

 **surgicom**

sudarsanam
SPINNING MILLS

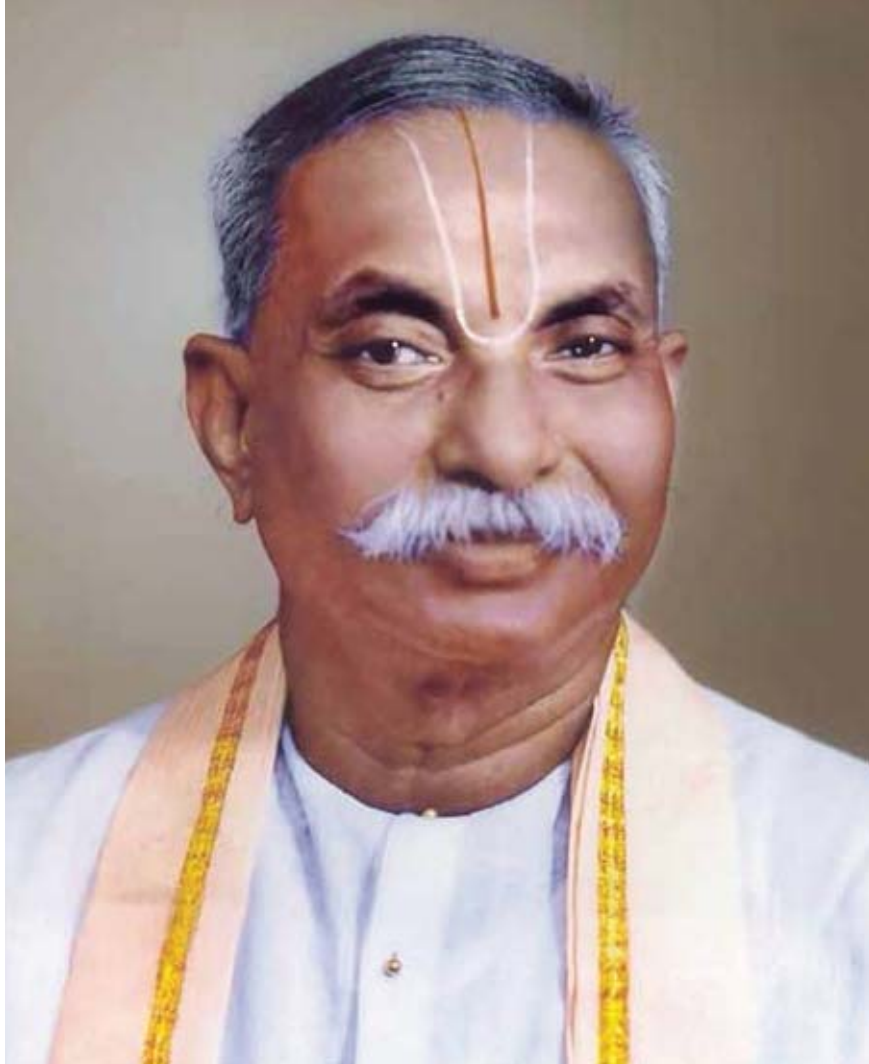
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FABRICS

80th
Annual Report
2019-2020



**THE RAMARAJU
SURGICAL COTTON
MILLS LIMITED**

Our Founder's Mentor

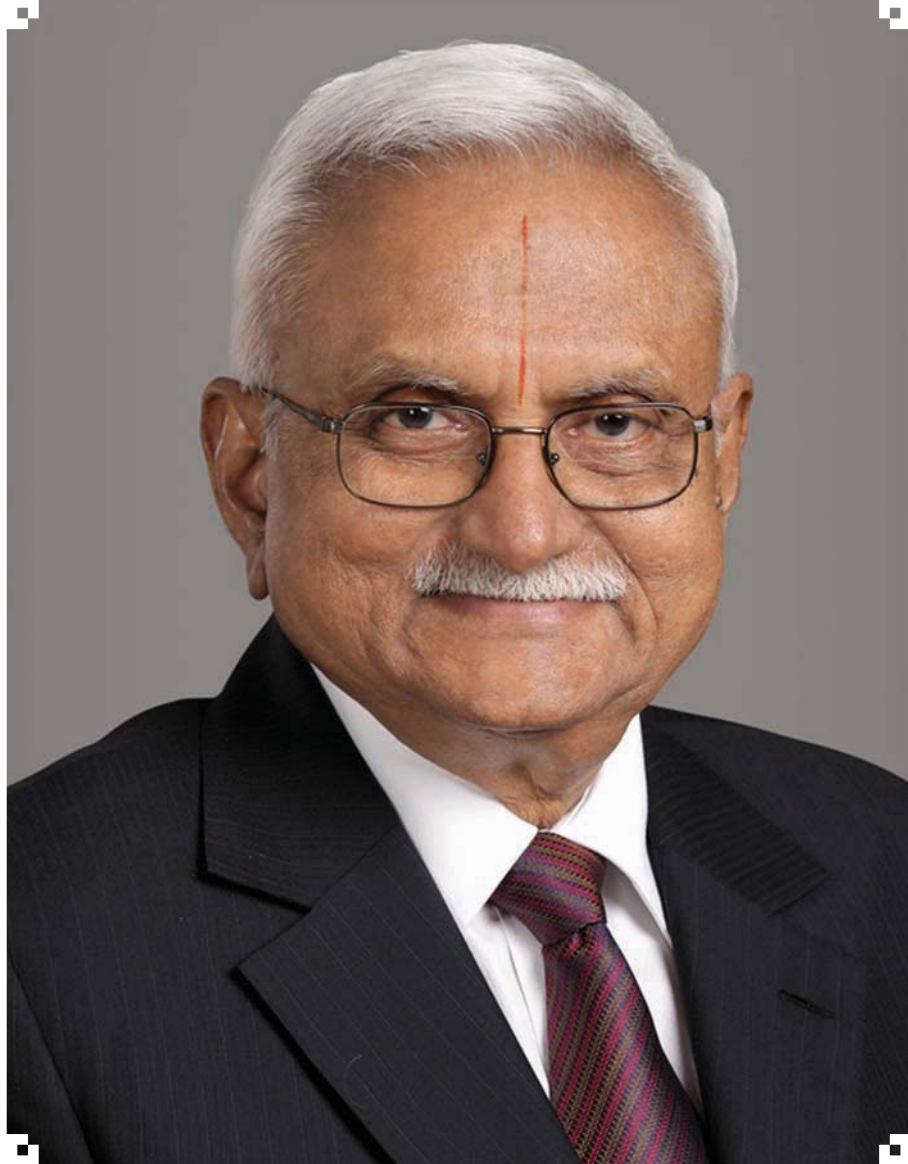


SHRI P.A.C. RAMASAMY RAJA

Our Founder



SHRI N.K. RAMARAJU



"Gurubakthamani"
SHRI P.R. RAMASUBRAHMANEYA RAJHA
Sridharmarakshakar - Ramco Group

Board of Directors

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

Chairman

Smt. NALINA RAMALAKSHMI, B.Sc., M.S.C.S.,

Managing Director

Shri N.R.K. RAMKUMAR RAJA, B.Tech., M.E.,

Managing Director

Dr. M. KARUNAKARAN, M.A., M.Phil., Ph.D., I.A.S.,

(Nominee of Govt. of Tamilnadu)

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

Shri P.J. ALAGA RAJA, B.A.B.L.,

Justice Shri P.P.S. JANARTHANA RAJA, B.L.,

Shri V. SANTHANARAMAN, B.Com. C.A.I.I.B.,

Shri P.J. RAMKUMAR RAJHA, B.Com.,

Shri P.A.B. RAJU, B.A.,

Chief Financial Officer

Shri Narayan Vijay Gopal

Company Secretary

Shri A. Emarajan

Registered Office

The Ramaraju Surgical Cotton Mills Premises,

Post Box No. 2,

119, P.A.C. Ramasamy Raja Salai,

Rajapalaiyam - 626 117.

Tamil Nadu.

E-mail : rscm@ramcotex.com

Phone : 04563-235904

Website: www.ramarajusurgical.com

Corporate Identification Number :

L17111TN1939PLC002302

Factories

Surgical Division

1. Rajapalaiyam

2. Perumalpatti

Spinning Division

Sudarsanam Spinning Mills

1. Rajapalaiyam

2. Subramaniapuram

3. Thirumalagiri Village, AP.

Fabric Division

Sudarsanam Fabrics, Perumalpatti

Bankers

Canara Bank

IDBI Bank Limited

Indian Bank

RBL Bank Limited

Tamilnad Mercantile Bank Limited

The Karur Vysya Bank Limited

Auditors

M/s. N.A. Jayaraman & Co.,

Chartered Accountants,

9, Cedar Wood, 11, 4th Main Road,

Raja Annamalaipuram,

Chennai - 600 028.

Secretarial Auditor

Shri M.R.L. Narasimha,

Practising Company Secretary,

New No. 8 (Old No. 34-C),

Third Cross, Ramalinga Nagar,

K.K. Pudur, Coimbatore - 641 038.

Cost Auditor

Shri M. Kannan,

IV-B, Akshaya Homes,

9B-20, Tagore Nagar,

Bharathiyar 4th Street,

S.S. Colony,

Madurai - 625 016.



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NOTICE TO THE MEMBERS

Notice is hereby given that the 80th Annual General Meeting (AGM) of the Company will be held at 09.30 A.M. on Tuesday, the 15th September, 2020 . This AGM is being conducted through Video Conferencing / Other Audio Visual Means (VC) the details of which are provided in the Notes to this Notice. The following are the business that would be transacted at this AGM.

ORDINARY BUSINESS

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 31st March, 2020, and the Report 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 a Dividend of ₹ 0.50 per share be and is hereby declared for the year ended 31st March, 2020 and the same be paid to those shareholders whose name appear in the Register of Members and Register of Depositories as on 9th September, 2020."

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

"RESOLVED THAT Shri P.R. Venketrama Raja (DIN: 00331406), who retires by rotation, be and is hereby re-appointed as Director of the Company."

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

"RESOLVED THAT Shri N.K. Shrikantan Raja (DIN: 00350693), who retires by rotation, be and is hereby re-appointed as Director of the Company."

SPECIAL BUSINESS

5. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations, 2018") and the other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the approval of the members be and is hereby accorded for continuing the Directorship of Shri P.J. Alaga Raja, who will attain the age of 75 years on October 20, 2020, shall continue to occupy the position of Non-Executive Director under Independent Director Category of the Company from October 20, 2020 to March 31, 2024."



NOTICE

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 1,30,000/- (Rupees One Lakh Thirty 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 2020-21 for auditing the Cost Records relating to manufacture of textile and pharmaceutical products, be and is hereby ratified and confirmed."

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Chennai,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN

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. The Company has chosen to conduct this AGM through VC, in view of COVID 19 virus outbreak. The AGM would be conducted in accordance with the:-

General Circulars No: 14/2020, 17/2020 and 20/2020 dated 8th April 2020, 13th April 2020 and 5th May 2020 respectively, issued by Ministry of Corporate Affairs, Government of India and Circular No: SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, issued by Securities and Exchange Board of India (SEBI) and such other instructions that may be issued by Statutory Authorities.

ATTENDING THE AGM THROUGH VC BY THE MEMBERS

3. The Company would be providing the Central Depository Services (India) Limited's (CDSL) system for the members to cast their vote through remote e-Voting and participate in the AGM through VC. Members may access the same at <https://www.evotingindia.com> under shareholders / members login by using the remote e-Voting credentials. The link for VC will be available in shareholder / members login where the EVSN of Company will be displayed.
4. The Members can join the AGM in the VC mode upto 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC will be made available to atleast 1000 members on first come first served basis. This will not include Members holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to participate in the AGM.
5. Members are requested to join the AGM through Laptops / iPads for better experience and will be required to have webcam and use Internet with a good speed to avoid any disturbance during the meeting.
6. Members are requested to use Stable Wi-Fi or LAN Connection to mitigate Audio/Video loss due to fluctuation in your network. Please avoid connecting through your Mobile Devices or Tablets or through Laptop via Mobile Hotspot.
7. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request at least 3 days prior to meeting mentioning your name, demat account number / folio number, email id, mobile number (as registered with the Depository Participant / Company) to the mail id: rscm@ramcotex.com. Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.



NOTICE

8. Members who do not wish to speak during the AGM but have queries may send your queries at least 3 days prior to meeting by mentioning your name, demat account number/folio number, email id, mobile number to the mail id: **rscm@ramcotex.com**. These queries will be replied to by the company suitably by email.
9. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.,) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively, Non Individual Shareholders are required to send the relevant Board Resolution / Authority letter etc., together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at **rscm@ramcotex.com**, if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.
10. The attendance of the Members attending the AGM through VC will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
11. Proxies are not being sent to shareholders, as the meeting is being conducted through VC.
12. The Company is also releasing a Public Notice by way of advertisement being published in English in Business Line (All Editions) and in Tamil in Dinamani (Virudhunagar Edition) containing the following information:
 - Convening of AGM through VC in compliance with applicable provisions of the Act.
 - Date and Time of the AGM.
 - Availability of Notice of the Meeting on the website of the Company and the stock exchange viz., Metropolitan Stock Exchange of India Limited, where the Company's shares are listed and at **https://www.evotingindia.com**.
 - Requesting the members who have not registered their E-Mail addresses with the Company, to get the same registered with the Company.
13. The cut-off date will be Wednesday, the 9th September, 2020 for determining the eligibility to vote by remote e-Voting or in the AGM.

NOTICE



14. Pursuant to Rule 8 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company (www.ramarajusurgical.com) and also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Hence, the members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund are:

| Financial Year ended | Date of Declaration of Dividend | Last Date for Claiming Unpaid Dividend | Due Date for Transfer to IEP Fund |
|--------------------------------|---------------------------------|--|-----------------------------------|
| 31-03-2013 Final Dividend | 01-08-2013 | 31-07-2020 | 29-08-2020 |
| 31-03-2014 | 04-08-2014 | 03-08-2021 | 01-09-2021 |
| 31-03-2015 | 12-08-2015 | 11-08-2022 | 09-09-2022 |
| 31-03-2016 Interim Dividend | 14-03-2016 | 13-03-2023 | 11-04-2023 |
| 31-03-2017 | 10-08-2017 | 09-08-2024 | 07-09-2024 |
| 31-03-2018 | 10-08-2018 | 09-08-2025 | 07-09-2025 |

15. In accordance with Section 125(5) of the Companies Act, 2013, the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over 7 years, to the IEPF established by the Central Government.
16. In accordance with Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016, the shares in respect of which, dividend has not been paid or claimed for 7 consecutive years or more have been transferred by the Company to IEPF. The shareholders / their legal heirs are entitled to claim the said shares and the dividend so transferred from the IEPF by making an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form are available at www.ramarajusurgical.com and www.iepf.gov.in.
17. Dispatching of physical copies of the financial statements (including Director's report, Auditor's report or other documents required to be attached therewith), has been dispensed with. Such statements are being sent only by email to the members and to all other persons so entitled. The Annual Report will also be made available on the Company's Website - www.ramarajusurgical.com and at the websites of the Stock Exchange i.e. Metropolitan Stock Exchange of India Limited, where the Company's shares are listed.
18. The Company has fixed Wednesday, 9th September, 2020 as the 'Record Date' for determining entitlement of members to dividend for the financial year ended March 31, 2020, if approved at the AGM.



NOTICE

19. Pursuant to the amendments made in the Income Tax Act, 1961, through Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G / 15H, to avail the benefit of non-deduction of tax at source by email to **rscm@ramcotex.com** on or before 31st August, 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to **rscm@ramcotex.com**. The aforesaid declarations and documents need to be submitted by the shareholders on or before 31st August, 2020.

20. Voting through electronic means;

- A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, [LODR] the Company is providing members remote e-Voting facility to exercise their right to vote at the 80th AGM and the business may be transacted through such voting, through e-Voting Services provided by CDSL.
- B. The facility for voting, through electronic voting system shall be made available at the time of meeting and members attending the meeting through VC and who have not already cast their vote by remote e-Voting shall be able to exercise their right during the meeting. If any votes are cast by the members through the e-Voting available during the AGM and if the same members have not participated in the meeting through VC, then the votes cast by such members shall be considered invalid as the facility of e-Voting during the meeting is available only to the members attending the meeting.
- C. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting are as under:

- i) To log on to the e-Voting website **www.evotingindia.com**
- ii) To Click on "Shareholders" module.

NOTICE



iii) Now enter your User ID as given below:

- For CDSL: 16 Digits Beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding Shares in Physical Form should enter Folio Number registered with the Company (or)

Alternatively, if the Member has already registered for CDSL's EAS I/ EASIEST e-services, the members can login at <https://www.cdslindia.com> from Login - Myeasi using the login credentials. On successful login to CDSL's EASI / EASIEST e-services, the Member should click on e-Voting option and proceed directly to cast the vote electronically.

iv) Next enter the Image Verification Code as displayed and Click on Login.

v) PASSWORD

- If you are holding Shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- If you are first time user follow the steps given below:

(a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders).

Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Folio No. / Client ID in the PAN field.

In case the Folio No is less than 8 digits, enter the applicable number of 0's before the Folio Number to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is A. Raja with folio number 1 then enter AR00000001 in the PAN Field.

(b) Please enter any one of the following details in order to login:

Date of Birth: Enter the Date of Birth as recorded in your demat account or in the Company records in dd/mm/yyyy format.

Dividend Bank Details: Please enter Dividend Bank Details as recorded in your demat account or in the Company records.

If both of the above details are not recorded with the depository or Company, please enter the User ID / Folio No [mentioned in (iii) above] in the Dividend Bank details field. After entering the required details, click on "SUBMIT" tab.

vi) Members holding Shares in physical form will then directly reach the Company selection screen. However, members holding Shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the



NOTICE

new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is strongly recommended not to Share your password with any other person and take utmost care to keep your password confidential.

- vii) For members holding Shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- viii) Click on the relevant EVSN for THE RAMARAJU SURGICAL COTTON MILLS LIMITED on which you choose to vote.
- ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take a print of the voting done by you clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.
- xiv) If you have forgotten the changed password then enter the User ID and Image Verification Code and click on Forgot Password & enter the details as prompted by the system.
- xv) Members can also cast their vote using CDSL's Mobile App "m-Voting". This App can be downloaded from the Google Play Store or Apple App Store. Please follow the instructions as prompted by the Mobile App while casting your vote through remote e-Voting.
- xvi) Process for those shareholders whose email addresses are not registered with the Depositories / Company for obtaining login credentials for e-Voting:
 - a) For Physical Shareholders - please provide necessary details like Folio No., Name of Shareholder, Scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) and Specimen Signature duly attested by the Bank Manager, where the Member is operating his bank account [the attestation should clearly carry the particulars of the bank manager, viz. his staff serial number, name and branch details], by email to **rscm@ramcotex.com**.
 - b) For Demat Shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, Client Master or copy of

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Consolidated Account Statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) and Specimen Signature duly attested by the Bank Manager, where the Member is operating his bank account [the attestation should clearly carry the particulars of the bank manager, viz. his staff serial number, name and branch details], to Company email id **rscm@ramcotex.com**.

- c) Company shall co-ordinate with CDSL and provide the login credentials to the above mentioned Shareholders.
- D. The facility for remote e-Voting shall remain open from 9.00 A.M. on Saturday, the 12th September, 2020 to 5.00 P.M. on Monday, the 14th September, 2020. During this period, the Members of the Company holding Shares either in physical form or in dematerialized form, as on the cut-off-date, viz., Wednesday the 9th September, 2020, may opt for remote e-Voting. E-Voting shall not be allowed beyond 5.00 P.M. on 14th September, 2020.
- E. In case you have any queries or issues regarding attending AGM and e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at **www.evotingindia.com** under help section or write an e-mail to **helpdesk.evoting@cdslindia.com** or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542). Alternatively, the members may write to the Company Secretary at email id: **rscm@ramcotex.com** or contact at telephone number 04563-235904.
- F. The voting rights of Shareholders shall be in proportion to the Shares held by them in the paid up equity Share capital of the Company as on Wednesday, the 9th September, 2020.
- G. Shri R. Palaniappan, Chartered Accountant (Membership No: 205112), Partner, M/s. N.A. Jayaraman & Co., Chartered Accountants, will act as the Scrutiniser to scrutinise the e-Voting process in a fair and transparent manner.
- H. The Scrutiniser shall immediately after the conclusion of voting at the AGM, unblock the votes cast through e-Voting in the presence of at least two witnesses not in the employment of the company and make not later than 48 hours of conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the Voting forthwith.

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Chennai,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN



STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.5

Shri P.J. Alaga Raja (DIN: 00446057) aged 74 years is a Non-Executive Independent Director of the Company.

Shri P.J. Alaga Raja initially appointed as Non-Executive Director of the Company on May 14, 1986. At the Annual General Meeting held on August 4, 2014, Shri P.J. Alaga Raja was appointed as Independent Director of the Company for a period of 5 year starting from April 1, 2014 to March 31, 2019. Further, at the Annual General Meeting held on August 10, 2018, Shri P.J. Alaga Raja was reappointed as Independent Director for a further period of 5 years from April 1, 2019 to March 31, 2024.

Shri P.J. Alaga Raja will attain the age of 75 years on October 20, 2020. In terms of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018, continuing the directorship of Shri P.J. Alaga Raja as an Non-Executive Director under Independent Director Category beyond 75 years i.e. with effect from October 20, 2020 requires the approval of the members by way of Special Resolution.

The Board of Directors have acknowledged that the skills, rich experience, knowledge, contributions, continued valuable guidance to the management made by him during his tenure has immensely contributed to the growth of the Company. The Board of Directors, based on the recommendation of Nomination and Remuneration Committee recommended continuing the directorship of Shri P.J. Alaga Raja as Non-Executive Director under Independent Director Category from October 20, 2020 to March 31, 2024.

His continuance of Office as Non-Executive Director under Independent Director Category has been included as Special Resolution.

The Notice together with this statement may be regarded as Disclosure under Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Disclosure of Interest:

Except Shri P.J. Alaga Raja, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in this Resolution.

Item No.6

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of Company, relating to manufacture of Textile and Pharmaceutical Products for the financial year 2020-21.

NOTICE



On the recommendation of the Audit Committee at its meeting held on June 24, 2020, 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 and Pharmaceutical Products at a remuneration of ₹ 1,30,000/- (Rupees One Lakh Thirty Thousand Only) plus applicable taxes and out-of-pocket expenses for the financial year 2020-21.

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

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

Disclosure of Interest:

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

By Order of the Board,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Chennai,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN



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

1. SHRI P.R. VENKETRAMA RAJA

Shri P.R. Venketrama Raja, aged 61, has a Bachelor Degree in Chemical Engineering from University of Madras and Master in Business Administration from University of Michigan, USA.

He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 1992.

He holds 5,400 Equity Shares in the Company as on March 31, 2020.

He is the brother of Smt. Nalina Ramalakshmi, Managing Director of the Company.

He is also a Director in the following Companies:-

1. The Ramco Cements Limited
2. Ramco Systems Limited
3. Ramco Industries Limited
4. Rajapalayam Mills Limited
5. Sri Vishnu Shankar Mills Limited
6. Sandhya Spinning Mill Limited
7. Sri Sandhya Farms (India) Private Limited
8. Ramco Systems Corporation - USA
9. Ramco Systems Limited, Switzerland
10. Ramco Systems Sdn Bhd., Malaysia
11. Ramco Systems Pte. Ltd., Singapore
12. Sri Ramco Lanka (Private) Limited - Sri Lanka
13. Sri Ramco Roofings Lanka Private Limited - Sri Lanka
14. RCDC Securities and Investments Private Limited
15. Nirmala Shankar Farms & Estates Private Limited
16. Ram Sandhya Farms Private Limited
17. RSL Enterprise Solutions (Pty) Limited, South Africa
18. Ramco Systems Canada Inc., Canada
19. Rajapalayam Textiles Limited
20. Ramco Systems FZ-LLC, Dubai
21. Ramco Systems Australia Pty Limited, Australia
22. Ramamandiram Agricultural Estate Private Limited
23. Lynks Logistics Limited
24. Ramco Agencies Private Limited
25. Ramamandiram Management Consultancy Private Limited
26. Rajapalayam Chamber of Commerce and Industry
27. Ramco Management Private Limited

He is also a Member in the following Committees:

NOTICE

| S. No. | Name of the Company | Name of the Committee | Position Held (Chairman / Member) |
|---------------|--|---|--|
| 1. | The Ramco Cements Limited | Audit Committee | Member |
| | | Stakeholders Relationship Committee | Member |
| | | Corporate Social Responsibility Committee | Member |
| | | Nomination and Remuneration Committee | Member |
| 2. | Rajapalayam Mills Limited | Stakeholders Relationship Committee | Chairman |
| | | Corporate Social Responsibility Committee | Chairman |
| 3. | Ramco Industries Limited | Stakeholders Relationship Committee | Chairman |
| | | Corporate Social Responsibility Committee | Chairman |
| | | Risk Management Committee | Chairman |
| | | Audit Committee | Member |
| 4. | Ramco Systems Limited | Stakeholders Relationship Committee | Chairman |
| | | Corporate Social Responsibility Committee | Chairman |
| | | Allotment Committee | Member |
| | | Fund Raising Committee | Member |
| 5. | The Ramaraju Surgical Cotton Mills Limited | Stakeholders Relationship Committee | Chairman |
| | | Corporate Social Responsibility Committee | Chairman |
| 6. | Sandhya Spinning Mill Limited | Corporate Social Responsibility Committee | Member |
| 7. | Sri Vishnu Shankar Mills Limited | Corporate Social Responsibility Committee | Chairman |
| | | Share Transfer Committee | Chairman |



NOTICE

2. SHRI N.K. SHRIKANTAN RAJA

Shri N.K. Shrikantan Raja, aged 72 years, has Bachelor Degree in Commerce. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2002.

He holds 11,920 shares in the Company as on March 31, 2020.

He is also a Director in the following Companies:-

1. Ramco Industries Limited
2. Sandhya Spinning Mill Limited
3. Sri Harini Textiles Limited
4. Sri Vishnu Shankar Mills Limited
5. Sudharsanam Investments Limited
6. Sri Yannarkay Servicers Limited
7. N.R.K. Infra System Private Limited
8. Vinvent Chemilab Private Limited

He is also a Member in the following Committees:

| S. No. | Name of the Company | Name of the Committee | Position Held (Chairman / Member) |
|--------|--|---|-----------------------------------|
| 1. | The Ramaraju Surgical Cotton Mills Limited | Audit Committee | Member |
| | | Nomination and Remuneration Committee | Member |
| | | Corporate Social Responsibility Committee | Member |
| | | Stakeholders Relationship Committee | Member |
| | | Sale Committee - Silvassa Division | Member |
| 2. | Ramco Industries Limited | Nomination and Remuneration Committee | Member |
| | | Stakeholders Relationship Committee | Member |

NOTICE

| S. No. | Name of the Company | Name of the Committee | Position Held (Chairman / Member) |
|---------------|----------------------------------|---|--|
| 3. | Sri Vishnu Shankar Mills Limited | Audit Committee | Chairman |
| | | Nomination and Remuneration Committee | Chairman |
| | | Corporate Social Responsibility Committee | Member |
| | | Share Transfer Committee | Member |
| 4. | Sandhya Spinning Mill Limited | Audit Committee | Chairman |
| | | Nomination and Remuneration Committee | Chairman |
| | | Corporate Social Responsibility Committee | Member |
| | | Stakeholders Relationship Committee | Chairman |
| | | Share Transfer Committee | Member |
| 5. | Sri Harini Textiles Limited | Share Transfer Committee | Member |

TO THE MEMBERS

The Board of Directors has pleasure in presenting the 80th Annual Report on the business and operations of your Company and Audited Financial Statements (Separate and Consolidated) for the financial year ended 31st March, 2020.

FINANCIAL RESULTS

The Company's performance for the Financial Year 2019-2020 vis-à-vis 2018-2019 is summarized as under: (₹ in Lakhs)

| Particulars | Separate Financials | | Consolidated Financials | |
|---|---------------------|-----------|-------------------------|------------|
| | 2019-2020 | 2018-2019 | 2019-2020 | 2018-2019 |
| Profit / (Loss) Before Tax | 1,002.09 | (984.78) | 796.00 | (1,201.32) |
| Less: Current Tax | 130.96 | – | 130.96 | – |
| Deferred Tax (including MAT Credit of ₹ 130.96 Lakhs) | (379.30) | (190.23) | (379.30) | (190.23) |
| Add: Other Comprehensive Income net of tax | (62.05) | 60.79 | (69.82) | 57.70 |
| Total Comprehensive Income for the year | 1,188.38 | (733.76) | 1,918.48 | 31.62 |

The separate financial results for the year 2019-20 after charging all expenses and contribution to Ramaraju Memorial Fund of ₹ 30 Lakhs but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of ₹ 5,433.82 Lakhs as against ₹ 3,199.85 Lakhs for the previous financial year 2018-19.

After deducting ₹ 2,774.42 Lakhs towards finance cost and providing ₹ 1,657.31 Lakhs towards Depreciation, the Profit before Tax for the year is ₹ 1,002.09 Lakhs as against the loss of ₹ 984.78 Lakhs of the previous financial year 2018-19.

SHARE CAPITAL AND LISTING ON STOCK EXCHANGE

The Authorized Share Capital of the Company is ₹ 500 Lakhs (Previous Year: ₹ 500 Lakhs) consisting of 50,00,000 Equity Shares of ₹ 10/- each and the Paid-up Share Capital of the Company is ₹ 394.66 Lakhs (Previous Year: ₹ 394.66 Lakhs) consisting of 39,46,560 Equity Shares of ₹ 10/- each. The equity shares of the Company are listed with Metropolitan Stock Exchange of India Limited, Mumbai.

DIVIDEND

Your Directors have pleasure in recommending a Dividend of ₹ 0.50 per share (Previous Year: Nil). The dividend outgo for the year will be ₹ 19.73 lakhs.

TAXATION

An amount of ₹ 130.96 Lakhs towards Current Tax and Deferred Tax of ₹ 379.30 Lakhs has been provided for the year 2019-20. The Company's entitlement of MAT Credit of ₹ 130.96 Lakhs has been recognized in the books during the year.

MANAGEMENT DISCUSSION AND ANALYSIS, TRADE CONDITIONS AND FUTURE OUTLOOK**Spinning Division**

Challenging market conditions for the spinning mills across the entire globe. With excess capacity and lower demand 2019-20 has been a difficult year. With the decrease in yarn demand, the Company did not see any equivalent decrease in cotton prices primarily due to the minimum support price (MSP) implemented by the government owned Cotton Corporation of India (CCI). In addition, CCI's purchase of cotton early in the picking season captured the high-quality yarn forcing the Company to pay higher than market to procure quality cotton during the remainder of the year. Open-end (OE) yarn sales have been very adversely affected during this year with the slowdown of demand from China having been affected by the US-China trade dispute. The Company continues to see strong headwinds for our business in this segment.

For the Financial Year 2020-21, the Company plan to focus on cost reductions with an emphasis on power. With the installation of power saving motors and change in our suppliers for power, the Company expects significantly lower costs.

Surgical Division

The Company continues to retain its customers by delivering high quality absorbent cotton, gauze and bandages and was able to achieve steady sales during the Financial Year 2019-20. The last 10 days of lock down in March, 2020 has impacted the sales number by about 6 % below last fiscal year.

The impact of pandemic COVID-19 is expected in first half of Financial Year 2020-21 as hospitals have slowed their outpatient and elective procedures to keep capacity open for COVID outbreak patients. Extended lock downs have also had an impact on your retail channel. As a result, the consumption of our surgical products can be under pressure for the first half of Financial Year 2020-21. Post first quarter of financial year 2020-21, hospitals are expected to slowly pick up their operations and the Company expects to see demand for the surgical products come back to normal levels. The Company is also planning to expand sales to new territories and strengthen the sales force in this segment. The Company has also set in place a strong cost reduction plan for this fiscal year.



Weaving Division

Our weaving division now account for around 50% of the company's revenue. Company installed additional 24 rapier looms that has been in production during the second half of 2019-20 to meet the demand of more complex and tighter weaves. The Company has invested in bringing our power cost down. With the commissioning of solar panels over the entire rooftop of our weaving operations as well as implementing an air consumption control unit, our demand for power has drastically reduced. The full benefits of these investments will be seen during Financial Year 2020-21. To control sizing costs, the Company has installed a control unit to maintain uniformity of sizing pick up thereby reducing chemical consumption. Overall, the Company had a higher production with lower per meter actual costs. This trend will be further enhanced in the Financial Year 2020-21.

EXPORTS

On the export front during the year, the Company has made export of Cotton Yarn and Grey Fabrics (including merchant exports) for a value of ₹ 68.49 Crores as against ₹ 61.49 Crores of the previous year.

POWER COST

During the financial year 2019-20, the Company was able to consume power through own windmills and rooftop solar plant. However, lower power generation from windmills forced the company to source power from other sources at higher cost. The overall power cost has decreased during the financial year 2019-20 to ₹ 2,708.04 Lakhs as compared to ₹ 2,915.71 Lakhs incurred during previous year. The reduction in power cost is partly due to installation of 1.2 MW solar power panels at Perumalpatti and various energy conservation measures taken by the Company.

FINANCE COST

The Finance cost has increased to ₹ 2,774.42 Lakhs during the financial year 2019-20 from ₹ 2,655.45 Lakhs of previous financial year mainly due to the additional borrowings for expansion of Fabric Division, installation of solar power panels and modernization of spinning machineries.

DIVIDEND INCOME

During the financial year 2019-20, the Company has received dividend income of ₹ 2.06 Crores (2018-19: ₹ 1.14 Crore) and the particulars of dividend received are provided under Note No. 45 (a) (vii).

KEY FINANCIAL RATIOS

Pursuant to Schedule V(B) of SEBI (LODR) Regulations, 2015, the Key Financial Ratios for the year 2019-20 are given below:

| S. No. | Particulars | 31-03-2020 | 31-03-2019 | Formula adopted |
|--------|---------------------------------|------------|------------|---|
| 1 | Debtors Turnover Ratio (Days) | 58 | 42 | 365 Days / (Net Revenue / Average Trade Receivables) |
| 2 | Inventory Turnover Ratio (Days) | 102 | 111 | 365 Days / (Net Revenue / Average Inventories) |
| 3 | Interest Coverage Ratio | 1.35 | 0.60 | (Profit Before Tax + Interest) / (Interest + Interest Capitalized) |
| 4 | Current Ratio | 0.84 | 0.93 | Current Assets / (Total Current Liabilities - Other Financial Liabilities - Current maturities of Long Term Debt) |
| 5 | Debt Equity Ratio | 3.97 | 4.57 | Total Debt / Total Equity |
| 6 | Operating Profit Margin | 12 | 13 | EBITDA / Net Revenue |
| 7 | Net Profit Margin | 4% | (3%) | Net Profit / Net Revenue |
| 8 | Return on Networkth | 3% | (2%) | Total Comprehensive Income / Average Net Worth |
| 9 | Total Debt / EBITDA | 8.15 | 9.05 | Total Debt / EBITDA |
| 10 | Return on Capital Employed | 11% | 6% | (TCI + Interest) / (Average of Equity plus Total Debt) |

Notes: a) For Serial No. 1 had significant change (i.e. 25% or more) in the ratio compared to previous year due to increase in credit period in order to maintain Market Share.

b) For Serial No. 3,7,8 and 10, there have been significant positive change (i.e. 25% or more) in the ratios compared to previous year towards recognizing the income arising out of sale of land and buildings of Silvassa unit in the head of Other Income.

c) EBITDA denotes Profit Before Tax + Interest + Depreciation

PROSPECTS FOR THE FINANCIAL YEAR 2020-21

Financial Year 2020-21 has started off on an unprecedented note with complete lockdown and business restrictions due to Covid - 19 pandemic. The Government has provided larger economic relief packages in order to ensure sufficient liquidity as a measure to support economy. However, the progress in controlling the spread of the pandemic would largely determine the rate of recovery for the economy. This would have a direct impact on the demand conditions for all the sectors of the economy. The outlook for our operations, in the near term, due the general economic conditions looks challenging due to COVID-19.

To mitigate the crisis, the Government of India & other government agencies has announced various steps including granting moratorium of principal repayment of term loan and interest payment on term loan / working capital loans. Although these measures will be helpful in managing the short-term cash flow of the Company, more measures and support from the Governments are needed to cope up with the current situation.

The Company has taken all possible physical measures to mitigate the effect of the pandemic by ensuring safety protocols in place and procedures are strictly enforced.

The direct impact on our business - lower demand and production output - will have downward pressure on revenue and EBITDA of the first quarter of Financial Year 2020-21 from the corresponding quarter of the year 2019-20. The Surgical Division was able to operate from the end of the first week of April after obtaining requisite government permissions however, demand from hospitals is weak. We anticipate the demand to reach normal levels in the next few months. The Spinning Division was able to commence partial operations from the second week of May 2020 and reach higher production levels in late June 2020. The worldwide demand for fine yarns, our core strength, is facing strong headwinds due the sluggish consumer demand from the premium segment. The government has also been aggressive in purchasing cotton in open market to support farmers thereby holding raw material prices at an artificial level. We are actively wooing sheeting manufacturers that have a market for their products made from imported cotton. This strategy appears to be bearing fruit in the immediate term due the stable demand for sheeting for the export market. The demand for OE yarns is weak and will have a negative influence on our Spinning Divisions performance during 2020-21. Our Fabrics Division has seen a steady demand for wide width fabric from customers seeking material from reliable vendors with strong quality standards. We expect this trend to continue through the third quarter this year.

To minimize the impact of COVID - 19 and to ensure profitable growth we have instituted tight budgetary controls and have robust push to lower costs by reducing expenditures and increasing production efficiencies.

The Company expects the following positive areas to mitigate the problematic situation during the year ahead.

- Our sufficient stocks of imported and indigenous cotton allowing us to produce consistent quality yarns and subsequent woven fabric to our customers.
- The Company has earned goodwill of its loyal customers by supply of high-quality yarn and fabrics.
- We have a good order position for the first half of the year 2020-21 for our fabrics.
- We are not facing any manpower shortage, are able to retain our talent and attract labor from surrounding areas to meet our needs.
- The Company will be able to save substantial amount on power cost due to solar power installed mid last fiscal year and by sourcing power at lower cost when compared to 2019-20.

EXPANSION & MODERNIZATION

As a part of continuous expansion and thrust of modernization programme, the Company has invested about ₹ 1,342.06 Lakhs in Fabrics Division expansion and ₹ 347.01 Lakhs in Spinning Division modernization with investments in machineries like Uster Jossi Vision Shield Machine and upgrades to Rieter spinning machines.

SALE OF SILVASSA UNIT

During the year, the Company has completed the sale of all the assets of Silvassa Unit. Accordingly, the Silvassa unit ceased to be a division of the Company with effect from October 17, 2019.

WIND MILL

The Company has wind mills with installed capacity of 8.30 MW for its captive power consumption.

The wind farm has generated 132.09 Lakhs Kwh as compared to 144.22 Lakhs Kwh of the previous year. The wind availability / velocity during the financial year 2019-20 were low as compared to the financial year 2018-19. 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 ₹ 8.81 Crores as against ₹ 9.61 Crores of previous year.

SOLAR POWER

During the year, the Company has installed the 1.20 MW rooftop solar power panels at Perumalpatti at the cost of ₹ 569.51 Lakhs in order to reduce the Power Cost. The Solar Power Panels has generated 6,49,695 Units from October 2019 to March 2020.

CREDIT RATING

The Company's bank borrowings have been reaffirmed by M/s. CRISIL Limited and the ratings has been retained during the financial year 2019-20 for long term and short term borrowings as detailed below:

| | |
|-------------------|---------------|
| Long Term Rating | BBB+ / Stable |
| Short Term Rating | A2 |

ASSOCIATE COMPANY

The Company has 7 Associate Companies viz., M/s. The Ramco Cements Limited, M/s. Ramco Industries Limited, M/s. Ramco Systems Limited, M/s. Rajapalayam Mills Limited, M/s. Sri Vishnu Shankar Mill Limited, M/s. Sri Harini Textiles Limited and M/s. Shri Harini Media 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 enclosed in Form AOC-1 as Annexure - I.



CONSOLIDATED FINANCIAL STATEMENTS

As per provisions of Section 129(3) of the Companies Act, 2013 and Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, 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. Ramco Industries Limited, M/s. Ramco Systems Limited, M/s. Rajapalayam Mills Limited, M/s. Sri Vishnu Shankar Mill Limited, M/s. Sri Harini Textiles Limited and M/s. Shri Harini Media Limited along with the Auditors' Report thereon, forms part of this Annual Report. As per Section 136(1) of the Companies Act, 2013, the financial statements including consolidated financial statements are available at the Company's website at the following link at www.ramarajusurgical.com.

The consolidated net profit after tax of the Company amounted to ₹ 1,988.30 Lakhs for the year ended 31st March 2020 as against the Net Loss after tax of ₹ 26.08 Lakhs of the previous year.

The consolidated Total Comprehensive Income for the year under review is ₹ 1,918.48 Lakhs as compared to ₹ 31.62 Lakhs of the previous year.

DIRECTORS

Based on the recommendation of the Nomination & Remuneration Committee and Audit Committee at their meeting held on May 27, 2019, the Board of Directors at their meeting held on May 28, 2019 and the Shareholders at their meeting held on August 10, 2019 have approved the appointment of Smt. Nalina Ramalakshmi as Managing Director for a further period of 3 years from April 1, 2020 to March 31, 2023.

The Department of Handlooms and Textiles, Government of Tamilnadu has withdrawn the nomination of Shri K. Manoharan and nominated Dr. M. Karunakaran, I.A.S., (DIN: 08524986), Director of Handloom and Textiles as Nominee Director. Accordingly, Shri K. Manoharan ceased to be Nominee Director with effect from August 10, 2019 and Dr. M. Karunakaran appointed as Nominee Director with effect from August 13, 2019.

The Shareholders of the Company at their meeting held on August 14, 2019 has approved the appointment of Shri P.A.B. Raju (DIN: 08239261) as Independent Director for a period of 5 consecutive year from the date of his appointment i.e. September 9, 2018.

Pursuant to the Regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the proposal relating to continue the Directorship of Shri P.J. Alaga Raja beyond 75 years is being placed before the members for approval by way of Special Resolution.

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 reappointment.

DIRECTORS' REPORT



1. Shri P.R. Venketrama Raja, (DIN: 00331406)
2. Shri N.K. Shrikantan Raja, (DIN: 00350693)

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.

During the year, Shri Narayan Vijay Gopal has been appointed as Chief Financial Officer of the Company with effect from February 12, 2020 and Shri P.R. Ramasubramanian has resigned from the post of Chief Financial Officer with effect from October 25, 2019.

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

The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

The Company had formulated a Code of Conduct for the Directors and Senior Management Personnel and the same has been complied with.

The Audit Committee has four members, out of which three 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.

The Company has a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and other employees duly approved by the Board of Directors, based upon the recommendation of Nomination and Remuneration Committee in accordance with Section 178(3) of the Companies Act, 2013.

As per Proviso to Section 178(4) of the Companies Act, 2013, the salient features of the Nomination and Remuneration Policy should be disclosed in the Board's Report. Accordingly, the following disclosures are given:

Salient Features of the Nomination and Remuneration Policy:

The objective of the Policy is to ensure that:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (c) remuneration to directors, key managerial personnel and senior management shall be appropriate to the working of the company and its goals and
- (d) to carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

The Nomination and Remuneration Committee and this Policy shall be in compliance with the Companies Act, 2013 and LODR. During the year under review, there has been no change in the policy.

The web address of the Policy is at www.ramarajusurgical.com/reports/Nomination-and-Remuneration-Policy.pdf.

BOARD EVALUATION

Pursuant to Section 134(3)(p) of the Companies Act, 2013 and Regulation 25(4) of SEBI (LODR) Regulations, 2015, 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.

Pursuant to Schedule II, Part D of SEBI (LODR) Regulations, 2015, 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 and Committee Meetings, which shall be taken into account at the time of reappointment of Independent Director.

Pursuant to Regulation 17(10) of SEBI (LODR) Regulations, 2015, the Board of Directors have evaluated the performance of Independent Directors and observed the same to be satisfactory and their deliberations beneficial in Board / Committee meetings.

Pursuant to Regulation 4(f)(2)(ii) of SEBI (LODR) Regulations, 2015, the Board of Directors have reviewed and observed that the evaluation framework of the Board of Directors was adequate and effective.

The Board's observations on the evaluations for the previous year were similar to their observations for the year. No specific actions have been warranted based on current year observations. The Company would continue to familiarize its Directors on the industry, technological and statutory developments, which have a bearing on the Company and the industry, so that Directors would be effective in discharging their expected duties.

MEETINGS

The Board of Directors has met 4 times during the year. The details of Meeting of the Board of Directors and its various Committees held during the financial year including the number of Meetings attended by each Director are given in the Corporate Governance Report.

SECRETARIAL STANDARDS

As required under Clause 9 of Secretarial Standard 1, the Board of Directors confirms that the Company has complied with both mandatory as well as non-mandatory Secretarial Standards.

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 March 31, 2020 (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 ₹ 100 Lakhs from Directors as loan during the financial year 2019-20. It has repaid an amount of ₹ 658.97 Lakhs during the year 2019-20. The loans from Directors are not treated as deposits under Chapter V of the Companies Act, 2013.

ORDERS PASSED BY REGULATORS

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that, there are 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.

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.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

- (a) the Company has not given any loans or guarantees during the year 2019-20 under Section 186 of the Companies Act, 2013.
- (b) the particulars of the investments are provided under Note No.8 of Notes to Separate Financial Statements.

CORPORATE SOCIAL RESPONSIBILITY

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

The Company has undertaken various projects in the areas of education, health, promotion and development of traditional arts etc., in accordance with Schedule VII of the Companies Act, 2013.

Your Directors are pleased to inform you that the Company has fulfilled its obligations pursuant to Section 135(5) of the Companies Act, 2013. As against the requirement of ₹ 5.08 Lakhs, the Company has spent ₹ 5.09 Lakhs on CSR during the year 2019-20.

The CSR policy is available at the Company's website at the following link at www.ramarajusurgical.com/reports/corporate-social-responsibility-policy.pdf.

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

AUDITS

STATUTORY AUDIT

M/s. N.A. Jayaraman & Co., Chartered Accountants (FRN: 001310S), are the Statutory Auditors of the Company.

At the 77th Annual General Meeting, the above Auditors have been appointed as Statutory Auditors for a period of 5 consecutive years commencing from the financial year 2017-18 and hold office from the conclusion of 77th Annual General Meeting till the conclusion of 82nd Annual General Meeting to be held in the year 2022.

As required under Regulation 33(i)(d) of SEBI (LODR) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The report of the Statutory Auditors for the year ended 31st March, 2020 does not contain any qualification, reservation or adverse remarks. No fraud has been reported by the Company's Auditor.

SECRETARIAL AUDIT

Shri M.R.L. Narasimha, Practicing Company Secretary is the Secretarial Auditor of the Company. Pursuant to Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report issued by the Secretarial Auditor for the year ended 31st March, 2020 is enclosed as Annexure - III. The Secretarial Auditor had observed that the composition of Stakeholders Relationship Committee was not in alliance with the provisions of Regulation 20(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period April 1, 2019 to August 4, 2019 which was later regularized on August 5, 2019. Besides the said observation, the Secretarial Audit Report doesn't contain any qualification, reservation or adverse remarks.

As required under Regulation 34(3) read with Schedule V Para C (10) (i) of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, Certificate from the Secretarial Auditor that none of the Company's Director have been debarred or disqualified from being appointed or continuing as directors of the Companies is enclosed as Annexure - IV.

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 and pharmaceutical products for the year 2020-21 at a remuneration of ₹ 1.30 Lakhs plus applicable taxes and out-of-pocket expenses.

The remuneration of the Cost Auditor is required to be ratified by the Shareholders 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 2018-19 is due to be filed with Ministry of Corporate Affairs by September 30, 2019 had been filed on September 11, 2019.

The Cost Audit Report for the financial year 2019-20 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

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 enclosed as Annexure - V.

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 for the year ended 31st March, 2020 is enclosed herewith as Annexure VI.

In accordance with Clause 22 of Secretarial Standard on Report of the Board of Directors (SS 4), a copy of the Annual Return for the year ended 31st March, 2019 has been placed on the website of the Company and the weblink of such Annual Return is www.ramarajusurgical.com/reports/as-on-31-03-2019.pdf.

CORPORATE GOVERNANCE

The Company has complied with the requirements regarding Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015. As required under Schedule V(C) of SEBI (LODR) Regulations, 2015, a Report on Corporate Governance being followed by the Company is enclosed as Annexure - VII.

No complaints had been received pertaining to sexual harassment, during the year under review. The relevant statutory disclosure pertaining to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided at Point No. 11(xii) of Corporate Governance Report.

As required under Schedule V(E) of SEBI (LODR) Regulations, 2015, a Certificate from the Auditors confirming compliance is also enclosed as Annexure - VIII to this Report. As required by the Listing Regulations, the CEO and CFO certification is provided in this Annual Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, the Company has established a Vigil Mechanism and has a Whistle Blower Policy. The policy is available at the Company's website. The policy provides the mechanism for the receipt, retention and treatment of complaints and to protect the confidentiality and anonymity of the stakeholder. The complaints can be made in writing to be dropped into Whistle Blower Drops Boxes or through Email to dedicated mail IDs. The Corporate Ombudsman shall have the sole access to these. The Policy provides to the complaint access to the Chairman of the Audit Committee. The web link for the Vigil Mechanism is disclosed in the Corporate Governance Report.

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- IX.

INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 1,840 employees as on March 31, 2020. 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.

RELATED PARTY TRANSACTION

Prior approval / Omnibus approval are 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" and Regulation 23 of SEBI (LODR) Regulations, 2015. In accordance with Indian Accounting Standard - 24 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No. 45 of disclosures forming part of Financial Statements.

As required under Regulation 46(2)(g) of SEBI (LODR) Regulations, 2015, The Company's Related Party Transaction Policy is disclosed in the Company's Website and its web link is www.ramarajusurgical.com/reports/Related-Party-Transaction-Policy.pdf.

RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, 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. The Risk Management Policy is available at the Company's website at the following web link www.ramarajusurgical.com/reports/Risk%20Management%20Policy.pdf.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Dividend amount of ₹ 1,34,815/- remaining unclaimed / unpaid for a period of over 7 years was transferred to IEPF on March 12, 2020.

During the year, the Company has transferred 11,608 equity shares to IEPF.

Year wise amount of unpaid / unclaimed dividend lying in the unpaid dividend account which are liable to be transferred to IEPF and due dates for such transfer are tabled below.

| Year | Type of Dividend | Date of Declaration of Dividend | Last Date for Claiming Unpaid Dividend | Due Date for transfer to IEP Fund | No. of Shares of ₹ 10/- each | Amount of unclaimed / unpaid dividend as on March 31, 2020 in ₹ |
|-----------|------------------|---------------------------------|--|-----------------------------------|------------------------------|---|
| 2012-2013 | Final Dividend | 01-08-2013 | 31-07-2020 | 29-08-2020 | 83,846 | 41,923.00 |
| 2013-2014 | Dividend | 04-08-2014 | 03-08-2021 | 01-09-2021 | 96,107 | 2,88,321.00 |
| 2014-2015 | Dividend | 12-08-2015 | 11-08-2022 | 09-09-2022 | 1,10,314 | 1,32,376.80 |
| 2015-2016 | Interim Dividend | 14-03-2016 | 13-03-2023 | 11-04-2023 | 1,41,638 | 1,41,638.00 |
| 2016-2017 | Dividend | 10-08-2017 | 09-08-2024 | 07-09-2024 | 1,99,642 | 99,821.00 |
| 2017-2018 | Dividend | 10-08-2018 | 09-08-2025 | 07-09-2025 | 1,31,526 | 65,763.00 |

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31st March 2020;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2020 and of the profit 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

We thank our customers, vendors, investors, bankers, various Departments and agencies of the Central and State Governments for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels.

On behalf of the Board of Directors,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Chennai,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN

ANNEXURE I TO DIRECTORS' REPORT



FORM AOC-1

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

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

PART A - SUBSIDIARY COMPANY

The Company has no Subsidiary Company.

PART B - ASSOCIATE COMPANY

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

| Particulars | 2019-20 | | | | | | |
|---|---------------------------|--------------------------|-----------------------|---------------------------|----------------------------------|---------------------------|---------------------|
| | The Ramco Cements Limited | Ramco Industries Limited | Ramco Systems Limited | Rajapalayam Mills Limited | Sri Vishnu Shankar Mills Limited | Shri Harini Media Limited | Sri Harini Textiles |
| Last Audited Balance Sheet date | 31-03-2020 | | | | | | |
| Date on which the Associate was Associated / Acquired | 01-04-2016 | | | | | | |
| No. of Shares held as on 31-03-2020 | 36,24,000 | 1,35,880 | 12,739 | 1,35,200 | 11,200 | 60,00,500 | 14,90,000 |
| Amount of Investment in Associate as on 31-03-2020 (₹ in Lakhs) | 19.86 | 0.53 | 12.15 | 12.98 | 1.68 | 60.01 | 149.00 |
| Extent of Shareholding % as on 31-03-2020 | 1.54 | 0.16 | 0.04 | 1.83 | 0.75 | 2.65 | 49.67 |
| Description of how there is significant influence | Note No. 1 | | | | | | |
| Reason why Associate is not consolidated | Not applicable | | | | | | |
| Net worth attributable to Shareholding (₹ in Lakhs) | 5,00,699.00 | 3,20,941.00 | 60,790.10 | 1,78,744.15 | 17,004.21 | Note No. 4 | |
| Profit / Loss for the Year (Consolidated) (₹ in Lakhs) | 59,918.00 | 16,592.00 | 2,806.80 | 8,977.21 | 1,827.76 | | |
| a) Considered in Consolidation (₹ in Lakhs) | 906.89 | 9.80 | 1.18 | 11.85 | 6.47 | | |
| b) Not considered in Consolidation (₹ in Lakhs) | 59,011.11 | 16,582.20 | 2,805.62 | 8,965.36 | 1,821.29 | | |

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

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

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

4) Due to negative net worth and net loss of the associates, it was not considered for the purpose of consolidation.

On behalf of the Board of Directors,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Chennai,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN



ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY POLICY (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 stakeholders.
- b) to directly or indirectly take up programmes 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 link to the CSR Policy: www.ramarajusurgical.com/reports/corporate-social-responsibility-policy.pdf

2. The Composition of the CSR Committee:

Shri P.R. Venketrama Raja, Chairman
Smt. Nalina Ramalakshmi, Member
Shri. N.K. Shrikantan Raja, Member
Shri. P.J. Ramkumar Rajha, Member

3. Average net profit of the Company for last three financial years: ₹ 2,544.06 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 5.08 Lakhs.

5. Details of CSR spent during the financial year:

- a. Total amount spent for the financial year : ₹ 5.09 Lakhs.
- b. Amount unspent, if any : Nil

ANNEXURE II TO DIRECTORS' REPORT

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

(₹ in lakhs)

| Sl. No. | CSR Project or Activity identified & Sector in which the project is covered | Locations | Amount Outlay (Budget) Project or programmes wise | Amount Spent on the project or programmes | Cumulative Expenditure upto reporting period | Amount spent: Direct or through implementing agency |
|--------------|---|-------------------------------------|---|---|--|---|
| | | | Actuals | Direct / Indirect | Expenditure | Spent Directly / Indirectly |
| 1. | Promotion of Healthcare including Preventive Healthcare | Rajapalayam, (Tamil Nadu) | 0.25 | 0.25 | 0.25 | 0.25 |
| 2. | Promotion and Development of Traditional Arts | Rajapalayam, Sripuram, (Tamil Nadu) | 1.19 | 1.19 | 1.19 | 1.19 |
| 3. | Eradication of Hunger | Rajapalayam, (Tamil Nadu) | 0.49 | 0.49 | 0.49 | 0.49 |
| 4. | Promotion of Education | Rajapalayam, (Tamil Nadu), | 3.16 | 3.16 | 3.16 | 3.16 |
| Total | | | 5.09 | 5.09 | 5.09 | 5.09 |

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

SMT. NALINA RAMALAKSHMI
MANAGING DIRECTOR

P.R. VENKETRAMA RAJA
CHAIRMAN

Chennai,
24th June, 2020.

FORM MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

The Ramaraju Surgical Cotton Mills Limited,

(CIN: L17111TN1939PLC002302)

P.A.C. Ramasamy Raja Salai,

Rajapalayam - 626 117.

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by THE RAMARAJU SURGICAL COTTON MILLS LIMITED (CIN: L17111TN1939PLC002302) (hereinafter called "the Company") during the financial year from 1st April, 2019 to 31st March, 2020 ("the year" / "audit period" / "period under review"). I conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after 31st March 2020 but before the issue of this report and the information provided by the Company, its officers, agents and authorised representatives during my conduct of the Secretarial Audit.

1. I hereby report that:

1.1. In my opinion, during the audit period covering the financial year ended on 31st March 2020, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The Members are requested to read this report along with my letter of even date annexed to this report as Annexure - A.

1.2. I have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions of :

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
- (ii) Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

ANNEXURE III TO DIRECTORS' REPORT

- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):-
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;
 - (c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above
- (v) The following laws, those are specifically applicable to the Company:
 - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003); and
 - (b) The Electricity Act, 2003.

1.3 I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India and
- (ii) The Listing Agreement entered into by the Company with M/s. Metropolitan Stock Exchange of India Limited.

1.4. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2020 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the applicable provisions / clauses of the Acts, Rules, Regulations, Agreements and Standards mentioned under paragraphs 1.2 and 1.3 above except the following.

With respect to Non-compliance relating to constitution of stakeholder relationship committee under Regulation 20(2) of SEBI (LODR) Regulations, 2015 from April 1, 2019, the Board of Directors through Circular Resolution on August 5, 2019 has appointed Shri P.J. Ramkumar Rajha, Independent Director of the Company as a member of Stakeholders Relationship Committee.



1.5. I am informed that, during/ in respect of the year:

- (i) The Company was not required to comply with the following laws/ guidelines/regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
 - (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (b) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (d) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client.
 - (f) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
 - (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (ii) There was no law, other than those specified in paragraph 1.2(v) above, that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws did not arise.

2. I further report that:

2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director. The change in composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act. On April 1, 2019, the composition of Stakeholders Relationship Committee got disturbed as per the provisions of Regulation 20(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which was regularized on August 5, 2019.

ANNEXURE III TO DIRECTORS' REPORT



2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent atleast seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:

- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and
- (ii) Additional subjects / information / presentation and supplementary notes.

Consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards.

2.3 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.

3. I further report that:

There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Coimbatore,
Date : 24th June, 2020.

M.R.L.Narasimha
Practising Company Secretary
Membership No: 2851
Certificate of Practice: 799
34-C, 3rd Cross, R.L.Nagar,
K.K.Pudur, Coimbatore - 641 038.
UDIN: F002851B371857



Annexure - A to Secretarial Audit Report of even date

To,

The Members,

The Ramaraju Surgical Cotton Mills Limited,

(CIN: L17111TN1939PLC002302)

P.A.C. Ramasamy Raja Salai,

Rajapalayam - 626 117.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2020 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed such audit practices and processes as I considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also considered compliance related action taken by the Company after 31st March 2020 but before the issue of this report.
4. I have verified the secretarial records furnished to me on a test basis to see whether the correct facts are reflected therein. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. I have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

M.R.L.Narasimha
Practising Company Secretary
Membership No: 2851

Certificate of Practice: 799

34-C, 3rd Cross, R.L.Nagar,

K.K.Pudur, Coimbatore - 641 038.

UDIN: F002851B371857

Place : Coimbatore,

Date : 24th June, 2020.

ANNEXURE IV TO DIRECTORS' REPORT



CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

[In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members,
The Ramaraju Surgical Cotton Mills Limited,
(CIN: L17111TN1939PLC002302)
The Ramaraju Surgical Cotton Mills Premises,
119, P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117.

I hereby certify that, in my opinion, none of the directors on the Board of The Ramaraju Surgical Cotton Mills Limited ("the Company") as on the 31st March, 2020, as listed below, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

| Sl. No. | Name of Director | Nature of Directorship | Director's Identification Number |
|---------|--|--------------------------|----------------------------------|
| 1 | Poosapadi Ramasubrahmaneya Rajha Venketrama Raja | Chairman | 00331406 |
| 2 | Nalina Ramalakshmi | Managing Director | 01364161 |
| 3 | Namboor R Krishnama Raja Ramkumar Raja | Managing Director | 01948373 |
| 4 | Muthukumaran Karunakaran | Nominee Director | 08524986 |
| 5 | Nambur Krishnama Raja Shrikantan Raja | Non Independent Director | 00350693 |
| 6 | Poosapadi Alaga Raja Jaganatha Raja | Independent Director | 00446057 |
| 7 | Poosapadi Perumal Subba Raja Janarthana Raja | Independent Director | 06702871 |
| 8 | Vaidyanathan Santhanaraman | Independent Director | 00212334 |
| 9 | Poosapadi Jagadeeswara Raja Ramkumar Rajha | Independent Director | 00487193 |
| 10 | Poosapadi Angaiaraja Bhimaraja Raju | Independent Director | 08239261 |



I am issuing this certificate based on the following, which to the best of my knowledge and belief were considered necessary in this regard:

1. My verification of the information relating to the directors available in the official website of MCA;
2. My verification of the disclosures/declarations/confirmations provided by the said directors to the Company and other relevant information, explanation and representations provided by the Company, its officers and agents.

I wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the corporate governance processes followed by the management of the Company.

Place : Coimbatore,

Date : 24th June, 2020.

M.R.L.Narasimha
Practising Company Secretary
Membership No: 2851
Certificate of Practice: 799
34-C, 3rd Cross, R.L.Nagar,
K.K.Pudur, Coimbatore - 641 038.
UDIN: F002851B371857

**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 maintenances and improvements.

| | | |
|-----|---|---|
| (i) | the steps taken on conservation of energy | <p>All the units have taken various measures in conservation of energy. The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimise the operation of various Equipment which also lead to energy conservation.</p> <p>The Company has done the followings for conservation of energy during the year.</p> <ul style="list-style-type: none"> a) Installed the 1300 Nos of LED Tube Lamps on lighting circuits. b) Fixed the 28 Nos of IE3 Motor in Spinning Frame. c) Purchased the 65 Nos of Invertors for Ring Frame Fan Motor. Invertors were fixed in Compressor and Autoconer Plant. d) Commissioned the Godrej Air Flow System for Compressors. |
| | Impact on conservation of energy | <ul style="list-style-type: none"> a) Installed the 1300 Nos of LED Tube Lamps resulted in power savings of 1,61,750 Units for the year. b) Fixed the 28 Nos of IE3 Motors in spinning frame resulted in power savings of 80,640 units for the year. c) Invertors fixed in Ring Frame Fan Motor resulted in power savings of 4,24,116 Units, Invertor fixed in compressor resulted in power savings of 1,32,480 Units and Invertor fixed in Autoconer Plant resulted in power savings of 1,15,920 Units for the year. d) Godrej Air Flow System commissioned for Compressors resulted in power savings of 5,87,298 Units for the year. |



| | | |
|-------|--|---|
| (ii) | the steps taken by the Company for utilising alternate sources of energy | The Company installed 1.20 MW Solar Power Panel at Perumalpatti Plant and its generated 6,49,695 Units during the year. |
| (iii) | the capital investment on energy conservation equipments | ₹ 606.60 Lakhs |

B) TECHNOLOGY ABSORPTION:

| | | |
|-------|---|---|
| (i) | the efforts made towards technology absorption; | The Company is continuously making efforts for adaptation of latest technology in all its units. The Company installed 1 No of Uster Jossi Vision Shield with Magic Eye 2 in Blow Room Line. |
| (ii) | the benefits derived like product improvement, cost reduction, product development or import substitution; | It removes colour contamination material and white polypropylene material. |
| (iii) | 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; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place and the reasons thereof; and | Not Applicable NIL NIL Not Applicable Not Applicable |
| (iv) | 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 | ₹ 4,918.55 Lakhs |
| The Foreign Exchange outgo during the year in terms of actual outflows. | ₹ 6,466.90 Lakhs |

On behalf of the Board of Directors
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Chennai,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN

ANNEXURE VI TO DIRECTORS' REPORT**Form MGT - 9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31st March, 2020**

[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 | L17111TN1939PLC002302 |
| Registration Date | 28-02-1939 |
| Name of the Company | THE RAMARAJU SURGICAL COTTON MILLS LIMITED |
| Category / Sub-Category of the Company | Public Limited Company |
| Address of the Registered Office and Contact details | P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117. Tamil Nadu. |
| Whether listed Company | Yes |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Share Transmission and other activities carried out in-house. |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the Company |
|---|--|---|
| Fabrics | 13121 | 49.33 |
| Yarn | 13111 | 36.14 |
| Surgical Dressings | 21006 | 12.54 |

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 - 626 117. Tamil Nadu. | L26941TN1957 PLC003566 | Associate | 1.54 | IND AS - 28 |
| 2. Ramco Industries Limited, 47, P.S.K. Nagar, Rajapalayam - 626 108. Tamil Nadu. | L26943TN1965 PLC005297 | Associate | 0.16 | |
| 3. Ramco Systems Limited, 47, P.S.K. Nagar, Rajapalayam - 626 108. Tamil Nadu. | L72300TN1997 PLC037550 | Associate | 0.04 | |
| 4. Rajapalayam Mills Limited., P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 117. Tamil Nadu. | L17111TN1936 PLC002298 | Associate | 1.83 | |
| 5. Sri Vishnu Shankar Mills Limited, Post Box No.109, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117. Tamil Nadu. | U17301TN1981 PLC008677 | Associate | 0.75 | |



| Name and address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|--|---------------------------|----------------------------------|------------------|--------------------|
| 6. Shri Harini Media Limited, 3 rd Floor, Sri Renga Vihar, New No .8, 1 st Cross Street, Karpagam Gardens, Adyar, Chennai- 600 020. Tamil Nadu. | U22210TN2010 PLC077293 | Associate | 2.65 | IND AS - 28 |
| 7. Sri Harini Textiles Limited, "Sri Bhavanam", 102, P.S.K. Nagar, Rajapalayam - 626 108. Tamil Nadu. | U17111TN2005 PLC057807 | Associate | 49.67 | |

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

i) Category-Wise Share Holding

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|------------|------------------|-------------------|---|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individuals/ Hindu Undivided Family | 16,65,940 | 140 | 16,66,080 | 42.21 | 16,94,080 | - | 16,94,080 | 42.92 | 0.71 |
| b) Central Government | - | - | - | - | - | - | - | - | - |
| c) State Government(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | 6,200 | - | 6,200 | 0.16 | 6,200 | - | 6,200 | 0.16 | - |
| e) Financial Institutions/ Banks | - | - | - | - | - | - | - | - | - |
| f) Any Others... | - | - | - | - | - | - | - | - | - |
| Sub Total (A)(1) | 16,72,140 | 140 | 16,72,280 | 42.37 | 17,00,280 | - | 17,00,280 | 43.08 | 0.71 |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | - | - | - | - | - | - | - | - | - |
| d) Financial Institutions/ Banks | - | - | - | - | - | - | - | - | - |
| e) Any Others | - | - | - | - | - | - | - | - | - |
| Sub Total (A)(2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2) | 16,72,140 | 140 | 16,72,280 | 42.37 | 17,00,280 | - | 17,00,280 | 43.08 | 0.71 |

ANNEXURE VI TO DIRECTORS' REPORT
i) Category-Wise Share Holding - (contd.)

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|-----------------|------------------|-------------------|---|-----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public shareholding Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Financial Institutions / Banks | 200 | - | 200 | 0.01 | 200 | - | 200 | 0.01 | - |
| c) Central Government | - | - | - | - | - | - | - | - | - |
| d) State Government(s) | - | 86,560 | 86,560 | 2.19 | - | 86,560 | 86,560 | 2.19 | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) Foreign Institutional Investors | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(1) | 200 | 86,560 | 86,760 | 2.20 | 200 | 86,560 | 86,760 | 2.20 | - |
| (2) Non-institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 24,715 | 2,000 | 26,715 | 0.68 | 25,060 | 2,000 | 27,060 | 0.69 | 0.01 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to ₹ 1 lakh | 7,57,231 | 2,31,854 | 9,89,085 | 25.06 | 7,79,166 | 1,87,306 | 9,66,472 | 24.49 | (0.57) |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh. | 10,71,320 | 70,280 | 11,41,600 | 28.93 | 10,82,540 | 42,120 | 11,24,660 | 28.49 | (0.44) |
| c) Others (specify) | | | | | | | | | |
| IEPF | 30,120 | - | 30,120 | 0.76 | 41,328 | - | 41,328 | 1.05 | 0.29 |
| Sub-Total (B)(2) | 18,83,386 | 3,04,134 | 21,87,520 | 55.43 | 19,28,094 | 2,31,426 | 21,59,520 | 54.72 | (0.71) |
| B Total Public Shareholding (B) = (B)(1) + (B)(2) | 18,83,586 | 3,90,694 | 22,74,280 | 57.63 | 19,28,294 | 3,17,986 | 22,46,280 | 56.92 | (0.71) |
| C Shares held by Custodians for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| GRAND TOTAL (A)+(B)+(C) | 35,55,726 | 3,90,834 | 39,46,560 | 100.00 | 36,28,574 | 3,17,986 | 39,46,560 | 100.00 | - |



(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. | Smt. Nalina Ramalakshmi | 14,91,860 | 37.80 | - | 14,91,860 | 37.80 | - | - |
| 2. | Shri N.R.K. Ramkumar Raja | 1,46,260 | 3.70 | - | 1,74,260 | 4.41 | - | 0.71 |
| 3. | Smt. Saradha Deepa | 9,400 | 0.24 | - | 9,400 | 0.24 | - | - |
| 4. | Smt. R. Sudarsanam | 9,360 | 0.24 | - | 9,360 | 0.24 | - | - |
| 6. | Shri P.R. Venketrama Raja | 5,400 | 0.14 | - | 5,400 | 0.14 | - | - |
| 7. | M/s. Rajapalayam Mills Limited | 4,000 | 0.10 | - | 4,000 | 0.10 | - | - |
| 8. | Smt. P.V. Srisandhya | 3,400 | 0.08 | - | 3,400 | 0.08 | - | - |
| 9. | M/s. Sri Vishnu Shankar Mill Limited | 2,200 | 0.06 | - | 2,200 | 0.06 | - | - |
| 10. | Smt. P.V. Nirmala | 400 | 0.01 | - | 400 | 0.01 | - | - |
| | Total | 16,72,280 | 42.37 | - | 17,00,280 | 43.08 | - | 0.71 |

(iii) Change in Promoters' Shareholding

| Sl. No. | Shareholding | | Date | Increase / (Decrease) in shareholding | Reason | Cumulative Shareholding during the year (01-04-2019 to 31-03-2020) | |
|---------|--|----------------------------------|------------|---------------------------------------|----------|--|----------------------------------|
| | No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020) | % of total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1. | 16,72,280 | 42.37 | 16.08.2019 | 28,000 | Purchase | 17,00,280 | 43.08 |
| | 16,72,280 | 42.37 | | | | | |

ANNEXURE VI TO DIRECTORS' REPORT
(iv) Shareholding Pattern of top ten Shareholders (other than Directors and Promoters):

| Sl. No. | Name | Shareholding | | Date | Increase / (Decrease) in shareholding | Cumulative Shareholding during the year (01-04-2019 to 31-03-2020) | |
|---------|--|--|----------------------------------|------------|---------------------------------------|--|----------------------------------|
| | | No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020) | % of total shares of the Company | | | No. of Shares | % of total shares of the Company |
| 1. | Shri Govindlal M Parikh | 1,31,080 | 3.32 | - | - | 1,31,080 | 3.32 |
| 2. | Smt. Ramachandra Raja Chittammal | 80,600 | 2.04 | - | - | 80,600 | 2.04 |
| 3. | Shri V. Krishnamuthy | 65,600 | 1.66 | - | - | 65,600 | 1.66 |
| 4. | Smt. Chinmay G Parikh | 63,600 | 1.61 | - | - | 63,600 | 1.61 |
| 5. | Director of Handlooms & Textiles | 52,800 | 1.34 | - | - | 52,800 | 1.34 |
| 6. | Shri P.P. Zibi Jose | 30,120 | 0.76 | 08.11.2019 | 9,773 | 39,893 | 1.01 |
| | | | | 06.12.2019 | 9,387 | 49,280 | 1.25 |
| | | 49,280 | 1.25 | | | | |
| 7. | Smt.Ganapathy Alamelu | Nil | Nil | 30.08.2019 | 42,480 | 42,480 | 1.08 |
| 8. | Investor Education and Protection Fund Authority | 30,120 | 0.76 | 09.09.2019 | 9,128 | 39,248 | 0.99 |
| | | | | 12.09.2019 | 2,480 | 41,728 | 1.06 |
| | | | | 11.10.2019 | (400) | 41,328 | 1.05 |
| | | 41,328 | 1.05 | | | | |
| 9. | Shri M.A.A. Annamalai | 40,320 | 1.02 | - | - | 40,320 | 1.02 |
| 10. | Shri K.S. Ganesan | 38,080 | 0.96 | - | - | 38,080 | 0.96 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | Name | Shareholding | | Date | Increase / (Decrease) in shareholding | Reason | Cumulative Shareholding during the year (01-04-2019 to 31-03-2020) | |
|---------|---------------------------|--|----------------------------------|------------|---------------------------------------|----------|--|----------------------------------|
| | | No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020) | % of total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1. | Shri P.R. Venketrama Raja | 5,400 | 0.14 | - | - | - | 5,400 | 0.14 |
| 2. | Smt. Nalina Ramalakshmi | 14,91,860 | 37.80 | - | - | - | 14,91,860 | 37.80 |
| 3. | Shri N.R.K. Ramkumar Raja | 1,46,260 | 3.70 | 16.08.2019 | 28,000 | Purchase | 1,74,260 | 4.41 |
| | | 1,74,260 | 4.41 | | | | | |
| 4. | Shri N.K. Shrikantan Raja | 11,920 | 0.30 | - | - | - | 11,920 | 0.30 |
| 5. | Shri P.J. Alaga Raja | 11,760 | 0.30 | - | - | - | 11,760 | 0.30 |
| 6. | P.J. Ramkumar Rajha | 8,040 | 0.20 | - | - | - | 8,040 | 0.20 |

V. INDEBTEDNESS

(₹ in Lakhs)

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

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 22,054.76 | 6,888.24 | – | 28,943.00 |
| ii) Interest due but not paid | – | – | – | – |
| iii) Interest accrued but not due | – | – | – | – |
| Total (i + ii + iii) | 22,054.76 | 6,888.24 | – | 28,943.00 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 9,851.49 | – | – | 9,851.49 |
| Reduction | 5,917.61 | 3,031.58 | – | 8,949.19 |
| Net Change | 3,933.88 | (3,031.58) | – | 902.30 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 25,988.64 | 3,856.66 | – | 29,845.30 |
| ii) Interest due but not paid | – | – | – | – |
| iii) Interest accrued but not due | – | – | – | – |
| Total (i + ii + iii) | 25,988.64 | 3,856.66 | – | 29,845.30 |

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. Nalina Ramalakshmi Managing Director | Shri N.R.K. Ramkumar Raja, Managing Director | Total Amount |
|---------|--|---|---|---------------|
| 1 | Gross Salary | | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 120.00 | 68.10 | 188.10 |
| | b) Value of perquisites u/s 17(2) of the 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 | – | – | – |
| 5 | Sittings Fees | 0.50 | 0.75 | 1.25 |
| 6 | Contribution to Provident Fund | 14.40 | 0.22 | 14.62 |
| 7 | Contribution to Superannuation Trust Fund | 1.50 | 1.50 | 3.00 |
| | Total (A) | 136.40 | 70.57 | 206.97 |
| | Ceiling as per Act | The Shareholders of the Company had approved the remuneration of 5% of net profits of the Company to each Managing Director. In case of no profits or inadequate profits, each Managing Director shall be paid the minimum remuneration as provided in Section II, Part II of Schedule V of the Companies Act, 2013 which works out to ₹ 120 Lakhs per annum. Accordingly, the Company has paid ₹ 120 Lakhs to Smt. Nalina Ramalakshmi and ₹ 68.10 Lakhs to Shri N.R.K. Ramkumar Raja. The minimum remuneration of Shri N.R.K. Ramkumar Raja has been revised to ₹ 10 Lakhs per month with effect from February 12, 2020. | | |

ANNEXURE VI TO DIRECTORS' REPORT

B. REMUNERATION TO OTHER DIRECTORS:

1. Independent Directors

(₹ in Lakhs)

| Particulars of Remuneration | Name of the Directors | | | | | Total Amount |
|--|-----------------------|--------------------------|-------------------------------------|-----------------------|------------------|--------------|
| | Shri P.J. Alaga Raja | Shri P.J. Ramkumar Rajha | Justice Shri P.P.S. Janarthana Raja | Shri V. Santhanaraman | Shri P.A.B. Raju | |
| Fee for attending board / committee meetings | 0.95 | 1.10 | 0.85 | 0.65 | 0.65 | 4.20 |
| Commission | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| Total B (1) | 0.95 | 1.10 | 0.85 | 0.65 | 0.65 | 4.20 |

2. Other Non Executive Directors

| Particulars of Remuneration | Name of the Directors | | | Total Amount |
|--|---------------------------|---------------------------|--------------------|---------------|
| | Shri P.R. Venketrama Raja | Shri N.K. Shrikantan Raja | Dr. M. Karunakaran | |
| Fee for attending board / committee meetings | 0.55 | 1.10 | 0.30 | 1.95 |
| Commission | - | - | - | - |
| Others | - | - | - | - |
| Total B (2) | 0.55 | 1.10 | 0.30 | 1.95 |
| Total B [B (1) + B (2)] | | | | 6.15 |
| Total Managerial Remuneration (A+B) | | | | 213.12 |

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

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---------|--|---|---|-------------------------------------|--------------|
| | | Shri P.R. Ramasubramanian, Chief Financial Officer* | Shri Narayan Vijay Gopal, Chief Financial Officer** | Shri A. Emarajan, Company Secretary | |
| 1 | Gross Salary | | | | |
| | a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 26.05 | 10.20 | 8.51 | 44.76 |
| | b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961 | 0.13 | 0.27 | - | 0.40 |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - Others, specify | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | 26.18 | 10.47 | 8.51 | 45.16 |

* Resigned with effect from October 24, 2019

** Appointed with effect from February 12, 2020



ANNEXURE VI TO DIRECTORS' REPORT

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD / NCLT / COURT) | Appeal made, if any (give Details) |
|---|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. COMPANY Penalty Punishment Compounding | | | None | | |
| B. DIRECTORS Penalty Punishment Compounding | | | Nil | | |
| C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding | | | Nil | | |

On behalf of the Board of Directors
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Chennai,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN

REPORT ON CORPORATE GOVERNANCE

[Pursuant to Para C of Schedule V of SEBI (LODR) REGULATIONS, 2015]

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Since inception, The Ramaraju Surgical Cotton Mills Limited is assiduously following itself determined goals on Corporate Governance. The object of the Company is to protect and enhance the value of all the stake holders of the Company viz., Shareholders, Creditors, Customers and Employees. It strives to achieve these objectives through high standards in dealings and following business ethics in all its activities.

The Company believes in continuous up-gradation of technology to improve the quality of its production and productivity to achieve newer and better products for total customers satisfaction.

The Company lays great emphasis on team building and motivation. A contented and well developed worker will give to the Company better work and therefore better profits. The Company has strong faith in innate and infinite potential of human resources. It believes in the creative abilities of the people who work for the Company and believes in investing in their development and growth as foundation for strong and qualitative growth of the Organization.

If there is no customer, there is no business. Customers' continued satisfaction and sensitivity to their needs are the Company's source of strength and security.

The Company also believes that as the Organization grows, the society and the community around it should also grow.

2. BOARD OF DIRECTORS

The Board of Directors is headed by the Chairman Shri P.R. Venketrama Raja. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Finance, Law, Engineering, etc. The Board had 10 Directors as on 31st March, 2020. Except Smt. Nalina Ramalakshmi and Shri N.R.K. Ramkumar Raja, all other Directors are Non-Executive. As required under Regulation 17 of the SEBI (LODR) Regulations, 2015 not less than 50% of the Board consists of Independent Directors. There are no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

In accordance with Clause C(h)(i) and (ii) of Schedule V read with Regulations 34(3) of SEBI (LODR) Regulations, 2015, the Board of Directors had identified the following Core Skills / Expertise / Competencies, required for Board Members in the context of Company's business and sectors, to function effectively.

- * Textile Technology
- * Strategy Management
- * Business Management
- * Banking and Financial Management



- * Project Management
- * Risk Management including Foreign Exchange Management
- * Industrial Relationship Management, including Environment, Health and Safety
- * Legal Knowledge
- * Tax Planning and Management
- * General Administration
- * Information Technology

The skills / expertise / competencies available with the Directors have been furnished under the individual Director's profile.

PROFILE

SHRI P.R. VENKETRAMA RAJA

Shri P.R. Venketrama Raja, aged 61 years, has a Bachelor's Degree in Chemical Engineering from University of Madras and Masters in Business Administration from University of Michigan, USA. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 1992. He has more than 3 decades of Industrial Experience with specific knowledge in Textiles, Cement and Information Technology sectors.

| | |
|--------------------------------|---|
| Skill / Expertise / Competency | Expert in Information Technology, Strategy Management and Business Management |
|--------------------------------|---|

Names of the listed entities other than M/s. The Ramaraju Surgical Cotton Mills Limited in which Shri P.R. Venketrama Raja is a Director and his category of Directorship:

| Name of the Company | Category of Directorship |
|---------------------------|---------------------------------|
| The Ramco Cements Limited | Chairman & Managing Director |
| Ramco Industries Limited | Non-Executive & Non-Independent |
| Ramco Systems Limited | Non-Executive & Non-Independent |
| Rajapalayam Mills Limited | Non-Executive & Non-Independent |

SMT. NALINA RAMALAKSHMI

Smt. Nalina Ramalakshmi, aged 57 years, has a Bachelor's Degree in B.SC., and Master Degree in M.S.C.S. She has knowledge and rich experience in Textile Industry and she has been on the board of The Ramaraju Surgical Cotton Mills Limited since 2005. She was appointed as Managing Director of the Company on August 12, 2005. She is also holding the position of Managing Director in Shri Harini Media Limited.

| | |
|--------------------------------|---|
| Skill / Expertise / Competency | Expert in Strategy Management, Business Management and General Administration |
|--------------------------------|---|

ANNEXURE VII TO DIRECTORS' REPORT

Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Smt. Nalina Ramalakshmi does not hold Directorship in any other listed entity.

SHRI N.R.K. RAMKUMAR RAJA

Shri N.R.K. Ramkumar Raja, aged 63 years, is an Engineering Graduate. He has vast experience in Textiles and managing the affairs of the Company. He was in the Board of the Company from July 2003 to May 2014 and he has been appointed as Managing Director of the Company from February 14, 2016.

| | |
|--------------------------------|---|
| Skill / Expertise / Competency | Expert in Strategy Management, Business Management, Project Management and General Administration |
|--------------------------------|---|

SHRI N.K. SHRIKANTAN RAJA

Shri N.K. Shrikantan Raja, aged 72 years, has a Bachelor Degree in Commerce and he has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2002. He has vast knowledge and experience in Textile Industry and having more than 50 years of experience in doing business activity.

| | |
|--------------------------------|---|
| Skill / Expertise / Competency | Expert in Strategy Management, Business Management and General Administration |
|--------------------------------|---|

Names of the listed entities other than M/s. The Ramaraju Surgical Cotton Mills Limited in which Shri N.K. Shrikantan Raja is a Director and his category of Directorship:

| Name of the Company | Category of Directorship |
|--------------------------|---------------------------------|
| Ramco Industries Limited | Non-Executive & Non Independent |

DR. M. KARUNAKARAN

Dr. M. Karunakaran, I.A.S., aged 56 years, has qualified as M.A, M.Phil., Ph.D., and he is the Nominee Director of Handloom and Textiles, Government of Tamilnadu. He served various departments of Government of Tamilnadu. He served as District Collector of Coimbatore in the year 2012-2013 and Tirunelveli in the year 2013-2017. At present, he is the Director of Handloom and Textiles, Chennai from March 2019 onwards. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since August 2019.

| | |
|--------------------------------|---|
| Skill / Expertise / Competency | Expert in Textile Technology and Strategy Management. |
|--------------------------------|---|

Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Dr. M. Karunakaran does not hold Directorship in any other listed entity.

SHRI P.J. ALAGA RAJA

Shri P.J. Alaga Raja, aged 74 years, has a Bachelor's Degree in Law. He has wide knowledge in Legal & Textile Industry and he has been on the board of The Ramaraju Surgical Cotton Mills Limited since 1986. He is the Managing Director of Petha Raju Farms Private Limited.

| | |
|--------------------------------|---|
| Skill / Expertise / Competency | Expert in Legal and Business Management |
|--------------------------------|---|

Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Shri P.J. Alaga Raja does not hold Directorship in any other listed entity.

JUSTICE SHRI P.P.S. JANARTHANA RAJA

Justice Shri P.P.S. Janarthana Raja, aged 69 years, has a graduate in Law from the Madras Law College and has more than 40 years of experience in Taxation matters. He was a Honourable Justice in the High Court of Madras from December, 2005 to January, 2013. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2014.

| | |
|--------------------------------|---|
| Skill / Expertise / Competency | Expert Legal Knowledge, Tax Planning and Management |
|--------------------------------|---|

Names of the listed entities other than M/s. The Ramaraju Surgical Cotton Mills Limited in which Justice Shri P.P.S. Janarthana Raja is a Director and his category of Directorship:

| Name of the Company | Category of Directorship |
|---------------------------|-----------------------------|
| Ramco Systems Limited | Non-Executive & Independent |
| Rajapalayam Mills Limited | Non-Executive & Independent |

SHRI V. SANTHANARAMAN

Shri V. Santhanaraman, aged 70 years, holds a degree in Commerce and C.A.I.I.B. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2014. He has more than 40 Years of experience in Banking Sector. He had held the positions of General Manager in Indian Bank from 1998 to 2006 and Executive Director in Bank of Baroda from October, 2006 to August, 2009.

| | |
|--------------------------------|---|
| Skill / Expertise / Competency | Banking & Financial Management, Risk Management including Foreign Exchange Management |
|--------------------------------|---|

Names of the listed entities other than M/s. The Ramaraju Surgical Cotton Mills Limited in which Justice Shri V. Santhanaraman is a Director and his category of Directorship:

| Name of the Company | Category of Directorship |
|---------------------------|-----------------------------|
| Ramco Industries Limited | Non-Executive & Independent |
| Rajapalayam Mills Limited | Non-Executive & Independent |

ANNEXURE VII TO DIRECTORS' REPORT

SHRI P.J. RAMKUMAR RAJHA

Shri P.J. Ramkumar Rajha, aged 58 years, has a Bachelor's Degree in Commerce. He has knowledge and rich experience in Textile Industry and he has been on the board of The Ramaraju Surgical Cotton Mills Limited since 2014. He is the Managing Director of Senthur Textiles Private Limited.

| | |
|--------------------------------|--|
| Skill / Expertise / Competency | Expert in Business Management, Tax Planning and Management |
|--------------------------------|--|

Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Shri P.J. Ramkumar Rajha does not hold Directorship in any other listed entity.

SHRI P.A.B. RAJU

Shri P.A.B. Raju, aged 75 years, has a Bachelor's Degree in Business Administration. He has rich experience in Business Management. He is an executive member of Rajapalayam Chamber of Commerce. He is an Ex-Director of Bhoopathi Raja Co-operative Credit Bank Limited. He was elected as District Governor of Lions International in the year 1991-92. He has been on the board of The Ramaraju Surgical Cotton Mills Limited since 2018.

| | |
|--------------------------------|--|
| Skill / Expertise / Competency | Expert in Business Management and General Administration |
|--------------------------------|--|

Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Shri P.A.B. Raju does not hold Directorship in any other listed entity.

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

| Sl. No. | Name of the Director, Director Identification Number (DIN) & Directorship | 28-05-2019 | 13-08-2019 | 12-11-2019 | 12-02-2020 | Attendance at last AGM held on 14-08-2019 |
|---------|--|------------|------------|------------|------------|---|
| 1. | Shri P.R. Venketrama Raja Chairman DIN: 00331406, Directorship: P & NE | Yes | No | Yes | Yes | No |
| 2. | Smt. Nalina Ramalakshmi Managing Director DIN: 01364161, Directorship: P & E | Yes | No | Yes | Yes | Yes |
| 3. | Shri N.R.K. Ramkumar Raja Managing Director DIN: 01948373, Directorship: E | Yes | Yes | Yes | Yes | Yes |



ANNEXURE VII TO DIRECTORS' REPORT

| Sl. No. | Name of the Director, Director Identification Number (DIN) & Directorship | 28-05-2019 | 13-08-2019 | 12-11-2019 | 12-02-2020 | Attendance at last AGM held on 14-08-2019 |
|---------|---|------------|------------|------------|------------|--|
| 4. | Shri K. Manoharan* Nominee Director of Handloom & Textiles, Government of Tamilnadu DIN: 07840325, Directorship: NE | No | NA | NA | NA | NA |
| 5. | Dr. M. Karunakaran** Nominee Director of Handloom & Textiles, Government of Tamilnadu DIN: 08524986 , Directorship: NE | NA | Yes | No | Yes | No |
| 6. | Shri N.K. Shrikantan Raja DIN: 00350693, Directorship: NE | Yes | Yes | Yes | Yes | Yes |
| 7. | Shri P.J. Alaga Raja DIN: 00446057, Directorship: NE & ID | Yes | Yes | Yes | Yes | Yes |
| 8. | Justice Shri P.P.S. Janarthana Raja DIN: 06702871, Directorship: NE & ID | Yes | Yes | Yes | Yes | Yes |
| 9. | Shri V. Santhanaraman DIN: 00212334, Directorship: NE & ID | Yes | Yes | Yes | Yes | Yes |
| 10. | Shri P.J. Ramkumar Rajha DIN: 00487193, Directorship: NE & ID | Yes | Yes | Yes | Yes | Yes |
| 11. | Shri P.A.B. Raju DIN: 08239261, Directorship: NE & ID | Yes | Yes | Yes | Yes | No |

P- Promoter; E - Executive; NE - Non Executive; ID - Independent Director.

* Nomination withdrawn w.e.f. August 10, 2019

** Appointed as Government Nominee Director w.e.f. August 13, 2019

Other Directorships

The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on March 31, 2020 is given below:

| Sl. No. | Name of the Director | Other Directorships * | Committee Positions ** | |
|---------|---------------------------|-----------------------|------------------------|--------|
| | | | Chairperson | Member |
| 1. | Shri P R Venketrama Raja | 8 | 3 | 3 |
| 2. | Smt. Nalina Ramalakshmi | 2 | – | – |
| 3. | Shri N.R.K. Ramkumar Raja | 1 | – | 1 |
| 4. | Shri N.K. Shrikantan Raja | 6 | 3 | 1 |
| 5. | Dr. M. Karunakaran | – | – | – |
| 6. | Shri P.J. Alaga Raja | – | – | – |

ANNEXURE VII TO DIRECTORS' REPORT

| Sl. No. | Name of the Director | Other Directorships * | Committee Positions ** | |
|---------|-------------------------------------|-----------------------|------------------------|--------|
| | | | Chairperson | Member |
| 7. | Justice Shri P.P.S. Janarthana Raja | 3 | 1 | 3 |
| 8. | Shri V. Santhanaraman | 2 | – | – |
| 9. | Shri P.J. Ramkumar Rajha | 5 | – | 2 |
| 10. | Shri P.A.B. Raju | – | – | – |

* Public Limited Companies, other than The Ramaraju Surgical Cotton Mills Limited.

** Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies, other than The Ramaraju Surgical Cotton Mills Limited.

During the year, a separate meeting of the Independent Directors was held on February 12, 2020 and all the Independent Directors were present at the meeting.

Disclosure of relationships between Directors inter-se

- a) Shri P.R. Venketrama Raja is a brother of Smt. Nalina Ramalakshmi.
- b) Smt. Nalina Ramalakshmi is a Spouse of Shri N.R.K. Ramkumar Raja
- c) Shri N.R.K. Ramkumar Raja is a Brother of Shri N.K. Shrikantan Raja

Details of familiarisation programme for Independent Directors

The details of the familiarization programme for Independent Directors are available at the Company's website, at the following link at www.ramarajusurgical.com/reports/familiarisation%20Programme%20for%20Independent%20Directors%202020.pdf.

The Board of Directors periodically reviews Compliance Reports pertaining to all Laws applicable to the Company. No non-compliance was reported during the year under review except the following i.e. On April 1, 2019, the composition of Stakeholders Relationship Committee got disturbed as per the provisions of Regulation 20(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which was regularized on August 5, 2019.

The Board of Directors is also satisfied itself that plans are in place for orderly succession for appointment of Board of Directors and Senior Management.

A Code of Conduct has been laid out for all Members of the Board and Senior Management suitably incorporating the duties of Independent Directors as laid down in the Companies Act, 2013. The Code is available at the Company's website, at the following link at ramarajusurgical.com/reports/Code-of-Conduct-for-Board-Members-and-Senior-Management-Personnel.pdf.

The minimum information to be placed before the Board of Directors at their meeting, as specified in Part A of Schedule II of SEBI (LODR) Regulations, 2015 have been adequately complied with.



3. AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

- i) To review the reports of Internal Audit Department;
- ii) To review the Auditors' Report on the financial statements;
- iii) To review and approve the Related Party Transactions;
- iv) To review the Annual Cost Audit Report of the Cost Auditor;
- v) To review the Annual Secretarial Audit Report of the Secretarial Auditor
- vi) To review the strength and weakness of the internal controls and to provide recommendations relating thereto;
- vii) To generally assist the Board to discharge their functions more effectively.
- viii) To review the financial statements and any investments made by the Company.

In addition, the Audit Committee would discharge the roles and responsibilities as prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013.

The composition of the Audit Committee and the details of attendance of its Members are as follows:

| Sl. No. | Name of the Director | 27-05-2019 | 12-08-2019 | 11-11-2019 | 11-02-2020 |
|---------|---|------------|------------|------------|------------|
| 1. | Justice Shri P.P.S. Janarthana Raja, Chairman of the Committee | Yes | Yes | Yes | Yes |
| 2 | Shri N.K. Shrikantan Raja | Yes | Yes | Yes | Yes |
| 3. | Shri P.J. Alaga Raja | Yes | Yes | Yes | Yes |
| 4. | Shri P.J. Ramkumar Rajha | Yes | Yes | Yes | Yes |

The Statutory Auditor and Chief Financial Officer and Head of Internal Audit and Internal Auditors are invitees to the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

The Cost Auditor and Secretarial Auditor are invited to attend the meeting of the Audit Committee when their reports are tabled for discussion.

3/4th of the members of the Audit Committee are Independent Directors as against the minimum requirements of 2/3rd as stipulated in Regulation 18(1)(b) of LODR.

ANNEXURE VII TO DIRECTORS' REPORT

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee discharges the functions as envisaged for it by the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and functions as mandated by the Board of Directors from time to time. The Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

The complete details about the terms of reference for Nomination and Remuneration Committee and Nomination and Remuneration Policy are available at Company's website www.ramarajusurgical.com/reports/Nomination-and-Remuneration-Policy.pdf.

The composition of the Nomination and Remuneration Committee and the details of attendance of its Members are as follows:

| Sl. No. | Name of the Director | 27-05-2019 | 11-02-2020 |
|---------|--|------------|------------|
| 1. | Shri P.J. Alaga Raja, Chairman of the Committee * | Yes | Yes |
| 2. | Shri N.K. Shrikantan Raja | Yes | Yes |
| 3. | Shri P.J. Ramkumar Rajha | Yes | Yes |

The Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, independence, expertise and contribution brought in by the Independent Director at the Board and Committee Meetings, which shall be taken into account at the time of re-appointment of Independent Director.

5. SALE COMMITTEE - SILVASSA DIVISION

The composition of Sale Committee - Silvassa Division and the details of attendance of its members are as follows:

| Sl. No. | Name of the Director | 01-06-2019 | 17-10-2019 |
|---------|---------------------------|------------|------------|
| 1. | Shri N.K. Shrikantan Raja | Yes | Yes |
| 2. | Shri N.R.K. Ramkumar Raja | Yes | Yes |
| 3. | Shri P.J. Ramkumar Rajha | Yes | Yes |

The scope of the Committee comprise of overseeing and approving the entire process of Sale of Silvassa Division of the Company.



6. REMUNERATION TO DIRECTORS

The Directors were paid Sitting Fee of ₹ 15,000/- per Meeting for attending the Board and ₹ 5,000/- per Meeting for Committees thereof.

There are no pecuniary relationships or transaction of the Non-Executive Directors vis-à-vis the Company, other than those reported in related party transactions under Note no. 45.

The appointment and remuneration to Managing Directors are governed by the Special Resolution passed by the Shareholders at the Annual General Meeting held on August 10, 2018 and August 14, 2019 and the remuneration is equivalent to 10% of the Net Profits of the Company i.e. 5% per Managing Director and in case of no profits or inadequate profits, as per Section II, Part II of Schedule V of the Companies Act, 2013.

The Details of remuneration paid for the financial year 2019-20 are as follows:

| Name of the Director | Amount (₹ in Lakhs) | | No. of Shares held |
|-------------------------------------|---------------------|--------------|--------------------|
| | Sitting Fees | Remuneration | |
| Shri P R Venketrama Raja | 0.55 | – | 5,400 |
| Smt. Nalina Ramalakshmi | 0.50 | 135.90* | 14,91,860 |
| Shri N.R.K. Ramkumar Raja | 0.75 | 69.82* | 1,74,260 |
| Dr. M. Karunakaran | 0.30 | – | – |
| Shri N.K. Shrikantan Raja | 1.10 | – | 11,920 |
| Shri P.J. Alaga Raja | 0.95 | – | 11,760 |
| Justice Shri P.P.S. Janarthana Raja | 0.85 | – | – |
| Shri V. Santhanaraman | 0.65 | – | – |
| Shri P.J. Ramkumar Rajha | 1.10 | – | 8,040 |
| Shri P.A.B. Raju | 0.65 | – | – |

* The remuneration paid to Managing Director consists of the following: (₹ in Lakhs)

| Particulars | Smt. Nalina Ramalakshmi | Shri N.R.K. Ramkumar Raja |
|---|-------------------------|---------------------------|
| Gross Salary | 120.00 | 68.10 |
| Contribution to Provident Fund | 14.40 | 0.22 |
| Contribution to Superannuation Trust Fund | 1.50 | 1.50 |
| Total | 135.90 | 69.82 |

ANNEXURE VII TO DIRECTORS' REPORT

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of Stakeholders Relationship Committee and the details of attendance of its members are as follows:

| Sl. No. | Name of the Director | 27-05-2019 |
|---------|---------------------------|------------|
| 1. | Shri P.R. Venketrama Raja | Yes |
| 2. | Shri N.K. Shrikantan Raja | Yes |
| 3. | Shri N.R.K. Ramkumar Raja | Yes |
| 4. | Shri P.J. Ramkumar Rajha* | NA |

* Appointed with effect from August 5, 2019

| | |
|---|-------------------------------------|
| Name of Non-executive Director heading the Committee | Shri P.R. Venketrama Raja |
| Name and Designation of Compliance Officer | Shri A. Emarajan, Company Secretary |
| No. of complaints received during the year | NIL |
| Number not solved to the Satisfaction of shareholders | NIL |
| Number of pending complaints | NIL |

8. GENERAL MEETINGS

i. Location and time, where last three AGMs / EGM held:

| Year ended | Date of AGM / EGM | Time | Venue |
|------------|-------------------|-----------|---|
| 31-03-2019 | 14-08-2019 | 9.30 A.M. | P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu. |
| 31-03-2018 | 10-08-2018 | 9.30 A.M. | |
| 31-03-2017 | 10-08-2017 | 9.30 A.M. | |
| EGM | 20-06-2017 | 9.30 A.M. | |



- ii. Details of Special Resolutions passed in the previous three Annual General Meetings / Extra-ordinary General Meeting

| Date of AGM | Subject Matter of the Special Resolution |
|-------------|--|
| 14-08-2019 | Appointment of Shri P.A.B. Raju as Director of the Company under Independent Director Category for a period of 5 consecutive years with effect from September 29, 2018 |
| 10-08-2018 | Reappointment of Shri N.R.K. Ramkumar Raja as Managing Director for a period of three years with effect from February 14, 2019. |
| | Reappointment of Independent Directors for further period of 5 years as below. |
| | 1. Shri P.J. Alaga Raja (01-04-2019 to 31-03-2024) |
| | 2. Justice Shri P.P.S. Janarthana Raja (25-05-2019 to 24-05-2024) |
| | 3. Shri V. Santhanaraman (25-05-2019 to 24-05-2024) |
| | 4. Shri P.J. Ramkumar Rajha (25-05-2019 to 24-05-2024) |
| 10-08-2017 | No Special Resolution was passed. |

| Date of EGM | Subject Matter of the Special Resolution |
|-------------|---|
| 20-06-2017 | Increase the Authorized Capital of the Company from ₹ 3 Crores to ₹ 5 Crores and amend the Capital Clause in the Memorandum of Association. |

- iii. Special Resolution to enable the Company for Sale of Undertaking, Properties and Assets of the Company's Division situated at Kherdi Village, Silvassa, UT of Dadra and Nagar Haveli was passed through Postal Ballot during the year 2018-19.

The details of Voting Pattern are given below.

| Particulars | Number of Shares | % |
|---|------------------|--------|
| Total number of Shares | 39,46,560 | 100.00 |
| Total number of votes polled | 19,59,844 | 49.66 |
| No. of votes in favour of the resolution, out of total number of votes polled | 19,59,044 | 99.96 |
| Total number of votes rejected | 800 | 0.04 |

ANNEXURE VII TO DIRECTORS' REPORT

iv) Person who conducted the Postal Ballot exercise:

A. Emarajan,
Company Secretary & Compliance Officer,
The Ramaraju Surgical Cotton Mills Limited,
P.O.Box: 2, 119, 120, P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117.

Scrutinizer

Mr. M.R.L. Narasimha,
Practising Company Secretary,
New No. 8, (Old No. 34-C), Third Cross,
Ramalinga Nagar, K.K. Pudur,
Coimbatore - 641 038.

v) No Special Resolution is proposed to be conducted through Postal Ballot as on date.

9. MEANS OF COMMUNICATION

The Unaudited Quarterly and Half yearly financial results and Audited Annual Results are published in English in Business Line (All editions) and in Tamil in Dinamani (Madurai edition). The results were also displayed on the Company's website at www.ramarajusurgical.com.

All the financial results are provided to Stock Exchange.

10. GENERAL SHAREHOLDER INFORMATION

| | | |
|------|---|---|
| i. | Annual General Meeting | On September 15, 2020 at 9.30 AM through Video Conference / Other Audial Visual means. |
| ii. | Financial Year | 1 st April, 2019 to 31 st March, 2020 |
| iii. | Dividend Payment Date | 15 th September, 2020 onwards. |
| iv. | Name and address of Stock exchange at which the Company's Shares are listed | The Company's shares are listed in M/s. Metropolitan Stock Exchange of India Limited, 4 th Floor, Vibgyor Tower, Plot No. C-62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra East, Mumbai - 400 098. The Company has paid the listing fee to the Stock Exchange for the financial year 2020-21. |



| | | |
|-------|---|--|
| v. | Stock Code / Symbol - Metropolitan Stock Exchange of India Limited | RAMARAJU |
| vi. | Whether the securities are suspended from trading | No |
| vii. | Registrar and Transfer Agents | Being carried out in-house by the Secretarial Department of the Company. |
| viii. | Share Transfer System | For shares held in electronic mode, transfers are effected under the depository system of NSDL and CDSL. Vide Press Release No: 51/2018 dated 03-12-2018 of SEBI, only transmission or transposition of securities are eligible for processing in physical form with effect from 01-04-2019. |
| ix. | Distribution of Shareholding | Enclosed as Annexure - A. |
| x. | Dematerialisation of Shares | As on 31 st March, 2020, 91.94% of the shares are in Demat. |
| xi. | Outstanding GDRs / ADRs / Warrants or any Convertible instruments, date and likely impact on equity | NIL |
| xii. | Commodity Price Risk or Foreign Exchange Risk and Hedging Activities | With respect to Buyers' Credit in foreign currencies, forward contracts are booked taking in to account, the cost of hedging and the foreign currency receivables. The currency rate movements are monitored closely for taking covers with respect to un hedged portions, if any. |

xiii. Plant Locations

Surgical Division:

The Ramaraju Surgical Cotton Mills Limited

a. Rajapalayam

P.O.Box: 2, 119, 120, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117.
Tamil Nadu.

b. Perumalpatti

2/318 to 2/321, Sankaran Kovil Road, Perumalpatti Village, Tirunelveli - 627 753.
Tamil Nadu.

Spinning Division:

Sudarsanam Spinning Mills

a. 118, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117. Tamil Nadu.

b. 898, 899, Subramaniapuram, Vanniampatti Road, Pillayarkulam Village,
Srivilliputtur Taluk - 626 137. Tamil Nadu.

c. Survey No. 52, 53, Thirumalagiri Village, Jaggaiahpet Mandal, Krishna Dist. 521 178.
Andhra Pradesh.

Fabric Division:

Sudarsanam Fabrics

2/318-2/321, Sankaran Kovil Road, Perumalpatti Village, Sankaran Kovil Taluk,
Tirunelveli - 627 753. Tamil Nadu.

Wind Farm Division:

Rajampatti, Dhanakkarkulam, Uthumalai, Kolumakondan, Aralvaimozhi in Tamil Nadu.

xiv. Address of Registered Office for Correspondence for shareholder enquiries:

Shri A. Emarajan,
Company Secretary & Compliance Officer,
The Ramaraju Surgical Cotton Mills Limited,
P.O. Box. 2, P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117, Tamil Nadu.
Phone : 04563-235904
E-mail : rscm@ramcotex.com



xv. **Credit Rating**

CRISIL, the Company's credit rating agency vide their letter dated October 31, 2019 have reaffirmed the credit rating against borrowing programmes as follows.

| Facilities | Amount (₹ in Crores) | Rating |
|---|----------------------|---------------|
| Cash Credits / Corporate Loans / Term Loans | 256.21 | BBB+ / Stable |
| Bank Guarantee | 1.00 | A2 |

11. OTHER DISCLOSURES

- i. There are no materially significant related party transactions made by the Company that may have potential conflict with the interests of the Company at large.
- ii. There are no instances of non-compliance by the Company except the composition of Stakeholders Relationship Committee was not in alliance with the provisions of Regulation 20(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period April 1, 2019 to August 4, 2019 which was later regularized on August 5, 2019, and no penalties or strictures were imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
- iii. The Company has a Whistle Blower Policy, available at the Company's website and it is affirmed that no personnel has been denied access to the Audit Committee. The policy is available at the following web link: www.ramarajusurgical.com/reports/whistle-blower-policy.pdf.
- iv. The Company has complied with the Mandatory requirements of Corporate Governance stipulated under SEBI (LODR) Regulations, 2015. The status of adoption of the Non-Mandatory requirements are given below:
 - a. The Company's financial statements are unmodified audit opinion for the year 2019-20.
 - b. The Company has appointed separate persons to the post of Chairperson and Managing Director.
- v. The Company has no Subsidiary. Hence, disclosure about "Material Subsidiary Policy" is not applicable.
- vi. The Related Party Transaction Policy is disclosed in the Company's website and its web link is - www.ramarajusurgical.com/reports/Related-Party-Transaction-Policy.pdf.
- vii. The details relating to commodity price risks and commodity hedging activities are not applicable.
- viii. The Company has not raised any funds through Preferential Allotment or Qualified Institutional Placement.

ANNEXURE VII TO DIRECTORS' REPORT

- ix. Mr. M.R.L. Narasimha, Practising Company Secretary, have certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing of Directors of Companies by the Board / Ministry of Corporate Affairs or any such statutory authority.
- x. There has not been an occasion, where the Board had not accepted any recommendation of any Committee of the Board.
- xi. Total Fee paid to Statutory Auditors
The total fees for all the services paid by the Company on a consolidated basis to the Statutory Auditor are ₹ 2.80 lakhs.
No other entity in the network firm or network entity of which the Statutory Auditor is a part has been hired for any services by the Company.
- xii. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
Pursuant to Rule 8(5)(x) of Companies (Accounts) Rules, 2014, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
a) Number of Complaints filed during the financial year - Nil
b) Number of Complaints disposed of during the financial year - Nil
c) Number of Complaints pending as on end of the financial year - Nil
- xiii. Significant changes in Key Ratios - There has been increase in Debtors Turnover Ratio from 42 to 58 due to increase in credit period in order to maintain Market Share. Also, there has been increase in Interest Coverage Ratio, Net Profit Margin, Return on Net Worth and Return on Capital Employed due to recognizing the income arising out of sale of land and buildings of Silvassa Unit in the head of Other Income.
12. The Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of Schedule V of SEBI (LODR) Regulations, 2015.
13. The extent to which the discretionary requirements specified in Part E of Schedule II have been adopted, is given against Clause 11(iv) above.
14. The Company has complied with the corporate governance requirements specified in regulation 17 to 27 of LODR.
15. Senior Management Personnel discloses to the Board of Directors all material, financial and commercial transactions where they have personal interest that may have a potential conflict with the Company's interest, if any.
16. The Company submits quarterly compliance report on Corporate Governance to the Stock Exchange, in the prescribed format within 15 days from the close of the quarter or within such time limit as extended by Securities and Exchange Board of India.



17. As required under Regulation 46(2) of SEBI (LODR) Regulations, 2015 the following information have been duly disseminated in the Company's website:

- Terms and conditions of appointment of Independent Directors
- Composition of various committees of Board of Directors
- Code of Conduct of Board of Directors and Senior Management Personnel
- Details of establishment of Vigil Mechanism/Whistle Blower Policy
- Criteria of making payments to Non-Executive Directors
- Policy on dealing with Related Party Transactions
- Details of Familiarization Programmes imparted to Independent Directors

18. The various disclosures made in the Directors' Report, may be considered as disclosures made under this report.

19. The Company also have the following Committees of the Board of Directors:

The Composition of the Corporate Social Responsibility Committee and the details of the attendance of its members are as follows:

| Sl. No. | Name of the Director | 27-05-2019 |
|---------|-------------------------------------|------------|
| 1. | Shri P.R. Venketrama Raja, Chairman | Yes |
| 2. | Smt. Nalina Ramalakshmi, Member | Yes |
| 3. | Shri N.K. Shrikantan Raja, Member | Yes |
| 4. | Shri P.J. Ramkumar Rajha, Member | Yes |

20. Declaration signed by the Managing Director of the Company as per Schedule V (D) of SEBI (LODR) Regulations, 2015 on compliance with the Code of Conduct is Annexed.

21. Compliance Certificate as per Regulations 17(8) read with Part B of Schedule II of SEBI (LODR) Regulations, 2015 provided by Managing Director and Chief Financial Officer is Annexed.

On behalf of the Board of Directors,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Chennai,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN

DECLARATION

I Nalina Ramalakshmi, Managing Director of the Company hereby declare that as provided under Schedule V (D) of the SEBI (LODR) Regulations, 2015, the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March, 2020.

For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Rajapalayam,
24th June, 2020.

SMT. NALINA RAMALAKSHMI
MANAGING DIRECTOR

CERTIFICATION UNDER REGULATION 17(8) OF SEBI (LODR) REGULATIONS, 2015

We Nalina Ramalakshmi, Managing Director and Narayan Vijay Gopal, Chief Financial Officer of The Ramaraju Surgical Cotton Mills Limited, Rajapalayam hereby confirm that;

- A. We have reviewed the financial statements and cash flow statement for the year 2019-20 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting that we have and evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee that -
1. there are no significant changes in internal control over financial reporting during the year;
 2. there are no significant changes in accounting policies during the year
 3. there are no instances of significant fraud of which we have become aware.

Shri N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

Rajapalayam,
24th June, 2020.



ANNEXURE - A

Pattern of Shareholding as on March 31, 2020

| Description | Total Shareholders | % | Total Shares | % |
|---|--------------------|---------------|------------------|---------------|
| A. PROMOTERS HOLDING | | | | |
| 1. Promoters | 10 | 0.75 | 17,00,280 | 43.08 |
| Sub-total (A) | 10 | 0.75 | 17,00,280 | 43.08 |
| B. NON - PROMOTERS HOLDING | | | | |
| 1. Banks, FI'S INS. Cos, Govt. Institutions | 3 | 0.23 | 86,760 | 2.20 |
| 2. NRIs / OCBs & Non-Domestic Companies | 5 | 0.38 | 2,420 | 0.06 |
| 3. Private Corporate Bodies | 16 | 1.21 | 27,060 | 0.69 |
| 4. IEPF | 1 | 0.07 | 41,328 | 1.05 |
| 5. Residents | 1,291 | 97.36 | 20,88,712 | 52.92 |
| Sub-total (B) | 1,316 | 99.25 | 22,46,280 | 56.92 |
| Total (A) + (B) | 1,326 | 100.00 | 39,46,560 | 100.00 |

Distribution of Shareholding as on March 31, 2020

| No. of Shares held | Total Shareholders | % | Total Shares | % |
|--------------------|--------------------|---------------|------------------|---------------|
| Upto - 500 | 831 | 62.67 | 1,55,119 | 3.93 |
| 501 - 1000 | 199 | 15.00 | 1,56,436 | 3.96 |
| 1001 - 2000 | 123 | 9.28 | 1,97,378 | 5.00 |
| 2001 - 3000 | 48 | 3.62 | 1,20,770 | 3.06 |
| 3001 - 4000 | 28 | 2.11 | 1,02,820 | 2.61 |
| 4001 - 5000 | 15 | 1.13 | 70,340 | 1.78 |
| 5001 - 10000 | 31 | 2.34 | 2,25,029 | 5.70 |
| 10001 & above | 51 | 3.85 | 29,18,668 | 73.96 |
| Total | 1,326 | 100.00 | 39,46,560 | 100.00 |

Category of Shareholding as on 31-03-2020

| Category | Total Shareholders | % | Total Shares | % |
|----------------------|--------------------|---------------|------------------|---------------|
| Dematerialized Form: | | | | |
| NSDL | 663 | 50.00 | 31,52,275 | 79.87 |
| CDSL | 251 | 18.93 | 4,76,299 | 12.07 |
| Physical Form | 412 | 31.07 | 3,17,986 | 8.06 |
| Total | 1,326 | 100.00 | 39,46,560 | 100.00 |

**CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF
CORPORATE GOVERNANCE**

*[Pursuant to paragraph E of Schedule V of Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]*

To

The Members of
The Ramaraju Surgical Cotton Mills Limited,
[CIN: L17111TN1939PLC002302]
P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117.

We have examined the compliance of the conditions of Corporate Governance by The Ramaraju Surgical Cotton Mills Limited ("the Company") during the financial year ended 31st March, 2020, as stipulated under Regulation numbers 17 to 27, 46(2)(b) to (i), Schedule II and Schedule V (paragraphs C,D and E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company is required to comply with the said conditions of Corporate Governance on account of Listing Agreement entered into by the Company with Metropolitan Stock Exchange of India Limited.

The Company's management is responsible for compliance with the conditions of Corporate Governance. We have broadly reviewed the procedures adopted by the Company for ensuring compliance with the conditions of Corporate Governance and implementation thereof. Our review was neither an audit nor an expression of opinion on the financial statement of the Company.

We hereby certify that, in our opinion and to the best of our information and based on the records furnished for our verification and the explanations given to us by the Company, its officers and agents, the Company has, for the year ended 31st March, 2020, complied with the applicable conditions of Corporate Governance. Further, the composition of Stakeholders Relationship Committee got disturbed on April 1, 2019 as per the provisions of Regulation 20(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which was regularized on August 5, 2019.

We further to state that our opinion regarding such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company during the said financial year.

For N.A. Jayaraman & Co.,
Chartered Accountants
Firm Registration No. 001310S

R. PALANIAPPAN
Partner

Chennai,
24th June, 2020.

Membership No. 205112
UDIN: 20205112AAAAFD7393

Disclosures relating to remuneration under 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.

i. & ii. The ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary in the Financial Year 2019-20.

| Name of the Director / KMP and Designation | Remuneration of Director / KMP for financial year 2019-20 (₹ in lakhs) | % Increase / Decrease in remuneration in the financial year 2019-20 | Ratio of remuneration of each Director / to median remuneration of employees |
|---|--|---|--|
| Shri P.R. Venketrama Raja, Chairman | 0.55 | (21) | 1 |
| Smt. Nalina Ramalakshmi, Managing Director | 136.40 | – | 118 |
| Shri N.R.K. Ramkumar Raja, Managing Director | 70.57 | 13 | 61 |
| Dr. M. Karunakaran, Nominee Director | 0.30 | – | 1 |
| Shri N.K. Shrikantan Raja, Non-Executive Director | 1.10 | 5 | 1 |
| Shri P.J. Alaga Raja, Independent Director | 0.95 | – | 1 |
| Justice Shri P.P.S. Janarthana Raja, Independent Director | 0.85 | – | 1 |
| Shri V. Santhanaraman, Independent Director | 0.65 | 6 | 1 |
| Shri P.J. Ramkumar Rajha, Independent Director | 1.10 | 5 | 1 |
| Shri P.A.B. Raju, Independent Director | 0.65 | 86 | 1 |
| Shri Narayan Vijay Gopal, Chief Financial Officer | 10.47 | – | 9 |
| Shri A. Emarajan, Company Secretary | 8.51 | 3 | 7 |
| Shri P.R. Ramasubramanian, Ex Chief Financial Officer | 26.18 | (17) | 23 |

- iii. The median remuneration of the employees during the financial year was ₹ 1,15,694 and the percentage increase in the median remuneration was 15%.
- iv. There were 1,840 Permanent employees on the rolls of the Company as on 31st March, 2020.
- v. Average percentage of increase in the salaries of the employees other than the managerial personnel in the financial year i.e. 2019-20 was 12% whereas the increase in the managerial remuneration for the same financial year was 5%.
- vi. It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other employees.

ANNEXURE IX 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 term of remuneration drawn and Particulars of Employees employed throughout the financial year 2019-20 and was in receipt of remuneration in the aggregate of not less than ₹ 102 Lakhs.

| Sl. No. | Name | Age (Years) | Designation | Remuneration Paid / Payable ₹ in lakhs | Qualification and experience (Years) | Date of Commencement of employment | Last Employment |
|---------|---------------------------|-------------|-----------------------------|--|--------------------------------------|------------------------------------|-------------------------------|
| 1. | Smt. Nalina Ramalakshmi | 57 | Managing Director | 136.40 | B.Sc., M.S.C.S., (17 Years) | 12-08-2005 | - |
| 2. | Shri N.R.K. Ramkumar Raja | 62 | Managing Director | 70.57 | B.Tech., M.E., (27 Years) | 14-02-2016 | - |
| 3. | Shri S. Shunmugavel | 59 | Sr. General Manager (Works) | 24.48 | B.Tech (36 Years) | 17-10-1983 | - |
| 4. | Shri S. Ashok | 45 | General Manager (Marketing) | 22.11 | M.Sc., M.B.A. (17 Years) | 14.11.2018 | Loyal Textile Mills Limited |
| 5. | Shri V. Santhosh | 47 | General Manager (Operation) | 20.62 | D.T.T. (28 Years) | 03-02-2016 | Premier Fine Linens Pvt. Ltd. |
| 6. | Shri V.V. Subburaman | 56 | General Manager (Works) | 14.96 | D.T.T (34 Years) | 12-12-2016 | Barani Cotspin |
| 7. | Shri S. Manikandan | 38 | Asst. General Manager (PPC) | 13.47 | D.Tech, MBA (19 Years) | 18-06-2018 | VTM Ltd. |
| 8. | Shri K. Kannan | 51 | Asst. General Manager (HR) | 11.93 | M.B.A., L.L.B. (31 Years) | 09-12-2016 | Premier Fine Linens Pvt. Ltd. |
| 9. | Shri P.R. Ramasubramanian | 34 | Ex Chief Financial Officer | 26.18 | ACA., MBA (11 Years) | 16-12-2009 | M/s Rajapalayam Mills Limited |
| 10 | Shri V. Murali | 53 | Ex General Manager (Works) | 13.69 | D.T.T. (35 Years) | 16-09-2016 | Gokok Textiles |

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. Nalina Ramalakshmi, Managing Director who is related to Shri P.R. Venketrama Raja, Chairman and Shri N.R.K. Ramkumar Raja, Managing Director. Shri N.R.K. Ramkumar Raja who is related to Shri N.K. Shrikantan Raja, Director.

On behalf of the Board of Directors,
For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Chennai,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN



INDEPENDENT AUDITORS' REPORT

To the Members of M/s. The Ramaraju Surgical Cotton Mills Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of THE RAMARAJU SURGICAL COTTON MILLS LIMITED ("the Company"), which comprise the Standalone Balance Sheet as at 31st March 2020, the Standalone Statement of Profit and Loss, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year ended on that date, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "the Standalone Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note No. 49 to the standalone financial results, which describes the uncertainties and the impact of the COVID-19 pandemic on the company's operations and results as assessed by the management. The Management has assessed that consequent lockdown announced by Central / State Governments, the demand for Cotton has come down and the Cotton prices have fallen by more than 20%. Due to the reduction in the market price of Cotton, a provision for Mark

AUDITORS' REPORT TO SHAREHOLDERS

To Market Loss of Rs. 149.83 Lakhs in the carrying cost of Cotton inventory has been made in the financial statements. Other than the above there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S.No. | Key Audit Matter | Auditor's Response |
|-------|--|--|
| 1. | <p>Adoption of Ind AS 116 Leases</p> <p>The Company has adopted Ind AS 116 with effect from 1st April 2019 using Modified Retrospective Approach. The application and transition to this new accounting standard is complex and involves significant judgment and estimates made by the management which includes measuring of liability for all leases.</p> <p>The Company has adopted the Modified Retrospective Approach method for transition to Ind AS 116, consequently comparative figures for the previous years have not been restated and continue to report under Ind AS 17.</p> <p>(Refer to Note No. 4 (G) to the Standalone Financial Statements)</p> | <p>Principal Audit Procedures</p> <p>Our Audit procedures involved review of the Company's Ind AS 116 implementation process, and key judgments made by management evaluation of lease agreements /arrangements on sample basis and comparison of the same with management's evaluation and assessment. We also evaluated the computation of lease liabilities and the discount rates adopted.</p> <p>Our tests on sample basis focused on reviewing the key terms and conditions of the lease agreements and obtaining evidence for the estimated useful live of right of use assets.</p> <p>Further more we assessed the adequacy and appropriateness of the disclosures the Standalone Financial Statements.</p> |
| 2. | <p>Recognition and measurement of deferred taxes</p> <p>The recognition and measurement of deferred tax items requires determination of differences between the recognition and the measurement of assets, liabilities, income and expenses in accordance with the Income Tax</p> | <p>Principal Audit Procedures</p> <p>The key matter was addressed by performing audit procedures which involved assessment of underlying process and evaluation of internal financial controls with respect to measurement of deferred tax and re-performance of calculations and assessment</p> |



| S.No. | Key Audit Matter | Auditor's Response |
|--------------|--|--|
| | <p>Act and other applicable tax laws including application of ICDS and financial reporting in accordance with Ind AS.</p> <p>Assessment of Deferred Tax Assets is done by the management at the close of each financial year taking into account forecasts of future taxable results.</p> <p>We have considered the assessment of deferred tax liabilities and assets as a key matter due to the importance of management's estimation and judgment and the materiality of amounts.</p> <p>(Refer to Note Nos. 4 D (iv), (v), (vi) & (vii) and Note No.5 (iv) to the Standalone Financial Statements)</p> | <p>of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable financial reporting standards.</p> <p>Further more we assessed the adequacy and appropriateness of the disclosures in the Standalone Financial Statements.</p> |
| 3. | <p>Evaluation of uncertain Tax Position/ Other contingent liabilities</p> <p>The Company has material uncertain tax position in respect of possible or actual taxation disputes, litigations and claims. The provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various legal forums.</p> <p>(Refer to Note No.4 O (iv) and 5 (vi) to the Standalone Financial Statements)</p> | <p>Principal Audit Procedures</p> <p>The Audit addressed this Key Audit Matter by assessing the adequacy of tax Provisions by reviewing the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes.</p> <p>We reviewed the significant litigations and claims and discussed with the Company's legal counsel, external advisors about their views regarding the likely outcome and magnitude of and exposure to relevant litigation and claims.</p> <p>Further more, we assessed the adequacy and appropriateness of the disclosures in the Standalone Financial Statements.</p> |
| 4. | <p>Existence and impairment of Trade Receivables</p> <p>Trade Receivables are significant to the Company's Financial Statements. The</p> | <p>Principal Audit Procedures:</p> <p>We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue</p> |

AUDITORS' REPORT TO SHAREHOLDERS

| S.No. | Key Audit Matter | Auditor's Response |
|-------|---|--|
| | <p>Collectability of trade receivables is a key element of the Company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business and the requirements of customers, various contract terms are in place, there is a risk that the carrying values may not be reflective of their recoverable amounts as at the reporting date, which would require an impairment provision. Where there are indicators of impairment, the Company undertakes assessment of the recoverability of the amounts. Given the magnitude and inherent uncertainty involved in the judgement, involved in estimating impairment assessment of trade receivables, we have identified this as a key audit matter.</p> <p>(Refer to Note No. 4(T)(vii), 4(V)(vi)(b) and 5(vii) to the Standalone Financial Statements).</p> | <p>transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. Assessing the impact of impairment on trade receivables requires judgement and we evaluated management's assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.</p> <p>We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures.</p> <p>Further more we assessed the adequacy and appropriateness of the disclosures in the Standalone Financial Statements.</p> |

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Report on CSR activities, and Shareholders information but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone 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.

Management's Responsibility for the Separate Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit or loss including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of Companies Act, 2013 read with relevant rules issued there under and accounting principles generally accepted in India. 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 judgements 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, Management and Board of Directors are 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

AUDITORS' REPORT TO SHAREHOLDERS

and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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

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



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

Other Matters

Our attendance at the physical inventory verification done by the management was impracticable under the current lockdown restrictions imposed by the government. Consequently, we have performed alternative procedures to audit on the existence and condition of inventory at year end as per the guidance provided in SA-501 "Audit Evidence - Specific considerations for selected items" and have obtained sufficient audit evidence to issue our un-modified opinion on these Standalone Financial Statements.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of changes in equity and the Standalone statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

AUDITORS' REPORT TO SHAREHOLDERS

- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Standalone Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control 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 read with schedule V to the Companies Act, 2013 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 Company has disclosed the details of the pending litigations and its impact on the financial position in its Standalone Financial Statements in Note No. 42 (iv) & (v) of the Disclosures forming part of the Standalone Financial Statements for the year ended 31st March 2020;
 - ii. The Company 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 Company.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
Firm Registration No. 001310S

R. PALANIAPPAN
Partner
Membership No. 205112
UDIN: 20205112AAAAEZ4387

Chennai,
24th June, 2020.



"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in the Independent Auditor's Report on the Standalone Financial Statements for the year ended 31st March 2020, we report the following:

i. Fixed Assets

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- c) According to the information and explanation given to us, and on the basis of examination of records of the Company, the title deeds of immovable properties of the Company are held in the name of the Company.

In respect of immovable properties taken on lease and disclosed as right of use assets in the Standalone Financial Statements the lease agreements are in the name of Company.

ii. Inventory

- a) The management has conducted the physical verification of inventory at reasonable intervals.
- b) The discrepancies noticed on verification between the physical stocks and the books records were properly dealt with in the books of accounts and were not material.

iii. The Company has granted loan to a party listed in the register maintained under Section 189 of the Act. The maximum outstanding at any time during the year was ₹ 10 Lakhs (Previous year ₹ 10 Lakhs) and the amount outstanding as on 31st March 2020 is ₹ 10 Lakhs (Previous year ₹ 10 Lakhs)

- a) In our opinion, the terms and conditions on which the loan has been granted to the party listed in the register maintained under Section 189 of the Act, are not prejudicial to the interest of the Company.
- b) The payment of the principal and the interest wherever applicable are regular.
- c) There are no overdue amounts in respect of the loan granted to a party listed in the register maintained under Section 189 of the Act.

AUDITORS' REPORT TO SHAREHOLDERS

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.
- v. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits during the year. Accordingly, reporting under this clause does not arise.
- vi. The Company is maintaining the cost records which have been specified by the Central Government under Section 148 (1) of the Companies Act, 2013.
- vii. Undisputed and disputed taxes and duties
- a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and any other statutory dues with the appropriate authorities. No undisputed amounts payable in respect of the above were in arrear as at 31st March 2020 for a period of more than six months from the date they become payable.
- b) As at 31st March 2020 according to the records of the Company, the following are the particulars of the disputed dues on account of sales tax, income tax, customs duty, wealth tax, service tax and cess, the disputed statutory dues aggregating to ₹ 8.45 Lakhs (PY: ₹ 8.45 Lakhs) on which we have paid an amount of ₹ 4.23 Lakhs under protest.

(₹ in Lakhs)

| Name of Statute | Forum Where Dispute is Pending | As at 31-03-2020 | As at 31-03-2019 |
|-----------------|---|---------------------|---------------------|
| Sales Tax | Deputy Commissioner (Commercial Tax - Appellate) | 8.45 | 8.45 |

- viii. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or debenture holders.
- ix. The Company has not raised money by way of initial public offer or further public offer during the Current year. 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 debenture during the year.
- x. In our opinion and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.



- xi. In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, Clause (xii) of Para 3 of the Order 2016 is not applicable to the Company.
- xiii. In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Standalone Financial Statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has not made a preferential allotment or private placement shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause (xiv) of Para 3 of the Order are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non - cash transactions with directors or persons connected with the Directors. Accordingly, provisions of Clause (xv) of Para 3 of the Order are not applicable to the Company.
- xvi. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of clause (xvi) of Para 3 of the Order 2016 is not applicable to the Company.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
Firm Registration No. 001310S

R. PALANIAPPAN
Partner
Membership No. 205112
UDIN: 20205112AAAAEZ4387

Chennai,
24th June, 2020.

**"Annexure B" to the Independent Auditor's Report of even date on the
Financial Statements prepared in accordance with Indian Accounting Standards of
The Ramaraju Surgical Cotton Mills Limited**

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

We have audited the internal financial controls over financial reporting of M/s. THE RAMARAJU SURGICAL COTTON MILLS LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 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.

AUDITORS' REPORT TO SHAREHOLDERS



Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, 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 N.A. JAYARAMAN & CO.,
Chartered Accountants
Firm Registration No. 001310S

R. PALANIAPPAN
Partner
Membership No. 205112
UDIN: 20205112AAAAEZ4387

Chennai,
24th June, 2020.



BALANCE SHEET AS AT 31ST MARCH 2020

| | Note No. | As at 31-03-2020 | (₹ in Lakhs) | |
|---|----------|------------------|------------------|------------------|
| | | | As at 31-03-2019 | |
| ASSETS | | | | |
| (1) Non-Current Assets | | | | |
| Property, Plant & Equipment | 6 | 24,045.40 | 22,804.12 | |
| Capital Work-in-progress | | 26.63 | 10.48 | |
| Investment Property | 7 | 5.99 | 1,064.17 | |
| Intangible Assets | 6 | 6.11 | 6.81 | |
| Investments in Associates | 8 | 1,096.21 | 1,096.21 | |
| Financial Assets | | | | |
| Other Investments | 8 | 14.77 | 12.45 | |
| Loans | 9 | 10.00 | 10.00 | |
| Other Financial Assets | 10 | 537.47 | 426.31 | |
| Other Non-Current Assets | 11 | 90.31 | 274.43 | |
| Asset Held for sale | 12 | — | 388.83 | |
| | | <u>25,832.89</u> | <u>388.83</u> | 26,093.81 |
| (2) Current Assets | | | | |
| Inventories | 13 | 8,315.54 | 8,217.88 | |
| Financial Assets | | | | |
| Trade Receivables | 14 | 5,577.25 | 3,753.41 | |
| Cash and Cash Equivalents | 15 | 167.50 | 140.11 | |
| Bank Balance other than Cash and Cash Equivalents | 16 | 7.70 | 10.55 | |
| Other Financial Assets | 17 | 117.00 | 139.33 | |
| Other Current Assets | 18 | 1,100.60 | 745.31 | 13,006.59 |
| TOTAL ASSETS | | <u>41,118.48</u> | <u>745.31</u> | <u>39,100.40</u> |
| EQUITY AND LIABILITIES | | | | |
| (1) Equity | | | | |
| Equity Share capital | 19 | 394.66 | 394.66 | |
| Other Equity | 20 | 7,122.03 | 5,933.65 | |
| Total Equity | | <u>7,516.69</u> | <u>6,328.31</u> | 6,328.31 |
| (2) Non-Current Liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 21 | 10,897.48 | 13,787.58 | |
| Lease Liability | | 61.07 | — | |
| Provisions | 22 | 137.69 | 154.38 | |
| Deferred Tax Liabilities (Net) | 23 | 670.98 | 1,039.66 | |
| Deferred Government Grants | 24 | 43.39 | 46.72 | 15,028.34 |
| (3) Current Liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 25 | 15,914.86 | 12,122.61 | |
| Trade Payables | | | | |
| (i) Total Outstanding dues of micro enterprises and small enterprises | | — | — | |
| (ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises | 26 | 1,423.73 | 1,173.47 | |
| Other Financial Liabilities | 27 | 4,069.45 | 4,058.63 | |
| Provisions | 28 | 187.20 | 299.85 | |
| Liabilities for Current Tax | | 195.94 | 89.19 | 17,743.75 |
| TOTAL EQUITY AND LIABILITIES | | <u>41,118.48</u> | <u>89.19</u> | <u>39,100.40</u> |
| Significant Accounting Policies, Judgements and Estimates | 1 - 5 | | | |
| See accompanying notes to the financial statements. | 6 - 52 | | | |

As per our report annexed

On behalf of the Board of Directors

For N.A. JAYARAMAN & CO
Chartered Accountants
Firm Registration No. 001310S
R. PALANIAPPAN
Partner
Membership No. 205112
Chennai
24th June, 2020

Shri P.R. VENKETRAMA RAJA
CHAIRMAN

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

A. EMARAJAN
COMPANY SECRETARY

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020



| | | (₹ in Lakhs) | |
|-------------------|--|----------------------------------|----------------------------------|
| | | For the Year Ended 31-03-2020 | For the Year Ended 31-03-2019 |
| | Note No. | | |
| REVENUE | | | |
| I | Revenue from Operations | 29 | 29,589.45 |
| II | Finance Income | 30 | 168.84 |
| III | Other Income | 31 | 2,037.91 |
| IV | Total Revenue (I + II + III) | | <u>31,796.20</u> |
| V EXPENSES | | | |
| | Cost of Materials Consumed | 32 | 16,852.78 |
| | Purchases of Stock-in-Trade | | 720.47 |
| | Changes in Inventories of Finished Goods and Work-in-Progress | 33 | (522.52) |
| | Employee Benefit Expenses | 34 | 3,215.58 |
| | Finance Costs | 35 | 2,774.42 |
| | Depreciation and Amortisation Expenses | 36 | 1,657.31 |
| | Other Expenses | 37 | 6,096.07 |
| | Total Expenses | | <u>30,794.11</u> |
| VI | Profit / (Loss) before tax (IV-V) | | <u>1,002.09</u> |
| VII | Income Tax Expenses / (Savings) | | |
| | Current Tax - MAT | | 130.96 |
| | Deferred Tax (Including MAT Credit of Rs.130.96) | | (379.30) |
| VIII | Profit / (Loss) for the Year (VI-VII) | | <u>1,250.43</u> |
| IX | Other Comprehensive Income | | |
| | Item that will not be reclassified subsequently to Profit and Loss: | | |
| | Re-measurement (Losses) on defined benefit obligation (net) | | (63.63) |
| | Less: Income tax (Savings) / Expenses | | (10.62) |
| | Add: Deferred Tax (MAT Credit Entitlement) | | 10.62 |
| | | | <u>(63.63)</u> |
| | Fair value Gain / Loss on Equity Instruments through OCI (Net) | | 1.58 |
| | Other Comprehensive Income for the year, net of tax | | (62.05) |
| X | Total Comprehensive Income/ (Loss) for the year, net of tax (VIII+IX) | | <u>1,188.38</u> |
| XI | Earnings per Equity Share of ₹ 10/- each | | <u>31.68</u> |
| | (Basic & Diluted) (in Rupees) (Refer to Note No.44) | | (20.13) |
| | Significant Accounting Policies, Judgements and Estimates | 1 - 5 | |
| | See accompanying notes to the financial statements | 6 - 52 | |

As per our report annexed

On behalf of the Board of Directors

For N.A. JAYARAMAN & CO
Chartered Accountants
Firm Registration No. 001310S
R. PALANIAPPAN
Partner
Membership No. 205112
Chennai
24th June, 2020

Shri P.R. VENKETRAMA RAJA
CHAIRMAN

N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

A. EMARAJAN
COMPANY SECRETARY



A. Equity Share Capital

(in Lakhs)

| Equity Shares of ₹ 10/- each issued, subscribed and fully paid | No. of Shares | Amount |
|--|---------------|--------|
| Balance as at 01-04-2019 | 39.47 | 394.66 |
| Changes in Equity Share Capital during the year 2018-19 | – | |
| Balance as at 31-03-2019 | 39.47 | 394.66 |
| Changes in Equity Share Capital during the year 2019-20 | | |
| Balance as at 31-03-2020 | 39.47 | 394.66 |

B. Other Equity

(₹ in Lakhs)

| Particulars | Reserves and Surplus | | | Items of OCI | | Total Other Equity |
|--|----------------------|-----------------|-------------------|---------------------------|--|--------------------|
| | Capital Reserve | General Reserve | Retained Earnings | FVTOCI Equity Instruments | Re-measurements of Defined Benefit Obligations | |
| Other Equity as at 1 st April 2018 | 17.63 | 6,544.92 | 128.65 | – | – | 6,691.20 |
| Financial Year 2018-19 | | | | | | |
| Add: Profit for the year | – | – | (794.55) | 2.64 | – | (791.91) |
| Add: Other Comprehensive Income | – | – | – | – | 58.15 | 58.15 |
| Total Comprehensive Income | – | – | (794.55) | 2.64 | 58.15 | (733.76) |
| Less: Cash Dividend & Tax on Dividend | – | – | (23.79) | – | – | (23.79) |
| Add: Transfer from OCI | – | – | 58.15 | – | (58.15) | – |
| Less: Transfer to General Reserve | – | – | 700.00 | – | – | 700.00 |
| Add: Transfer from Retained Earnings | – | (700.00) | – | – | – | (700.00) |
| Other Equity as at 31st March 2019 | 17.63 | 5,844.92 | 68.46 | 2.64 | – | 5,933.65 |
| Financial Year 2019-20 | | | | | | |
| Add: Profit for the year | – | – | 1,250.43 | 1.58 | – | 1,252.01 |
| Add: Other Comprehensive Income | – | – | – | – | (63.63) | (63.63) |
| Total Comprehensive Income | – | – | 1,250.43 | 1.58 | (63.63) | 1,188.38 |
| Less: Transfer from OCI | – | – | (63.63) | – | 63.63 | – |
| Other Equity as at 31st March 2020 | 17.63 | 5,844.92 | 1,255.26 | 4.22 | – | 7,122.03 |

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020



| | (₹ in Lakhs) | |
|--|--------------|-------------------|
| | 2019-20 | 2018-19 |
| A. Cash Flows from Operating Activities | | |
| Profit / (Loss) Before Tax | 1,002.09 | (984.78) |
| Adjustments to reconcile Profit / (Loss) Before Tax to Net Cash Flows: | | |
| Depreciation & Amortisation | 1,657.31 | 1,529.18 |
| Finance Costs | 2,774.42 | 2,655.45 |
| Interest Received | (168.84) | (126.17) |
| Dividend Received | (206.09) | (114.81) |
| Impairment Loss on Assets | – | 475.88 |
| (Profit) / Loss on Sale of Assets | (1,769.99) | 399.19 |
| Operating Profit before Working Capital Changes | 3,288.90 | 3,833.94 |
| Movements in Working Capital: | | |
| Gratuity and Government Grants | (66.96) | 86.04 |
| Trade Receivables | (1,823.84) | (1,714.20) |
| Loans and Advances | (89.52) | 316.36 |
| Inventories | (97.66) | (1,026.00) |
| Trade Payables & Current Liabilities | 118.15 | 688.79 |
| Cash generated from Operations | 1,329.07 | 2,184.93 |
| Income Tax (Paid) / Refund Received | (170.48) | 6.35 |
| Net Cash Flows from Operating Activities | A | 1,158.59 |
| | | 2,191.28 |
| B. Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets (Including Capital work-in-progress) | (2,991.17) | (3,783.18) |
| Investment in Shares - Others | (0.74) | (0.58) |
| Proceeds from Sale of Property, Plant & Equipments | 3,294.13 | 705.21 |
| Interest Received | 168.84 | 126.17 |
| Dividend Received | 206.09 | 114.81 |
| Net Cash Flows from / (used) in Investing Activities | B | 677.15 |
| | | (2,837.57) |

| | | (₹ in Lakhs) | |
|---|--------------------|-------------------|-----------------|
| | | 2019-20 | 2018-19 |
| C. Cash Flows from Financing Activities | | | |
| Proceeds from Long Term Borrowings | | 2,465.85 | 7,621.21 |
| Repayment of Deposits - Related Parties | | (558.97) | (305.95) |
| Repayment of Long Term Loan | | (5,358.64) | (3,399.03) |
| Proceeds / (Repayment) of Short Term Borrowings (Net) | | 4,414.98 | (835.68) |
| Payment of Dividend and Tax thereon | | - | (23.79) |
| Finance Cost | | (2,774.42) | (2,655.45) |
| Net Cash Flows from / (used) in Financing Activities | C | (1,811.20) | 401.31 |
| Net Increase / (Decrease) in Cash and Cash Equivalents | D = (A+B+C) | 24.54 | (244.98) |
| Opening Balance of Cash and Cash Equivalents | E | 150.66 | 395.64 |
| Closing Balance of Cash and Cash Equivalents | D + E | 175.20 | 150.66 |

Notes:

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

| Particulars | 2019-20 | 2018-19 |
|--|---------------|---------------|
| Cash and Cash Equivalents (Refer to Note No.15) | 167.50 | 140.11 |
| Bank Balances other than Cash and Cash Equivalents (Refer to Note No.16) | 7.70 | 10.55 |
| | 175.20 | 150.66 |

See accompanying notes to the financial statements (Refer to Note No.6 to 52)

As per our report annexed

For N.A. JAYARAMAN & CO
Chartered Accountants
Firm Registration No. 001310S
R. PALANIAPPAN
Partner
Membership No. 205112
Chennai
24th June, 2020

On behalf of the Board of Directors

Shri P.R. VENKETRAMA RAJA
CHAIRMAN

N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

A. EMARAJAN
COMPANY SECRETARY

NOTES TO SEPARATE FINANCIAL STATEMENTS

1. Corporate Information

The Ramaraju Surgical Cotton Mills 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 The Ramaraju Surgical Cotton Mills Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu, India.

The Company is principally engaged in manufacture of Surgical Dressings, Yarn and Grey Fabrics. The Company is also engaged in generation of electricity from its windmills and solar panel for its captive consumption.

The financial statements of the Company for the year ended 31-03-2020 were approved and adopted by Board of Directors of the Company in their meeting dated 24-06-2020.

2. Basis of preparation and presentation of 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 Rule 3 of the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time. The accounting policies are applied consistently to all the periods presented in the financial statements.
- (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, which is the Company's functional currency, 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 4(S) - 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. Inventories are usually written down to net realisable value, if the finished products, in which they will be used, are expected to be sold below cost. However, the inventories are considered to be realizable 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 but excluding borrowing cost, 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 but excluding borrowing cost, 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. Statement of Cash Flows

- (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 overdrafts and cash credits are generally considered to be financing activities.

C. Dividend distribution to Equity shareholders

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

D. Income Taxes

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws including the relevant transfer pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant
- (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 viz. MAT Credit Entitlement, 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. The MAT Credit Entitlement being unused tax credits that are carried forward by the Company for a specified period, is grouped under Deferred Tax.
- (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 "Other Equity" as the case may be.

E. Property, Plant and Equipments (PPE)

- (i) All items of Property, Plant and Equipment except Freehold Land are stated at cost less depreciation or impairment if any. Freehold land is carried at cost. Historical Cost includes expenditure that is directly attributable to the acquisition of the items. The cost comprises of purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The directly attributable costs include cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition.
- (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

NOTES TO SEPARATE FINANCIAL STATEMENTS



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) The Company follows the useful lives of the significant parts of certain class of PPE on best estimate basis upon technical advice, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

| Type of Plant and Machinery | Useful life of such components ranging from |
|---|---|
| Textile Machines / Equipment | 10 to 25 years |
| Wind Mills | 5 to 30 years |
| HFO / DG Set | 12 to 25 years |
| Solar Panel | 25 years |
| Furniture and Fixtures | 3 to 10 years |
| Electrical Machineries | 3 to 25 years |
| Motor cars given to employees as per company's scheme | 6 to 8 years |
| Building | 3 to 60 years |

- (vii) 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, which ever is more clearly evident.
- (viii) 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.
- (ix) 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.



- (x) 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.
- (xi) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

F. Capital Work in progress / Capital Advances

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.

Advances given towards acquisition / construction of PPE outstanding at the reporting date are disclosed as 'Capital Advances' under 'Other Non-Current Assets'.

G. Leases

- (i) The Company has adopted Ind AS 116 with effect from 01-04-2019 using the Modified Retrospective Approach and accordingly the comparative figures for the previous figures has not been restated and continue to be reported under IndAS 17.
- (ii) Ind AS 116 requires lessees to account for all leases under a single on-balance sheet model. The Company, as a lessee, upon transition to Ind AS 116, elected to measure the lease liability for all leases whose non-cancellable leases is more than 12 months, at the present value of remaining lease payments discounted using the incremental borrowing rate at the date of initial application and recognise the right-of-use asset at an amount equal to the lease liability, adjusted for prepaid lease payments recognised in the balance immediately before the date of initial application.
- (iii) 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 an underlying asset and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

- (i) The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- (ii) The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- (iii) The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.
- (iv) The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and Equipment' and Lease liabilities in 'Borrowings' in the Balance sheet.
- (v) The Company has opted not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company as a Lessor

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 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 arrangements

H. Revenue Recognition**(i) Revenue from Operations****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. The financing component with regard to sale of products are excluded from Revenue from operations and recognized as Interest Receipts. The Company does 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 off against the cost of power & fuel.

c) Scrap sales

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



d) Income from Job Work

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

(ii) Other Income

- a. Interest income is recognised using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period where appropriate, to the gross carrying amount of the financial asset or to the authorised cost of a financial liability.
- b. Dividend income is recognised when the Company's right to receive dividend is established.
- c. Rental income from operating lease on Property, Plant and Equipments is recognised on a straight line basis over the terms of the relevant lease.

I. Employee Benefits

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's 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 The Ramaraju Surgical Cotton Mills 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 "The Ramaraju Surgical Cotton Mills 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) Remeasurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to other comprehensive income in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

J. Government Grants

- (i) Government grants are recognised at fair value 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".
- (iii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred grant income and are credited to the statement of profit and loss on a systematic basis over the expected lives of the related assets.

K. Foreign currency transactions

- (i) The financial statements are presented in Indian Rupees, which is also the Company's functional currency.



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

L. Borrowing Costs

- (i) Borrowing cost include interest computed using Effective Interest Rate method, interest on lease liabilities, 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.

M. 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.

N. 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 reporting 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 for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

O. Provisions, Contingent Liabilities and Contingent Assets

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

P. Intangible Assets

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.



- (ii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as 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 |

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

Q. Investment Properties

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

| Asset type | Useful life |
|---------------------------------------|-------------|
| 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 received 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 included at each reporting date.

R. Operating Segments

The Company has four operating / reportable segments viz. Textiles, Surgicals, Fabrics and Wind Mills.

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

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

S. Financial Instruments

- (i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (ii) Financial assets and liabilities are offset and the net amount is presented in the Balance sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- (iii) The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at 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.

T. Financial Assets

- (i) Financial assets comprise of investments in equity, trade receivables, cash and cash equivalents and other financial assets.



- (ii) Depending on the business model (i.e) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:

- a) Amortised cost; or
- b) Fair value through other comprehensive income (FVTOCI); or
- c) Fair value through profit or loss (FVTPL)

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

- (iii) Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

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

- (iv) The Company has accounted for its investments in associates 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.

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

| Name of Financial asset | Impairment testing methodology |
|--------------------------------|--|
| Trade receivables | Expected Credit Loss 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. |



U. Financial Liabilities

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Derivative financial instruments, Financial guarantee obligation 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. |

V. Fair value measurement

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- (ii) The fair value of an asset or a liability is measured 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 is directly or indirectly observable.
 - Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement is 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 an annual evaluation performed by an internal technical team measured using the technique of quoted prices for similar assets in the active markets and further moderated by market corroborated inputs.

5. 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:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories, other financial / other non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements, has used internal and external sources of information from market sources on the expected future performance of the Company. The impact of COVID-



19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements due to prevailing uncertainties.

(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 in determining whether the investments in associates or impaired or not is on the basis of this nature of long term strategic investments and business projections.

(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 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 subsidiaries / 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. Significant management judgement is exercised whether such associate companies are individually immaterial or not for the purpose of disclosure requirements.

NOTES TO SEPARATE FINANCIAL STATEMENTS

**NOTE NO. 6
PROPERTY, PLANT AND EQUIPMENTS**

(₹ in Lakhs)

| Particulars | Year | Gross Block | | | Depreciation | | | Net Block | | | |
|--------------------------------|---------|---------------------------------|--------------------------------|----------|--|---------------------------|----------------------------|---------------------------|--|---------------------------|---------------------------------|
| | | As at the beginning of the year | Additions made during the year | Sold | Transfer to Investment Property & Assets held for Sale | As at the end of the year | For the year (Note No. 36) | Withdrawn during the year | Transfer to Investment Property & Assets held for Sale | As at the end of the year | As at the beginning of the year |
| Tangible Assets | | | | | | | | | | | |
| Land | 2019-20 | 448.47 | - | - | - | 448.47 | - | - | - | 448.47 | 448.47 |
| | 2018-19 | 548.44 | - | - | 99.97 | 448.47 | - | - | - | 448.47 | 548.44 |
| Buildings | 2019-20 | 6,015.95 | 35.58 | - | - | 6,051.53 | 1,303.61 | 210.18 | - | 4,537.74 | 4,712.34 |
| | 2018-19 | 5,903.67 | 1,749.30 | - | 1,637.02 | 6,015.95 | 1,813.06 | 169.54 | 678.99 | 4,712.34 | 4,090.61 |
| Buildings - Lease Hold | 2019-20 | - | 68.44 | - | - | 68.44 | - | 11.06 | - | 57.38 | - |
| | 2018-19 | - | - | - | - | - | - | - | - | - | - |
| Plant and Machinery | 2019-20 | 28,708.99 | 2,745.33 | 118.55 | - | 31,335.77 | 12,368.55 | 1,259.59 | 40.36 | 17,747.99 | 16,340.44 |
| | 2018-19 | 28,190.53 | 4,698.60 | 2,336.57 | 1,843.57 | 28,708.99 | 13,487.41 | 1,167.34 | 1,255.01 | 16,340.44 | 14,703.12 |
| Electrical Machinery | 2019-20 | 2,649.19 | 48.53 | 6.90 | - | 2,690.82 | 1,590.10 | 120.11 | 6.33 | 986.94 | 1,059.09 |
| | 2018-19 | 2,461.17 | 528.78 | 26.68 | 314.08 | 2,649.19 | 1,730.20 | 146.77 | 18.33 | 1,059.09 | 730.97 |
| Furniture & Office Equipments | 2019-20 | 267.73 | 44.48 | 0.66 | - | 311.55 | 172.31 | 28.80 | 2.14 | 112.56 | 95.42 |
| | 2018-19 | 289.03 | 64.58 | 76.44 | 9.44 | 267.73 | 230.58 | 19.70 | 69.49 | 95.42 | 58.45 |
| Vehicles | 2019-20 | 236.74 | 32.67 | 0.06 | - | 269.35 | 88.38 | 26.68 | 0.01 | 154.30 | 148.36 |
| | 2018-19 | 258.95 | 14.69 | 16.89 | 20.01 | 236.74 | 88.86 | 24.54 | 9.35 | 148.36 | 170.08 |
| Total - Tangible Assets | 2019-20 | 38,327.07 | 2,975.03 | 126.17 | - | 41,175.93 | 15,522.95 | 1,656.42 | 48.84 | 24,045.40 | 22,804.12 |
| | 2018-19 | 37,651.79 | 7,055.95 | 2,456.58 | 3,924.09 | 38,327.07 | 17,350.11 | 1,527.89 | 1,352.18 | 22,804.12 | 20,301.68 |
| Intangible Assets | | | | | | | | | | | |
| Computer Software | 2019-20 | 181.60 | - | - | - | 181.60 | 174.79 | 0.70 | - | 175.49 | 6.81 |
| | 2018-19 | 211.69 | - | - | 30.09 | 181.60 | 202.26 | 1.11 | - | 174.79 | 9.43 |

Notes:

(a) Borrowings cost have been capitalised for current year - ₹ 27.58 Lakhs (PY: ₹ 119.33 Lakhs)

(b) All the Fixed Assets has been pledged as security for borrowings.

| | (₹ in Lakhs) | |
|---|---------------------|---------------------|
| | As at 31-03-2020 | As at 31-03-2019 |
| NOTE NO. 7 | | |
| INVESTMENT PROPERTY | | |
| Building | | |
| As at the Beginning of the year | 8.72 | 8.72 |
| Addition / Sale | — | — |
| As at the end of the year | 8.72 | 8.72 |
| Less: Accumulated depreciation as at the beginning of the year | 2.54 | 2.36 |
| Depreciation for the year | 0.19 | 0.18 |
| Accumulated depreciation as at the end of the year | 2.73 | 2.54 |
| Net Block | 5.99 | 6.18 |
| Investment Property - Silvassa | | |
| Land | | |
| As at the Beginning of the year | 99.97 | 99.97 |
| Addition / Sale | 99.97 | — |
| As at the end of the Year | — | 99.97 |
| Building | | |
| As at the Beginning of the year | 958.02 | 1,637.02 |
| Less: Accumulated depreciation as at the end of the year | — | 679.00 |
| Less: Sale | 958.02 | — |
| As at the end of the Year | — | 958.02 |
| Total Investment Property | 5.99 | 1,064.17 |
| Information regarding income and expenditure of Investment property | | |
| Rental Income from Investment Properties | | |
| Direct Operating Expenses | — | — |
| Profit arising from Investment Properties before Depreciation and Indirect Expenses | — | — |
| Less: Depreciation | (0.19) | (0.18) |
| Profit arising from Investment Properties before Indirect Expenses | (0.19) | (0.18) |
| Fair Value of Investment Property | 118.32 | 113.17 |

Notes:

The Company's investment properties consists of 1 flat at Krishna Tower Adyar, Chennai

The fair value is determined for disclosure purposes based on an annual evaluation performed by an internal technical team.

The Company has no restrictions on the disposal of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note No. 47

NOTES TO SEPARATE FINANCIAL STATEMENTS

NOTE NO. 8

(A) INVESTMENT IN ASSOCIATES

(₹ in Lakhs)

| Name of the Company | Face Value ₹ per share | As at 31-03-2020 No. of Shares | As at 31-03-2019 No. of Shares | As at 31-03-2020 Fair Value Cost | As at 31-03-2019 Fair Value Cost |
|---|---------------------------|---|---|---|---|
| Investment in Equity Instruments | | | | | |
| 1) Quoted | | | | | |
| The Ramco Cements Limited | 1 | 36,24,000 | 3,624,000 | 19.86 | 19.86 |
| Ramco Industries Limited | 1 | 1,35,880 | 135,880 | 0.53 | 0.53 |
| Rajapalayam Mills Limited | 10 | 135,200 | 135,200 | 12.98 | 12.98 |
| Ramco Systems Limited | 10 | 12,739 | 12,739 | 12.15 | 12.15 |
| Sub-Total (1) | | | | 45.52 | 45.52 |
| 2) Unquoted | | | | | |
| Sri Vishnu Shankar Mills Limited | 10 | 11,200 | 11,200 | 1.68 | 1.68 |
| Sri Harini Textiles Limited | 10 | 1,490,000 | 1,490,000 | 149.00 | 149.00 |
| Shri Harini Media Limited | 1 | 6,000,500 | 6,000,500 | 60.01 | 60.01 |
| Sub-Total (2) | | | | 210.69 | 210.69 |
| Investment in Preference Shares, Non Trade - Unquoted | | | | | |
| Shri Harini Media Limited - 9% Redeemable Preference Shares | 1 | 840,00,000 | 84,000,000 | 840.00 | 840.00 |
| Aggregate Value of Total Investment | | | | 1,096.21 | 1,096.21 |
| Aggregate Value of: | | | | | |
| Quoted Investments - Cost | | | | 45.52 | 45.52 |
| Market Value | | | | 19,479.33 | 28,114.78 |
| Unquoted Investments - Cost | | | | 1,050.69 | 1,050.69 |
| Notes: (i) The Company has accounted for investment in Associates at Cost. | | | | | |
| (ii) The carrying amount of investment in Associates is tested for impairment in accordance with Ind AS 36. The investment in Associates are long term strategic in nature, no impairment is considered as at the reporting date, considering its long term future prospects. | | | | | |
| (B) OTHER INVESTMENT (DESIGNATED AT FVTOCI) | | | | | |
| Unquoted | | | | | |
| Ramco Industrial and Technology Services Limited | 10 | 26,350 | 26,350 | 6.85 | 5.27 |
| Ramco Windfarms Limited | 1 | 6,16,000 | 6,16,000 | 6.16 | 6.16 |
| ARS Energy Private Limited | 275 | 640 | 370 | 1.76 | 1.02 |
| Total Other Investments | | | | 14.77 | 12.45 |

Note: 1) Refer to Note No. 47 for information about fair value hierarchy under Disclosure of Fair Value Measurement.

| | (₹ in Lakhs) | |
|---|---------------------|---------------------|
| | As at 31-03-2020 | As at 31-03-2019 |
| NOTE NO. 9 | | |
| FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES | | |
| Unsecured, considered good | | |
| Loans and advances to related parties* | <u>10.00</u> | <u>10.00</u> |
| <i>[Refer to Note no. 45 (b) (i)]</i> | | |
| NOTE NO. 10 | | |
| OTHER FINANCIAL ASSETS - (NON CURRENT) | | |
| Unsecured, considered good | | |
| Security Deposits with Electricity Board / Others | <u>537.47</u> | <u>426.31</u> |
| NOTE NO. 11 | | |
| OTHER NON CURRENT-ASSETS | | |
| Unsecured, considered good | | |
| Advance to Others | <u>90.31</u> | <u>274.43</u> |
| NOTE NO. 12 | | |
| ASSET HELD FOR SALE | | |
| Asset Held for Sale | 388.83 | 864.71 |
| Less: Sales / Impairment Loss on Asset | <u>(388.83)</u> | <u>(475.88)</u> |
| | - | 388.83 |
| | <u>-</u> | <u>388.83</u> |
| NOTE NO. 13 | | |
| INVENTORIES | | |
| (Valued at lower of cost or Net realisable value) | | |
| Finished Goods | 4,954.18 | 4,376.66 |
| Raw Materials | 2,039.69 | 2,489.03 |
| Stores and Spares | 190.95 | 166.47 |
| Work-in-Progress | 1,130.72 | 1,185.72 |
| | <u>8,315.54</u> | <u>8,217.88</u> |
| Note: i) The total carrying amount of inventories as at reporting date has been pledged as security for Borrowings | | |
| ii) Provision for mark to market losses of ₹ 149.83 Lakhs has been made in the value of investments of raw materials (PY : NIL) | | |
| NOTE NO. 14 | | |
| TRADE RECEIVABLES | | |
| Trade Receivables unsecured and considered good | <u>5,577.25</u> | <u>3,753.41</u> |

NOTES TO SEPARATE FINANCIAL STATEMENTS



| | (₹ in Lakhs) | |
|---|---------------------|---------------------|
| | As at 31-03-2020 | As at 31-03-2019 |
| NOTE NO. 15 | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash on Hand | 2.08 | 1.85 |
| Balance with Banks | | |
| In Current Account | 146.07 | 116.83 |
| In Deposit Account for Margin Money | 19.35 | 21.43 |
| | <u>167.50</u> | <u>140.11</u> |
| NOTE NO. 16 | | |
| BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS | | |
| Earmarked balances with Banks for Unclaimed Dividend | <u>7.70</u> | <u>10.55</u> |
| NOTE NO. 17 | | |
| OTHER FINANCIAL ASSETS (CURRENT) | | |
| Government Grants Receivable | 105.50 | 127.13 |
| Security Deposit | 11.50 | 11.50 |
| Insurance Claim Receivable | - | 0.70 |
| | <u>117.00</u> | <u>139.33</u> |
| NOTE NO. 18 | | |
| OTHER CURRENT ASSETS | | |
| Unsecured, considered good | | |
| Advance to Suppliers / Others | 611.86 | 344.71 |
| Advance Income-Tax & TDS and Refund Due | 181.09 | 24.14 |
| Accrued Income | 210.05 | 209.69 |
| Prepaid Expenses | 95.94 | 161.04 |
| Other Current Assets | 1.66 | 5.73 |
| | <u>1,100.60</u> | <u>745.31</u> |
| NOTE NO. 19 | | |
| EQUITY SHARE CAPITAL | | |
| Authorised | | |
| 50,00,000 Equity Shares of ₹ 10/- each (PY: 50,00,000 Equity Shares of ₹ 10/- each) | <u>500.00</u> | <u>500.00</u> |
| Issued, Subscribed and Fully Paid-up 39,46,560 Equity Shares of ₹ 10/- each (PY: 39,46,560 Equity Shares of ₹ 10/- each) | <u>394.66</u> | <u>394.66</u> |
| a. Issued, Subscribed and fully paid-up Shares includes 37,81,560 Shares of ₹ 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves. | | |

(₹ in Lakhs)

As at
31-03-2020

As at
31-03-2019

b. Reconciliation of the number of shares outstanding

| Particulars | As at 31-03-2020 | | As at 31-03-2019 | |
|-----------------------------------|------------------|--------|------------------|--------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Number of Shares at the beginning | 39,46,560 | 394.66 | 39,46,560 | 394.66 |
| Issued during the Year | — | — | — | — |
| Number of Shares at the end | 39,46,560 | 394.66 | 39,46,560 | 394.66 |

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. Details of Shareholders holding more than 5 percent in the Company

| Particulars | As at 31-03-2020 | | As at 31-03-2019 | |
|-------------------------|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Smt. Nalina Ramalakshmi | 14,91,860 | 37.80 | 14,91,860 | 37.80 |

NOTE NO. 20

OTHER EQUITY

| | | |
|-------------------|-----------------|-----------------|
| Capital Reserve | 17.63 | 17.63 |
| General Reserve | 5,844.92 | 5,844.92 |
| Retained Earnings | 1,255.26 | 68.46 |
| FVOTCI Reserve | 4.22 | 2.64 |
| | <u>7,122.03</u> | <u>5,933.65</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.

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.

FVOTCI Reserve

Fair value through Other Comprehensive Income Reserve represents the balance in equity for items to be accounted in Other Comprehensive Income.(OCI).The Company has opted to recognise the changes in the fair value of certain investments in equity instruments and remeasurement of defined benefit obligations in OCI.The Company transfers amounts from this reserve to Retained Earnings in case of actuarial loss / gain and incase of fair value recognition of equity instrument, the same will be transferred when the respective equity instruments are derecognised.

NOTES TO SEPARATE FINANCIAL STATEMENTS



| | (₹ in Lakhs) | |
|-------------------------------------|---------------------|---------------------|
| | As at 31-03-2020 | As at 31-03-2019 |
| NOTE NO. 21 | | |
| NON CURRENT BORROWINGS | | |
| Secured | | |
| Term Loan from Banks | 6,155.48 | 8,287.58 |
| Working Capital Term Loan from Bank | 4,742.00 | 5,500.00 |
| | <u>10,897.48</u> | <u>13,787.58</u> |

- a) Term Loan from Banks are secured by *pari-passu* 1st charge on the fixed assets of the Company and *paripassu* second charge on current assets of the Company
- b) Working Capital Term Loan from ICICI Bank secured by 1st Charge on Moveable Fixed Assets of the Company and Working Capital Term Loan from Canara Bank Secured by 1st Charge on Current Assets of the Company.
- c) The Term Loans from Banks are repayable in monthly /quarterly installments. The year wise repayment Term Loans are as follows:

| Year | Amount | Amount |
|---------|------------------|------------------|
| 2020-21 | – | 4,802.02 |
| 2021-22 | 4,206.95 | 4,802.02 |
| 2022-23 | 3,096.10 | 3,064.10 |
| 2023-24 | 2,398.90 | 1,119.44 |
| 2024-25 | 1,195.53 | – |
| | <u>10,897.48</u> | <u>13,787.58</u> |

NOTE NO. 22

PROVISION (NON - CURRENT)

Provision for Employee Benefits
[Refer to Note No. (43)]

| | |
|--------|--------|
| 137.69 | 154.38 |
|--------|--------|

NOTE NO. 23

DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961

| | |
|----------|----------|
| 3,767.66 | 3,775.65 |
|----------|----------|

Deferred Tax Asset

Tax effect on unabsorbed depreciation under Income Tax Act, 1961

| | |
|----------|----------|
| (953.60) | (764.05) |
|----------|----------|

Tax effect on Provision for Bonus and Leave Encashment

| | |
|---------|---------|
| (96.44) | (45.64) |
|---------|---------|

Unused Tax Credits (MAT Credit Entitlement)

| | |
|------------|------------|
| (2,046.64) | (1,926.30) |
|------------|------------|

Net Deferred Tax Liability

| | |
|---------------|-----------------|
| <u>670.98</u> | <u>1,039.66</u> |
|---------------|-----------------|

Deferred Tax Asset / Liability calculated on the unabsorbed depreciation is based on the recent assessment orders & estimated depreciation Loss calculated as per the provision of the Income Tax Act, 1961.

NOTES TO SEPARATE FINANCIAL STATEMENTS

| | (₹ in Lakhs) | |
|---|---------------------|---------------------|
| | As at 31-03-2020 | As at 31-03-2019 |
| Reconciliation of Deferred Tax Liabilities (net) | | |
| Opening Balance as on 1 st April | 1,039.66 | 1198.66 |
| Tax Income / (Expenses) during the period recognised in Profit & Loss | (248.34) | (159.00) |
| MAT Credit Entitlement recognised in Profit and Loss / adjusted against Current Tax | (120.34) | — |
| Closing Balance as on 31 st March | <u>670.98</u> | <u>1,039.66</u> |

NOTE NO. 24

DEFERRED GOVERNMENT GRANT

| | | |
|-------------------|--------------|--------------|
| Government Grants | <u>43.39</u> | <u>46.72</u> |
|-------------------|--------------|--------------|

NOTE NO. 25

CURRENT BORROWINGS

Secured

| | | |
|------------------|-----------|----------|
| Loan from Banks* | 12,058.20 | 5,234.37 |
|------------------|-----------|----------|

Unsecured considered good

| | | |
|---|----------|----------|
| Loan repayable on Demand from Banks | 2,500.00 | 4,972.51 |
| Loan from Other Parties | 0.30 | 0.40 |
| Loans and Advances from Related Parties | 1,356.36 | 1,915.33 |

[Refer to Note No.45 (b) (ii)]

| | | |
|--|------------------|------------------|
| | <u>15,914.86</u> | <u>12,122.61</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

| | | |
|---|-----------------|-----------------|
| (i) Total Outstanding dues of micro enterprises and small enterprises | — | — |
| (ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises | 1,423.73 | 1,173.47 |
| Trade Payables | <u>1,423.73</u> | <u>1,173.47</u> |

Terms and conditions:

(a) There are no dues to micro and small enterprises as at 31-03-2020 (PY: Rs. NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(b) Refer to Note No 48 information about risk profile of Trade Payables under Financial Risk Management.

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

| | As at 31-03-2020 | As at 31-03-2019 |
|--|---------------------|---------------------|
| NOTE NO. 27 | | |
| OTHER CURRENT FINANCIAL LIABILITIES | | |
| Current Maturities of Long Term Loans | 3,032.96 | 3,032.81 |
| Unpaid Dividends | 7.70 | 10.55 |
| Ramaraju Memorial Fund | 378.47 | 349.47 |
| Liabilites for Other Finance | 650.32 | 665.80 |
| | <u>4,069.45</u> | <u>4,058.63</u> |
| NOTE NO. 28 | | |
| PROVISIONS, CURRENT | | |
| Provision for Employee Benefits | 187.20 | 299.85 |
| NOTE NO. 29 | | |
| REVENUE FROM OPERATION | | |
| Sale of Products | | |
| Yarn | 10,593.36 | 11,738.07 |
| Fabrics | 14,458.26 | 8,412.51 |
| Surgical Dressings | 3,674.37 | 3,936.69 |
| Waste Cotton | 582.25 | 563.29 |
| | <u>29,308.24</u> | 24,650.56 |
| Other operating Revenues | | |
| Export Incentive | 152.16 | 136.02 |
| Job Work Charges Received | 129.05 | 482.02 |
| | <u>29,589.45</u> | <u>25,268.60</u> |
| NOTE NO. 30 | | |
| FINANCE INCOME | | |
| Interest Receipts | 168.84 | 126.17 |
| NOTE NO. 31 | | |
| OTHER INCOME | | |
| Rent Receipts | 55.91 | 42.26 |
| Dividend Income | 206.09 | 114.81 |
| Government Grants | 3.34 | 3.34 |
| Exchange Gain on Foreign Currency Transactions (Net) | - | 53.67 |
| Profit on sale of Property, Plant and Equipment | 1,769.99 | - |
| Miscellaneous Income | 2.58 | 5.69 |
| | <u>2,037.91</u> | <u>219.77</u> |

| | (₹ in Lakhs) | |
|---|------------------|-------------------|
| | 2019-20 | 2018-19 |
| NOTE NO. 32 | | |
| COST OF MATERIALS CONSUMED | | |
| Raw Materials Consumed | | |
| Cotton, Cotton Waste, Yarn, Grey Fabrics & etc | <u>16,852.78</u> | <u>13,568.15</u> |
| NOTE NO. 33 | | |
| CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS | | |
| Opening Stock | | |
| Finished Goods | 4,376.66 | 2,901.05 |
| Work-in-Progress | <u>1,185.72</u> | <u>890.26</u> |
| | 5,562.38 | 3,791.31 |
| Closing Stock | | |
| Finished Goods | 4,954.18 | 4,376.66 |
| Work-in-Progress | <u>1,130.72</u> | <u>1,185.72</u> |
| Net (Increase) in Stock | <u>(522.52)</u> | <u>(1,771.07)</u> |
| NOTE NO. 34 | | |
| EMPLOYEE BENEFITS | | |
| Salaries and Wages and Bonus | 2,818.76 | 2,493.74 |
| Contribution to Provident and Other Funds | 220.10 | 326.34 |
| Staff and Labour Welfare & Training Expenses | 176.72 | 208.27 |
| | <u>3,215.58</u> | <u>3,028.35</u> |
| NOTE NO. 35 | | |
| FINANCE COST | | |
| Interest on Debts and Borrowings | 2,633.70 | 2,579.85 |
| Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing Cost | 140.72 | 75.60 |
| | <u>2,774.42</u> | <u>2,655.45</u> |
| NOTE NO. 36 | | |
| DEPRECIATION AND AMORTIZATION EXPENSES | | |
| Depreciation of Property, Plant and Equipment | 1,656.42 | 1,527.89 |
| Amortization of Intangible Assets | 0.70 | 1.11 |
| Depreciation on Investment Properties | 0.19 | 0.18 |
| | <u>1,657.31</u> | <u>1,529.18</u> |

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

| | 2019-20 | 2018-19 |
|---|-----------------|-----------------|
| NOTE NO. 37 | | |
| OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Power and Fuel | 2,708.04 | 2,915.71 |
| Stores Consumption | 355.20 | 392.72 |
| Packing Materials Consumption | 473.80 | 470.62 |
| Job work Charges Paid | 86.79 | 30.75 |
| Repairs to Buildings | 70.91 | 96.11 |
| Repairs to Plant and Machinery | 564.74 | 470.96 |
| Repairs - General | 580.70 | 553.22 |
| | 4,840.18 | 4,930.09 |
| Establishment Expenses | | |
| Managing Director's Remuneration | 205.72 | 197.62 |
| Rates and Taxes | 107.69 | 48.63 |
| Postage and Telephone | 12.52 | 15.68 |
| Printing and stationery | 13.52 | 20.34 |
| Travelling expenses | 39.08 | 67.34 |
| Vehicle maintenance | 74.94 | 78.72 |
| Insurance | 118.72 | 62.92 |
| Directors Sitting Fees | 7.40 | 7.35 |
| Rent | 23.90 | 29.47 |
| Audit and Legal Expenses | 29.66 | 22.22 |
| Loss on sale of Property, Plant & Equipment | - | 399.19 |
| Impairment Loss of Assets | - | 475.88 |
| Corporate Social responsibility Expenses | 33.89 | 8.71 |
| Miscellaneous Expenses | 88.43 | 139.42 |
| | 755.47 | 1,573.49 |
| Selling Expenses | | |
| Sales Commission | 221.39 | 343.67 |
| Export Expenses | 113.58 | 68.54 |
| Other Selling Expenses | 165.45 | 160.66 |
| | 500.42 | 572.87 |
| | 6,096.07 | 7,076.45 |

| | (₹ in Lakhs) | |
|--|-----------------|-----------------|
| | 2019-20 | 2018-19 |
| NOTE NO. 38 | | |
| AUDIT FEES AND EXPENSES | | |
| As Auditor | | |
| Audit fee | 1.60 | 1.35 |
| Tax audit fee | 0.50 | 0.30 |
| Scrutiniser Fee | 0.25 | 0.25 |
| In other capacity: | | |
| Other services (Certification fees) | 0.45 | 0.20 |
| | <u>2.80</u> | <u>2.10</u> |
| 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 | 745.54 | 398.59 |
| Tax effect on unabsorbed depreciation under Income Tax Act, 1961 | (380.27) | (638.39) |
| Tax effect on Provision for Bonus and Leave Encashment | (70.09) | 80.80 |
| Tax effect due to change of Tax Rate | (543.52) | - |
| | <u>(248.34)</u> | <u>(159.00)</u> |
| NOTE NO. 40 | | |
| INCOME TAX UNDER MAT | | |
| Accounting Profit before Income Tax | 1,002.09 | - |
| At India's statutory Income Tax Rate of 16.692% | 120.34 | - |
| Adjustments as per Income Tax | | |
| Net effective income tax | 120.34 | - |
| Adjustment of Tax in respected previous Year | - | - |
| Net effective Income tax reported in Profit & Loss | <u>120.34</u> | <u>-</u> |
| MAT CREDIT | | |
| Net effective Income tax | 120.34 | - |
| MAT Credit Withdrawn for earlier years | - | - |
| MAT Credit recognised in Profit and Loss | <u>120.34</u> | <u>-</u> |

DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

| | As at 31-03-2020 | As at 31-03-2019 |
|--|---------------------|---------------------|
|--|---------------------|---------------------|

NOTE NO. 41**COMMITMENTS**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)

| | | |
|--|------------|--------------|
| | <u>NIL</u> | <u>80.43</u> |
|--|------------|--------------|

NOTE NO. 42**CONTINGENT LIABILITIES**

| | | |
|--|--------|--------|
| Guarantees given by the bankers on behalf of company | 128.77 | 103.31 |
|--|--------|--------|

| | | |
|---|------|------|
| Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to - TNVAT | 8.45 | 8.45 |
|---|------|------|

- i. Income Tax Assessment have been completed upto the Accounting Year ended 31st March, 2017 i.e. AY 2017-18.
- ii. Sales Tax Assessment has been completed upto the Accounting year 2015-16. The Assessment under CST Act was completed upto the Accounting year 2017-18.
- iii. We have applied Amended Technology Upgradation Subsidy for our weaving expansion projects. Since Joint Inspection report is under process of Ministry of Textiles, we have not recognised the subsidy amount.
- iv. 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 ₹ 159.49 Lakhs (PY: ₹ 159.49 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.
- v. In respect of Sales Tax matters, appeals are pending with Deputy Commissioner (Commercial Tax - Appellate) for a demand amount of ₹ 8.45 Lakhs (PY: ₹ 8.45 Lakhs) towards appeal against ITC Reversal on 100% sales to Specific Economic Zone. 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. 43

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

Defined Contribution Plan:

| | | |
|--|--------|--------|
| Employer's Contribution to Provident Fund | 182.69 | 173.17 |
| Employer's Contribution to Superannuation Trust Fund | 22.13 | 17.70 |

Defined Benefit Plan - Gratuity

The Gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company read with Payment of Gratuity Act 1972. This is a defined benefit plan in nature. The Company makes annual contributions to "The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund" administered by the

(₹ in Lakhs)

2019-20

2018-19

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. The Company has the exposure of actuarial risk such as adverse salary growth, change in demography experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

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

Movements in the present value of define benefit obligation:

| | | |
|------------------------------------|---------------|---------------|
| Opening defined Benefit Obligation | 451.78 | 538.67 |
| Current Service Cost | 34.13 | 39.09 |
| Past Service Cost | NIL | NIL |
| Interest Cost | 32.64 | 37.58 |
| Actuarial (Gain) / Loss | 61.47 | (-) 88.55 |
| Benefits paid | (-) 51.39 | (-) 75.01 |
| Closing Defined Benefit obligation | <u>528.63</u> | <u>451.78</u> |

Movement in the Present Value of Plan Assets:

| | | |
|-----------------------------------|---------------|---------------|
| Opening Fair Value of Plan Assets | 526.59 | 528.74 |
| Expected Return on Plan Assets | 38.50 | 38.11 |
| Actuarial Gain / (Loss) | (-) 2.15 | 0.83 |
| Employer Contribution | 3.47 | 33.92 |
| Benefits Paid | (-) 51.39 | (-) 75.01 |
| Closing Fair Value of Plan Assets | <u>515.02</u> | <u>526.59</u> |

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

| | | |
|--|--------|-----------|
| Fair value of plan assets | 515.02 | 526.59 |
| Present value of obligation | 528.63 | 451.78 |
| Present value of Funded defined obligation | 13.61 | (-) 74.81 |

Cost of Defined Benefit Plan:

| | | |
|---|--------------|------------------|
| Current Service Cost | 34.12 | 39.09 |
| Interest Cost | (-) 5.86 | (-) 0.53 |
| Past Service Cost | NIL | NIL |
| Net Cost Recognized statement in the Income Statement | <u>28.26</u> | <u>38.56</u> |
| Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost) | 2.15 | (-) 0.83 |
| Actuarial (Gain) / Loss | 61.48 | (-) 88.55 |
| Net Cost recognized in the Other Comprehensive Income | <u>63.63</u> | <u>(-) 89.38</u> |

Major Categories of Plan Assets:

| | | |
|----------------|---------------|---------------|
| GOI Securities | NIL | NIL |
| Funds with LIC | 512.48 | 524.07 |
| Others | 2.54 | 2.52 |
| Total | <u>515.02</u> | <u>526.59</u> |

Actuarial Assumptions:

| | | |
|-----------------------------------|-------|-------|
| Discount rate P.A. | 6.65% | 7.66% |
| Rate of escalation in salary P.A. | 4.00% | 4.00% |

DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS



| | (₹ in Lakhs) | |
|---|--------------|------------|
| | 31-03-2020 | 31-03-2019 |
| Estimate of Expected Benefit payments | | |
| Year 1 | 14.42 | 30.61 |
| Year 2 | 37.63 | 33.66 |
| Year 3 | 25.44 | 26.61 |
| Year 4 | 38.12 | 24.21 |
| Year 5 | 63.95 | 31.28 |
| Next 5 Years | 268.13 | 270.84 |
| Quantitative Sensitivity Analysis for Significant Assumptions | | |
| 0.50% Increase in Discount Rate | 40.83 | 32.12 |
| 0.50% Decrease in Discount Rate | 46.59 | 36.32 |
| 0.50% Increase in Salary Growth Rate | 46.67 | 36.40 |
| 0.50% Decrease in Salary Growth Rate | 40.74 | 32.03 |
| The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation as significant actuarial assumptions source material (Projected unit credit method) has been applied as when calculating the defined benefit obligation recognised with in the Balance Sheet. | | |
| Details of Leave Encashment Plan (Unfunded) are as follows: | | |
| Movement in the Present Value of Defined Benefit Obligation: | | |
| Opening defined Benefit Obligation | 115.80 | 171.45 |
| Current Service Cost | 14.39 | 19.81 |
| Interest Cost | 7.81 | 12.09 |
| Actuarial (Gain) / Loss | 24.46 | (-) 67.03 |
| Benefits paid | (-) 27.60 | (-) 20.53 |
| Closing defined Benefit obligation | 134.86 | 115.79 |
| 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 | 27.60 | 20.53 |
| Benefits paid | (-) 27.60 | (-) 20.53 |
| Closing fair value of plan assets | NIL | NIL |
| Actual Return of Plan Assets: | | |
| Expected Return of Plan Assets | NIL | NIL |
| Actuarial Gain / (Loss) on Plan Assets | NIL | NIL |
| Actual Return on Plan Assets | NIL | NIL |

| | 31-03-2020 | (₹ in Lakhs) 31-03-2019 |
|---|------------|----------------------------|
| The amount included in the Statement of Financial position arising from the entity's obligation in respect of its Defined Benefit Plans: | | |
| Fair value of plan assets | NIL | NIL |
| Present value of obligation | 134.86 | 115.80 |
| Present value of Funded define obligation | 134.86 | 115.80 |
| Cost of Defined Benefit Plan: | | |
| Current Service Cost | 14.39 | 19.81 |
| Interest Cost | 7.81 | 12.09 |
| Actuarial (Gain) / Loss | 24.46 | (-) 67.03 |
| Net Cost recognized in the Income Statement | 46.66 | (-) 35.13 |
| Major Categories of Plan Assets: | | |
| GOI Securities | NIL | NIL |
| Funds with LIC | NIL | NIL |
| Bank Balance | NIL | NIL |
| Total | NIL | NIL |
| Actuarial Assumptions: | | |
| Discount rate p.a | 6.65% | 7.66% |
| Rate of escalation in salary p.a | 4.00% | 4.00% |
| Estimate of Expected Benefit Payments | | |
| Year 1 | 4.98 | 18.89 |
| Year 2 | 5.79 | 9.01 |
| Year 3 | 10.01 | 4.05 |
| Year 4 | 5.44 | 8.46 |
| Year 5 | 8.69 | 4.44 |
| Next 5 Years | 55.76 | 50.57 |
| Quantitative Sensitivity Analysis for Significant Assumptions | | |
| 0.50% Increase in Discount Rate | 17.19 | 13.64 |
| 0.50% Decrease in Discount Rate | 19.31 | 15.20 |
| 0.50% Increase in Salary Growth Rate | 19.34 | 15.22 |
| 0.50% Decrease in Salary Growth Rate | 17.16 | 13.61 |
| The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation as significant actuarial assumptions the same method (Projected unit credit method) has been applied as when calculating the defined benefit obligation recognised with in the Balance Sheet. | | |
| NOTE NO. 44 | | |
| EARNINGS PER SHARE | | |
| Net Profit / (Loss) after tax (₹ in Lakhs) (A) | 1,250.43 | (794.55) |
| Weighted average number of Equity shares [In Lakhs] (B) | 39.47 | 39.47 |
| Nominal value per equity share (in ₹) | 10.00 | 10.00 |
| Basic & Diluted Earnings per share (A)/(B) (in ₹) | 31.68 | (20.13) |

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 31st March, 2020:

a. Associate Companies

| Name of the Company | Country of Incorporation | % of Shareholding as at | |
|--------------------------------------|--------------------------|-------------------------|------------|
| | | 31-03-2020 | 31-03-2019 |
| M/s. The Ramco Cements Limited | India | 1.54 | 1.54 |
| M/s. Ramco Industries Limited | India | 0.16 | 0.16 |
| M/s. Ramco Systems Limited | India | 0.04 | 0.04 |
| M/s. Rajapalayam Mills Limited | India | 1.83 | 1.83 |
| M/s. Sri Vishnu Shankar Mill Limited | India | 0.75 | 0.75 |
| M/s. Sri Harini Textiles Limited | India | 49.67 | 49.67 |
| M/s. Shri Harini Media Limited | India | 2.65 | 2.65 |

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

| Name of the Key Management Personnel | Designation |
|--------------------------------------|-------------------------|
| Shri P.R. Venketrama Raja | Chairman |
| Smt. Nalina Ramalakshmi | Managing Director |
| Shri N.R.K. Ramkumar Raja | Managing Director |
| Shri K. Manoharan* | Nominee Director |
| Dr. M. Karunakaran** | Nominee Director |
| Shri N.K. Shrikantan Raja | Non-Executive Director |
| Shri P.J. Alaga Raja | Independent Director |
| Justice Shri P.P.S. Janarthana Raja | Independent Director |
| Shri V. Santhanaraman | Independent Director |
| Shri P.J. Ramkumar Rajha | Independent Director |
| Shri. P.A.B Raju | Independent Director |
| Shri. P.R. Ramasubramanian*** | Chief Financial Officer |
| Shri N. Vijay Gopal**** | Chief Financial Officer |
| Shri A. Emarajan | Company Secretary |

* Nomination withdrawan w.e.f 10-08-2019

** Appointed as Government Nominee Director w.e.f 13-08-2019

*** Resigned w.e.f 25-10-2019

**** Appointed w.e.f 12-02-2020



c. Relatives of Key Management Personnel

| Name of the Relative of KMP | Relationship |
|-----------------------------|---------------------------------------|
| Smt. R. Sudarsanam | Mother of Shri. P.R.Venketrama Raja |
| Smt. Saradha Deepa | Sister of Shri. P.R. Venketrama Raja |
| Smt. P.V. Nirmala | Spouse of Shri P.R. Venketrama Raja |
| Smt. B. Sri Sandhya Raju | Daughter of Shri P.R. Venketrama Raja |
| Shri N.K. Ramasuwamy Raja | Brother of Shri N.R.K. Ramkumar Raja |
| Shri N.R.K. Venkatesh Raja | Brother of Shri N.R.K. Ramkumar Raja |
| Smt. P.S. Ramani Devi | Sister of Shri N.R.K. Ramkumar Raja |

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

M/s. Sandhya Spinning Mill Limited
M/s. Rajapalayam Textile Limited
M/s. Ramco Windfarms Limited
M/s. N.R.K. Infra System Private Limited
M/s. Vincent Chemilab Private Limited
M/s. Digvijai Polytex Private Limited

e. Employee Benefit Funds where control exists

The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund
The Ramaraju Surgical Cotton Mills Limited Employees' Gratuity Fund

f. Other entities over which there is a significant influence

M/s. P.A.C.R. Sethurammam Charity Trust
M/s. N.R.K. Distribution Services
M/s Gowrihouse Metal Works LLP
M/s Gowrilakshmi Screws
Smt. Lingammal Ramaraju Shastra Prathishta Trust
P.A.C. Ramasamy Raja Education Charity Trust

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

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

(₹ in Lakhs)

| Name of the Related party | Value | |
|--|----------|----------|
| | 2019-20 | 2018-19 |
| i. Goods Supplied / Services rendered | | |
| Associates | | |
| M/s. Rajapalayam Mills Limited | 223.12 | 4.03 |
| M/s. Ramco Industries Limited | 600.07 | 161.89 |
| M/s. The Ramco Cements Limited | 0.43 | 0.26 |
| M/s. Sri Vishnu Shankar Mill Limited | 19.23 | 393.21 |
| M/s. Sri Harini Textiles Limited | 2,650.44 | 2,620.02 |

DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS



| Name of the Related party | Value | |
|--|----------|---------|
| | 2019-20 | 2018-19 |
| (₹ in Lakhs) | | |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| M/s. Sandhya Spinning Mill Limited | 176.15 | 343.22 |
| M/s. Rajapalayam Textile Limited | 1.99 | 0.02 |
| M/s. Digvijai Polytex Private Limited | 0.19 | NIL |
| Other entities over which there is a significant influence | | |
| M/s. Gowrihouse Metal Works LLP | 0.15 | 0.32 |
| ii. Sale of Fixed Assets | | |
| Associates | | |
| M/s. Ramco Industries Limited | NIL | 40.12 |
| M/s. Rajapalayam Mills Limited | 62.60 | 66.01 |
| M/s. Sri Vishnu Shankar Mill Limited | 14.26 | 71.98 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| M/s. Rajapalayam Textile Limited | 135.94 | NIL |
| iii. Cost of Goods & Services Purchased / Availed | | |
| Associates | | |
| M/s. The Ramco Cements Limited | 5.59 | 5.48 |
| M/s. Ramco Industries Limited | 368.00 | 45.46 |
| M/s. Ramco Systems Limited | 23.74 | 14.72 |
| M/s. Rajapalayam Mills Limited | 1,087.88 | 727.57 |
| M/s. Sri Vishnu Shankar Mill Limited | 452.11 | 847.97 |
| M/s. Shri Harini Media Limited | 5.51 | 5.15 |
| M/s. Sri Harini Textiles Limited | NIL | 171.91 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| M/s. Ramco Windfarms Limited | 310.08 | 325.97 |
| M/s. Sandhya Spinning Mill Limited | 762.00 | 221.80 |
| M/s. Rajapalayam Textile Limited | 559.72 | 335.08 |
| M/s. N.R.K. Infra Systems Private Limited | 7.08 | 6.91 |
| M/s. Vinvent Chemilab Private Limited | 1.36 | 1.94 |
| Other entities over which there is a significant influence | | |
| M/s. P.A.C.R. Sethurammam Charity Trust | 13.99 | 14.39 |
| M/s. N.R.K. Distribution Services | 64.60 | 67.66 |
| M/s. Gowrihouse Metal Works LLP | 0.03 | NIL |



| Name of the Related party | Value | |
|--|---------|---------|
| | 2019-20 | 2018-19 |
| (₹ in Lakhs) | | |
| iv. Purchase of Fixed Assets | | |
| Associates | | |
| M/s. Rajapalayam Mills Limited | 0.15 | 18.63 |
| M/s. Ramco Industries Limited | 18.22 | NIL |
| M/s. Sri Vishnu Shankar Mill Limited | 19.48 | NIL |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| M/s. Sandhya Spinning Mill Limited | 6.71 | NIL |
| M/s. Rajapalayam Textile Limited | NIL | 22.74 |
| v. Leasing Arrangements - Rent Paid | | |
| Key Managerial Personnel | | |
| Smt. Nalina Ramalakshmi | 0.72 | 0.69 |
| vi. Dividend Paid | | |
| Key Managerial Personnel | | |
| Shri P.R. Venketrama Raja | NIL | 0.03 |
| Smt. Nalina Ramalakshmi | NIL | 7.46 |
| Shri N.R.K. Ramkumar Raja | NIL | 0.73 |
| Associates | | |
| M/s. Rajapalayam Mills Limited | NIL | 0.02 |
| M/s. Sri Vishnu Shankar Mills Limited | NIL | 0.01 |
| Relatives of Key Management Personnel | | |
| Smt. R. Sudarsanam | NIL | 0.04 |
| Smt. Saradha Deepa | NIL | 0.04 |
| Shri N.K. Ramasuwamy Raja | NIL | 0.05 |
| Shri N.K. Shrikantan Raja | NIL | 0.06 |
| Shri N.R.K. Venkatesh Raja | NIL | 0.10 |
| Smt. P.S. Ramani Devi | NIL | 0.07 |
| vii. Dividend Received | | |
| Associates | | |
| M/s. The Ramco Cements Limited | 199.32 | 108.72 |
| M/s. Ramco Industries Limited | 1.36 | 0.68 |
| M/s. Rajapalayam Mills Limited | 5.41 | 5.41 |

DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS



| Name of the Related party | (₹ in Lakhs) | |
|--|--------------|------------|
| | 2019-20 | 2018-19 |
| viii. Interest Paid / (Received) | | |
| Key Managerial Personnel | | |
| Smt. Nalina Ramalakshmi | 140.41 | 178.25 |
| Shri N.R.K. Ramkumar Raja | 15.41 | 29.60 |
| Associates | | |
| M/s. Sri Harini Textiles Limited | (1.10) | (1.10) |
| ix. Director's Sitting Fees | | |
| Key Management Personnel | | |
| Shri P.R. Venketrama Raja | 0.55 | 0.70 |
| Smt. Nalina Ramalakshmi | 0.50 | 0.50 |
| Shri N.R.K. Ramkumar Raja | 0.75 | 0.55 |
| Shri N.K. Shrikantan Raja | 1.10 | 1.05 |
| Shri P.J. Alaga Raja | 0.95 | 0.95 |
| Justice Shri P.P.S. Janarthana Raja | 0.85 | 0.80 |
| Shri V. Santhanaraman | 0.65 | 0.65 |
| Shri P.J. Ramkumar Rajha | 1.10 | 1.05 |
| Shri K. Manoharan | NIL | 0.45 |
| Dr. M. Karunakaran | 0.30 | NIL |
| Shri P.A.B. Raju | 0.65 | 0.35 |
| x. Remuneration to Key Managerial Personnel (Other than Sitting Fees) | | |
| Smt. Nalina Ramalakshmi, Managing Director | 135.90 | 135.90 |
| Shri N.R.K. Ramkumar Raja, Managing Director | 69.82 | 61.72 |
| Shri P.R. Ramasubramanian, Ex. Chief Financial Officer | 26.18 | 31.44 |
| Shri N. Vijay Gopal, Chief Financial Officer | 10.47 | NIL |
| Shri A. Emarajan, Company Secretary | 8.51 | 8.27 |
| xi. Contribution to Superannuation Fund / Gratuity Fund | | |
| Other entities over which there is a significant influence | | |
| The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund | 22.13 | 17.71 |
| The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund | NIL | 20.00 |
| xii. Maximum amount of loans and advance / (borrowings) outstanding during the year | | |
| Key Managerial Personnel | | |
| Smt. Nalina Ramalakshmi | (1,670.83) | (1,949.78) |
| Shri N.R.K. Ramkumar Raja | (244.50) | (321.50) |
| Associates | | |
| M/s. Sri Harini Textiles Limited | 10.00 | 10.00 |



| | | (₹ in Lakhs) | |
|--|--|--------------|------------|
| Name of the Related party | | Value | |
| | | 2019-20 | 2018-19 |
| xiii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL | | | |
| Associates | | | |
| M/s. The Ramco Cements Limited | | 2.05 | 3.03 |
| xiv. CSR Donation given | | | |
| Other Entities over which there is a significant influence | | | |
| Smt Lingammal Ramaraju Sastra Prathista Trust | | 1.00 | 1.00 |
| P.A.C.Ramasamy Raja Education Charity Trust | | 3.16 | NIL |
| b. Outstanding balance including commitments | | | |
| i. Loans and Advances | | | |
| Companies over which KMP / Relative of KMP exercise significant Influence | | | |
| M/s. Sri Harini Textiles Limited | | 10.00 | 10.00 |
| ii. Borrowings | | | |
| Key Managerial Personnel | | | |
| Smt. Nalina Ramalakshmi | | (1,277.86) | (1,670.83) |
| Shri N.R.K. Ramkumar Raja | | (78.50) | (244.50) |
| iii. Outstanding balance on supply of goods / services | | | |
| Associates | | | |
| M/s. Sri Harini Textiles Limited | | 2,495.71 | NIL |
| iv. Security Deposit paid by virtue of Joint Ownership of shares with APGPCL | | | |
| Associates | | | |
| M/s. The Ramco Cements Limited | | 11.50 | 11.50 |
| c. Disclosure of Key Management Personnel compensation in total and for each of the following categories: | | | |
| Particulars | | 31-03-2020 | 31-03-2019 |
| Short - Term Benefits ⁽¹⁾ | | 232.08 | 217.49 |
| Defined Contribution Plan ⁽²⁾ | | 20.05 | 21.09 |
| Defined Benefit Plan / Other Long-Term Benefits ⁽³⁾ | | NIL | NIL |
| Total | | 252.13 | 238.58 |
| 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. | | | |

DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

46. Segment Information for the year ended 31st March, 2020 (₹ in lakhs)

| Particulars | Textiles | | Surgical | | Fabrics | | Windmill Power | | Total | |
|---|------------------|------------------|-----------------|-----------------|------------------|-----------------|----------------|---------------|------------------|------------------|
| | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 |
| REVENUE | | | | | | | | | | |
| External Sales / Other Operating Income | 11,142.30 | 12,256.76 | 3,737.51 | 3,982.58 | 14,709.63 | 9,029.26 | - | - | 29,589.44 | 25,268.60 |
| Inter Segment Sale | 2,485.17 | 1,821.96 | - | - | 675.31 | 660.73 | 880.73 | 961.58 | 4,041.21 | 3,444.27 |
| Total Sales | 13,627.47 | 14,078.72 | 3,737.51 | 3,982.58 | 15,384.94 | 9,689.99 | 880.73 | 961.58 | 33,630.65 | 28,712.87 |
| Other Income | 1,831.00 | 57.52 | 0.78 | 8.79 | 0.03 | 38.65 | - | - | 1,831.81 | 104.96 |
| Total Revenue | 15,458.47 | 14,136.24 | 3,738.29 | 3,991.37 | 15,384.97 | 9,728.64 | 880.73 | 961.58 | 35,462.46 | 28,817.83 |
| RESULT | | | | | | | | | | |
| Segment Result | 1,311.08 | (778.45) | 460.39 | 518.14 | 1,132.04 | 1,120.49 | 498.07 | 569.51 | 3,401.58 | 1,429.69 |
| Unallocated Income | | | | | | | | | 206.09 | 114.81 |
| Operating Profit | | | | | | | | | 3,607.67 | 1,544.50 |
| Interest Expenses | | | | | | | | | 2,774.42 | 2,655.45 |
| Interest Income | | | | | | | | | 168.84 | 126.17 |
| Provision for Taxation | | | | | | | | | 120.34 | - |
| Current Tax | | | | | | | | | (248.34) | (159.00) |
| Deferred Tax | | | | | | | | | (120.34) | - |
| MAT Credit entitlement | | | | | | | | | 1,250.43 | (825.78) |
| Income Tax related to earlier Years | | | | | | | | | (63.63) | 89.38 |
| Profit from ordinary activities | | | | | | | | | 1.58 | 2.64 |
| Other Comprehensive Income | | | | | | | | | 1,188.38 | (733.76) |
| Fair Value Gain on Equity Instruments | | | | | | | | | | |
| Net Profit | | | | | | | | | | |
| OTHER INFORMATION | | | | | | | | | | |
| Segment Assets | 20,190.46 | 19,291.96 | 1,964.46 | 1,966.87 | 16,182.46 | 14,921.13 | 1,670.12 | 1,811.79 | 40,007.50 | 37,991.75 |
| Unallocated Assets | | | | | | | | | 1,110.98 | 1,108.65 |
| Total Assets | 20,190.46 | 19,291.96 | 1,964.46 | 1,966.87 | 16,182.46 | 14,921.13 | 1,670.12 | 1,811.79 | 41,118.48 | 39,100.40 |
| Segment Liabilities | 21,477.44 | 19,300.62 | 3,560.61 | 3,226.54 | 8,563.74 | 10,244.93 | - | - | 33,601.79 | 32,772.09 |
| Unallocated Liabilities | | | | | | | | | - | - |
| Total Liabilities | 21,477.44 | 19,300.62 | 3,560.61 | 3,226.54 | 8,563.74 | 10,244.93 | - | - | 33,601.79 | 32,772.09 |
| Capital Expenditure | 97.55 | 1,007.14 | 758.16 | 134.31 | 2,135.45 | 5,914.50 | - | - | 2,991.16 | 7,055.95 |
| Unallocated Capital Expenditure | | | | | | | | | - | - |
| Depreciation | 711.26 | 753.36 | 81.39 | 75.23 | 720.76 | 558.92 | 143.90 | 141.67 | 1,657.31 | 1,529.18 |
| 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.

Financial Instruments by category

(₹. in Lakhs)

| Particulars | Amortised Cost | FVTPL | FVTOCI | Carrying Amount | Fair Value |
|---|----------------|-------|--------|-----------------|------------|
| As at 31-03-2020 | | | | | |
| Financial Assets | | | | | |
| Investments In Preference Shares | 840.00 | – | – | 840.00 | 840.00 |
| Other Investments | 13.19 | – | 1.58 | 14.77 | 14.77 |
| Loans | 10.00 | – | – | 10.00 | 10.00 |
| Trade Receivables | 5,577.25 | – | – | 5,577.25 | 5,577.25 |
| Cash and Cash Equivalents | 167.50 | – | – | 167.50 | 167.50 |
| Bank Balance other than Cash and Cash Equivalents | 7.70 | – | – | 7.70 | 7.70 |
| Other Financial Assets | 117.00 | – | – | 117.00 | 117.00 |
| Financial Liabilities | | | | | |
| Borrowings | 15,914.86 | – | – | 15,914.86 | 15,914.86 |
| Trade Payables | 1,423.73 | – | – | 1,423.73 | 1,423.73 |
| Other Financial Liabilities | 4,069.45 | – | – | 4,069.45 | 4,069.45 |
| As at 31-03-2019 | | | | | |
| Financial Assets | | | | | |
| Investments In Preference Shares | 840.00 | – | – | 840.00 | 840.00 |
| Other Investments | 9.81 | – | 2.64 | 12.45 | 12.45 |
| Loans | 10.00 | – | – | 10.00 | 10.00 |
| Trade Receivables | 3,753.41 | – | – | 3,753.41 | 3,753.41 |
| Cash and Cash Equivalents | 140.11 | – | – | 140.11 | 140.11 |
| Bank Balance other than Cash and Cash Equivalents | 10.55 | – | – | 10.55 | 10.55 |
| Other Financial Assets | 139.33 | – | – | 139.33 | 139.33 |
| Financial Liabilities | | | | | |
| Borrowings | 12,122.61 | – | – | 12,122.61 | 12,122.61 |
| Trade Payables | 1,173.44 | – | – | 1,173.44 | 1,173.44 |
| Other Financial Liabilities | 4,058.63 | – | – | 4,058.63 | 4,058.63 |

DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS
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.

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 |
|--|---------|---------|---------|-------|
| Financial Instruments at FVTOCI | | | | |
| Investment in unlisted securities | | | | |
| As at 31-03-2020 | – | – | 14.77 | 14.77 |
| As at 31-03-2019 | – | – | 12.45 | 12.45 |

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 / Mutual Funds | Market Value | Closing Price as at reporting date in Stock Exchange. |
| Investment in Unlisted securities | Adjusted Net Assets | Net Assets value as per Balance Sheet of respective Companies as at reporting date. |
| Foreign exchange forward contracts | Mark to Market | Based on MTM valuations provided by the Banker. |

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.

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 31-03-2020 | Due less than 45 days | 46 to 90 days | More than 90 days | Total |
|--|-----------------------|---------------|-------------------|----------|
| Gross carrying amount | 2,435.51 | 963.71 | 2,178.03 | 5,577.25 |
| Expected Loss Rate | 0% | 0% | 0% | 0% |
| Expected Credit Losses | 0% | 0% | 0% | 0% |
| Carrying amount of trade receivables net of impairment | 2,435.51 | 963.71 | 2,178.03 | 5,577.25 |

(₹ in Lakhs)

| As at 31-03-2019 | Due less than 45 days | 46 to 90 days | More than 90 days | Total |
|--|-----------------------|---------------|-------------------|----------|
| Gross carrying amount | 2,661.28 | 858.33 | 233.80 | 3,753.41 |
| Expected Loss Rate | 0% | 0% | 0% | 0% |
| Expected Credit Losses | 0% | 0% | 0% | 0% |
| Carrying amount of trade receivables net of impairment | 2,661.28 | 858.33 | 233.80 | 3,753.41 |

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.

DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**Fund Management**

Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. The Company has laid well defined policies and procedures facilitated by robust information system for timely and qualitative decision making by the management including its day to day operations.

Financial Arrangements

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

| Particulars | 31-03-2020 | 31-03-2019 |
|-------------------------------------|------------|------------|
| Expiring within one year | | |
| Bank Overdraft and other facilities | 3,676 | 3,618 |
| Term Loans | NIL | 2,504 |

Maturities of Financial Liabilities(₹ in Lakhs)

| Nature of Financial Liability | < 1 Year | 1 - 5 Years | >5 years | Total |
|--|----------|-------------|----------|-----------|
| As at 31-3-2020 | | | | |
| Borrowings from Banks | 3,032.96 | 10,897.48 | - | 13,930.44 |
| Trade payables | 1,423.73 | - | - | 1,423.73 |
| Other Financial Liabilities (Incl. Interest) | 1,036.49 | - | - | 1,036.49 |
| As at 31-3-2019 | | | | |
| Borrowings from Banks | 3,032.81 | 13,787.58 | - | 16,820.39 |
| Trade payables | 1,173.47 | - | - | 1,173.47 |
| Other Financial Liabilities (Incl. Interest) | 1,025.82 | - | - | 1,025.82 |

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.

Cash flow and fair value interest rate risk

Interest rate risk arises from long term borrowings with variable rates which exposed the company to cash flow interest rate risk. The Company's fixed rate borrowing are carried at amortized cost and therefore are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of the change in market interest rates. The Company is exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing, which is mainly addressed through the management of the fixed/floating ratio of financial liabilities. The Company constantly monitors credit markets to strategize



a well-balanced maturity profile in order to reduce both the risk of refinancing and large fluctuations of its financing cost. The Company believes that it can source funds for both short term and long term at a competitive rate considering its strong fundamentals on its financial position.

Interest rate risk exposure

(₹ in Lakhs)

| Particulars | 31-03-2020 | 31-03-2019 |
|--------------------------|------------|------------|
| Variable Rate Borrowings | 13,930.44 | 16,820.39 |
| Fixed Rate Borrowings | - | - |

The Company does not have any interest rate swap contracts.

Sensitivity on Interest rate fluctuation

| Incremental Interest Cost works out to | 31-03-2020 | 31-03-2019 |
|--|------------|------------|
| 1% Increase in Interest Rate | 139.30 | 168.20 |

NOTE NO. 49

IMPACT OF COVID - 19:

- (i) Due to outbreak of Covid-19 in India and consequent implementation of lockdown of industries during the month of March, 2020, the market price of Cotton had fallen by 5% due to poor market demand. The Company has made a provision for diminution in stock value of cotton to the extent of ₹ 149.83 Lakhs. Starting from April, 2020, the Cotton Corporation of India (CCI) has started selling the cotton by offering huge discount due to extended lockdown announced by Government of India and the market price of cotton had fallen further by another 10%.
- (ii) In view of the lock-down declared across the country by the Central / State Governments due to COVID-19 pandemic during second half of March 2020, the company's operations were adversely impacted. The operations have since resumed in a phased manner during April / May 2020 in accordance with the guidelines issued by the relevant regulatory authorities with regard to adhering of social distancing and following prescribed hygiene standards. The Company continues to comply with such guidelines from time to time.

The Company has sufficient liquidity / financing arrangements for the continuity of business operations. The lock-down due to COVID-19 is continuing with certain relaxations in FY 2020-21 and the Company is continuing its operations with lower demand. The Company expects the demand for yarn to get back to its normal levels, based on further relaxations that would be announced by the Central and State Governments, in the course of time. The Company has assessed the potential impact of COVID-19 based on the current circumstances and expects no significant impact on the continuity of operations of the business on long-term basis. The Company does not have any material risk of non-fulfilment of obligations by any party arising out of existing contracts / agreements.

The Company has exercised due care in determining its significant accounting judgements and estimates while preparing its financial statements including internal controls over financial reporting. As per the current assessment of the Company, there is no material impact on the carrying values of trade receivables and other financial / non-financial assets as at the reporting date. The Company continues to closely monitor the developments in economic conditions and assess its impact. However, the final impact may differ from the current estimates made as at the date of approval of the financial statements for the year ended 31-03-2020 considering the prevailing uncertainties.

NOTE NO. 50

DISCLOSURES PERTAINING TO ADOPTION OF NEW STANDARD OF IND AS 116, LEASES

Consequent to the introduction of Ind AS 116 on Leases replacing the old standard Ind AS 17, the company has applied Ind AS 116 using modified retrospective approach with the date of initial application of 1st April, 2019. Thus, the company has changed its accounting policy and measured lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and recognize Right-of-Use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, if any, relating to that lease recognized in the balance sheet immediately before the date of initial application.

In case of short-term leases, whose lease term is 12 months or less, the Company as a lessee opted to recognize the lease payments associated with those leases as an expense on a straight-line basis over the lease term. Further, the company, as a lessee, opted not to apply the requirements whose lease term ends within 12 months from date of initial application. In this case, the Company account for those leases in the same way as short-term leases.

COMPANY AS A LESSEE

Nature of leasing activities

The Company has entered into operating lease on building. Lease rentals are determined based on agreed terms. There is escalation clause in certain lease agreements after a specified period and no restriction imposed by the lease arrangements.

Other disclosures as required by Ind AS 116:

(₹ in Lakhs)

| Particulars | 31-03-2020 |
|--|-------------------|
| Depreciation charge for Right-of-use asset | 11.06 |
| Interest on lease liabilities | NIL |
| Expenses relating to short-term leases | NIL |
| Total cash outflow for leases including principal and interest | NIL |
| Additions to Right-of-use assets upon transition to Ind AS 116 | NIL |
| Carrying amount of Right-of-use assets at 31st March | 57.38 |

Notes: (a) The Company has capitalized one time non-refundable upfront charge for Right-to-Use of Building during the year ₹ 68.44 Lakhs (PY: NIL).

(b) Expenses relating to Short-term lease include leases whose lease term ends within 12 months from date of initial application and leases whose non-cancellable period is less than 12 months, irrespective of the actual tenure agreed as per the arrangement.

COMPANY AS A LESSOR

The Company has entered into operating leases on Machinery. The Company has not entered into any Finance leases. Future minimum rental receivable under non-cancellable operating leases as at the reporting date is given below:

(₹ in Lakhs)

| Particulars | 31-03-2020 |
|--------------------|-------------------|
| One to five years | 55.76 |

NOTE NO. 51

EVENTS AFTER THE REPORTING PERIOD - DISTRIBUTION MADE AND PROPOSED

| Particulars | (₹ in Lakhs) | |
|--|--------------|------------|
| | 31-03-2020 | 31-03-2019 |
| Proposed Dividends on Equity Shares | | |
| Final Dividend for the year ended 31 st March, 2020: ₹ 1/- per share (PY: ₹ 4/- per share) | 19.73 | - |
| Dividend Distribution Tax on Proposed Dividend | - | - |

NOTE NO. 52

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 | (₹ in Lakhs) | |
|---|------------------|------------|
| | 31-03-2020 | 31-03-2019 |
| Long Term Borrowings | 10,897.48 | 13,787.58 |
| Current maturities of Long Term borrowings | 3,032.96 | 3,032.81 |
| Short Term Borrowings | 15,914.86 | 12,122.61 |
| Less: Cash and Cash Equivalents | 175.20 | 150.66 |
| Net Debt (A) | 29,670.10 | 28,792.34 |
| Equity Share Capital | 394.66 | 394.66 |
| Other Equity | 7,122.03 | 5,933.65 |
| Total Equity (B) | 7,516.69 | 6,328.31 |
| Total Capital Employed (C) = (A) + (B) | 37,186.79 | 35,120.65 |
| Capital Gearing Ratio (A) / (C) | 80% | 82% |

In order to achieve the 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 31-03-2020 and 31-03-2019.

As per our report annexed

On behalf of the Board of Directors

For N.A. JAYARAMAN & CO
Chartered Accountants
Firm Registration No. 001310S
R. PALANIAPPAN
Partner
Membership No. 205112
Chennai
24th June, 2020

Shri P.R. VENKETRAMA RAJA
CHAIRMAN

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

A. EMARAJAN
COMPANY SECRETARY



CONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Members of M/s The Ramaraju Surgical Cotton Mills Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated financial statements of THE RAMARAJU SURGICAL COTTON MILLS LIMITED ("the Company"), and the share of profits and total comprehensive income of its associates comprising of the consolidated balance sheet as at 31st March 2020, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

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, of their consolidated state of affairs of the Company as at March 31, 2020, and the consolidated profit, and its consolidated cash flows for the year ended and consolidated changes in the equity on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note No. 50 to the consolidated financial results, which describes the uncertainties and the impact of the COVID-19 pandemic on the company's operations and results as assessed by the management. The Management has assessed that consequent lockdown announced by Central / State Governments, the demand for Cotton has come down and the Cotton prices have fallen by more than 20%. Due to the reduction in the market price of Cotton, a provision for Mark To Market Loss of ₹ 149.83 Lakhs in the carrying cost of Cotton inventory has been made in the financial statements. Other than the above there is no material impact on the financial statements

due to lockdown and related restrictions imposed towards controlling the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

The auditors of respective companies have reported an Emphasis of matter in this regard in their reports of the respective companies. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S.No. | Key Audit Matter | Auditor's Response |
|-------|--|---|
| 1. | <p>Adoption of Ind AS 116 Leases</p> <p>The Company has adopted Ind As 116 with effect from 1st April 2019 using Modified Retrospective Approach. The application and transition to this new accounting standard is complex and involves significant judgment and estimates made by the management which includes measuring of liability for all leases.</p> <p>The company has adopted the Modified Retrospective Approach method for transition to Ind AS 116, consequently comparative figures for the previous years have not been restated and continue to report under Ind AS 17.</p> <p>(Refer to Note No. 5 G to the Consolidated Financial Statements)</p> | <p>Principal Audit Procedures</p> <p>Our Audit procedures involved review of the company's Ind AS 116 implementation process, and key judgments made by management evaluation of lease agreements / arrangements on sample basis and comparison of the same with management's evaluation and assessment. We also evaluated the computation of lease liabilities and the discount rates adopted.</p> <p>Our tests on sample basis focused on reviewing the key terms and conditions of the lease agreements and obtaining evidence for the estimated useful live of right of use assets.</p> <p>Further more we assessed the adequacy and appropriateness of the disclosures the Consolidated financial statements.</p> |
| 2. | <p>Recognition and measurement of deferred taxes</p> <p>The recognition and measurement of deferred tax items requires determination of differences between the recognition and the measurement of assets, liabilities, income and</p> | <p>Principal Audit Procedures</p> <p>The key matter was addressed by performing audit procedures which involved assessment of underlying process and evaluation of internal financial controls with respect to measurement of deferred tax and</p> |



| S.No. | Key Audit Matter | Auditor's Response |
|-----------|---|---|
| | <p>expenses in accordance with the Income Tax Act and other applicable tax laws including application of ICDS and financial reporting in accordance with Ind AS.</p> <p>Assessment of Deferred Tax Assets is done by the management at the close of each financial year taking into account forecasts of future taxable results.</p> <p>We have considered the assessment of deferred tax liabilities and assets as a key matter due to the importance of management's estimation and judgment and the materiality of amounts.</p> <p>(Refer to Note No. 5 D (iv), (v), (vi) & (vii) and 6(iv) to the Consolidated Financial Statements)</p> | <p>re-performance of calculations and assessment of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable financial reporting standards.</p> <p>Further more, we assessed the adequacy and appropriateness of the disclosures in the consolidated financial statements.</p> |
| <p>3.</p> | <p>Evaluation of uncertain Tax Position / Other contingent liabilities</p> <p>The Company has material uncertain tax position in respect of possible or actual taxation disputes, litigations and claims. The provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various legal forums.</p> <p>(Refer to Note No. 5(O) (iv) & 6 (vi) to the Consolidated Financial Statements)</p> | <p>Principal Audit Procedures</p> <p>The Audit addressed this Key Audit Matter by assessing the adequacy of tax Provisions by reviewing the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes.</p> <p>We reviewed the significant litigations and claims and discussed with the Company's legal counsel, external advisors about their views regarding the likely outcome and magnitude of and exposure to relevant litigation and claims.</p> <p>Further more we assessed the adequacy and appropriateness of the disclosures in the Standalone financial statements.</p> |
| <p>4.</p> | <p>Existence and impairment of Trade Receivables</p> <p>Trade Receivables are significant to the Company's financial statements. The Collectability of trade receivables is a key element of the company's working capital</p> | <p>Principal Audit Procedures:</p> <p>We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the</p> |

| S.No. | Key Audit Matter | Auditor's Response |
|-------|--|---|
| | <p>management, which is managed on an ongoing basis by its management. Due to the nature of the Business and the requirements of customers, various contract terms are in place, there is a risk that the carrying values may not reflective of their recoverable amounts as at the reporting date, which would require an impairment provision. Where there are indicators of impairment, the company undertakes assessment of the recoverability of the amounts. Given the magnitude and inherent uncertainty involved in the judgment, involved in estimating impairment assessment of trade receivables, we have identified this as a key audit matter.</p> <p>(Refer to Note No. 5(T)(vii), 5(V)(vi)(b) and 6(vii) to the Consolidated Financial Statements)</p> | <p>subsequent payments received. Assessing the impact of impairment on trade receivables requires judgment and we evaluated management's assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.</p> <p>We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures.</p> <p>Further more we assessed the adequacy and appropriateness of the disclosures in the consolidated financial statements.</p> |

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

The Company's management and board of directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies



Act, 2013 that give a true and fair view of the consolidated state of affairs, consolidated profit / loss including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the Company including its Associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the each entity 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the Company and of its associates are responsible for assessing the ability of the Company and its associates 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 entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its Associates are responsible for overseeing the financial reporting process of each entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness this assumptions. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Company and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.



We communicate with those charged with governance of company and such other entities included in the consolidated financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

- a) The consolidated financial statements also include the Company's share of net profit after tax of ₹ 204 Lakhs and ₹ 944 Lakhs for the quarter ended 31st March 2020 and for the period from 01st April 2019 to 31st March 2020 respectively as considered in the consolidated audited financial statements in respect of all the seven the associates. The financial results / financial information of one associate have been audited by us along with another joint auditor and six associates has been audited by an Independent Auditor, whose reports have been furnished to us by the management and our report on the consolidated financial statements in so far as it relates to the amounts that have been derived from such audited financial statements is solely based on the reports of the other auditors.
- b) Our attendance at the physical inventory verification done by the management was impracticable under the current lockdown restrictions imposed by the government. Consequently, we have performed alternative procedures to audit on the existence and condition of inventory at year end as per the guidance provided in SA-501 "Audit Evidence - Specific considerations for selected items" and have obtained sufficient audit evidence to issue our un-modified opinion on these consolidated financial statements.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS 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 of the Company as on 31st March 2020 taken on record by the Board of Directors of the Company and the report of the statutory auditors of its associates incorporated in India, none of the Directors of the Company and its associates incorporated in India is disqualified as on 31st March 2020 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's reports of the company and its Associates incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reason stated there in.
- (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 best of our information and according to the explanations given to us, the remuneration paid to the directors during the current year by the Company and its associates which are incorporated in India is in accordance with the provision of section 197 (16) of the Act. The remuneration paid to any director by the company and its associates which are incorporated in India, is not in excess of limit laid down under section 197 read with schedule V to the Companies Act, 2013. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.



(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended;

In our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its associates.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associate companies incorporated in India during the year ended 31st March 2020.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
Firm Registration No. 001310S

R. PALANIAPPAN
Partner

Membership No. 205112
UDIN: 20205112AAAAFA6719

Chennai,
24th June, 2020.

“ANNEXURE - A” TO THE INDEPENDENCE AUDITORS' REPORT

Referred to in Paragraph (g) of Report on Other Legal and Regulatory Requirements of our Report of even date to the Financial Statements of the Company for the year ended 31st March, 2020.

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

In conjunction with our audit of the consolidated financial statements of THE RAMARAJU SURGICAL COTTON MILLS LIMITED (The Company) as of and for the year ended 31st March 2020, we have audited the internal financial controls over financial reporting of the Company and its associates which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Company and its associate companies which are companies incorporated in India, are 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 ("Guidance Note") 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 Act.

Auditors' Responsibility

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



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports and the information and explanation provided by the management is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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, based on the test checks conducted by us, the Company and its associate companies which are companies incorporated in India, have, in all material respects, reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were prima facie operating effectively as at 31st March 2020, based on the 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.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
Firm Registration No. 001310S

R. PALANIAPPAN

Partner

Membership No. 205112

UDIN: 20205112AAAAFA6719

Chennai,
24th June, 2020.



| | Note No. | As at 31-03-2020 | (₹ in Lakhs) | |
|--|----------|------------------|------------------|------------------|
| | | | As at 31-03-2019 | |
| ASSETS | | | | |
| (1) Non-Current Assets | | | | |
| Property, Plant & Equipments | 7 | 24,045.40 | 22,804.12 | |
| Capital Work-in-Progress | | 26.63 | 10.48 | |
| Investment Property | 8 | 5.99 | 1,064.17 | |
| Intangible Assets | 7 | 6.11 | 6.81 | |
| Investments in Associates | 9 | 17,231.66 | 16,501.55 | |
| Financial Assets | | | | |
| Other Investments | 9 | 14.77 | 12.45 | |
| Loans | 10 | 10.00 | 10.00 | |
| Other Financial Assets | 11 | 537.47 | 426.31 | |
| Other Non Current Assets | 12 | 90.31 | 274.43 | |
| Asset held for Sale | 13 | - | 388.83 | |
| | | 41,968.34 | | 41,499.15 |
| (2) Current assets | | | | |
| Inventories | 14 | 8,315.54 | 8,217.88 | |
| Financial Assets | | | | |
| Trade Receivables | 15 | 5,577.25 | 3,753.41 | |
| Cash and Cash Equivalants | 16 | 167.50 | 140.11 | |
| Bank Balance other than Cash and Cash Equivalents | 17 | 7.70 | 10.55 | |
| Other Financial Assets | 18 | 117.00 | 139.33 | |
| Other Current Assets | 19 | 1,100.60 | 745.31 | |
| | | 15,285.59 | | 13,006.59 |
| | | 57,253.93 | | 54,505.74 |
| TOTAL ASSETS | | | | |
| EQUITY AND LIABILITIES | | | | |
| (1) Equity | | | | |
| Equity Share capital | 20 | 394.65 | 394.65 | |
| Other Equity | 21 | 23,257.48 | 21,339.00 | |
| Total Equity | | 23,652.13 | | 21,733.65 |
| (2) Non-current Liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 22 | 10,897.48 | 13,787.58 | |
| Lease Liability | | 61.07 | - | |
| Provisions | 23 | 137.69 | 154.38 | |
| Deferred Tax Liabilities (Net) | 24 | 670.98 | 1,039.66 | |
| Deferred Government Grant | 25 | 43.39 | 46.72 | |
| | | 11,810.61 | | 15,028.34 |
| (3) Current Liabilities | | | | |
| Financial Liabilities | | | | |
| Borrowings | 26 | 15,914.86 | 12,122.61 | |
| Trade Payable | | | | |
| i) Total outstanding dues of micro enterprises and small enterprises | | | - | - |
| ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 27 | 1,423.74 | 1,173.47 | |
| Other Financial Liabilities | 28 | 4,069.45 | 4,058.63 | |
| Provisions | 29 | 187.20 | 299.85 | |
| Liabilities for Current Tax | | 195.94 | 89.19 | 17,743.75 |
| TOTAL | | 57,253.93 | | 54,505.74 |
| Significant Accounting Policies, Judgements and Estimates | 1 - 6 | | | |
| See accompanying notes to the financial statements. | 7 - 53 | | | |

As per our report annexed

On behalf of the Board of Directors

For N.A. JAYARAMAN & CO
Chartered Accountants
Firm Registration No. 001310S
R. PALANIAPPAN
Partner
Membership No. 205112
Chennai
24th June, 2020

Shri P.R. VENKETRAMA RAJA
CHAIRMAN

N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

A. EMARAJAN
COMPANY SECRETARY

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020



THE RAMARAJU
SURGICAL COTTON
MILLS LIMITED

| | | (₹ in Lakhs) | |
|--|-------------|----------------------------------|----------------------------------|
| | Note No. | For the Year Ended 31-03-2020 | For the Year Ended 31-03-2019 |
| REVENUE | | | |
| I | 30 | 29,589.45 | 25,268.60 |
| II | 31 | 168.84 | 126.17 |
| III | 32 | 1,831.82 | 104.96 |
| IV | | <u>31,590.11</u> | <u>25,499.73</u> |
| V EXPENSES | | | |
| | 33 | 16,852.78 | 13,568.15 |
| | | 720.47 | 512.81 |
| | 34 | (522.52) | (1771.07) |
| | 35 | 3,215.58 | 3,028.35 |
| | 36 | 2,774.42 | 2,655.45 |
| | 37 | 1,657.31 | 1,529.18 |
| | 38 | 6,096.07 | 7,178.18 |
| V | | <u>30,794.11</u> | <u>26,701.05</u> |
| VI | | 796.00 | (1,201.32) |
| VII Income Tax Expenses / (Savings) | | | |
| | | 130.96 | - |
| | | (379.30) | (190.23) |
| VIII | | <u>1,044.34</u> | <u>(1,011.09)</u> |
| VIII Profit / (Loss) for the year before share of Profit (Loss) of Associates (VI- VII) | | | |
| IX | | 943.96 | 985.01 |
| X | | <u>1,988.30</u> | <u>(26.08)</u> |
| XI Other Comprehensive Income | | | |
| Item that will not be reclassified subsequently to Profit and Loss: | | | |
| | | (63.63) | 89.38 |
| | | (10.62) | 31.23 |
| | | 10.62 | 58.15 |
| | | (63.63) | 2.64 |
| | | 1.58 | 60.79 |
| | | (62.05) | (3.09) |
| | | (7.77) | 57.70 |
| | | (69.82) | 31.62 |
| XII | | <u>1,918.48</u> | <u>31.62</u> |
| XII Total Comprehensive Income for the year, net of tax (X-XI) | | | |
| XIII | | <u>50.26</u> | <u>(0.66)</u> |
| XIII Earnings per Equity Share of ₹ 10/- each | | | |
| (Basic & Diluted) (in Rupees) (Refer to Note No.46) | | | |
| | | 1 - 6 | |
| | | 7 - 53 | |

As per our report annexed

On behalf of the Board of Directors

For N.A. JAYARAMAN & CO
Chartered Accountants
Firm Registration No. 001310S
R. PALANIAPPAN
Partner
Membership No. 205112
Chennai
24th June, 2020

Shri P.R. VENKETRAMA RAJA
CHAIRMAN

N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

A. EMARAJAN
COMPANY SECRETARY



A. Equity Share Capital

(in Lakhs)

| Equity Shares of ₹ 50/- each issued, subscribed and fully paid | No. of Shares | Amount |
|--|---------------|--------|
| Balance as at 01-04-2019 | 39.46 | 394.65 |
| Changes in Equity Share Capital during the year 2018-19 | | |
| Balance as at 31-03-2019 | 39.46 | 394.65 |
| Changes in Equity Share Capital during the year 2019-20 | | |
| Balance as at 31-03-2020 | 39.46 | 394.65 |

B. Other Equity

(₹ in Lakhs)

| Particulars | Reserves and Surplus | | | | Items of OCI | | Total Other Equity |
|---|----------------------|----------------------------------|-----------------|-------------------|---------------------------|--|--------------------|
| | Capital Reserve | Capital Reserve on Consolidation | General Reserve | Retained Earnings | FVTOCI Equity Instruments | Re-measurements of Defined Benefit Obligations | |
| Other Equity as at 1st April 2018 | 17.63 | 11,406.43 | 7,216.30 | 2,690.81 | - | - | 21,331.17 |
| Financial Year 2018-19 | | | | | | | |
| Add: Profit for the year | - | - | - | (26.08) | 2.64 | - | (23.44) |
| Add: Other Comprehensive Income | - | - | - | - | - | 55.06 | 55.06 |
| Total Comprehensive Income | - | - | - | (26.08) | 2.64 | 55.06 | 31.62 |
| Less: Cash Dividend & Tax on Dividend | - | - | - | (23.79) | - | - | (23.79) |
| Less: Transfer to Retained Earnings | - | - | - | 55.06 | - | (55.06) | - |
| Less: Capital Reserve adjusted on De-classification of Associates | - | (78.65) | - | 78.65 | - | - | - |
| Less: Transfer to General Reserve | - | - | - | 700.00 | - | - | 700.00 |
| Add: Transfer from Retained Earnings | - | - | (700.00) | - | - | - | (700.00) |
| Other Equity as at 31st March 2019 | 17.63 | 11,327.78 | 6,516.30 | 3,474.65 | 2.64 | - | 21,339.00 |
| Financial Year 2019-20 | | | | | | | |
| Add: Profit for the year | - | - | - | 1,988.30 | 1.58 | - | 1,989.88 |
| Add: Other Comprehensive Income | - | - | - | - | - | (71.40) | (71.40) |
| Total Comprehensive Income | - | - | - | 1,988.30 | 1.58 | (71.40) | 1,918.48 |
| Less: Transfer from OCI | - | - | - | (71.40) | - | 71.40 | - |
| Other Equity as at 31st March 2020 | 17.63 | 11,327.78 | 6,516.30 | 5,391.55 | 4.22 | - | 23,257.48 |

| | (₹ in Lakhs) | |
|--|--------------------------|-------------------|
| | 2019-20 | 2018-19 |
| A. Cash Flows from Operating Activities: | | |
| Net Profit / (Loss) before tax | 796.00 | (1,201.32) |
| Adjustments to reconcile Profit / Loss Before Tax to Net Cash Flows | | |
| Depreciation & Amortisation | 1,657.31 | 1,529.18 |
| Finance Costs | 2,774.42 | 2,655.45 |
| Interest Received | (168.84) | (126.17) |
| Impairment Loss on Assets | – | 475.88 |
| (Profit) / Loss on Sale of Assets | (1,769.99) | 399.19 |
| Fair Value Movement | – | 101.73 |
| Operating Profit before Working Capital Changes | <u>3,288.90</u> | <u>3,833.94</u> |
| Movements in Working Capital: | | |
| Gratuity and Government Grants | (66.96) | 86.04 |
| Trade Receivables | (1,823.84) | (1,714.20) |
| Loans and Advances | (89.52) | 316.36 |
| Inventories | (97.66) | (1,026.00) |
| Trade Payables & Current Liabilities | 118.15 | 688.79 |
| Cash generated from Operations | <u>1,329.07</u> | <u>2,184.93</u> |
| Income Tax (Paid) / Refund Received | (170.48) | 6.35 |
| Net Cash Flows from Operating Activities | A <u>1,158.59</u> | <u>2,191.28</u> |
| B. Cash Flows from Investing Activities: | | |
| Purchase of Fixed Assets (Including Capital work-in-progress) | (2,991.17) | (3,783.18) |
| Investment in Shares - Others | (0.74) | (0.58) |
| Proceeds from Sale of Property, Plant & Equipments | 3,294.13 | 705.21 |
| Interest Received | 168.84 | 126.17 |
| Dividend Received | 206.09 | 114.81 |
| Net Cash Flows from / (used) Investing Activities: | B <u>677.15</u> | <u>(2,837.57)</u> |

| | | (₹ in Lakhs) | |
|---|--------------------|-------------------|-----------------|
| | | 2019-20 | 2018-19 |
| C. Cash Flows from Financing Activities: | | | |
| Proceeds from Long Term Borrowings | | 2,465.85 | 7,621.21 |
| Repayment of Deposits - Related Parties | | (558.97) | (305.95) |
| Repayment of Long Term Loan | | (5,358.64) | (3,399.03) |
| Proceeds / (Repayment) of Short Term Borrowings (Net) | | 4,414.98 | (835.68) |
| Payment of Dividend and Tax thereon | | - | (23.79) |
| Finance Cost | | (2,774.42) | (2,655.45) |
| Net Cash Flows from / (used) in Financing Activities | C | (1,811.20) | 401.31 |
| Net Increase in Cash and Cash Equivalents | D = (A+B+C) | 24.54 | (244.98) |
| Opening Balance of Cash and Cash Equivalents | E | 150.66 | 395.64 |
| Closing Balance of Cash and Cash Equivalents | D + E | 175.20 | 150.66 |

Notes:

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

| Particulars | 31-03-2020 | 31-03-2019 |
|--|---------------|---------------|
| Cash and Cash Equivalents (Refer to Note No.16) | 167.50 | 140.11 |
| Bank Balances other than Cash and Cash Equivalents (Refer to Note No. 17) | 7.70 | 10.55 |
| | 175.20 | 150.66 |

See accompanying notes to the financial statements (Refer Note No 7 to 53)

As per our report annexed

For N.A. JAYARAMAN & CO
Chartered Accountants
Firm Registration No. 001310S
R. PALANIAPPAN
Partner
Membership No. 205112
Chennai
24th June, 2020

On behalf of the Board of Directors

Shri P.R. VENKETRAMA RAJA
CHAIRMAN

N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

A. EMARAJAN
COMPANY SECRETARY

1. Corporate Information

The Ramaraju Surgical Cotton Mills 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 The Ramaraju Surgical Cotton Mills Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu, India.

The Company is principally engaged in manufacture of Surgical Dressings, Yarn and Grey Fabrics. The Company is also engaged in generation of electricity from its windmills and solar panel for its captive consumption.

The financial statements of the Company for the year ended 31-03-2020 were approved and adopted by Board of Directors of the Company in their meeting dated 24-06-2020.

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

- (i) The CFS 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.5.
- (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 CFS 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) Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the separate financial statements



are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.

- (viii) The CFS comprises the financial statements of The Ramaraju Surgical Cotton Mills Limited and its Associate Companies. The following companies are considered as Associates based on existence of significant influence over such companies:

| Name of the Company | % of Shareholding & Voting Power | |
|--------------------------------------|----------------------------------|------------|
| | 31-03-2020 | 31-03-2019 |
| M/s. The Ramco Cements Limited | 1.54% | 1.54% |
| M/s. Ramco Industries Limited | 0.16% | 0.16% |
| M/s. Ramco Systems Limited | 0.04% | 0.04% |
| M/s. Rajapalayam Mills Limited | 1.83% | 1.83% |
| M/s. Sri Vishnu Shankar Mill Limited | 0.75% | 0.75% |
| M/s. Sri Harini Textiles Limited | 49.67% | 49.67% |
| M/s. Shri Harini Media Limited | 2.65% | 2.65% |

- ix) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

3. Principles of Consolidation

- (a) 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.
- (b) 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.
- (c) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate Companies from the date on which it becomes an associate and any difference between the cost of the investment and the Parent's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:
- (i) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.
- (ii) Subsequently, the carrying amount of investment is adjusted to recognize the share of post-acquisition profits or losses of its Associates in the Parent's Statement of Profit & Loss.
- (iii) The equity method shall be discontinued from the date when the investment ceases to be an Associate and it shall measure the retained interest shall be measured at fair value. The fair value of the retained interest shall be regarded as its fair value

on initial recognition as a financial asset. The difference between the fair value of retained interest & any proceeds from disposing of a part interest in the Associate and the carrying amount of investment at the date the equity method was discontinued will be recognized in profit or loss.

- (d) Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.
- (e) Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated to the extent of the Company's interest in these entities unless the transaction provides evidence of an impairment of the asset transferred.
- (f) At each reporting date, the Company determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Company provides for impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'Share of profit of an associates' in the Statement of Profit & Loss.
- (g) The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances and is presented, to the extent possible, in the same manner as the Company's separate financial statements.

4. Basis of Measurement

The consolidated financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer to Note No. 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. Inventories are usually written down to net realisable value, if the finished products, in which they will be used, are expected to be sold below cost. However, the inventories are considered to be realizable 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 but excluding borrowing cost, 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 but excluding borrowing cost, 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. Statement of Cash Flow

- (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 are generally considered to be financing activities. However, where bank overdrafts that are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Statement of Cash flows.

C. Dividend distribution to Equity shareholders

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

D. Income Taxes

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws including the relevant transfer pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant
- (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 viz. MAT Credit Entitlement, 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. The MAT Credit Entitlement being unused tax credits that are carried forward by the Company for a specified period, is grouped under Deferred Tax.

- (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.

E. Property, Plant and Equipments (PPE)

- (i) All items of Property, Plant and Equipment except Freehold Land are stated at cost less depreciation or impairment if any. Freehold land is carried at cost. Historical Cost includes expenditure that is directly attributable to the acquisition of the items. The cost comprises of purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The directly attributable costs include cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition.
- (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) The Company follows the useful lives of the significant parts of certain class of PPE on best estimate basis upon technical advice, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

| Type of Plant and Machinery | Useful life of such components ranging from |
|---|--|
| Textile Machines / Equipment | 10 to 25 years |
| Wind Mills | 5 to 30 years |
| HFO / DG Set | 12 to 25 years |
| Solar Panel | 25 years |
| Furniture and Fixtures | 3 to 10 years |
| Electrical Machineries | 3 to 25 years |
| Motor cars given to employees as per company's scheme | 6 to 8 years |
| Building | 3 to 60 years |

- (vii) 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.
- (viii) 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.

- (ix) 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.
- (x) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

F. Capital Work in progress / Capital Advances

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.

Advances given towards acquisition / construction of PPE outstanding at the reporting date are disclosed as 'Capital Advances' under 'Other Non-Current Assets'.

G. Leases

- (i) The Company has adopted Ind AS 116 with effect from 01-04-2019 using the Modified Retrospective Approach and accordingly the comparative figures for the previous figures has not been restated and continue to be reported under Ind AS 17.
- (ii) Ind AS 116 requires lessees to account for all leases under a single on-balance sheet model. The Company, as a lessee, upon transition to Ind AS 116, elected to measure the lease liability for all leases whose non-cancellable leases is more than 12 months, at the present value of remaining lease payments discounted using the incremental borrowing rate at the date of initial application and recognise the right-of-use asset at an amount equal to the lease liability, adjusted for prepaid lease payments recognised in the balance immediately before the date of initial application.
- (iii) 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 an underlying asset and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

- (i) The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which



comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

- (ii) The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
- (iii) The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.
- (iv) The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and Equipment' and Lease liabilities in 'Borrowings' in the Balance sheet.
- (v) The Company has opted not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company as a Lessor

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 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 arrangements.

H. Revenue Recognition

(i) Revenue from Operations

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 off against the cost of power & fuel.

c) Scrap sales

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

d) Income from Job Work

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

(ii) Other Income

- a. Interest income is recognised using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period where appropriate, to the gross carrying amount of the financial asset or to the authorised cost of a financial liability.
- b. Dividend income is recognised when the Company's right to receive dividend is established.
- c. Rental income from operating lease on investment properties is recognised on a straight line basis over the terms of the relevant lease unless the escalation is in the nature of compensation for cost inflation.

I. Employee Benefits

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's 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 The Ramaraju Surgical Cotton Mills 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 "The Ramaraju Surgical Cotton Mills 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. The Company presents the entire compensated absences as 'Short-term provisions' since employee has an unconditional right to avail the leave at any time during the year
- (vii) Re-measurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to other comprehensive income in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

J. Government Grants

- (i) Government grants are recognised at fair value 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".
- (iii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred grant income and are credited to the statement of profit and loss on a systematic basis over the expected lives of the related assets.

K. Foreign currency transactions

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

L. Borrowing Costs

- (i) Borrowing 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.
- (ii) Borrowing cost include interest computed using Effective Interest Rate method, interest on lease liabilities, 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.

M. 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.



N. 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 for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

O. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.
- (ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- (iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are neither recognised nor disclosed.
- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

P. Intangible Assets

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is

recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.

- (ii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as detailed below:

| Nature of Intangible Assets | Estimated Useful Life |
|-----------------------------|-----------------------|
| Computer Software | 6 years |

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

Q. Investment Properties

- (i) An investment in land or buildings both furnished and unfurnished, which are held for earning rentals or capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, are classified as investment properties.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and impairment loss, if any except freehold land which is carried at cost.
- (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, that are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013:

| Asset type | Useful Life |
|---------------------------------------|-------------|
| 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 and disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and



the carrying amount of such investment properties, are recognised in the Statement of Profit and Loss. 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 at each reporting date and adjusted prospectively, if appropriate.

R. Operating Segments

The Company has only four operating / reportable segments viz. Textiles, Surgicals, Fabrics and Wind Power Generation from Wind Mills.

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

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

S. Financial Instruments

- (i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (ii) Financial assets and liabilities are offset and the net amount is presented in the Balance sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- (iii) The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at 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.

T. Financial Assets

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

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

- (iii) Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

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

- (iv) The Company has accounted for its investments in associates 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.

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

| Name of Financial asset | Impairment testing methodology |
|-------------------------|--|
| Trade receivables | Expected Credit Loss 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. |

U. Financial Liabilities

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Derivative financial instruments, Financial guarantee obligation 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. |

V. Fair Value Measurement

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- (ii) The fair value of an asset or a liability is measured 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 is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement is 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 an annual evaluation performed by an internal technical team measured using the technique of quoted prices for similar assets in the active markets and further moderated by market corroborated inputs.

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.

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories, other financial / other non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements, has used internal and external sources of information from market sources on the expected future performance of the Company. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements due to prevailing uncertainties.

(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 in determining whether the investments in associates or impaired or not is on the basis of this nature of long term strategic investments and business projections.

(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 judgment 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 judgment 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 judgment is exercised in determining whether the investment in subsidiaries / 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 judgment 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. Significant management judgment is exercised whether such associate companies are individually immaterial or not for the purpose of disclosure requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 7

PROPERTY, PLANT AND EQUIPMENTS

(₹ in Lakhs)

| Particulars | Year | Gross Block | | | | Depreciation | | | | Net Block | | |
|-------------------------------|---------|---------------------------------|--------------------------------|----------|--|---------------------------|---------------------------------|----------------------------|------------------------|--|---------------------------|---------------------------------|
| | | As at the beginning of the year | Additions made during the year | Sold | 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 (Note No. 37) | Withdrawn for the year | Transfer to Investment Property & Assets held for Sale | As at the end of the year | As at the beginning of the year |
| Tangible Assets | | | | | | | | | | | | |
| Land | 2019-20 | 448.47 | - | - | - | 448.47 | - | - | - | - | 448.47 | 448.47 |
| | 2018-19 | 548.44 | - | - | 99.97 | 448.47 | - | - | - | - | 448.47 | 548.44 |
| Buildings | 2019-20 | 6,015.95 | 35.58 | - | - | 6,051.53 | 210.18 | - | - | 1,513.79 | 4,537.74 | 4,712.34 |
| | 2018-19 | 5,903.67 | 1,749.30 | - | 1,637.02 | 6,015.95 | 169.54 | - | 678.99 | 1,303.61 | 4,712.34 | 4,090.61 |
| Buildings - Lease Hold | 2019-20 | - | 68.44 | - | - | 68.44 | 11.06 | - | - | 11.06 | 57.38 | - |
| | 2018-19 | - | - | - | - | - | - | - | - | - | - | - |
| Plant and Machinery | 2019-20 | 28,708.99 | 2,745.33 | 118.55 | - | 31,335.77 | 1,259.59 | 40.36 | - | 13,587.78 | 17,747.99 | 16,340.44 |
| | 2018-19 | 28,190.53 | 4,698.60 | 2,336.57 | 1,843.57 | 28,708.99 | 1,167.34 | 1,255.01 | 1,031.19 | 12,368.55 | 16,340.44 | 14,703.12 |
| Electrical Machinery | 2019-20 | 2,649.19 | 48.53 | 6.90 | - | 2,690.82 | 120.11 | 6.33 | - | 1,703.88 | 986.94 | 1,059.09 |
| | 2018-19 | 2,461.17 | 528.78 | 26.68 | 314.08 | 2,649.19 | 146.77 | 18.33 | 288.54 | 1,590.10 | 1,059.09 | 730.97 |
| Furniture & Office Equipments | 2019-20 | 267.73 | 44.48 | 0.66 | - | 311.55 | 28.80 | 2.14 | - | 198.97 | 112.58 | 95.42 |
| | 2018-19 | 289.03 | 64.58 | 76.44 | 9.44 | 267.73 | 19.70 | 69.49 | 8.48 | 172.31 | 95.42 | 58.45 |
| Vehicles | 2019-20 | 236.74 | 32.67 | 0.06 | - | 269.35 | 26.68 | 0.01 | - | 115.05 | 154.30 | 148.36 |
| | 2018-19 | 258.95 | 14.69 | 16.89 | 20.01 | 236.74 | 24.54 | 9.35 | 15.67 | 88.38 | 148.36 | 170.08 |
| Total - Tangible Assets | 2019-20 | 38,327.07 | 2,975.03 | 126.17 | - | 41,175.93 | 1,656.42 | 48.84 | - | 17,130.53 | 24,045.40 | 22,804.12 |
| | 2018-19 | 37,651.79 | 7,055.95 | 2,456.58 | 3,924.09 | 38,327.07 | 1,527.89 | 1,352.18 | 2,002.87 | 15,522.95 | 22,804.12 | 20,301.68 |
| Intangible Assets | | | | | | | | | | | | |
| Computer Software | 2019-20 | 181.60 | - | - | - | 181.60 | 0.70 | - | - | 175.49 | 6.11 | 6.81 |
| | 2018-19 | 211.69 | - | - | 30.09 | 181.60 | 1.11 | - | 28.58 | 174.79 | 6.81 | 9.43 |

Notes:

(a) Borrowings cost have been capitalised for current year - ₹ 27.58 Lakhs (PY: ₹ 119.33 Lakhs).

(b) All the Fixed Assets has been pledged as security for borrowings.

(₹ in Lakhs)

As at
31-03-2020

As at
31-03-2019

NOTE NO. 8

INVESTMENT PROPERTY

Building

| | | |
|--|------|------|
| As at the Beginning of the year | 8.72 | 8.72 |
| Addition / Sale | — | — |
| As at the end of the year | 8.72 | 8.72 |
| Less: Accumulated depreciation as at the beginning of the year | 2.54 | 2.36 |
| Depreciation for the year | 0.19 | 0.18 |
| Accumulated depreciation as at the end of the year | 2.73 | 2.54 |
| Net Block | 5.99 | 6.18 |

Investment Property - Silvassa

Land

| | | |
|---------------------------------|-------|-------|
| As at the Beginning of the year | 99.97 | 99.97 |
| Less: Sale | 99.97 | — |
| As at the end of the Year | — | 99.97 |

Building

| | | |
|--|--------|----------|
| As at the Beginning of the year | 958.02 | 1,637.02 |
| Less: Accumulated depreciation as at the end of the year | — | 679.00 |
| Less: Sale | 958.02 | — |
| As at the end of the Year | — | 958.02 |
| Total | 5.99 | 1,064.17 |

Information regarding income and expenditure of Investment property

Rental Income from Investment Properties

| | | |
|---|--------|--------|
| Direct Operating Expenses | — | — |
| Profit arising from Investment Properties before Depreciation and Indirect Expenses | — | — |
| Less: Depreciation | (0.19) | (0.18) |
| Profit arising from Investment Properties before Indirect Expenses | (0.19) | (0.18) |
| Fair Value of Investment Property | 118.32 | 113.17 |

Notes:

The Company's investment properties consists of 1 flat at Krishna Tower Adyar, Chennai

The fair value is determined for disclosure purposes based on an annual evaluation performed by an internal technical team.

The Company has no restrictions on the disposal of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties have been provided in Note 49.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 9

(A) INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

(₹ in Lakhs)

| Name of the Company | Face Value ₹ per share | As at 31-03-2020 No. of Shares | As at 31-03-2019 No. of Shares | As at 31-03-2020 Amount | As at 31-03-2019 Amount |
|---|---------------------------|---|---|-------------------------------|-------------------------------|
| (I) Investment in Equity Instruments | | | | | |
| 1) Quoted | | | | | |
| The Ramco Cements Limited | 1 | 36,24,000 | 36,24,000 | 14,819.76 | 14,112.19 |
| Ramco Industries Limited | 1 | 1,35,880 | 1,35,880 | 185.72 | 177.28 |
| Rajapalayam Mills Limited | 10 | 135,200 | 135,200 | 1,251.57 | 1,245.12 |
| Ramco Systems Limited | 10 | 12,739 | 12,739 | 86.01 | 84.83 |
| Total Quoted Investments (A) | | | | 16,343.06 | 15,619.42 |
| 2) Unquoted | | | | | |
| Sri Vishnu Shankar Mill Limited | 10 | 11,200 | 11,200 | 48.60 | 42.13 |
| Sri Harini Textiles Limited | 10 | 14,90,000 | 14,90,000 | — | — |
| Shri Harini Media limited | 1 | 60,00,500 | 60,00,500 | — | — |
| Total Un Quoted Investments (B) | | | | 48.60 | 42.13 |

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

| | | | | | |
|---|---|-------------------|------------|------------------|-----------|
| Shri Harini Media Limited - 9% Redeemable Preference Share (C) | 1 | 840,00,000 | 84,000,000 | 840.00 | 840.00 |
| Aggregate Value of Total Investment (A + B + C) | | | | 17,231.66 | 16,501.55 |
| Aggregate Value of: | | | | | |
| Quoted Investments - Carrying Value | | | | 16,343.06 | 15,619.42 |
| - Market Value | | | | 19,479.33 | 28,114.78 |
| Unquoted Investments - Carrying Value | | | | 888.60 | 882.13 |

Notes: The carrying amount of investment in Associates is tested for impairment in accordance with Ind AS 36. The investment in Associates are long term strategic in nature, no impairment is considered as at the reporting date, considering its long term future prospects.

(B) OTHER INVESTMENT (DESIGNATED AT FVTOCI)

| | | | | | |
|---|-----|-----------------|----------|--------------|-------|
| Unquoted | | | | | |
| Ramco Industrial and Technology Services Limited | 10 | 26,350 | 26,350 | 6.85 | 5.27 |
| Ramco Windfarms Limited | 1 | 6,16,000 | 6,16,000 | 6.16 | 6.16 |
| ARS Energy Private Limited | 275 | 640 | 370 | 1.76 | 1.02 |
| Total Other Investments | | | | 14.77 | 12.45 |

Note: Refer to Note No. 49 for information about fair value hierarchy under Disclosure of Fair Value Measurement.

(₹ in Lakhs)

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---------------------|---------------------|
| NOTE NO. 10 | | |
| FINANCIAL ASSETS - (NON CURRENT) LOANS | | |
| Unsecured, considered good | | |
| Loans and advances to related parties * | <u>10.00</u> | <u>10.00</u> |
| <i>[Refer to Note no. 47 (b) (i)]</i> | | |
| NOTE NO. 11 | | |
| OTHER FINANCIAL ASSETS - (NON CURRENT) | | |
| Unsecured, considered good | | |
| Security Deposits with Electricity Board / Others | <u>537.47</u> | <u>426.31</u> |
| NOTE NO. 12 | | |
| OTHER NON CURRENT - ASSETS | | |
| Unsecured, considered good | | |
| Advance to Others | <u>90.31</u> | <u>274.43</u> |
| NOTE NO. 13 | | |
| ASSET HELD FOR SALE | | |
| Asset Held for Sale | 388.83 | 864.71 |
| Less: Sales / Impairment Loss on Asset | <u>(388.83)</u> | <u>(475.88)</u> |
| | - | 388.83 |
| | - | <u>388.83</u> |
| NOTE NO. 14 | | |
| INVENTORIES | | |
| (Valued at lower of cost or Net Realisable value) | | |
| Finished Goods | 4,954.18 | 4,376.66 |
| Rawmaterials - Cotton & Cotton Waste | 2,039.69 | 2,489.03 |
| Stores and Spares | 190.95 | 166.47 |
| Work-in-Progress | <u>1,130.72</u> | <u>1,185.72</u> |
| | <u>8,315.54</u> | <u>8,217.88</u> |
| Note: (i) The total carrying amount in Inventories as at reporting date has been pledged as security for Borrowings. | | |
| (ii) Provision for mark to market Losses of ₹ 149.83 Lakhs has been made in the value of inventories of Raw materials (PY: NIL) | | |
| NOTE NO. 15 | | |
| TRADE RECEIVABLES | | |
| Trade Receivables unsecured and considered good | <u>5,577.25</u> | <u>3,753.41</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU
SURGICAL COTTON
MILLS LIMITED

| | (₹ in Lakhs) | |
|-------------------------------------|---------------------|---------------------|
| | As at 31-03-2020 | As at 31-03-2019 |
| NOTE NO. 16 | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash on Hand | 2.08 | 1.85 |
| Balance with Banks | | |
| In Current Account | 146.07 | 116.83 |
| In Deposit Account for Margin Money | 19.35 | 21.43 |
| | <u>167.50</u> | <u>140.11</u> |

| | | |
|---|-------------|--------------|
| NOTE NO. 17 | | |
| BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS | | |
| Earmarked balances with Banks for Unclaimed Dividend | <u>7.70</u> | <u>10.55</u> |

| | | |
|---|---------------|---------------|
| NOTE NO. 18 | | |
| OTHER FINANCIAL ASSETS (CURRENT) | | |
| Government Grants Receivable | 105.50 | 127.13 |
| Security Deposit | 11.50 | 11.50 |
| Insurance Claim Receivable | - | 0.70 |
| | <u>117.00</u> | <u>139.33</u> |

| | | |
|---|-----------------|---------------|
| NOTE NO. 19 | | |
| OTHER CURRENT ASSETS | | |
| Unsecured, considered good | | |
| Advance to Suppliers / Others | 611.86 | 344.71 |
| Advance Income-Tax & TDS and Refund Due | 181.09 | 24.14 |
| Accrued Income | 210.05 | 209.69 |
| Prepaid Expenses | 95.94 | 161.04 |
| Other Current Assets | 1.66 | 5.73 |
| | <u>1,100.60</u> | <u>745.31</u> |

| | | |
|---|---------------|---------------|
| NOTE NO. 20 | | |
| EQUITY SHARE CAPITAL | | |
| Authorised | | |
| 50,00,000 Equity Shares of ₹ 10/- each (PY: 50,00,000 Equity Shares of ₹ 10/- each) | <u>500.00</u> | <u>500.00</u> |
| Issued, Subscribed and Fully Paid-up 39,46,560 Equity Shares of ₹ 10/- each (PY: 39,46,560 Equity Shares of ₹ 10/- each) | <u>394.65</u> | <u>394.65</u> |

a. Issued, Subscribed and fully paid-up Shares includes 37,81,560 Shares of ₹ 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. Reconciliation of the number of shares outstanding

| Particulars | As at 31-03-2020 | | As at 31-03-2019 | |
|-----------------------------------|------------------|---------------|------------------|---------------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Number of Shares at the beginning | 39,46,560 | 394.66 | 39,46,560 | 394.66 |
| Issued during the Year | - | - | - | - |
| Number of Shares at the end | <u>39,46,560</u> | <u>394.66</u> | <u>39,46,560</u> | <u>394.66</u> |

(₹ in Lakhs)

As at
31-03-2020

As at
31-03-2019

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. Details of Shareholders holding more than 5 percent in the Company

| Particulars | As at 31-03-2020 | | As at 31-03-2019 | |
|-------------------------|------------------|--------------|------------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| Smt. Nalina Ramalakshmi | 14,91,860 | 37.80 | 14,91,860 | 37.80 |

e. Aggregate number of Equity Shares allotted as fully paid up by way of bonus shares during the last 5 years : 19,73,280

NOTE NO. 21

OTHER EQUITY

| | | |
|----------------------------------|------------------|------------------|
| Capital Reserve | 17.63 | 17.63 |
| Capital Reserve on consolidation | 11,327.78 | 11,327.78 |
| General Reserve | 6,516.30 | 6,516.30 |
| Retained Earnings | 5,391.55 | 3,474.65 |
| FVTOCI Reserve | 4.22 | 2.64 |
| | <u>23,257.48</u> | <u>21,339.00</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.

Capital Reserve on Consolidation

Capital Reserve on Consolidation represents excess of the Parent's share of the net fair value of the investments in Associates over the cost of the investments which is recognised directly in Equity as Capital Reserve upon transition.

FVTOCI Reserve

Fair Value Through Other Comprehensive Income Reserve represents the balance in equity for items to be accounted in Other Comprehensive Income(OCI) .The Company has opted to recognise the changes in the fair value of certain investments in equity instruments and remeasurement of defined benefit obligations in OCI. The Company transfers amounts from this reserve to Retained Earnings in case of actuarial loss/gain and in case of fair value recognition of equity instrument, the same will be transferred when the respective equity instruments are derecognised.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

| | As at 31-03-2020 | As at 31-03-2019 |
|-------------------------------------|---------------------|---------------------|
| NOTE NO. 22 | | |
| NON CURRENT BORROWINGS | | |
| Secured | | |
| Term Loan from Banks | 6,155.48 | 8,287.58 |
| Working Capital Term Loan from Bank | 4,742.00 | 5,500.00 |
| | <u>10,897.48</u> | <u>13,787.58</u> |

- a) Term Loan from Banks are secured by *pari-passu* 1st charge on the fixed assets of the Company and *Pari-passu* second charge on the current assets of the Company.
- b) Working Capital Term Loan from ICICI Bank Secured by 1st Charge on Movable Fixed Assets of the Company and Working Capital Term Loan from Canara Bank Secured by 1st charge on Current Assets of the Company.
- c) The Term Loans from Banks are repayable in Month /quarterly installments. The year wise repayment Term Loans are as follows:

| Year | Amount | Amount |
|---------|------------------|------------------|
| 2020-21 | – | 4,802.02 |
| 2021-22 | 4,206.95 | 4,802.02 |
| 2022-23 | 3,096.10 | 3,064.10 |
| 2023-24 | 2,398.90 | 1,119.44 |
| 2024-25 | 1,195.53 | – |
| | <u>10,897.48</u> | <u>13,787.58</u> |

NOTE NO. 23

PROVISION (NON - CURRENT)

| | | |
|---|---------------|---------------|
| Provision for Employee Benefits [Refer to Note No. 44] | <u>137.69</u> | <u>154.38</u> |
|---|---------------|---------------|

NOTE NO. 24

DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability

| | | |
|--|----------|----------|
| Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961 | 3,767.66 | 3,775.65 |
|--|----------|----------|

Deferred Tax Asset

| | | |
|--|---------------|-----------------|
| Tax effect on unabsorbed depreciation under Income Tax Act, 1961 | (953.60) | (764.05) |
| Tax effect on Provision for Bonus and Leave Encashment | (96.44) | (45.64) |
| Unused Tax Credits (MAT Credit Entitlement) | (2,046.64) | (1,926.30) |
| Net Deferred Tax Liability | <u>670.98</u> | <u>1,039.66</u> |

Deferred Tax Asset / Liability calculated on the unabsorbed depreciation is based on the recent assessment orders & estimated depreciation Loss calculated as per the provision of the Income Tax Act, 1961.

| | (₹ in Lakhs) | |
|---|---------------------|---------------------|
| | As at 31-03-2020 | As at 31-03-2019 |
| Reconciliation of Deferred Tax Liabilities (net) | | |
| Opening Balance as on 1 st April | 1,039.66 | 1198.66 |
| Tax Income / (Expenses) during the period recognised in Profit & Loss | (248.34) | (159.00) |
| MAT Credit Entitlement recognised in Profit and Loss / adjusted against Current Tax | (120.34) | – |
| Closing Balance as on 31 st March | <u>670.98</u> | <u>1,039.66</u> |

NOTE NO. 25

DEFERRED INCOME

| | | |
|-----------------------------------|--------------|--------------|
| Deferred Income Government Grants | <u>43.39</u> | <u>46.72</u> |
|-----------------------------------|--------------|--------------|

NOTE NO. 26

CURRENT BORROWINGS

Secured

| | | |
|--------------------------------------|-----------|----------|
| Loan repayable on Demand from Banks* | 12,058.20 | 5,234.37 |
|--------------------------------------|-----------|----------|

Unsecured considered good

| | | |
|---|----------|----------|
| Loan repayable on Demand from Banks | 2,500.00 | 4,972.51 |
| Loan from Other Parties | 0.30 | 0.40 |
| Loans and Advances from Related Parties | 1,356.36 | 1,915.33 |

[Refer to Note No.47(b) (ii)]

| | |
|------------------|------------------|
| <u>15,914.86</u> | <u>12,122.61</u> |
|------------------|------------------|

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

NOTE NO. 27

TRADE PAYABLES

| | | |
|---|-----------------|-----------------|
| (i) Total Outstanding dues of micro enterprises and small enterprises | – | – |
| (ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises | 1,423.73 | 1,173.47 |
| | <u>1,423.73</u> | <u>1,173.47</u> |

Terms and conditions:

(a) There are no dues to micro and small enterprises as at 31-03-2020 (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) Refer to Note No 50 for information about risk profile of Trade payables under Financial Risk Management.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

| | As at 31-03-2020 | As at 31-03-2019 |
|---|---------------------|---------------------|
| NOTE NO. 28 | | |
| OTHER CURRENT FINANCIAL LIABILITIES | | |
| Current Maturities of Long Term Loans | 3,032.96 | 3,032.81 |
| Unpaid Dividends | 7.70 | 10.55 |
| Ramaraju Memorial Fund | 378.47 | 349.47 |
| Liabilities for Other Finance | 650.32 | 665.80 |
| | <u>4,069.45</u> | <u>4,058.63</u> |
| NOTE NO. 29 | | |
| PROVISIONS, CURRENT | | |
| Provision for Employee Benefits | 187.20 | 299.85 |
| NOTE NO. 30 | | |
| REVENUE FROM OPERATION | | |
| Sale of Products | | |
| Yarn | 10,593.36 | 11,738.07 |
| Fabrics | 14,458.26 | 8,412.51 |
| Surgical Dressings | 3,674.37 | 3,936.69 |
| Waste Cotton | 582.25 | 563.29 |
| | <u>29,308.24</u> | 24,650.56 |
| Other operating Revenues | | |
| Export Incentive | 152.16 | 136.02 |
| Job Work Charges Received | 129.05 | 482.02 |
| | <u>29,589.45</u> | <u>25,268.60</u> |
| NOTE NO. 31 | | |
| FINANCE INCOME | | |
| Interest Receipts | 168.84 | 126.17 |
| NOTE NO. 32 | | |
| OTHER INCOME | | |
| Rent receipts | 55.91 | 42.26 |
| Government Grants | 3.34 | 3.34 |
| Exchange Gain on Foreign Currency Transaction (Net) | - | 53.67 |
| Miscellaneous Income | 2.58 | 5.69 |
| Profit on sale of Property, Plant and Equipment | 1,769.99 | - |
| | <u>1,831.82</u> | <u>104.96</u> |

| | (₹ in Lakhs) | |
|--|------------------|-------------------|
| | 2019-20 | 2018-19 |
| NOTE NO. 33 | | |
| COST OF MATERIALS CONSUMED | | |
| Rawmaterials Consumed | | |
| Cotton, Cotton Waste, Yarn, Grey Fabrics & etc | <u>16,852.78</u> | <u>13,568.15</u> |
| NOTE NO. 34 | | |
| CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS | | |
| Opening Stock | | |
| Finished Goods | 4,376.66 | 2,901.05 |
| Work-in-Progress | <u>1,185.72</u> | <u>890.26</u> |
| | <u>5,562.38</u> | <u>3,791.31</u> |
| Closing Stock | | |
| Finished Goods | 4,954.18 | 4,376.66 |
| Work-in-Progress | <u>1,130.72</u> | <u>1,185.72</u> |
| Net (Increase) in Stock | <u>(522.52)</u> | <u>(1,771.07)</u> |
| NOTE NO. 35 | | |
| EMPLOYEE BENEFITS | | |
| Salaries and Wages and Bonus | 2,818.76 | 2,493.74 |
| Contribution to Provident and Other Funds | 220.10 | 326.34 |
| Staff and Labour Welfare & Training Expenses | <u>176.72</u> | <u>208.27</u> |
| | <u>3,215.58</u> | <u>3,028.35</u> |
| NOTE NO. 36 | | |
| FINANCE COST | | |
| Interest on Debts and Borrowings | 2,633.70 | 2,579.85 |
| Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing Cost | <u>140.72</u> | <u>75.60</u> |
| | <u>2,774.42</u> | <u>2,655.45</u> |
| NOTE NO. 37 | | |
| DEPRECIATION AND AMORTIZATION EXPENSES | | |
| Depreciation of Property, Plant and Equipment | 1,656.42 | 1,527.89 |
| Amortization of Intangible Assets | 0.70 | 1.11 |
| Depreciation on Investment Properties | <u>0.19</u> | <u>0.18</u> |
| | <u>1,657.31</u> | <u>1,529.18</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

| | 2019-20 | 2018-19 |
|---|-----------------|-----------------|
| NOTE NO. 38 | | |
| OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Power and Fuel | 2,708.04 | 2,915.71 |
| Stores Consumption | 355.20 | 392.72 |
| Packing Materials Consumption | 473.80 | 470.62 |
| Job work Charges Paid | 86.79 | 30.75 |
| Repairs to Buildings | 70.91 | 96.11 |
| Repairs to Plant and Machinery | 564.74 | 470.96 |
| Repairs - General | 580.70 | 553.22 |
| | 4,840.18 | 4,930.09 |
| Establishment Expenses | | |
| Managing Director Remuneration | 205.72 | 197.62 |
| Rates and Taxes | 107.69 | 48.63 |
| Postage and Telephone | 12.52 | 15.68 |
| Printing and Stationery | 13.52 | 20.34 |
| Travelling Expenses | 39.08 | 67.34 |
| Vehicle Maintenance | 74.94 | 78.72 |
| Insurance | 118.72 | 62.92 |
| Directors Sitting Fees | 7.40 | 7.35 |
| Rent | 23.90 | 29.47 |
| Audit and legal Expenses | 29.66 | 22.22 |
| Loss on sale of Property, Plant & Equipment | - | 399.19 |
| Impairment Loss of Assets | - | 475.88 |
| Corporate Social Responsibility Expenses | 33.89 | 8.71 |
| Miscellaneous Expenses | 88.43 | 241.15 |
| | 755.47 | 1,675.22 |
| Selling Expenses | | |
| Sales Commission | 221.39 | 343.67 |
| Export Expenses | 113.58 | 68.54 |
| Other Selling Expenses | 165.45 | 160.66 |
| | 500.42 | 572.87 |
| | 6,096.07 | 7,178.18 |

| | (₹ in Lakhs) | |
|--|-----------------|-----------------|
| | 2019-20 | 2018-19 |
| NOTE NO. 39 | | |
| AUDIT FEES AND EXPENSES | | |
| As Auditor | | |
| Audit fee | 1.60 | 1.35 |
| Tax audit fee | 0.50 | 0.30 |
| Scrutiniser Fee | 0.25 | 0.25 |
| In other capacity: | | |
| Other services (Certification fees) | 0.45 | 0.20 |
| | <u>2.80</u> | <u>2.10</u> |
| 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 | 745.54 | 398.59 |
| Tax effect on unabsorbed depreciation under Income Tax Act, 1961 | (380.27) | (638.39) |
| Tax effect on Provision for Bonus and Leave Encashment | (70.09) | 80.80 |
| Tax effect due to change of Tax Rate | (543.52) | - |
| | <u>(248.34)</u> | <u>(159.00)</u> |
| NOTE NO. 41 | | |
| INCOME TAX UNDER MAT | | |
| Accounting Profit before Income Tax | 1,002.09 | - |
| At India's statutory Income Tax Rate of 16.692% | 120.34 | - |
| Adjustments as per Income Tax | - | - |
| Net effective income tax | 120.34 | - |
| Adjustment of Tax in respected previous Year | - | - |
| Net effective Income tax reported in Profit & Loss | <u>120.34</u> | <u>-</u> |
| MAT CREDIT | | |
| Net effective Income tax | 120.34 | - |
| MAT Credit Withdrawn for earlier years | - | - |
| MAT Credit recognised in Profit and Loss | <u>120.34</u> | <u>-</u> |

DISCLOSURES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

As at 31-03-2020 As at 31-03-2019

NOTE NO. 42

COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)

NIL 80.43

NOTE NO. 43

CONTINGENT LIABILITIES

Guarantees given by the bankers on behalf of company

128.77 103.31

Demands / Claims not acknowledged as Debts

in respect of matters in appeals relating to - TNVAT

8.45 8.45

NOTE NO. 44

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

Defined Contribution Plan:

Employer's Contribution to Provident Fund

182.69 173.17

Employer's Contribution to Superannuation Trust Fund

22.13 17.70

Defined Benefit Plan - Gratuity

The Gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company read with Payment of Gratuity Act 1972. This is a defined benefit plan in nature. The Company makes annual contributions to "The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund" administered by the 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. The Company has the exposure of actuarial risk such as adverse salary growth, change in demography experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

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

Movements in the present value of define benefit obligation:

Opening defined Benefit Obligation

451.78 538.67

Current Service Cost

34.13 39.09

Past Service Cost

NIL NIL

Interest Cost

32.64 37.58

Actuarial (Gain) / Loss

61.47 (-) 88.55

Benefits paid

(-) 51.39 (-) 75.01

Closing Defined Benefit obligation

528.63 451.78

| | 2019-20 | (₹ in Lakhs) 2018-19 |
|---|---------------|-------------------------|
| Movement in the Present Value of Plan Assets: | | |
| Opening Fair Value of Plan Assets | 526.59 | 528.74 |
| Expected Return on Plan Assets | 38.50 | 38.11 |
| Actuarial Gain / (Loss) | (-) 2.15 | 0.83 |
| Employer Contribution | 3.47 | 33.92 |
| Benefits Paid | (-) 51.39 | (-) 75.01 |
| Closing Fair Value of Plan Assets | 515.02 | 526.59 |
| The amount included in the Statement of Financial position arising from the entity's obligation in respect of its defined benefit plans: | | |
| Fair value of plan assets | 515.02 | 526.59 |
| Present value of obligation | 528.63 | 451.78 |
| Present value of Funded defined obligation | 13.61 | (-) 74.81 |
| Cost of Defined Benefit Plan: | | |
| Current Service Cost | 34.12 | 39.09 |
| Interest Cost | (-) 5.86 | (-) 0.53 |
| Past Service Cost | NIL | NIL |
| Net Cost Recognized statement in the Income Statement | 28.26 | 38.56 |
| Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost) | 2.15 | (-) 0.83 |
| Actuarial (Gain) / Loss | 61.48 | (-) 88.55 |
| Net Cost recognized in the Other Comprehensive Income | <u>63.63</u> | <u>(-) 89.38</u> |
| Major Categories of Plan Assets: | | |
| GOI Securities | NIL | NIL |
| Funds with LIC | 512.48 | 524.07 |
| Others | 2.54 | 2.52 |
| Total | <u>515.02</u> | <u>526.59</u> |
| Actuarial Assumptions: | | |
| Discount rate P.A. | 6.65% | 7.66% |
| Rate of escalation in salary P.A. | 4.00% | 4.00% |
| Estimate of Expected Benefit payments | | |
| Year 1 | 14.42 | 30.61 |
| Year 2 | 37.63 | 33.66 |
| Year 3 | 25.44 | 26.61 |
| Year 4 | 38.12 | 24.21 |
| Year 5 | 63.95 | 31.28 |
| Next 5 Years | 268.13 | 270.84 |

| | (₹ in Lakhs) | |
|---|---------------|------------------|
| | 31-03-2020 | 31-03-2019 |
| Quantitative Sensitivity Analysis for Significant Assumptions | | |
| 0.50% Increase in Discount Rate | 40.83 | 32.12 |
| 0.50% Decrease in Discount Rate | 46.59 | 36.32 |
| 0.50% Increase in Salary Growth Rate | 46.67 | 36.40 |
| 0.50% Decrease in Salary Growth Rate | 40.74 | 32.03 |
| The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation as significant actuarial assumptions source material (Projected unit credit method) has been applied as when calculating the defined benefit obligation recognised with in the Balance Sheet. | | |
| Details of Leave Encashment Plan (Unfunded) are as follows: | | |
| Movement in the Present Value of Defined Benefit Obligation: | | |
| Opening defined Benefit Obligation | 115.80 | 171.45 |
| Current Service Cost | 14.39 | 19.81 |
| Interest Cost | 7.81 | 12.09 |
| Actuarial (Gain) / Loss | 24.46 | (-) 67.03 |
| Benefits paid | (-) 27.60 | (-) 20.53 |
| Closing defined Benefit obligation | <u>134.86</u> | <u>115.79</u> |
| 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 | 27.60 | 20.53 |
| Benefits paid | (-) 27.60 | (-) 20.53 |
| Closing fair value of plan assets | <u>NIL</u> | <u>NIL</u> |
| Actual Return of Plan Assets: | | |
| Expected Return of Plan Assets | NIL | NIL |
| Actuarial Gain / (Loss) on Plan Assets | NIL | NIL |
| Actual Return on Plan Assets | NIL | NIL |
| The amount included in the Statement of Financial position arising from the entity's obligation in respect of its Defined Benefit Plans: | | |
| Fair value of plan assets | NIL | NIL |
| Present value of obligation | 134.86 | 115.80 |
| Present value of Funded define obligation | 134.86 | 115.80 |
| Cost of Defined Benefit Plan: | | |
| Current Service Cost | 14.39 | 19.81 |
| Interest Cost | 7.81 | 12.09 |
| Actuarial (Gain) / Loss | 24.46 | (-) 67.03 |
| Net Cost recognized in the Income Statement | <u>46.66</u> | <u>(-) 35.13</u> |

| | 31-03-2020 | 31-03-2019 |
|--|------------|------------|
| (₹ in Lakhs) | | |
| Major Categories of Plan Assets: | | |
| GOI Securities | NIL | NIL |
| Funds with LIC | NIL | NIL |
| Bank Balance | NIL | NIL |
| Total | <u>NIL</u> | <u>NIL</u> |
| Actuarial Assumptions: | | |
| Discount rate p.a | 6.65% | 7.66% |
| Rate of escalation in salary p.a | 4.00% | 4.00% |
| Estimate of Expected Benefit Payments | | |
| Year 1 | 4.98 | 18.89 |
| Year 2 | 5.79 | 9.01 |
| Year 3 | 10.01 | 4.05 |
| Year 4 | 5.44 | 8.46 |
| Year 5 | 8.69 | 4.44 |
| Next 5 Years | 55.76 | 50.57 |
| Quantitative Sensitivity Analysis for Significant Assumptions | | |
| 0.50% Increase in Discount Rate | 17.19 | 13.64 |
| 0.50% Decrease in Discount Rate | 19.31 | 15.20 |
| 0.50% Increase in Salary Growth Rate | 19.34 | 15.22 |
| 0.50% Decrease in Salary Growth Rate | 17.16 | 13.61 |

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

NOTE NO. 45

DISCLOSURE OF INTERESTS IN ASSOCIATES UNDER EQUITY METHOD

| Name of the Company | Location | Principal activities of Business |
|--------------------------------------|----------|-----------------------------------|
| Material Associates | | |
| M/s.The Ramco Cements Limited | India | Manufacture of Building materials |
| M/s.Rajapalayam Mills Limited | India | Manufacturer of Cotton yarn |
| Immaterial Associates | | |
| M/s. Ramco Industries Limited | India | Manufacture of Building materials |
| M/s. Ramco Systems Limited | India | Software development |
| M/s. Sri Vishnu Shankar Mill Limited | India | Manufacturer of Cotton yarn |
| M/s. Sri Harini Textiles Limited | India | Manufacturer of Cotton yarn |
| M/s. Shri Harini Media Limited | India | Publications |

DISCLOSURES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS



| Name of the Company | % of Shareholding as at | |
|--------------------------------------|-------------------------|------------|
| | 31-03-2020 | 31-03-2019 |
| M/s. The Ramco Cements Limited | 1.54 | 1.54 |
| M/s. Ramco Industries Limited | 0.16 | 0.16 |
| M/s. Ramco Systems Limited | 0.04 | 0.04 |
| M/s. Rajapalayam Mills Limited | 1.83 | 1.83 |
| M/s. Sri Vishnu Shankar Mill Limited | 0.75 | 0.75 |
| M/s. Sri Harini Textiles Limited | 49.67 | 49.67 |
| M/s. Shri Harini Media Limited | 2.65 | 2.65 |

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 |
|---------------------------|--------------------|--------------------------|----------------|-------------------------|---------------------|--------------|
| As at 31-03-2020 | | | | | | |
| The Ramco Cements Limited | 8,30,716.00 | 24,989.00 | 1,57,571.00 | 2,78,945.00 | 2,33,632.00 | 5,00,699.00 |
| Rajapalayam Mills Limited | 63,818.41 | 1,56,181.58 | 23,209.28 | 33,145.38 | 31,319.74 | 1,78,744.15 |

| Balance Sheet | Non-current Assets | Investment in Associates | Current Assets | Non-current Liabilities | Current Liabilities | Total Equity |
|---------------------------|--------------------|--------------------------|----------------|-------------------------|---------------------|--------------|
| As at 31-03-2019 | | | | | | |
| 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 |
| Rajapalayam Mills Limited | 51,505.66 | 1,47,810.22 | 24,004.99 | 22,239.64 | 30,958.59 | 1,70,122.64 |

| Profit and Loss | The Ramco Cements Limited | | Rajapalayam Mills Limited | |
|-------------------------------|---------------------------|-------------|---------------------------|------------|
| | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 |
| Total Revenue | 5,42,280.00 | 5,18,730.00 | 36,507.03 | 42,840.20 |
| Profit before tax | 79,224.00 | 71,807.00 | (1,771.93) | 1,392.73 |
| Tax expenses | 18,785.00 | 21,061.00 | (509.63) | (163.95) |
| Profit after Tax | 60,439.00 | 50,746.00 | (1,262.30) | 1,556.68 |
| Share of profit in Associates | (25.00) | 397.00 | 10,336.63 | 8,890.81 |
| Other Comprehensive Income | (496.00) | (268.00) | (34.44) | (106.48) |
| Share of OCI of Associate | – | 160.00 | (62.68) | 28.95 |
| Total Comprehensive Income | 59,918.00 | 51,035.00 | 8,977.21 | 10,369.96 |

Fair Value of Investments

(₹ in Lakhs)

| Name of the Associates | 31-03-2020 | 31-03-2019 |
|---------------------------|------------|------------|
| The Ramco Cements Limited | 14,819.76 | 14,112.19 |
| Rajapalayam Mills Limited | 1,251.57 | 1,245.12 |

Share of Contingent Liabilities in respect of associates

| Name of the Associates | 31-03-2020 | 31-03-2019 |
|---------------------------|------------|------------|
| The Ramco Cements Limited | 1,398.38 | 1,394.38 |
| Rajapalayam Mills Limited | 21.64 | 50.12 |

Reconciliation to the carrying amount of investment in associates as on 31-03-2020 and 31-03-2019:

(₹ in Lakhs)

| Profit and Loss | The Ramco Cements Limited | | Rajapalayam Mills Limited | |
|--|---------------------------|------------|---------------------------|------------|
| | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 |
| Entity's TCI | 59,918.00 | 50,964.00 | 8,977.21 | 10,369.96 |
| Entity's Adjusted TCI | 59,918.00 | 49,725.00 | 8,977.21 | 10,369.96 |
| Effective shareholding % | 1.54 | 1.54 | 1.83 | 1.83 |
| Associates share of profit / OCI | 906.89 | 764.95 | 11.85 | 190.38 |
| Amount recognized in P & L | 906.89 | 764.95 | 11.85 | 190.38 |
| Reconciliation | | | | |
| Opening Carrying amount | 14,112.19 | 13,455.96 | 1,245.12 | 1,060.15 |
| Add: Associate's share of Profit / OCI | 906.89 | 764.95 | 11.85 | 190.38 |
| Less: Dividend received | 199.32 | 108.72 | 5.40 | 5.41 |
| Net Carrying amount | 14,819.76 | 14,112.19 | 1,251.57 | 1,245.12 |

Notes:

- Adjusted TCI represents total comprehensive income of the entity after eliminating effects of reciprocal interests and unrealized profits.
- 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: | 31-03-2020 | 31-03-2019 |
|--|------------|------------|
| Profit after Tax | 17.98 | 25.78 |
| Other Comprehensive Income | -0.52 | 0.81 |
| Total Comprehensive Income | 17.46 | 26.59 |

DISCLOSURES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS



NOTE NO. 46

EARNINGS PER SHARE

| Particulars | 31-03-2020 | 31-03-2019 |
|---|------------|------------|
| Net profit after tax (₹ in Lakhs) (A) | 1,918.48 | (26.08) |
| Weighted average number of Equity shares [In Lakhs] (B) | 39.47 | 39.47 |
| Nominal value per equity share (in ₹) | 10.00 | 10.00 |
| Basic & Diluted Earnings per share (A)/(B) in ₹ | 50.26 | (0.66) |

NOTE NO. 47

RELATED PARTY TRANSACTIONS

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March, 2020:

a. Associate Companies

| Name of the Company | Country of Incorporation | % of Shareholding as at | |
|--------------------------------------|--------------------------|-------------------------|------------|
| | | 31-03-2020 | 31-03-2019 |
| M/s. The Ramco Cements Limited | India | 1.54 | 1.54 |
| M/s. Ramco Industries Limited | India | 0.16 | 0.16 |
| M/s. Ramco Systems Limited | India | 0.04 | 0.04 |
| M/s. Rajpalayam Mills Limited | India | 1.83 | 1.83 |
| M/s. Sri Vishnu Shankar Mill Limited | India | 0.75 | 0.75 |
| M/s. Sri Harini Textiles Limited | India | 49.67 | 49.67 |
| M/s. Shri Harini Media Limited | India | 2.65 | 2.65 |

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

| Name of the Key Management Personnel | Designation |
|--------------------------------------|-------------------------|
| Shri P.R. Venketrama Raja | Chairman |
| Smt. Nalina Ramalakshmi | Managing Director |
| Shri N.R.K. Ramkumar Raja | Managing Director |
| Shri K. Manoharan* | Nominee Director |
| Dr. M. Karunakaran** | Nominee Director |
| Shri N.K. Shrikantan Raja | Non-Executive Director |
| Shri P.J. Alaga Raja | Independent Director |
| Justice Shri P.P.S. Janarthana Raja | Independent Director |
| Shri V. Santhanaraman | Independent Director |
| Shri P.J. Ramkumar Rajha | Independent Director |
| Shri P.A.B. Raju | Independent Director |
| Shri. P.R. Ramasubramanian*** | Chief Financial Officer |
| Shri N. Vijay Gopal**** | Chief Financial Officer |
| Shri A. Emarajan | Company Secretary |

* Nomination withdrawn w.e.f 10-08-2019

** Appointed as Government Nominee Director w.e.f 13-08-2019

*** Resigned w.e.f 25-10-2019

**** Appointed w.e.f 22-01-2020



c. Relatives of Key Managerial Personnel

| Name of the Relative of KMP | Relationship |
|---------------------------------------|---------------------------------------|
| Smt. R. Sudarsanam | Mother of Shri P.R.Venketrama Raja |
| Smt. Saradha Deepa | Sister of Shri P.R. Venketrama Raja |
| Shri P.V. Abinav Ramasubramaniam Raja | Son of Shri P.R. Venketrama Raja |
| Smt. P.V. Nirmala | Spouse of Shri P.R. Venketrama Raja |
| Smt. B. Sri Sandhya Raju | Daughter of Shri P.R. Venketrama Raja |
| Shri N.K. Ramasuwamy Raja | Brother of Shri N.R.K. Ramkumar Raja |
| Shri N.R.K. Venkatesh Raja | Brother of Shri N.R.K. Ramkumar Raja |
| Smt. P.S. Ramani Devi | Sister of Shri N.R.K. Ramkumar Raja |

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

| | |
|------------------------------------|----------------------------------|
| M/s. Sandhya Spinning Mill Limited | M/s. Rajapalayam Textile Limited |
| M/s. Ramco Windfarms Limited | |

e. Employee Benefit Funds where control exists

| |
|--|
| The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund |
| The Ramaraju Surgical Cotton Mills Limited Employees' Gratuity Fund |

f. Other entities over which there is a significant influence

| | |
|--|---|
| M/s. P.A.C.R. Sethurammam Charity Trust | M/s. N.R.K. Infra Systems Private Limited |
| M/s. N.R.K. Distribution Services | M/s. Vinvent Chemilab Private Limited |
| M/s. Gowrihouse Metal Works LLP | M/s. Digvijay Polytex Private Limited |
| M/s. Gowrilakshmi Screws | |
| Smt. Lingammal Ramaraju Shastra Prathishta Trust | |
| P.A.C. Ramasamy Raja Education Charity Trust | |

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

a. Transactions during the year at Arm's length basis or its equivalent (₹ in Lakhs)

| Name of the Related party | Value | |
|--|----------|----------|
| | 2019-20 | 2018-19 |
| i. Good Supplied / Services rendered | | |
| Associates | | |
| M/s. Rajapalayam Mills Limited | 223.11 | 4.03 |
| M/s. Ramco Industries Limited | 600.07 | 161.89 |
| M/s. The Ramco Cements Limited | 0.43 | 0.26 |
| M/s. Sri Vishnu Shankar Mill Limited | 19.23 | 393.21 |
| M/s. Sri Harini Textiles Limited | 2,650.44 | 2,620.02 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| M/s. Sandhya Spinning Mill Limited | 176.15 | 343.22 |
| M/s. Rajapalayam Textile Limited | 1.99 | 0.02 |
| Other Entities over which there is a significant influence | | |
| M/s. Gowrihouse Metal Works LLP | 0.15 | 0.32 |
| M/s. Digvijai Polytex Private Limited | 0.19 | NIL |

| Name of the Related party | Value | |
|---|----------|---------|
| | 2019-20 | 2018-19 |
| (₹ in Lakhs) | | |
| ii. Sale of Fixed Assets | | |
| Associates | | |
| M/s. Ramco Industries Limited | NIL | 40.12 |
| M/s. Rajapalayam Mills Limited | 62.60 | 66.01 |
| M/s. Sri Vishnu Shankar Mill Limited | 14.25 | 71.98 |
| Companies / Other entities over KMP / Relative of KMP exercise significant influence | | |
| M/s. Rajapalayam Textile Limited | 135.94 | NIL |
| iii. Cost of Goods & Services purchased / availed | | |
| Associates | | |
| M/s. The Ramco Cements Limited | 7.64 | 5.48 |
| M/s. Ramco Industries Limited | 368.00 | 45.46 |
| M/s. Ramco Systems Limited | 23.74 | 14.72 |
| M/s. Rajapalayam Mills Limited | 1,087.88 | 727.57 |
| M/s. Sri Vishnu Shankar Mill Limited | 452.11 | 847.97 |
| M/s. Shri Harini Media Limited | 5.51 | 5.15 |
| M/s. Sri Harini Textiles Limited | NIL | 171.91 |
| Companies over which KMP / Relative of KMP exercise significant influence | | |
| M/s. Ramco Windfarms Limited | 310.08 | 325.97 |
| M/s. Sandhya Spinning Mill Limited | 762.00 | 221.81 |
| M/s. Rajapalayam Textile Limited | 559.72 | 335.08 |
| Other entities over which there is significant influence | | |
| M/s. P.A.C.R. Sethurammam Charity Trust | 13.99 | 14.39 |
| M/s. N.R.K. Distribution Services | 64.60 | 67.66 |
| M/s. N.R.K. Infra System Private Limited | 7.08 | 6.91 |
| M/s. Vinvent Chemilab Private Limited | 1.36 | 1.94 |
| M/s. Gowrihouse Metal Works LLP | 0.03 | NIL |
| iv. Purchase of Fixed Assets | | |
| Associates | | |
| M/s. Rajapalayam Mills Limited | 0.15 | 18.63 |
| M/s. Ramco Industries Limited | 18.22 | NIL |
| M/s. Sri Vishnu Shankar Mill Limited | 19.48 | NIL |
| Companies / Other entities over KMP / Relative of KMP exercise significant influence | | |
| M/s. Sandhya Spinning Mill Limited | 6.71 | NIL |
| M/s. Rajapalayam Textile Limited | NIL | 22.74 |



| Name of the Related party | Value | |
|--|---------|---------|
| | 2019-20 | 2018-19 |
| (₹ in Lakhs) | | |
| v. Leasing Arrangements - Rent Paid | | |
| Key Managerial Personnel | | |
| Smt. Nalina Ramalakshmi | 0.72 | 0.69 |
| vi. Dividend Paid | | |
| Key Managerial Personnel | | |
| Shri P.R. Venketrama Raja | NIL | 0.03 |
| Smt. Nalina Ramalakshmi | NIL | 7.46 |
| Shri N.R.K. Ramkumar Raja | NIL | 0.73 |
| Associates | | |
| M/s. Rajapalayam Mills Limited | NIL | 0.02 |
| M/s. Sri Vishnu Shankar Mills Limited | NIL | 0.01 |
| Relatives of Key Management Personnel | | |
| Smt. R. Sudarsanam | NIL | 0.04 |
| Smt. Saradha Deepa | NIL | 0.04 |
| Shri N.K. Ramasuwamy Raja | NIL | 0.05 |
| Shri N.K. Shrikantan Raja | NIL | 0.06 |
| Shri N.R.K. Venkatesh Raja | NIL | 0.10 |
| Smt. P.S. Ramani Devi | NIL | 0.07 |
| vii. Dividend Received | | |
| Associates | | |
| M/s. The Ramco Cements Limited | 199.32 | 108.72 |
| M/s. Ramco Industries Limited | 1.36 | 0.68 |
| M/s. Rajapalayam Mills Limited | 5.41 | 5.41 |
| viii. Interest Paid / (Received) | | |
| Key Managerial Personnel | | |
| Smt. Nalina Ramalakshmi | 140.41 | 178.25 |
| Shri N.R.K. Ramkumar Raja | 15.41 | 29.60 |
| Associates | | |
| Sri Harini Textiles Limited | (1.10) | (1.10) |

| Name of the Related party | Value | |
|--|-----------|------------|
| | 2019-20 | 2018-19 |
| (₹ in Lakhs) | | |
| ix. Director's Sitting Fees | | |
| Key Managerial Personnel | | |
| Shri P.R. Venketrama Raja | 0.55 | 0.70 |
| Smt. Nalina Ramalakshmi | 0.50 | 0.50 |
| Shri N.R.K. Ramkumar Raja | 0.75 | 0.55 |
| Shri N.K. Shrikantan Raja | 1.10 | 1.05 |
| Shri P.J. Alaga Raja | 0.95 | 0.95 |
| Justice Shri P.P.S. Janarthana Raja | 0.85 | 0.80 |
| Shri V. Santhanaraman | 0.65 | 0.65 |
| Shri P.J. Ramkumar Rajha | 1.10 | 1.05 |
| Shri K. Manoharan | NIL | 0.45 |
| Dr. M. Karunakaran | 0.30 | NIL |
| Shri P.A.B. Raju | 0.65 | 0.35 |
| x. Remuneration to Key Management Personnel (Other than Sitting Fees) | | |
| Key Managerial Personnel | | |
| Smt. Nalina Ramalakshmi, Managing Director | 135.90 | 135.90 |
| Shri N.R.K. Ramkumar Raja, Managing Director | 69.82 | 61.72 |
| Shri P.R.Ramasubramanian, Chief Financial Officer* | 26.18 | 31.44 |
| Shri N.Vijay Gopal, Chief Financial Officer | 10.47 | NIL |
| Shri A. Emarajan, Company Secretary | 8.51 | 8.27 |
| xi. Contribution to Superannuation Fund / Gratuity Fund | | |
| Other entities over which there is a significant influence | | |
| The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund | 22.13 | 17.71 |
| The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund | NIL | 20.00 |
| xii. Maximum amount of borrowings outstanding during the year | | |
| Key Managerial Personnel | | |
| Smt. Nalina Ramalakshmi | (1670.83) | (1,949.78) |
| Shri N.R.K. Ramkumar Raja | (244.50) | (321.50) |
| Associates | | |
| Sri Harini Textiles Limited | (10.00) | (10.00) |



| Name of the Related party | (₹ in Lakhs) | |
|--|---------------|---------------|
| | 2019-20 | 2018-19 |
| Value | | |
| xiii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL | | |
| Associates | | |
| M/s. The Ramco Cements Limited | 2.05 | 3.03 |
| xiv. CSR Donation given | | |
| Other Entities over which there is a significant influence | | |
| Smt. Lingammal Ramaraju Sastra Prathista Trust | 1.00 | 1.00 |
| P.A.C. Ramasamy Raja Education Charity Trust | 3.16 | NIL |
| b. Outstanding balance including commitments | | |
| i. Loans and advances | | |
| Companies over which KMP / Relative of KMP exercise significant influence | | |
| M/s. Sri Harini Textiles Limited | 10.00 | 10.00 |
| ii. Borrowings: | | |
| Key Managerial Personnel | | |
| Smt. Nalina Ramalakshmi | (1,277.86) | (1,670.83) |
| Shri N.R.K. Ramkumar Raja | (78.50) | (244.50) |
| iii. Outstanding balance on supply of goods / services | | |
| Associates | | |
| M/s. Sri Harini Textiles Limited | 2,495.71 | NIL |
| iv. Security deposit paid by virtue of Joint Ownership of shares with APGPCL | | |
| Associates | | |
| M/s. The Ramco Cements Limited | 11.50 | 11.50 |
| c. Disclosure of Key Management Personnel compensation in total and for each of the following categories: | | |
| Particulars | 31-03-2020 | 31-03-2019 |
| Short - Term Benefits ⁽¹⁾ | 232.08 | 217.49 |
| Defined Contribution Plan ⁽²⁾ | 20.05 | 21.09 |
| Defined Benefit Plan / Other Long-Term Benefits ⁽³⁾ | NIL | NIL |
| Total | <u>252.13</u> | <u>238.58</u> |
| 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. | | |

DISCLOSURES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

48. Segment Information for the year ended 31st March, 2020 (₹ in lakhs)

| Particulars | Textiles | | Surgical | | Fabrics | | Windmill Power | | Total | |
|---|-----------------------|-----------------------|---------------|---------------|---------------------|--------------------|----------------|-------------|-----------------------|-----------------------|
| | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 | 31-03-2020 | 31-03-2019 |
| REVENUE | | | | | | | | | | |
| External Sales / Net Inter Segment Sale | 11,142.30 2,485.17 | 12,256.76 1,821.96 | 3,737.51 - | 3,982.58 - | 14,709.63 675.31 | 9,029.26 660.73 | - 961.58 | - 961.58 | 29,589.44 4,041.21 | 25,268.60 3,444.27 |
| Total Sales | 13,627.47 | 14,078.72 | 3,737.51 | 3,982.58 | 15,384.94 | 9,689.99 | 961.58 | 961.58 | 33,630.65 | 28,712.87 |
| Other Income | 1,831.00 | 172.33 | 0.78 | 8.79 | 0.03 | 38.65 | - | - | 1,831.81 | 219.77 |
| Total Revenue | 15,458.47 | 14,251.05 | 3,738.29 | 3,991.37 | 15,384.97 | 9,728.64 | 961.58 | 961.58 | 35,462.46 | 28,932.64 |
| RESULT | | | | | | | | | | |
| Segment Result | 1,311.08 | (778.45) | 460.39 | 518.14 | 1,132.04 | 1,120.49 | 569.51 | 569.51 | 3,401.58 | 1,429.69 |
| Unallocated Expenses | | | | | | | | | | |
| Operating Profit | | | | | | | | | 3,401.58 | 1,429.69 |
| Interest Expenses | | | | | | | | | 2,774.42 | 2,655.45 |
| Interest Income | | | | | | | | | 168.84 | 126.17 |
| Provision for Taxation | | | | | | | | | 120.34 | - |
| Current Tax | | | | | | | | | (248.34) | (159.00) |
| Deferred Tax | | | | | | | | | (120.34) | - |
| MAT Credit entitlement | | | | | | | | | 1,044.34 | (940.59) |
| Profit from ordinary activities | | | | | | | | | (63.63) | 89.38 |
| Other Comprehensive Income | | | | | | | | | 1.58 | (99.09) |
| Fair Value Gain on Equity Instruments | | | | | | | | | 936.19 | 981.82 |
| Share of ICI from Associates | | | | | | | | | 1,918.48 | 31.62 |
| Net Profit | | | | | | | | | | |
| OTHER INFORMATION | | | | | | | | | | |
| Segment Assets | 20,190.47 | 19,291.96 | 1,964.45 | 1,966.87 | 16,182.46 | 14,921.13 | 1,670.12 | 1,811.79 | 40,007.50 | 37,991.75 |
| Unallocated Assets | | | | | | | | | 17,246.43 | 16,513.99 |
| Total Assets | 20,190.47 | 19,291.96 | 1,964.45 | 1,966.87 | 16,182.46 | 14,921.13 | 1,670.12 | 1,811.79 | 57,253.93 | 54,505.74 |
| Segment Liabilities | 21,477.45 | 19,300.62 | 3,560.61 | 3,226.54 | 8,563.74 | 10,244.93 | - | - | 33,601.80 | 32,772.09 |
| Unallocated Liabilities | | | | | | | | | - | - |
| Total Liabilities | 21,477.45 | 19,300.62 | 3,560.61 | 3,226.54 | 8,563.74 | 10,244.93 | - | - | 33,601.80 | 32,772.09 |
| Capital Expenditure | 97.55 | 1,007.14 | 758.16 | 134.31 | 2,135.45 | 5,914.50 | - | - | 2,991.17 | 7,055.95 |
| Unallocated Capital Expenditure | | | | | | | | | - | - |
| Depreciation | 711.26 | 753.36 | 81.39 | 75.23 | 720.76 | 558.92 | 143.90 | 141.67 | 1,657.31 | 1,529.18 |
| Unallocated Depreciation Expenditure | | | | | | | | | - | - |
| Non-Cash expenses other than Depreciation | - | - | - | - | - | - | - | - | - | - |

NOTE NO. 49

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.

Financial Instruments by category

(₹ in Lakhs)

| Particulars | Amortised Cost | FVTPL | FVTOCI | Carrying Amount | Fair Value |
|---|----------------|-------|--------|-----------------|------------|
| As at 31-03-2020 | | | | | |
| Financial Assets | | | | | |
| Investments In Preference Shares | 840.00 | – | – | 840.00 | 840.00 |
| Other Investments | 13.19 | – | 1.58 | 14.77 | 14.77 |
| Loans | 10.00 | – | – | 10.00 | 10.00 |
| Trade Receivables | 5,577.25 | – | – | 5,577.25 | 5,577.25 |
| Cash and Bank Balances | 167.50 | – | – | 167.50 | 167.50 |
| Bank Balance other than Cash and Cash Equivalents | 7.70 | – | – | 7.70 | 7.70 |
| Other Financial Assets | 117.00 | – | – | 117.00 | 117.00 |
| Financial Liabilities | | | | | |
| Borrowings | 15,914.86 | – | – | 15,914.86 | 15,914.86 |
| Trade Payables | 1,423.73 | – | – | 1,423.73 | 1,423.73 |
| Other Financial Liabilities | 4,069.45 | – | – | 4,069.45 | 4,069.45 |
| As at 31-03-2019 | | | | | |
| Financial Assets | | | | | |
| Investments In Preference Shares | 840.00 | – | – | 840.00 | 840.00 |
| Other Investments | 9.81 | – | 2.64 | 12.45 | 12.45 |
| Loans | 10.00 | – | – | 10.00 | 10.00 |
| Trade Receivables | 3,753.41 | – | – | 3,753.41 | 3,753.41 |
| Cash and Bank Balances | 140.11 | – | – | 140.11 | 140.11 |
| Bank Balance other than Cash and Cash Equivalents | 10.55 | – | – | 10.55 | 10.55 |
| Other Financial Assets | 139.33 | – | – | 139.33 | 139.33 |
| Financial Liabilities | | | | | |
| Borrowings | 12,122.61 | – | – | 12,122.61 | 12,122.61 |
| Trade Payables | 1,173.44 | – | – | 1,173.44 | 1,173.44 |
| Other Financial Liabilities | 4,058.63 | – | – | 4,058.63 | 4,058.63 |

DISCLOSURES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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.

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 |
| Financial Instruments at FVTOCI | | | | |
| Investment in unlisted securities | | | | |
| As at 31-03-2020 | – | – | 14.77 | 14.77 |
| As at 31-03-2019 | – | – | 12.45 | 12.45 |

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 / Mutual Funds | Market Value | Closing Price as at reporting date in Stock Exchange |
| Investment in Unlisted securities | At Book Value | Net Assets value as per Balance Sheet of respective Companies as at reporting date. |
| Foreign exchange forward contracts | Mark to Market | Based on MTM valuation provided by the Banker |

NOTE NO. 50

IMPACT OF COVID - 19:

- (i) Due to outbreak of Covid-19 in India and consequent implementation of lockdown of industries during the month of March, 2020, the market price of Cotton had fallen by 5% due to poor market demand. The Company has made a provision for diminution in stock value of cotton to the extent of ₹ 149.83 Lakhs. Starting from April, 2020, the Cotton Corporation of India (CCI) has started selling the cotton by offering huge discount due to extended lockdown announced by Government of India and the market price of cotton had fallen further by another 10%.
- (ii) In view of the lock-down declared across the country by the Central / State Governments due to COVID-19 pandemic during second half of March 2020, the company's operations were adversely impacted. The operations have since resumed in a phased manner during April / May 2020 in accordance with the guidelines issued by the relevant regulatory authorities with regard to adhering of social distancing and following prescribed hygiene standards. The Company continues to comply with such guidelines from time to time.

The Company has sufficient liquidity / financing arrangements for the continuity of business operations. The lock-down due to COVID-19 is continuing with certain relaxations in FY 2020-21 and the Company is continuing its operations with lower demand. The Company expects the demand for yarn to get back to its normal levels, based on further relaxations that would be announced by the Central and State Governments, in the course of time. The Company has assessed the potential impact of COVID-19 based on the current circumstances and expects no significant impact on the continuity of operations of the business on long-term basis. The Company does not have any material risk of non-fulfilment of obligations by any party arising out of existing contracts / agreements.

The Company has exercised due care in determining its significant accounting judgements and estimates while preparing its financial statements including internal controls over financial reporting. As per the current assessment of the Company, there is no material impact on the carrying values of trade receivables and other financial / non-financial assets as at the reporting date. The Company continues to closely monitor the developments in economic conditions and assess its impact. However, the final impact may differ from the current estimates made as at the date of approval of the financial statements for the year ended 31-03-2020 considering the prevailing uncertainties.

NOTE NO. 51

DISCLOSURES PERTAINING TO ADOPTION OF NEW STANDARD OF IND AS 116, LEASES

Consequent to the introduction of Ind AS 116 on Leases replacing the old standard Ind AS 17, the company has applied Ind AS 116 using modified retrospective approach with the date of initial application of 1st April, 2019. Thus, the company has changed its accounting policy and measured lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and recognize Right-of-Use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, if any, relating to that lease recognized in the balance sheet immediately before the date of initial application.

In case of short-term leases, whose lease term is 12 months or less, the Company as a lessee opted to recognize the lease payments associated with those leases as an expense on a straight-line basis over the lease term. Further, the company, as a lessee, opted not to apply the requirements whose lease term ends within 12 months from date of initial application. In this case, the company account for those leases in the same way as short-term leases.

COMPANY AS A LESSEE

Nature of leasing activities

The Company has entered into operating lease on building. Lease rentals are determined based on agreed terms. There is escalation clause in certain lease agreements after a specified period and no restriction imposed by the lease arrangements.

DISCLOSURES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Other disclosures as required by Ind AS 116:

(₹ in Lakhs)

| Particulars | 31-03-2020 |
|--|------------|
| Depreciation charge for Right-of-use asset | 11.06 |
| Interest on lease liabilities | NIL |
| Expenses relating to short-term leases | NIL |
| Total cash outflow for leases including principal and interest | NIL |
| Additions to Right-of-use assets upon transition to Ind AS 116 | NIL |
| Carrying amount of Right-of-use assets at 31st March | 57.38 |

Notes: (a) The Company has capitalized one time non-refundable upfront charge for Right-to-Use of Building during the year ₹ 68.44 Lakhs (PY: NIL).

(b) Expenses relating to Short-term lease include leases whose lease term ends within 12 months from date of initial application and leases whose non-cancellable period is less than 12 months, irrespective of the actual tenure agreed as per the arrangement.

COMPANY AS A LESSOR

The Company has entered into operating leases on Machinery. The Company has not entered into any Finance leases. Future minimum rental receivable under non-cancellable operating leases as at the reporting date is given below:

(₹ in Lakhs)

| Particulars | 31-03-2020 |
|-------------------|------------|
| One to five years | 55.76 |

NOTE NO. 52**EVENTS AFTER THE REPORTING PERIOD - DISTRIBUTION MADE AND PROPOSED**

(₹ in Lakhs)

| Particulars | 31-03-2020 | 31-03-2019 |
|--|------------|------------|
| Proposed Dividends on Equity Shares | | |
| Final Dividend for the year ended 31 st March, 2020: ₹ 1/- per share (PY: ₹ 4/- per share) | 19.73 | – |
| Dividend Distribution Tax on Proposed Dividend | – | – |

NOTE NO. 53**FINANCIAL RISK MANAGEMENT**

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

The Company has the following financial risks:

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

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

Credit Risk

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

Receivables

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

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

(₹ in Lakhs)

| As at 31-03-2020 | Due less than 45 days | 46 to 90 days | More than 90 days | Total |
|--|-----------------------|---------------|-------------------|----------|
| Gross carrying amount | 2,435.62 | 963.71 | 2,178.03 | 5,577.36 |
| Expected Loss Rate | 0% | 0% | 0% | 0% |
| Expected Credit Losses | 0% | 0% | 0% | 0% |
| Carrying amount of trade receivables net of impairment | 2,435.62 | 963.71 | 2,178.03 | 5,577.36 |

(₹ in Lakhs)

| As at 31-03-2019 | Due less than 45 days | 46 to 90 days | More than 90 days | Total |
|--|-----------------------|---------------|-------------------|----------|
| Gross carrying amount | 2,661.28 | 858.33 | 233.80 | 3,753.41 |
| Expected Loss Rate | 0% | 0% | 0% | 0% |
| Expected Credit Losses | 0% | 0% | 0% | 0% |
| Carrying amount of trade receivables net of impairment | 2,661.28 | 858.33 | 233.80 | 3,753.41 |

Financial Instruments and Cash Deposits

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

Liquidity Risk

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

Financial Arrangements

(₹ in Lakhs)

The Company has access to the following undrawn borrowing facilities:

| Particulars | 31-03-2020 | 31-03-2019 |
|-------------------------------------|--------------|------------|
| Expiring within one year | | |
| Bank Overdraft and other facilities | 3,676 | 3,618 |
| Term Loans | NIL | 2,504 |

Maturities of Financial Liabilities

(₹ in Lakhs)

| Nature of Financial Liability | < 1 Year | 1 - 5 Years | > 5 years | Total |
|--|----------|-------------|-----------|-----------|
| As at 31-3-2020 | | | | |
| Borrowings from Banks | 3,032.96 | 10,897.48 | – | 13,930.44 |
| Trade payables | 1,423.73 | – | – | 1,423.73 |
| Other Financial Liabilities (Incl. Interest) | 1,036.49 | – | – | 1,036.49 |
| As at 31-3-2019 | | | | |
| Borrowings from Banks | 3,032.81 | 13,787.58 | – | 16,820.39 |
| Trade payables | 1,173.44 | – | – | 1,173.44 |
| Other Financial Liabilities (Incl. Interest) | 1,025.82 | – | – | 1,025.82 |

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.

Cash Flow and Fair Value Interest Rate Risk

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

Interest Rate Risk Exposure

(₹ in Lakhs)

| Particulars | 31-03-2020 | 31-03-2019 |
|--------------------------|------------|------------|
| Variable rate borrowings | 13,930.44 | 16,820.39 |

The Company does not have any interest rate swap contracts.

Sensitivity on Interest Rate Fluctuation

| Incremental Interest Cost works out to | | |
|--|--------|--------|
| 1% Increase in Interest Rate | 139.30 | 168.20 |

In order to achieve the 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 31-03-2020 and 31-03-2019.

As per our report annexed

For N.A. JAYARAMAN & CO
Chartered Accountants
Firm Registration No. 001310S
R. PALANIAPPAN
Partner
Membership No. 205112
Chennai
24th June, 2020

On behalf of the Board of Directors

Shri P.R. VENKETRAMA RAJA
CHAIRMAN

N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

A. EMARAJAN
COMPANY SECRETARY

DISCLOSURES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS



**THE RAMARAJU
SURGICAL COTTON
MILLS LIMITED**

**ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF
ENTERPRISES CONSOLIDATED AS ASSOCIATES FOR THE YEAR 2019-20**

| Name of the Entity | Net Assets i.e. total assets minus total liabilities | | Share in Profit / (Loss) | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income (TCI) | |
|--|---|------------|--|------------|--|------------|--|------------|
| | As % of Consolidated net assets | ₹ in Lakhs | As % of Consolidated profit / (loss) | ₹ in Lakhs | As % of Consolidated OCI | ₹ in Lakhs | As % of Consolidated TCI | ₹ in Lakhs |
| Parent | | | | | | | | |
| The Ramaraju Surgical Cotton Mills Limited | 29.72% | 6,913.01 | 52.52% | 1,044.34 | 87.06% | (62.05) | 51.20% | 982.29 |
| Associates (Investments as per the Equity Method) | | | | | | | | |
| Indian | | | | | | | | |
| M/s The Ramco Cements Limited | 63.63% | 14,799.90 | 45.96% | 913.89 | 9.82% | (7.00) | 47.27% | 906.89 |
| M/s Ramco Industries Limited | 0.80% | 185.19 | 0.54% | 10.81 | 1.40% | (1.00) | 0.51% | 9.80 |
| M/s Ramco Systems Limited | 0.32% | 73.87 | 0.02% | 0.45 | 1.02% | (0.73) | 0.06% | 1.18 |
| M/s Rajapalayam Mills Limited | 5.33% | 1,238.59 | 0.61% | 12.10 | 0.34% | (0.24) | 0.62% | 11.85 |
| M/s Sri Vishnu Shankar Mill Limited | 0.20% | 46.92 | 0.34% | 6.72 | 0.35% | (0.25) | 0.34% | 6.47 |
| M/s Sri Harini Textiles Limited | - | - | - | - | - | - | - | - |
| M/s Sri Harini Media Limited | - | - | - | - | - | - | - | - |

As per our report annexed

For N.A. JAYARAMAN & CO.
Chartered Accountants
Firm Registration No. 001310S

R. PALANIAPPAN
Partner
Membership No. 205112
Chennai,
24th June, 2020.

Shri P.R. VENKETRAMA RAJA
CHAIRMAN

Smt. NALINA RAMALAKSHMI
MANAGING DIRECTOR

N. VIJAY GOPAL
CHIEF FINANCIAL OFFICER

A. EMARAJAN
COMPANY SECRETARY



**THE RAMARAJU
SURGICAL COTTON
MILLS LIMITED**

119 P A C Ramasamy Raja Salai, Rajapalayam 626 117, Tamilnadu, India