lakhs)	
		2018-19	2017-18
<b>C. Cash Flow from Financing Activities :</b>			
Proceeds from Long Term Borrowings		1,402.62	3,493.02
Repayment of Long Term Loan		(2,404.41)	(3,913.00)
Availment / (Repayment) of Short Term Borrowings (Net)		(844.78)	1,406.57
Interest Paid		(1,827.32)	(1,778.91)
Net cash used in Financing Activities	C	<u>(3,673.89)</u>	<u>(792.32)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	D=(A+B+C)	(67.81)	(282.61)
Opening balance of Cash and Cash Equivalents	E	78.87	361.48
Closing balance of Cash and Cash Equivalents	D + E	<u>11.06</u>	<u>78.87</u>

Notes:

- (i) The above Statement of Cash Flow has been prepared under 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flow.
- (ii) Bank Borrowings including Cash Credits are considered as Financing Activities.
- (iii) For the purpose of Statement of Cash Flow, Cash and Cash Equivalents comprise the following:

Particulars	31-03-2019	31-03-2018
Cash and Cash Equivalents (Note No.16)	9.58	75.26
Bank Balances other than Cash and Cash Equivalents (Refer to Note No.17)	1.48	3.61
	<u>11.06</u>	<u>78.87</u>

See accompanying notes to the financial statements 8-49

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner,  
Membership No. 21510  
Rajapalaiyam,  
28<sup>th</sup> May, 2019.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2018**

**A. Equity Share Capital**

**(₹ in Lakhs)**

Balance as at 01-04-2017	150.00
Changes in Equity Share Capital during the year 2017-18	-
Less: Treasury Shares adjustment	(0.02)
Balance as at 31-03-2018	149.98
Changes in Equity Share Capital during the year 2018-19	-
Add: Treasury Shares adjustment	-
Balance as at 31-03-2019	149.98

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

**B. Other Equity**

Particulars	Other Equity					Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserves Consolidation	Security Premium Reserve	General Reserve	Retained Earnings	FVOTCI Reserve	Re-measurements of Defined Benefit Obligations	Share of OCI of Associates	
<b>Other Equity as at 1<sup>st</sup> April 2017</b>	23.77	11,929.34	25.00	1,477.72	1,626.66	-	-	-	<b>15,082.49</b>
Add: Profit for the year					908.31				908.31
Add: Other Comprehensive Income							(22.66)	(2.66)	(25.32)
<b>Total Comprehensive Income</b>				<b>1,477.72</b>	<b>908.31</b>	<b>-</b>	<b>(22.66)</b>	<b>(2.66)</b>	<b>2,360.71</b>
Less: Transfer to Retained Earnings							22.66	2.66	25.32
Add: Transfer from OCI					(25.32)				(25.32)
Add: GR Reversal of RWFL Shares Sales				(9.72)					(9.72)
<b>Other Equity as at 31<sup>st</sup> March 2018</b>	23.77	11,919.34	25.00	1,468.00	2,509.65	-	-	-	<b>15,955.76</b>
Add: Profit for the year					1,429.27				1,429.27
Add: Other Comprehensive Income							3.58	(2.88)	0.70
Fair value on Equity Instrument, net of tax						2.64			2.64
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,429.27</b>	<b>2.64</b>	<b>3.58</b>	<b>(2.88)</b>	<b>1,432.61</b>
Less: Transfer to Retained Earnings						(2.64)	(3.58)	2.88	(3.34)
Add: Transfer from OCI					3.34				3.34
Add: GR Reversal of TRCL Shares sales		(936.26)		(208.37)					(1,144.63)
<b>Other Equity as at 31<sup>st</sup> March 2019</b>	23.77	10,993.08	25.00	1,259.63	3,942.26	-	-	-	<b>16,243.74</b>

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

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**1. CORPORATE INFORMATION**

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

The Company is principally engaged in manufacture of cotton 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 31-03-2019 were approved and adopted by Board of Directors of the Company in their meeting dated 28-05-2019.

**2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

- (i) The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.
- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.4.
- (iii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iv) 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.
- (v) 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.
- (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 financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.

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

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- (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 Company	% of Shareholding as at	
	31-03-2019	31-03-2018
M/s. The Ramco Cements Limited	1.52%	1.65%
M/s. Rajapalayam Mills Limited	0.40%	0.40%
M/s. The Ramaraju Surgical Cotton Mills Limited	0.06%	0.06%

- (ix) During the year 2018-19, the following Companies have ceased to be Associates consequent to review by the Board based on existence of voting power and significant influence in accordance with Ind AS - 28:
- M/s. Ramco Industrial and Technology Services Limited
  - M/s. Ramco Windfarms Limited
- (x) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

**3. Principles of Consolidation**

- (i) The CFS includes the share of profit / loss of the associate companies that are accounted for using equity method in accordance with Ind AS 28. Accordingly, the share of profit / loss of the associates (the loss being restricted to the cost of investment) has been added / deducted from the cost of investment. The most recent available financial statements of the associates are used in applying the equity method.
- (ii) The Consolidated Statement of Profit and Loss reflects the share of results of its associates. Any change in OCI of those investees is presented as part of the Consolidated OCI.
- (iii) 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.
- (iv) Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.
- (v) 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.

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

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- (vi) The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in Note (N) below.
- (vii) 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 standalone financial statements.

**4. BASIS OF MEASUREMENT**

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note 5(S) - Accounting Policy for Financial Instruments) and defined benefit plan assets 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, computed on a moving weighted average basis 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 weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities, or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities 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. Cost is determined on a moving weighted average basis.

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.

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

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**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 less than 3 months, highly liquid investments that are readily convertible into cash. which are subject to insignificant risk of changes in value
- (iii) Bank borrowings including Bank over Drafts and Cash Credits are generally considered to be financing activities.

**C. 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.



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

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- (vi) 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 to such set off current tax assets against current tax liabilities.
- (vii) 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.

**D. Property, plant and equipments (PPE)**

- i. PPEs are stated at cost of acquisition or construction less accumulated depreciation / amortisation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.
- ii. Subsequent expenditures are included in the assets' carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.
- iii. Spares which meet the definition of PPE are capitalised from the date when it is available for use. 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 are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- iv. 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.
- 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.

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

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- vi. Capital Expenditure on tangible assets for research and development is classified as PPE and is depreciated based on the estimated useful life. Other expenditure incurred for research and development are expensed under the heads of accounts in the year in which it is incurred.
- vii. The Company follows 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 Component ranging from
Textile Machines / Equipment	10 to 15 years
Wind Mills	22 to 30 years
HFO / DG Set	12 to 25 years
Electrical Machineries	3 to 25 years

- viii. PPE acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.
- ix. 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, 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. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- x. 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.
- xi. 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.
- xii. 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.

**E. 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.

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

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**F. 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 except where the payments are structured to increase in line with the general inflation to compensate for the expected inflationary cost increases. The Company do not have any finance leases.
- iii. The amount paid for securing right to use of lands qualify as Operating lease and the amount paid for leasehold land and are amortised over the tenure of lease.

**G. Revenue Recognition**

- (i) Revenue from Operations

The Company has adopted Ind AS 115 with effect from 01-04-2018 (i.e) from the date on which it became effective.

- a) Sale of products

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. There is no significant financing component with regard to sale of products for the company as per Ind AS 115. The Company do not have any non-cash consideration.

- b) Power generated from Windmills

Power generated from windmills that are covered under wheeling & banking arrangement with TANGEDCO are consumed at Factories. The monetary values of such power generated that are captively consumed are not recognised as revenue, but have been set after against the cost of power & fuel.

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 recognized and

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

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shown as income from Wind Mills.

c) Scrap sale

Scrap sales is recognized when the Company transfers control of the product to customers.

(ii) Other Income

a. Interest income is recognized 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 or to the amortised cost of a financial liability.

b. Dividend income is recognized when the Company's right to receive dividend is established.

c. Rental income from operating lease on investment properties is recognized on a straight line basis over the terms of the relevant lease.

**H. 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 ₹ 1.50 Lakhs per annum is remitted to Sri Vishnu Shankar Mill Limited Officers' Superannuation Trust 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,

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

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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.

**I. Government Grants**

- (i) Government grants are recognised at fair value 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". 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".

**J. 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.

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

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- (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.

**K. 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 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.

**L. Earnings per Share**

- (i) Earnings per share is calculated by dividing the Profit / (loss) attributable to equity shareholders by the weighted average number of equity shares.
- (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.

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

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**M. Impairment of Non-Financial Assets**

- (i) The carrying values of assets include property, plant and equipment, investment properties, cash generating units and intangible 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.

**N. 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.
- (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 not recognised.
- (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.

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

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**O. 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) The cost incurred for right to un-restricted usage of power transmission system for drawal of power from State grid to its mills were capitalized as the Company is expected to yield future economic benefits.
- (iii) 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 detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

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

- (iv) 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.
- (v) The residual values, useful lives and methods of amortisation of intangible asset are reviewed at each reporting date and adjusted prospectively, if appropriate.

**P. 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.
- (iii) The company identifies the significant parts of investment properties separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives determined on best estimate basis upon technical advice. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. Other expenses including day-to-day repair and



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maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

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

<b>Asset type</b>	<b>Useful life ranging from</b>
Buildings under Investment properties	60 years

- (v) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use. 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. Amount receivable towards investment properties that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (vi) The residual values, useful lives and methods of depreciation of investment properties are reviewed periodically including at each reporting date and adjusted prospectively, if appropriate.

**Q. Operating Segments**

The Company's business operation comprises of two operating segment viz. Textiles and Wind Mills. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision maker.

**R. 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.

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- (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 FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company 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.

**S. 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) 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.

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- (iv) Investment in equity of associates are carried at cost. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other 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 de-recognition 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

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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 model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates 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.

**T. 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 and other financial liabilities held for trading.

**U. 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.

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- (ii) The fair value of an asset or a liability is measured 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 valuation techniques.

**b) Trade and other receivables**

The fair value is estimated as the present value of the future cash flows, discounted at the market rate of interest at the reporting date. However, the fair value generally approximates the carrying amount due to the short term nature of such assets.

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**c) Investment Properties**

The fair value is determined for disclosure purposes based on valuation report given by an Independent External Valuer.

**6. Amendments to the existing Accounting Standards / issuance of new accounting standard effective from 01-04-2019 onwards**

**(i) New Standard**

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying deletion of existing standard Ind AS 17 on Leases and insertion of new standard Ind AS 116 on Leases for applicability with effect from April 1, 2019.

**Ind AS 116 Leases**

**Entity as a Lessee**

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

**Entity as a Lessor**

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The above notified standard provides two recognition

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exemptions for lessees viz., leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less).

The Company is evaluating the requirements of this new standard and its effect on the financial statements.

**(ii) Amendments in existing accounting standards**

The details of amendments to the existing standards applicable to the Company with effect from April 1, 2019, which may impact the financial statements in the coming years are detailed below:

**Ind AS 12 Income Taxes**

**(a) Uncertainty over Income Tax Treatments**

Appendix C to Ind AS 12 addresses the following issues, when there is uncertainty over income tax treatments

- (i) whether an entity considers uncertain tax treatments separately;
- (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (iii) how an entity determines taxable profit, tax bases, unused tax losses, unused tax credits and tax rates; and
- (iv) how an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

**(b) Income tax consequences of dividends**

The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, the Company shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

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**Ind AS 19 Employee Benefits**

**Plan Amendment, Curtailment or Settlement**

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement, the Company is required to:

- (a) Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset);
- (b) Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) and the discount rate used to remeasure that net defined benefit liability (asset).

Further the Company first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The Company is evaluating the requirements of the above amendments and its effect on the financial statements.

**7. 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) Revenue Recognition**

Significant management judgment is exercised in determining the transaction price and discounts to customer which is based on market factors namely demand and supply. The company offers credit period to customers and management judgment is exercised in assessing whether a contract contains a significant financing component.



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**(ii) 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 the technical team at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation / amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

**(iii) 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.

**(iv) 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.

**(v) Provisions**

The timing of recognition requires application of judgment to existing facts and circumstance that may be subject to change. The litigations and claims to which the company is exposed are assessed by the management and in certain cases with the support of external experts. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

**(vi) Contingent Liabilities**

Management judgment 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.

**(vii) Impairment of Trade receivables**

The impairment for trade receivables 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.

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

The impairment of non-financial assets is determined based on estimation of recoverable

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**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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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.

**(ix) 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. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates 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. All assumptions are reviewed at each reporting date.

**(x) 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.

**(xi) Impairment of Investments in Associates**

Significant management judgement is exercised in determining whether the investment in associates are impaired or not is on the basis of its nature of long term strategic investments and business projections.

**(xii) Interests in other entities**

Significant management judgement is exercised in determining the interests in other entities. The management believes that wherever there is a significant influence over certain companies belonging 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 TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE NO. 8**  
**PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Year		Gross Block			Depreciation			Net Block		
	As at the beginning of the year	Additions	Deductions	Transfer to Investment Property & Assets held for Sale	As at the end of the year	As at the beginning of the year	For the year	Deductions	Transfer to Investment Property & Assets held for Sale	As at the end of the year	As at the beginning of the year
<b>Tangible Assets</b>											
Land	2018-19	313.63	-	-	313.63	-	-	-	-	313.63	313.63
	2017-18	313.63	-	-	313.63	-	-	-	-	313.63	313.63
Buildings	2018-19	2,671.99	20.47	-	2,692.46	1,047.31	79.71	-	-	1,565.44	1,624.68
	2017-18	2,671.99	-	-	2,671.99	967.58	79.73	-	-	1,624.68	1,704.41
Plant and machinery	2018-19	24,196.07	512.05	1,314.50	22,033.21	13,489.46	1,724.74	885.37	695.96	8,400.36	10,706.61
	2017-18	23,462.19	1,214.98	481.10	24,196.07	13,023.20	822.50	356.24	1,690.98	12,397.59	10,438.99
Electrical machinery	2018-19	1,203.66	1.56	-	283.56	921.66	63.99	-	264.14	153.92	235.77
	2017-18	1,203.65	-	-	283.56	1,203.65	94.20	-	226.31	462.08	329.97
Furniture & Office Equipments	2018-19	167.47	9.79	-	14.06	163.20	133.57	8.24	12.13	33.52	33.89
	2017-18	149.48	17.99	-	14.06	167.47	126.46	7.11	11.32	45.22	23.02
Vehicles	2018-19	170.05	55.39	1.51	37.24	186.69	107.68	24.59	23.34	78.65	62.37
	2017-18	167.36	2.93	0.23	37.79	170.06	88.42	19.49	18.95	81.32	78.94
Total - Tangible Assets	2018-19	28,722.87	599.26	1,316.01	1,695.27	26,310.85	15,745.91	1,901.27	886.26	10,545.52	12,976.95
	2017-18	27,968.30	1,235.90	481.33	3,286.44	25,436.43	15,079.34	1,023.03	1,947.56	11,638.08	12,888.96
<b>Intangible Assets</b>											
Computer Software	2018-19	39.47	-	-	-	39.47	37.61	-	-	37.61	1.86
	2017-18	41.82	-	-	41.82	39.84	-	-	-	39.84	1.98
Power Transmission System	2018-19	25.17	-	-	-	25.17	23.92	-	-	23.92	1.25
	2017-18	25.17	-	-	25.17	18.99	4.93	-	-	23.92	6.18
Total - Intangible Assets	2018-19	64.64	-	-	-	64.64	61.53	-	-	61.53	3.11
	2017-18	66.99	-	-	66.99	58.83	4.93	-	-	63.76	8.16

Notes: (a) Borrowings cost have been capitalised for current year Nil (P.Y: ₹ 20.05 Lakhs).

(b) All the Fixed Assets have been pledged as Security for Borrowings.

(c) Previous year net block figures have been reclassified to make them comparable with the current year figures.

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(₹ in Lakhs)

As at  
31-03-2019

As at  
31-03-2018

**NOTE NO. 9**

**INVESTMENT PROPERTY**

**Land**

As at the begning of the year	122.24		122.24
Less: Sale of Land	—		—
As at the end of the year	<u>122.24</u>		<u>122.24</u>

**Building**

As at the begning of the year	95.33		95.33
Addition / Sale	—		—
As at the end of the year	<u>95.33</u>		<u>95.33</u>

Less:

Accumulated depreciation as at the beginning of the year	20.17		17.20
Depreciation for the year	2.97		2.97
Accumulated depreciation as at the end of the year	<u>23.14</u>		<u>20.17</u>
Net Block	<u>72.19</u>		<u>75.16</u>

Total Investment Property

194.43                      197.40

**Information regarding income and expenditure of Investment property**

Rental Income from Investment Properties	1.24		3.82
Direct Operating Expenses	0.93		0.85
Profit arising from Investment Properties before Depreciation and indirect expenses	0.31		2.97
Less: Depreciation	(2.97)		(2.97)
Profit arising from Investment Properties before indirect expenses	<u>(2.66)</u>		<u>—</u>
Fair Value of Investment Property	<u>516.92</u>		<u>516.92</u>

Notes:

- (i) The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.
- (ii) The fair valuation of these investment property are determined by an independent valuer, who is a specialist in valuing these types of investment properties.
- (iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iv) Fair value hierarchy disclosures for investment properties have been provided in [Refer to Note No. 47].

**NOTE NO. 10**

**ASSETS HELD FOR SALES**

Assets held for Sales - Andhra Pradesh	<u>635.49</u>		<u>1,338.88</u>
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**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

As at                      As at                      As at                      As at  
**31-03-2019**    31-03-2018    **31-03-2019**    31-03-2018

**NOTE NO. 11**

**INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD**

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
<b>I. Investment in Equity Instruments</b>					
<b>1) Quoted</b>					
The Ramco Cements Limited	1	35,75,200	35,75,200	13,966.93	14,447.18
Rajapalayam Mills Limited	10	29,740	29,740	209.00	199.82
The Ramaraju Surgical Cotton Mills Limited	10	2,200	2,100	4.05	3.93
Sub-Total (A)				14,179.98	14,650.93
<b>2) Unquoted</b>					
JKR Enterprise Limited	1	100	100	-	-
Sub-Total (B)				-	-
Grand-Total (C) = (A) + (B)				14,179.98	14,650.93
<b>II. Investment in Preference Shares - Unquoted</b>					
JKR Enterprise Limited - 9% Cumulative Redeemable Preference Shares	1	7,95,00,000	7,95,00,000	795.00	795.00
Sub-Total (D)				795.00	795.00
Quoted Investments - Cost				14,179.98	14,650.93
Market Value				25,578.22	28,429.98
Unquoted Investments - Cost (E) = (B) + (D)				795.00	795.00
<b>Grand Total (C) + (D)</b>				<u>14,974.98</u>	<u>15,445.93</u>
<b>OTHER INVESTMENT (DESIGNATED AT FVTOCI)</b>					
<b>III. Investment in Equity Instruments - Unquoted</b>					
Ramco Windfarms Limited	1	6,15,000	6,15,000	6.15	69.97
Ramco Industrial and Technology Services Limited	10	26,350	26,350	5.27	35.84
ARS Energy Private Limited	10	-	160	-	0.44
<b>Total Investment in Equity Investments - Unquoted</b>				<u>11.42</u>	<u>106.25</u>

Note: 1) Refer to Note No. 46 for information about fair value hierarchy under Disclosure of Fair Value Measurement.  
2) Ramco Industrial and Technology Services Limited and Ramco Windfarms Limited ceased to be Associates with effect from 01-04-2018.  
3) Market Value of quoted investments for some equity instruments were not available due to no trading activities in stock market.

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(₹ in Lakhs)

As at  
**31-03-2019**      As at  
31-03-2018

**NOTE NO. 12**

OTHER FINANCIAL ASSETS - (NON CURRENT)

**Unsecured, considered good**

Security Deposits with Electricity Board / Others	<u>434.22</u>	<u>435.63</u>
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**NOTE NO. 13**

OTHER NON CURRENT-ASSETS

**Unsecured, considered good**

Other Non-Current Assets	<u>4.03</u>	<u>4.03</u>
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**NOTE NO. 14**

INVENTORIES

(Valued at lower of cost or Net realisable value)

Finished Goods	2,071.35	1,609.07
Rawmaterials - Cotton & Cotton Waste	3,672.13	3,604.89
Stores and Spares	122.12	109.98
Works-in-progress (Cotton Yarn)	<u>1,099.64</u>	<u>1,026.53</u>
	<u>6,965.24</u>	<u>6,350.47</u>

Note:

The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.

**NOTE NO. 15**

TRADE RECEIVABLES

**Unsecured, considered good**

Trade Receivables more than Six months	57.65	57.65
Other Trade Receivables	<u>2,823.64</u>	<u>3,068.80</u>
	<u>2,881.29</u>	<u>3,126.45</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.

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

(₹ in Lakhs)

As at  
31-03-2019      As at  
31-03-2018

**NOTE NO. 16**

**CASH AND CASH EQUIVALENTS**

Cash on Hand	1.90	3.43
Balance with Bank		
In Current Account	1.77	19.77
In Deposit Account for Margin Money	4.38	50.66
Cheque on Hand	1.53	1.40
	9.58	75.26

**NOTE NO. 17**

**BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

Earmarked balances with Banks for Unclaimed Dividend	1.48	3.61
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**NOTE NO. 18**

**OTHER FINANCIAL ASSETS (CURRENT)**

Security Deposit	-	12.00
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**NOTE NO. 19**

**OTHER CURRENT ASSETS**

**Unsecured, considered good**

Advance to Suppliers / Others	739.91	1,123.76
Advance Income-Tax & TDS and Refund Due	841.49	310.95
Accrued Income	389.86	624.35
Prepaid Expenses	171.00	124.29
Other Current Assets	2.80	2.72
	2,145.06	2,186.07

**NOTE NO. 20**

**EQUITY SHARE CAPITAL**

Authorised

30,00,000 Equity Shares of ₹ 10/- each (PY : 30,00,000 Equity shares of ₹ 10/-each)	300.00	300.00
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Issued, Subscribed and Fully paid-up

15,00,000 Equity Shares of ₹ 10/- each (PY : 15,00,000 Equity shares of ₹ 10/-each)	149.98	149.98
	149.98	149.98

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

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

Particulars	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	15,00,000	150.00	15,00,000	150.00
Number of Shares at the end	15,00,000	150.00	15,00,000	150.00

- c) Rights / Restrictions attached to Equity Shares

The Company has one class of equity shares having a face value of ₹ 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.

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

Particulars	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. R. Sudarsanam	81,000	5.40%	81,000	5.40%
Smt. S. Sharada Deepa	6,82,600	45.50%	6,80,280	45.35%

**NOTE NO. 21**

**OTHER EQUITY**

Capital Reserve	11,016.85	11,953.11
Securities Premium Reserve	25.00	25.00
General Reserve	1,259.63	1,468.00
FVOTCI Reserve	2.64	-
Retained Earnings	3,939.62	2,509.65
	<u>16,243.74</u>	<u>15,955.76</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.



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

(₹ in Lakhs)

As at  
31-03-2019

As at  
31-03-2018

**NOTE NO. 22**

NON CURRENT BORROWINGS

**Secured**

Term Loan from Banks \* 7,187.46 5,480.66

**Unsecured**

Working Capital Term Loan from Financial Institutions 800.00 2,000.00

7,987.46 7,480.66

\* a) Term Loan from Banks are secured by *pari-passu* first charge on all the Fixed Assets of the Company and *pari-passu* 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 is as follows:

Year	Amount	Amount
2019-20	-	3,791.66
2020-21	1,692.00	1,807.00
2021-22	1,020.70	1137.00
2022-23	1,220.28	554.00
2023-24	1,219.48	104.00
2024-25	1,410.47	87.00
2025-26	1,424.53	-
	<u>7,987.46</u>	<u>7,480.66</u>

**NOTE NO. 23**

PROVISION (NON - CURRENT)

Provision for Employee Benefits [Refer to Note No. 42] 172.75 151.04

**NOTE NO. 24**

DEFERRED INCOME

Income Government Grants 46.04 48.72

**NOTE NO. 25**

DEFERRED TAX LIABILITY (NET)

**Deferred Tax Liability**

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961 1,914.46 2,226.75

**Deferred Tax Asset**

Tax effect on unabsorbed depreciation under Income Tax Act, 1961 (1,715.21) (1,537.46)

Tax effect on Provision for Bonus and Leave Encashment (79.32) (73.26)

**Net Deferred Tax Liability** 119.93 616.03

**Reconciliation of deferred tax Liabilities (net)**

Opening balance as on 1<sup>st</sup> April 616.03 874.32

Tax income / (Expense) during the period recognised in Profit and Loss (496.10) ( 258.29)

Closing balance as on 31<sup>st</sup> March 119.93 616.03

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

(₹ in Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>NOTE NO. 26</b>		
CURRENT BORROWINGS		
<b>Secured</b>		
Loan Repayable on Demand from Banks *	7,829.17	8,434.65
<b>Unsecured</b>		
Loan Repayable on Demand from Banks	2,530.03	3,006.03
Loan from Other Parties	153.12	153.12
Loan from Related Parties [Refer to Note No.41(B) (i)]	496.63	259.93
	<u>11,008.95</u>	<u>11,853.73</u>
* 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.		
<b>NOTE NO. 27</b>		
TRADE PAYABLES		
Trade Payables dues of micro enterprises and small enterprises	-	-
Trade Payables dues of Creditors other than micro enterprises and small enterprises	88.53	121.42
	<u>88.53</u>	<u>121.42</u>
<b>Terms and conditions of the above Financial Liabilities:</b>		
i) Trade payables are non-interest bearing and are normally settled on 10 to 30 days.		
ii) There are no dues to micro and small enterprises as at 31-03-2019 (PY: ₹ 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.		
<b>NOTE NO. 28</b>		
OTHER CURRENT FINANCIAL LIABILITIES		
Current Maturities of Long Term Loans	2,404.41	3,913.00
Interest Accrued but not Due on Borrowings	-	25.97
Unpaid Dividends	1.48	3.61
Liabilities for Other Finance	403.32	192.99
	<u>2,809.21</u>	<u>4,135.57</u>
<b>NOTE NO. 29</b>		
PROVISIONS, CURRENT		
Provision for Employee Benefits	227.03	222.50
<b>NOTE NO. 30</b>		
LIABILITIES FOR CURRENT TAX		
Tax Liabilities - Other Current Liabilities	81.09	239.31

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

(₹ in Lakhs)

As at  
31-03-2019                      As at  
31-03-2018

**NOTE NO. 31**

REVENUE FROM OPERATION

**Sale of Products**

Yarn	19,964.89	20,275.82
Waste Cotton	555.69	633.35
	<b>20,520.58</b>	20,909.17

**Other operating Revenues**

Export Incentive	63.39	57.87
Job Work Charges Received	155.52	328.17
	<b>20,739.49</b>	<b>21,295.71</b>

**NOTE NO. 32**

FINANCE INCOME

Interest Receipts	91.87	118.35
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**NOTE NO. 33**

OTHER INCOME

Rent Receipts	1.40	3.95
Profit on Sale of Property, Plant and Equipment	-	0.44
Profit on Sale of Investments	2,080.17	-
Government Grants	2.68	2.68
Profit on Sale of Cotton	11.95	18.33
Miscellaneous Income	48.65	4.77
	<b>2,144.85</b>	<b>30.17</b>

**NOTE NO. 34**

COST OF MATERIALS CONSUMED

**Rawmaterials Consumed**

Cotton & Cotton Waste	11,404.85	11,804.72
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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

As at  
31-03-2019                      As at  
31-03-2018

**NOTE NO. 35**

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

**Opening stock**

Finished Goods	1,609.07		1,319.51	
Work-in-Progress	1,026.53	2,635.60	1,034.89	2,354.40

**Closing Stock**

Finished Goods	2,071.35		1,609.07	
Work-in-Progress	1,099.64	3,170.99	1,026.53	2,635.60

**Net (Increase) / Decrease in Stock**

(535.39)                      (281.20)

**NOTE NO. 36**

EMPLOYEE BENEFITS

Salaries, Wages and Bonus	1,999.31		1,891.72	
Contribution to Provident and Other Funds	229.47		188.63	
Staff and Labour Welfare & Training Expenses	120.39		93.37	
	<u>2,349.17</u>		<u>2,173.72</u>	

**NOTE NO. 37**

FINANCE COSTS

Interest on Debts and Borrowings	1,827.32		1,732.21	
Exchange differences regarded as an adjustment to borrowing costs	-		46.70	
	<u>1,827.32</u>		<u>1,778.91</u>	

**NOTE NO. 38**

DEPRECIATION

Depreciation of Plant, Property and Equipment	1,901.27		1,023.03	
Amortization of intangible assets	-		4.93	
Depreciation on Investment Properties	2.97		2.97	
	<u>1,904.24</u>		<u>1,030.93</u>	

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

(₹ in Lakhs)

As at  
31-03-2019

As at  
31-03-2018

**NOTE NO. 39**

OTHER EXPENSES

**Manufacturing Expenses**

Power and Fuel	2,063.93	1,784.62
Packing Materials	300.69	307.77
Repairs to Buildings	56.01	84.78
Repairs to Plant and Machinery	516.28	521.21
Repairs - General	366.70	356.73
Jobwork Charges Paid	242.96	275.00
	3,546.57	3,330.11

**Establishment Expenses**

Managing Director's Remuneration	203.10	203.10
Rates and Taxes	44.58	44.66
Insurance	54.03	49.57
Postage and Telephone	11.11	11.36
Printing and Stationery	13.06	19.73
Travelling Expenses	41.65	37.55
Vehicle Maintenance	51.55	54.12
Loss on Sale of Property, Plant and Equipment & Investment Property	3.34	-
Directors Sitting Fees	8.55	11.10
Rent	6.79	1.60
Audit and Legal Expenses	19.40	15.43
Corporate Social Responsibility Expenses	3.65	2.70
Loss on Exchange Difference (net)	35.53	115.20
Impairment of Assets	64.21	-
Miscellaneous Expenses	221.89	156.52
	782.44	722.64

**Selling Expenses**

Sales Commission	262.23	159.40
Export Expenses	103.65	121.07
Other Selling Expenses	97.77	79.64
	463.65	360.11
	4,792.66	4,412.89

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

(₹ in Lakhs)

As at  
31-03-2018                      As at  
31-03-2017

**NOTE NO. 40**

**Deferred Tax Recognised in the Statement of Profit and Loss**

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	(312.30)	(74.30)
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(177.75)	(57.59)
Tax effect on Provision for Bonus and Leave Encashment	(6.05)	(10.30)
Tax effect due to change in Income Tax Rate	-	116.10
	(496.10)	(258.29)

**NOTE NO. 41**

**CONTINGENT LIABILITIES**

Guarantees given by the bankers on behalf of company	87.05	34.28
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to -		
- Parent	33.31	33.31
- Parent's share in Associate	1,425.51	1616.74

**NOTE NO. 42**

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

(₹ in lakhs)

2018-19                      2017-18

**Defined Contribution Plan:**

Employer's Contribution to Provident Fund	156.47	168.15
Employer's Contribution to Superannuation Fund	9.96	8.68

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

**Movements in the present value of define benefit obligation:**

Opening defined Benefit Obligation	484.57	421.48
Current Service Cost	36.44	30.64
Interest Cost	35.70	29.06
Actuarial (gain) / loss	(-) 4.40	33.04
Benefits paid	(-) 44.33	(-) 30.26
Closing Defined Benefit obligation	507.98	484.57

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

(₹ in lakhs)

2018-19      2017-18

**Movement in the present value of plan assets:**

Opening fair value of plan assets	516.14	507.51
Expected return on plan assets	38.19	35.97
Actuarial gain / (loss)	0.56	1.96
Employer Contribution	1.35	0.95
Benefits paid	(-) 44.33	(-) 30.26
Closing fair value of plan assets	511.89	516.14

**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	511.89	516.14
Present value of obligation	507.97	484.57
Present value of Funded defined obligation	3.92	31.57

**Cost of define benefit plan:**

Current Service Cost	36.44	30.64
Interest Cost	(-) 2.49	(-) 6.31
Net Cost Recognized in the Income Statement	33.95	24.33
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	0.56	1.96
Actuarial (gain) / loss	(4.40)	33.05
Net Cost recognized in the Other Comprehensive Income	(4.96)	31.09

**Major Categories of Plan Assets:**

GOI Securities	-	-
Funds with LIC	511.89	516.14
Others	-	-
Total	511.89	516.14

**Actuarial assumptions:**

Discount rate p.a	7.66%	7.72%
Rate of escalation in salary p.a	4.00%	4.00%

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

(₹ in lakhs)

**Estimate of Expected Benefit payments**

Particulars	2018-19	2017-18
Year 1	14.86	16.89
Year 2	45.44	39.52
Year 3	29.70	26.77
Year 4	41.86	28.71
Year 5	49.46	38.54
Next 5 Years	307.82	304.39

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	34.50	34.37
0.50% Decrease in Discount Rate	38.68	38.71
0.50% Increase in Salary Growth Rate	38.77	38.63
0.50% Decrease in Salary Growth Rate	34.41	34.44

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

**Movement in the present value of define benefit Obligation:**

Opening defined Benefit Obligation	151.04	142.03
Current Service Cost	11.05	10.66
Interest Cost	10.91	9.94
Actuarial (gain) / loss	18.89	0.28
Benefits paid	(-) 19.40	(-) 11.86
Closing defined Benefit obligation	172.49	151.04

**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	19.40	11.86
Benefits paid	(-) 19.40	(-) 11.86
Closing fair value of plan assets	Nil	Nil
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 CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

2018-19      2017-18

**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	172.49	151.04
Present value of Funded define obligation	172.49	151.04

**Cost of define benefit Plan:**

Current Service Cost	11.05	10.66
Interest Cost	10.91	9.94
Actuarial (gain) / loss	18.89	0.28
Net Cost recognized in the Income Statement	40.86	20.88

**Major Categories of Plant Assets:**

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

**Actuarial assumptions:**

Discount rate p.a	7.66%	7.72%
Rate of escalation in salary p.a	4.00%	4.00%

**Estimate of Expected Benefit payments**

Year 1	9.88	6.21
Year 2	27.71	19.44
Year 3	8.05	15.14
Year 4	4.79	7.35
Year 5	6.49	4.19
Next 5 Years	115.80	100.71

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	12.89	10.43
0.50% Decrease in Discount Rate	14.43	11.73
0.50% Increase in Salary Growth Rate	14.46	11.71
0.50% Decrease in Salary Growth Rate	12.86	10.45

**NOTE NO. 43**

**EARNINGS PER SHARE**

Particulars	31-03-2019	31-03-2018
Net profit after tax (₹ in Lakhs) (A)	1,429.27	908.31
Weighted average number of Equity shares [In Lakhs] (B)	15.00	15.00
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) in ₹	95.30	60.56

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

**NOTE NO. 44**

**DISCLOSURE OF INTERESTS IN ASSOCIATES UNDER EQUITY METHOD**

Name of the Company	Location	Principal activities of Business
<b>Material Associates</b>		
M/s.The Ramco Cements Limited	India	Manufacture of Building materials
<b>Immaterial Associates</b>		
M/s. Rajapalayam Mills Limited	India	Manufacturer of Cotton yarn
M/s. The Ramaraju Surgical Cotton Mills Limited	India	Manufacturer of Cotton yarn

Name of the Company	% of Shareholding as at	
	31-03-2019	31-03-2018
M/s. The Ramco Cements Limited	1.52	1.65
M/s. Rajapalayam Mills Limited	0.40	0.40
M/s. The Ramaraju Surgical Cotton Mills Limited	0.06	0.06

**Summarised financial information for Associates:**

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

₹ in Lakhs

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
<b>As at 31-03-2019</b>						
The Ramco Cements Limited	6,59,129.00	23,199.00	1,38,051.00	1,59,454.00	2,06,755.00	4,54,170.00
<b>As at 31-03-2018</b>						
The Ramco Cements Limited	5,65,696.00	20,064.00	1,30,042.00	1,19,331.00	1,85,643.00	4,10,828.00

₹ in Lakhs

Profit and Loss	The Ramco Cements Limited	
	31-03-2019	31-03-2018
Total Revenue	5,18,730.00	4,61,643.00
Profit before tax	71,807.00	79,128.00
Tax expenses	21,061.00	23,106.00
Profit after Tax	50,746.00	56,022.00
Share of profit in Associates	397.00	483.00
Other Comprehensive Income	(268.00)	(172.00)
Share of OCI of Associate	160.00	82.00
Total Comprehensive Income	51,035.00	56,415

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

**Fair Value of Investments**

₹ in Lakhs

Name of the material Associates	31-03-2019	31-03-2018
The Ramco Cements Limited	13,966.93	14,447.18

**Share of contingent Liabilities in respect of associates**

Name of the material Associates	31-03-2019	31-03-2018
The Ramco Cements Limited	1,423.06	1,613.40

**Reconciliation to the carrying amount of investment in associates as on 31-03-2019 and 31-03-2018:**

Profit and Loss	The Ramco Cements Limited	
	31-03-2019	31-03-2018
Entity's TCI	50,964.00	56,286.00
Entity's Adjusted TCI	49,725.00	55,066.00
Effective shareholding %	1.57%	1.71%
Associates share of profit / OCI	782.78	938.71
Amount recognized in P & L	782.78	938.71
<b>Reconciliation</b>		
Opening Carrying amount	14,447.18	13,624.97
Less: Other Adjustments	1,146.53	-
Add: Associate's share of Profit / OCI	782.78	938.71
Less: Dividend received	116.50	116.50
Net Carrying amount	13,966.93	14,447.18

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:	31-03-2019	31-03-2018
Profit after Tax	10.84	32.57
Other Comprehensive Income	(0.34)	0.60
Total Comprehensive Income	10.50	33.17

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

**NOTE NO. 45**

**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 31<sup>st</sup> March 2019:

**a. Associates Company**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2019	31-03-2018
The Ramco Cements Limited	India	1.52%	1.63%
Rajapalayam Mills Limited	India	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	India	0.06%	0.06%
JKR Enterprise Limited	India	0.001%	0.001%

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

Name of the Key Management Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt. S. Sharada Deepa	Managing Director
Shri V. Gurusamy	Associate Vice President (Finance) cum Secretary
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 Arunkumar Goenka	Non-Executive Director
Shri S. Kanthimathinathan	Non-Executive Director
Shri P.A.S. Alaghar Raja	Independent Director

**c. Relatives of Key Managerial Personnel**

Name of the Relative of KMP	Relationship
Smt. Nalina Ramalakshmi	Sister of Shri. P.R. Venketrama Raja

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

**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	Shri 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
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**f. Other entities over which there is a significant influence**

PACR Sethurammam Charity Trust
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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	(₹ in Lakhs)	
	2018-19	2017-18
<b>i. Good Supplied / Services rendered</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	1,039.06	621.51
The Ramaraju Surgical Cotton Mills Limited	847.97	601.45
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Ramco Industries Limited	1,646.60	904.07
Sandhya Spinning Mill Limited	301.15	697.14
Thanjavur Spinning Mill Limited	-	114.56
Rajapalayam Textile Limited	7.09	216.59
Sri Harini Textiles Limited	241.46	-
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	278.95	-

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

Name of the Related party	(₹ in Lakhs)	
	2018-19	2017-18
<b>iii. Sale of Equity Shares</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	1,081.60	1.61
The Ramaraju Surgical Cotton Mills Limited	-	0.19
<b>Companies / Other entities over KMP / Relative of KMP exercise significant influence</b>		
Ramco Industries Limited	1,000.48	3.40
<b>iv. Cost of Goods &amp; Services purchased / availed</b>		
<b>Associates</b>		
The Ramco Cements Limited	4.00	2.98
The Ramaraju Surgical Cotton Mills Limited	393.21	115.83
Rajapalayam Mills Limited	1,065.29	1,420.02
<b>Companies / Other entities over KMP / Relative of KMP exercise significant influence</b>		
Ramco Industries Limited	769.99	594.93
Ramco Systems Limited	13.04	11.32
Sandhya Spinning Mill Limited	280.26	218.57
Thanjavur Spinning Mill Limited	-	4.12
Rajapalayam Textile Limited	438.17	208.91
Shri Harini Media Limited	70.00	-
Ramco Windfarms Limited*	325.44	241.23
Sri Harini Textiles Limited	1.18	-
<b>Other entities over which there is significant influence</b>		
PACR Sethurammam Charity Trust	63.35	60.34
<b>v. Purchase of Fixed Assets</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	47.23	-
The Ramaraju Surgical Cotton Mills Limited	71.98	-
<b>vi. Dividend Received</b>		
<b>Associates</b>		
The Ramco Cements Limited	116.50	116.50
Rajapalayam Mills Limited	1.19	1.19
The Ramaraju Surgical Cotton Mills Limited	0.01	0.01
<b>vii. Rent Received</b>		
JKR Enterprise Limited	1.24	1.22
<b>viii. Interest Paid / (Received)</b>		
<b>Key Managerial Personnel</b>		
Smt. S. Sharada Deepa	17.40	44.05
Shri S.S. Ramachandra Raja	1.91	1.86
Smt. R. Chittammal	15.25	14.58

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

		(₹ in Lakhs)	
Name of the Related party		Value	
		2018-19	2017-18
<b>ix. Sitting Fees</b>			
	<b>Key Managerial Personnel</b>		
	Shri P.R. Venketrama Raja	0.75	0.75
	Smt. S. Sharada Deepa	0.45	0.60
	Shri S.S. Ramachandra Raja	0.90	1.65
	Smt. R. Chittammal	0.60	1.50
	Shri S.R. Srirama Raja	0.60	0.75
	Shri N.K. Shrikantan Raja	1.95	2.55
	Shri S. Kanthimathinathan	1.50	1.50
	Shri Arunkumar Goenka	0.15	0.15
	Shri P.A.S. Alaghar Raja	1.65	1.65
<b>x. Remuneration to Key Managerial Personnel (Other than Sitting Fees)</b>			
	<b>Key Managerial Personnel</b>		
	Smt. S. Sharada Deepa, Managing Director	203.10	203.10
	Shri V. Gurusamy, Associate Vice President (Finance) cum Secretary	32.72	28.23
<b>xi. Contribution to Superannuation Fund / Gratuity Fund</b>			
	<b>Other entities over which there is a significant influence</b>		
	Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund	9.96	8.68
	Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund	2.51	2.65
<b>xii. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>			
	<b>Key Managerial Personnel</b>		
	Smt. S. Sharada Deepa	(1,000.48)	(1,103.19)
	Shri S.S. Ramachandra Raja	(22.33)	(20.61)
	Smt. R. Chittammal	(183.39)	(173.16)
<b>xiii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL</b>			
	<b>Associates</b>		
	The Ramco Cements Limited	1.54	3.47

\* Ramco Windfarms Limited ceased to be an Associate with effect from 01-04-2018.

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

	(₹ in Lakhs)	
Name of the Related party	31-03-2019	31-03-2018
<b>b. Outstanding balance including commitments</b>		
<b>i. Borrowings:</b>		
<b>Key Managerial Personnel</b>		
Shri S.S. Ramachandra Raja	22.33	20.61
Smt. R. Chittammal	154.35	171.28
Smt. S. Sharada Deepa	319.95	68.04
<b>Total</b>	<b>496.63</b>	<b>259.93</b>
<b>ii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL</b>		
<b>Associates</b>		
The Ramco Cements Limited	–	12.00
<b>c. Disclosure of Key Management Personnel compensation in total and for each of the following categories:</b>		
Particulars	31-03-2019	31-03-2018
Short - Term Benefits <sup>[1]</sup>	210.27	206.31
Defined Contribution Plan <sup>[2]</sup>	26.00	25.81
Defined Benefit Plan / Other Long-Term Benefits <sup>[3]</sup>	–	–
<b>Total</b>	<b>236.27</b>	<b>232.12</b>
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. 46**

SEGMENT INFORMATION FOR THE YEAR ENDED 31-03-2019

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018	31-Mar-2019	31-Mar-2018
<b>REVENUE</b>						
External Sales (Net)	22,195.06	22,990.46	–	–	22,195.06	22,990.46
Inter Segment Sale	–	–	1,455.56	1,695.24	1,455.59	1,695.24
Total Sales	22,195.06	22,990.46	1,455.56	1,695.24	23,650.62	24,685.70
Other Income	2,354.42	266.22	–	–	2,354.42	266.22
<b>Total Revenue</b>	<b>24,549.48</b>	<b>23,256.68</b>	<b>1,455.56</b>	<b>1,695.24</b>	<b>26,005.04</b>	<b>24,951.92</b>
<b>RESULT</b>						
Segment Profit	1,383.47	468.80	853.40	1,051.58	2,236.87	1,520.38
Unallocated Income	–	–	–	–	(91.87)	(118.35)
Unallocated Expenses	–	–	–	–	–	–
Operating Profit	–	–	–	–	2,145.00	1,402.03
Interest Expenses	–	–	–	–	1,827.32	1,718.46
Interest Income	–	–	–	–	91.87	118.35
Provision for Taxation	–	–	–	–	–	–
Current Tax	–	–	–	–	59.20	–
Deferred Tax	–	–	–	–	(496.10)	(258.29)
Profit from ordinary activities	–	–	–	–	846.45	60.21
Other Comprehensive Income	–	–	–	–	7.60	(31.40)
<b>Net Profit</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>854.05</b>	<b>28.81</b>
<b>OTHER INFORMATION</b>						
Segment Assets	22,203.47	23,462.22	2582.55	2800.74	24,786.02	26,262.96
Unallocated Assets	–	–	–	–	–	–
Total Assets	–	–	–	–	24,786.02	26,262.96
Segment Liabilities	974.21	959.84	–	–	974.21	959.84
Unallocated Liabilities	–	–	–	–	21,566.80	23,912.15
Total Liabilities	–	–	–	–	22,541.01	24,871.99
Capital Expenditure	673.59	1,270.26	–	–	673.59	1,270.26
Unallocated Capital Expenditure	–	–	–	–	–	–
Depreciation	1,686.05	812.74	218.19	218.19	1,904.24	1,030.93
Unallocated Depreciation Expenditure	–	–	–	–	–	–
Non-Cash expenses other than Depreciation	–	–	–	–	–	–

**NOTE NO. 47**

**DISCLOSURE OF FAIR VALUE MEASUREMENTS**

The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to their short term maturities of these instruments.

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

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2019</b>					
<b>Financial Assets</b>					
Investments in					
Preference Shares	795.00	–	–	795.00	795.00
Other Investments	–	–	11.42	11.42	11.42
Trade Receivables	2,881.29	–	–	2,881.29	2,881.29
Cash and Cash Equivalents	9.58	–	–	9.58	9.58
Bank Balance other than Cash and Cash Equivalents	1.48	–	–	1.48	1.48
<b>Financial Liabilities</b>					
Borrowings	7,987.46	–	–	7,987.46	7,987.46
Trade Payables	88.54	–	–	88.54	88.54
Other Financial Liabilities	2,809.21	–	–	2,809.21	2,809.21
<b>As at 31-03-2018</b>					
<b>Financial Assets</b>					
Investments In					
Preference Shares	795.00	–	–	795.00	795.00
Other Investments	0.44	–	8.79	9.23	9.23
Loans	0.00	–	–	0.00	0.00
Trade Receivables	3,126.45	–	–	3,126.45	3,126.45
Cash and Cash Equivalents	75.26	–	–	75.26	75.26
Bank Balance other than Cash and Cash Equivalents	3.61	–	–	3.61	3.61
Other Financial Assets	12.00	–	–	12.00	12.00
<b>Financial Liabilities</b>					
Borrowings	7,480.66	–	–	7,480.66	7,480.66
Trade Payables	121.43	–	–	121.43	121.43
Other Financial Liabilities	4,135.57	–	–	4,135.57	4,135.57

**Fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (Unadjusted) prices in active markets for identical assets or liabilities

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

The details of financial instruments that are measured at fair value on recurring basis are given below:

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
<b>Investment in unlisted securities</b>				
As at 31-03-2019	–	–	11.42	11.42
As at 31-03-2018	–	–	9.23	9.23

**Valuation techniques used to determine the fair value**

The significant inputs used in the fair value measurement categorized within the fair value hierarchy are given below:

Nature of Financial Instrument	Valuation Technique	Remarks
Investment in Listed securities	Market Value	Closing Price as at 31 <sup>st</sup> March in Stock Exchange
Investment in Unlisted securities	At Book Value	Insignificant Value

**NOTE NO. 48**

**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.

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

**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:

(₹ in Lakhs)

As at 31-03-2019	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	2,073.06	637.52	82.27	38.65	2,831.50
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	2,073.06	637.52	82.27	38.65	2,831.50

As at 31-03-2018	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	2,276.00	456.00	319.00	54.65	3,106.00
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	2,276.00	456.00	319.00	54.65	3,106.00

**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.

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

**Financial arrangements**

The Company has access to the following undrawn borrowing facilities: (₹ in Lakhs)

Particulars	31-03-2019	31-03-2018
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	3,354.00	3,868.00
Term Loans	-	-
<b>Expiring beyond year</b>		
Term Loans	400.00	-

**Maturities of Financial Liabilities**

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
<b>As at 31-3-2019</b>				
Borrowings from Banks	2404.41	1887.46	6100.00	10391.97
Trade payables	88.53	-	-	88.53
Other Financial Liabilities (Incl. Interest)	404.80	-	-	406.01
<b>As at 31-3-2018</b>				
Borrowings from Banks	3,913.00	7,480.66	-	11,393.66
Trade payables	121.42	-	-	121.42
Other Financial Liabilities (Incl. Interest)	222.56	-	-	222.56

**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
<b>USD in Millions</b>				
As at 31-03-2019	-	-	-	-
As at 31-03-2018	-	-	-	-
<b>EURO in Millions</b>				
As at 31-03-2019	-	-	-	-
As at 31-03-2018	-	-	-	-

Risk sensitivity on foreign currency fluctuation

(₹ in Lakhs)

Foreign Currency	31-03-2019	31-03-2018
	1% Increase	1% increase
USD	-	-

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

**Cash flow and fair value interest rate risk**

(₹ in Lakhs)

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	31-03-2019	01-04-2018
Variable rate borrowings	21,806.83	22,834.34

The Company does not have any interest rate swap contracts

**Sensitivity on Interest rate fluctuation**

Incremental Interest Cost works out to	31-3-2019	31-3-2018
1% Increase in Interest Rate	218.06	228.34

**NOTE NO. 49**

**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	31-03-2019	31-03-2018
Long Term Borrowings	7,987.46	7,480.66
Current maturities of Long Term borrowings	2,404.41	3,913.00
Short Term Borrowings	11,008.95	11,853.73
Less: Cash and Cash Equivalents	9.58	75.26
<b>Net Debt (A)</b>	<b>21,391.24</b>	<b>23,247.39</b>
Equity Share Capital	150.00	150.00
Other Equity	2,095.02	1,240.97
<b>Total Equity (B)</b>	<b>2,245.02</b>	<b>1,390.97</b>
<b>Total Capital Employed (C) = (A) + (B)</b>	<b>23,636.26</b>	<b>24,638.36</b>
Capital Gearing Ratio (A) / (C)	90.50%	94.35%

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 31-03-2019 and 31-03-2018.

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI

Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner,  
Membership No. 21510

Rajapalaiyam,  
28<sup>th</sup> May, 2019.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

## 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. / DP Id. Client Id.: .....

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 38<sup>th</sup> Annual General Meeting of the Company, to be held on the Wednesday, the 14<sup>th</sup> August, 2019 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
	<b>Ordinary Business</b>
1	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March, 2019
2	Appointment of Shri S.S. Ramachandra Raja as Director, who retires by rotation
3	Appointment of Shri Arunkumar Goenka as Director, who retires by rotation

*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 38<sup>th</sup> 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 : Wednesday, 14<sup>th</sup> August, 2019, at 10.30 AM

Name of the Member \_\_\_\_\_ Folio No/DP ID - Client ID \_\_\_\_\_

Name of the Proxy\* \_\_\_\_\_ Signature of Member / Proxy Attending \_\_\_\_\_

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

Resolution No.	Resolutions
<b>Special Business - Special Resolution</b>	
4	To consider re-appointment of Smt. S. Sharada Deepa as Managing Director.
<b>Special Business - Ordinary Resolution</b>	
5	Ratification of fee payable to Shri M. Kannan, Cost Accountant, appointed as Cost Auditor of the Company for the financial year 2019-20.

Signed this..... day of ..... 2019

Signature of Shareholder .....

Signature of Proxy holder(s) .....

Affix Revenue Stamp
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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.



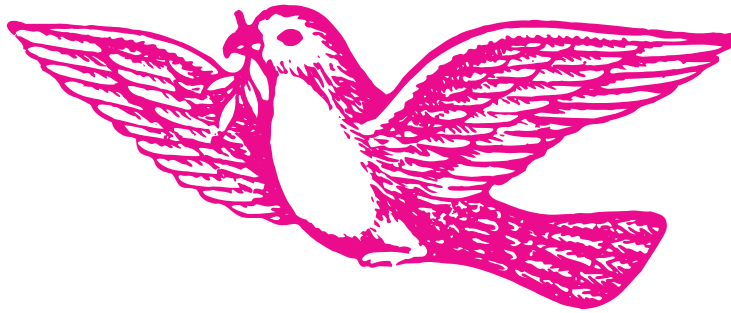


Our Senior General Manager receiving Japanese Management Practices (JMP) award from our Chairman at our Annual sports day function.



Our Chairman distributing certificate and cash award to our Union Leader Shri. V.Muthiah, for completion of 35 years of service in our Mills.

SRI VISHNU SHANKAR MILL LIMITED



RAJAPALAIYAM