



**SRI HARINI TEXTILES LIMITED**

CIN: U17111TN2005PLC057807

**Registered Office:** Sri Bhavanam 102, P S K Nagar Rajapalayam, Virudhunagar – 626 108,  
Tamil Nadu, India.

**Phone:** 08654-283933/283988; **Email:** [apunit@ramcotex.com](mailto:apunit@ramcotex.com);

**HON'BLE NATIONAL COMPANY LAW TRIBUNAL, CHENNAI BENCH ('NCLT')  
NOTICE OF MEETING OF THE EQUITY SHAREHOLDERS OF SRI HARINI  
TEXTILES LIMITED**

*(Convened pursuant to order dated July 13, 2022 passed by Hon'ble National Company Law  
Tribunal, Chennai Bench)*

**DETAILS OF THE MEETING**

<b>Day</b>	Thursday
<b>Date</b>	September 08, 2022
<b>Time</b>	9.00 A.M.
<b>Venue</b>	PAC Ramasamy Raja Salai, Rajapalayam – 626 117, Tamil Nadu, India.
<b>Mode</b>	Physical

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
CHENNAI BENCH  
C A (CAA) NO. 35 OF 2022**

**In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act,  
2013**

**AND**

**In the matter of Scheme of Amalgamation of Sri Harini Textiles Limited with The  
Ramaraju Surgical Cotton Mills Limited and their respective Shareholders and Creditors.**

**Sri Harini Textiles Limited**

(CIN: U17111TN2005PLC057807)

A Company incorporated under the  
provisions of Companies Act, 1956  
having its Registered Office at  
Sri Bhavanam 102, P S K Nagar Rajapalayam,  
Virudhunagar – 626 108,  
Tamil Nadu, India.

**... Applicant Transferor Company**

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF SRI  
HARINI TEXTILES LIMITED**

To,  
The Equity Shareholders of  
Sri Harini Textiles Limited

NOTICE is hereby given that vide an Order dated 13<sup>th</sup> day of July 2022 (**‘Order’**), Hon’ble National Company Law Tribunal, Chennai Bench (**‘NCLT’**) has directed a meeting to be held of the Equity Shareholders of Sri Harini Textiles Limited to be called and convened on **Thursday, 8<sup>th</sup> day of September, 2022 at 9.00 A.M. at PAC Ramasamy Raja Salai, Rajapalayam – 626 117 Tamil Nadu, India** for the purpose of considering, and if thought fit, approving with or without modification(s), Scheme of Arrangement in the nature of Amalgamation of Sri Harini Textiles Limited with The Ramaraju Surgical Cotton Mills Limited and their respective Shareholders and Creditors. At the Meeting, the following resolution will be considered and if thought fit, be passed, with or without modification(s), by requisite majority as prescribed under Section 230(1) and (6) read with Section 232(1) of the Companies Act, 2013:

***“RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with the provisions of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016, the National Company Law Tribunal Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI LODR***

***Regulations***”) read with the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 read with SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021, as amended (“**SEBI Circular**”) and other applicable regulations, circulars and guidelines issued by the Securities and Exchange Board of India (“**SEBI**”), the applicable provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon'ble National Company Law Tribunal, Chennai Bench (“**NCLT**”) and further subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or directed by Hon'ble NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**”, which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the scheme of arrangement providing for the amalgamation of Sri Harini Textiles Limited (“**SHTL**” / “**Transferor Company**”) with The Ramaraju Surgical Cotton Mills Limited (**TRSCML**” / “**Transferee Company**”) on terms and conditions as contained in the draft scheme of arrangement, the copy whereof placed before the meeting and initialed by the chairperson for the purpose of identification, be and is hereby approved.”

***“RESOLVED FURTHER THAT** the board of directors of the Company be and is hereby authorized (with the power to delegate any or all the powers conferred by this resolution to any Director, KMP or officers or any committee of the Board) to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to give effect to this Resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT and/or any other authority(ies) while sanctioning the Scheme or by any authority(ies) under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as they may deem fit and proper.”*

**TAKE FURTHER NOTICE** that in pursuance of the aforesaid Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Transferor Company will be held at **PAC Ramasamy Raja Salai, Rajapalayam – 626 117, Tamil Nadu, India on Thursday, 8<sup>th</sup> day of September, 2022 at 9.00 A.M.**, at which time and place the said Equity Shareholders are requested to attend.

Copies of the Scheme of Amalgamation and Notice along with Explanatory Statement forming part thereof under Section 230 read with Section 102 and other applicable provisions of the Companies Act, 2013 can be obtained free of charge at the Registered Office of the Applicant Transferor Company and/or from the office of the Advocate Mr. Pawan Jhabakh, M/s. P.H. Arvind Pandian & Associates, No. 115, 1<sup>st</sup> Floor, Luz Church Road, Mylapore, Chennai - 600004, Tamil Nadu, during normal business hours (9:30 am to 6:30 pm) from Monday to Friday upto and including the date of the meeting.

Persons entitled to attend and vote at the meeting, may vote in person or by proxy provided that all proxies in the prescribed form are deposited at the Registered Office of the Applicant Transferor Company not later than 48 hours before the meeting.

Forms of proxy can be obtained from the Registered Office of the Applicant Transferor Company viz. Sri Harini Textiles Limited.

The Tribunal has appointed Mr. P.J. Ramkumar Rajha, Independent Director of the Applicant Transferee Company to be the Chairman of the said meeting, including any adjournment or adjournments thereof.

Copy of the Scheme of Amalgamation, Explanatory Statement under Section 102, Section 230(3) and other applicable provisions of the Companies Act, 2013 read with Rules 6 and 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, a Form of Proxy and Attendance Slip is attached herewith and forms part of this Notice.

Above mentioned Scheme of Amalgamation, if approved at the meeting, will be subject to the subsequent approval of the Tribunal.

**Sd/-**

**P.J. Ramkumar Rajha**

**Chairman appointed for the Meeting**

**Dated this 27<sup>th</sup> day of July, 2022**

**Registered Office Address:**

Sri Bhavanam 102, P S K Nagar Rajapalayam,  
Virudhunagar – 626 108, Tamil Nadu, India.

**Phone:** 08654-283933/283988;

**Email:** [apunit@ramcotex.com](mailto:apunit@ramcotex.com);

**Notes:**

1. Only Equity Shareholders of the Applicant Transferor Company may attend and vote either in person or by proxy (a proxy need not be an Equity Shareholder of the Applicant Transferor Company) or in the case of a body corporate, by a representative authorized under Section 113 of the Companies Act, 2013. The authorized representative of a body corporate which is a Equity Shareholder of the Applicant Transferor Company may attend and vote at the meeting of the Equity Shareholders of the Applicant Company provided a certified true copy of the resolution of the board of directors or other governing body of the body corporate authorizing such representative to attend and vote at the meeting of the Equity Shareholders of the Applicant Transferor Company is deposited at the Registered Office of the Applicant Transferor Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the Equity Shareholders of the Applicant Transferor Company. The Form of Proxy can be obtained free of charge at the Registered Office of the Applicant Transferor Company.
2. The quorum for the meeting of the Equity Shareholders of the Applicant Transferor Company shall be viz. 8 (Eight) in number viz. present either in person or through proxy or authorized representative as approved by the NCLT, Chennai Bench vide Order.
3. Equity Shareholder or his proxy, attending the meeting, is requested to bring the Attendance Slip duly completed and signed and also should carry a copy of their valid and legible identity proof (i.e. PAN Card/Adhaar Card/Passport/Driving License/Voter ID Card).
4. As directed by the Tribunal, Mr. ANS Vijay, Practicing Company Secretary having office at 148/1, Palaniandavar Colony, Sivakasi - 626189 has been appointed as the scrutinizer to conduct the voting at the venue of the meeting, in a fair and transparent manner.
5. The Notice convening the meeting will be published through an advertisement in English Daily in "Business Standard" (All India Edition), "Nav Bharat Times" (All India Edition) and "Makkal Kural" in Tamil (Tamil Nadu Edition).
6. The Scrutinizer will submit his report to the Chairman of the meeting after completion of the scrutiny of the votes cast by the Equity Shareholders of the Applicant Transferor Company. The Scrutinizer's decision on the validity of the vote shall be final.
7. Explanatory Statement pursuant to Section 102, Section 230(3) and other applicable provisions of the Companies Act, 2013 read with Rules 6 and 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 setting out material disclosures forms part of this Notice.
8. Equity Shareholders as per the register of members as on July 22, 2022 will be entitled to exercise their right to vote on the above meeting.
9. Electronic Copy of Notice is being sent to all the Equity Shareholders of Applicant Transferor Company as on July 22, 2022, whose e-mail addresses are registered with the Company, for communication purpose. Equity Shareholders who have not registered their email addresses, physical copy is being sent by courier at their registered addresses.

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL**  
**CHENNAI BENCH**  
**C A (CAA) NO. 35 OF 2022**

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Amalgamation of Sri Harini Textiles Limited with The Ramaraju Surgical Cotton Mills Limited and their respective Shareholders and Creditors.

**Sri Harini Textiles Limited**

(CIN: U17111TN2005PLC057807)

A Company incorporated under the provisions of Companies Act, 1956 having its Registered Office at Sri Bhavanam 102, P S K Nagar Rajapalayam, Virudhunagar – 626 108, Tamil Nadu, India.

... Applicant Transferor Company

**EXPLANATORY STATEMENT UNDER SECTION 102, SECTION 230(3) AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH RULES 6 AND 7 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 FORMING PART OF THE NOTICE**

1. Pursuant to an Order dated 13<sup>th</sup> day of July, 2022 passed by the National Company Law Tribunal, Chennai Bench in C A (CAA) No. 35 of 2022 jointly filed by Sri Harini Textiles Limited along with The Ramaraju Surgical Cotton Mills Limited, a meeting of the Equity Shareholders of the Applicant Transferor Company is ordered to be convened and held on **Thursday, 8<sup>th</sup> day of September, 2022** at **PAC Ramasamy Raja Salai, Rajapalayam – 626 117, Tamil Nadu, India** at 9.00 A.M. for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of Sri Harini Textiles Limited (“**Transferor Company**”) with The Ramaraju Surgical Cotton Mills Limited (“**Transferee Company**”) and their respective Shareholders and Creditors (hereinafter referred to as the “Scheme”). This statement explaining the terms of the Scheme of Amalgamation is being furnished as required under Section 230(3) of the Companies Act, 2013 read with Rules 6 and 7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
2. A copy of the Scheme setting out the details of the Companies involved in the proposed Scheme, appointed date, effective date, share exchange ratio, share entitlement ratio and

other salient features is attached herewith and forms part of the Notice as well as this Explanatory Statement.

### **BACKGROUND OF THE TRANSFEROR COMPANY**

3. Sri Harini Textiles Limited, (hereinafter referred to as 'SHTL' or 'the Applicant Transferor Company' for the sake of brevity) is a public unlisted company, incorporated on 13<sup>th</sup> day of October, 2005 under the provisions of the Companies Act, 1956 with the Registrar of Companies, Chennai, Tamil Nadu.
4. The Corporate Identification Number ('CIN') of the SHTL is U17111TN2005PLC057807 and Permanent Account Number ('PAN') is AAJCS5819D.
5. The Registered Office of the SHTL is situated at Sri Bhavanam 102, P S K Nagar Rajapalayam, Virudhunagar – 626 108, Tamil Nadu, India.
6. The Applicant Transferor Company is engaged in the business of running an established Open End Yarn manufacturing unit with capacity of 1440 Rotors at Thirumalagiri Village, Krishna District, Andhra Pradesh that was commissioned during the year June, 2008.
7. The Main Objects of the SHTL are fully set out in the Memorandum and Articles of Association which are as follows:-
  - a. "To carry on all or any of the business of spinners (Ring Spinning, OE Spinning, Compact Spinning etc.) and doublers of cotton, flax, hemp, jute, wool, silk, synthetic fibre such as Viscose, Polynosic, Polyester, Acrylic and other fibrous substances, cotton ginners, yarn merchants, bleachers and dyers, makers of bleaching and dyeing materials and to purchase, comb, prepare, spin, dye and deal in cotton, flax, hemp, jute, wool, silk, synthetic fibre such as Viscose, Polynosic, Polyester, Acrylic, and other fibrous substances and to weave or otherwise manufacture, buy, sell and export and deal in linen, cloth and other goods and fabrics, whether textile, felted, netted or looped.
  - b. To carry on all or any of the business of cloth manufacturers, hosiers, carpet makers, silk mercers, silk, synthetic fibre such as Viscose, Polynosic, Polyester, Acrylic and other fibrous substances weavers, importers, exporters and wholesale, retail dealers and chain of retail outlets of and in Textile fabrics of all kinds, outfitters, drapers and Furnishers.
  - c. To wash, clean, purify, scour, bleach, wring, dry, iron, colour, dye, disinfect, renovate and prepare for use all articles of wearing apparel, household, domestic and other linen and cotton, woolen and silk goods and clothing and fabrics of all kinds.
  - d. To cultivate, buy, sell and deal in raw or finished cotton, wool, jute, silk, synthetic fibre, such as Viscose, Polynosic, Polyester, Acrylic and other fibrous substances

and to prepare, spin, clean, press and pack the same and sell the materials so manufactured, to build, purchase, sell, dispose of, transfer, mortgage, take on lease, exchange, hire or otherwise acquire or deal with any land, buildings, any estate or interest therein and any right over or connected with them.

e. To generate power from conventional and lor non conventional sources including installation of Wind Mills for capitve use / Third party sale.”

8. Email address of the SHTL is [apunit@ramcotex.com](mailto:apunit@ramcotex.com).
9. During last five years, there has been no change in the name, main object and in the Registered Office of the Applicant Transferor Company.
10. The capital structure of the Applicant Transferor Company as on March 31, 2022 is as under:

Particulars	Amount (Rs.)
<b>Authorised Share Capital</b> 50,00,000 Equity Shares of Rs.10/- each	5,00,00,000
<b>TOTAL</b>	<b>5,00,00,000</b>
<b>Issued, Subscribed and paid-up Share Capital</b> 30,00,000 Equity Shares of Rs.10/- each	3,00,00,000
<b>TOTAL</b>	<b>3,00,00,000</b>

Subsequent to March 31, 2022, till date, there has been no change in its authorised, issued, subscribed and paid-up share capital.

#### **BACKGROUND OF THE TRANSFEEE COMPANY**

11. The Ramaraju Surgical Cotton Mills Limited (hereinafter referred to as “**TRSCML**” or “**Applicant Transferee Company**” for the sake of brevity) is a public listed company incorporated on the 20<sup>th</sup> day of February, 1939, under the Indian Companies Act, 1913.
12. The Corporate Identification Number (‘**CIN**’) of the TRSCML is L17111TN1939PLC002302 and Permanent Account Number (‘**PAN**’) is AA ACT4308D.
13. The Registered Office of RSCML is situated at PAC Ramasamy Raja Salai Rajapalayam – 626 117, Tamil Nadu, India.
14. TRSCML, the Transferee Company is a Public Limited Company was engaged originally in the business of production of Surgical Cotton, Gauze, Bandage and Plaster of Paris and other wound-care products in Southern India. The Applicant/Transferee Company has further diversified into spinning and weaving, producing some of the world’s finest cotton yarn and manufacturing premium fabrics for shirting, bed linens and jacquard cloth. The Equity Shares of the Transferee Company are listed on the MSE.
15. The Main Objects of TRSCML are fully set out in the Memorandum and Articles of Association which are as follows:-

- a. "to carry on all or any of the business of manufactures of sterilised surgical wadding, bandages, gauze, lint, rough cloth, sanitary towels, etc., out of cotton, flax, hemp, jute, wool, silk or other fibrous materials, used for domestic or hospital purposes.
- b. to carry on all or any of the businesses of cotton spinners and doublers, flax, hemp and jute spinners, linen manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, woolen spinners, cotton ginner, yarn merchants, worsted stuff manufacturers, bleachers and dyers and makers of vitriol, bleaching and dyeing materials, and to purchase, comb, prepare, spin, dye and deal in flax, hemp, jute, wool, cotton, silk and other fibrous substances and to weave or otherwise manufacture, buy and sell and deal in linen cloth and other goods and fabrics whether textiles, felted, netted or looped.
- c. to carry on all or any of the businesses of silk mercers, silk weavers, cloth manufacturers, hosiers, carpet makers, importers and wholesale and retail dealers of and in textile fabrics of all kinds, tailors, outfitters, boot and shoe-makers drapers and furnishers.
- d. to wash, clean, purify, scour, bleach, wring, dry, iron, colour, dye, disinfect, renovate and prepare for use all articles of weaving apparel household domestic and other linen, cotton and woollen goods and clothing and fabrics of all kinds.
- e. to carry on in all or any of their branches, all or any one or more of the following businesses, that is to say the businesses of manufactures, producers, importers, exporters, merchants, brokers and wholesale dealers of and in all kinds of dyes, dye-stuffs, chemical drugs, paints, varnishes, colours, industrial pharmaceutical and other preparations articles, compounds, ingredients and products or other goods of any description whether analogous to any of those above enumerated or not,
- f. to carry on business as manufacturers of essential oils, aromatic chemicals, toilet preparations, dental cream, tooth brushes, tongue cleaners, etc., and other products used in perfumery, flavours, dyes, sweetening agents and other products used in confectionery, aerated waters, liquors and other similar preparations and to manufacture, buy, sell, improve, treat, refine, aerate, mineralise bottle and otherwise deal in mineral and aerated waters and other liquids of every description.
- g. to cultivate, buy, sell and deal in raw or finished cotton, wool, jute, silk and other fibrous substances and to prepare, spin, clean, press and pack the same and sell the materials so manufactured, to build, purchase sell, dispose of transfer, mortgage, take on lease, exchange, hire or otherwise acquire or deal with any land, buildings any estate or interest therein and any right over or connected with them that may be deemed or necessary or convenient for any of the purposes of the Company.
- h. to carry on researches advantageous and beneficial to the Company and to train and educate employees of the Company to carry on the work of the Company efficiently.
- i. to purchase take on lease or otherwise acquire land, buildings, plant, machinery, tools, etc., for the purposes aforesaid and to construct, erect and equip mills, factories offices dwellings and to work the same.
- j. to sell all products manufactured by the Company or imported from outside and also to take agencies for such of the materials that are in the line and cannot or advantageously be manufactured here.

- k. to carry on any other business or concern whether manufacturing or otherwise which in the opinion of the Company is directly or indirectly likely to advance or promote the interests of the Company.
- l. to enter into contract with the Government and other local bodies and individuals for the sale of the Company's products and for the purchase of materials or properties for the use of the Company.
- m. to apply for purchase or otherwise acquire patents rights privileges, licences, concessions and the like which in the opinion of the Company are conducive to the attainment of its objects or to enhance the value of its undertaking.
- n. to sell, mortgage, exchange, lease or otherwise dispose of absolutely conditionally or for any limited interest and to grant lease or licence in respect of all or part of the land, buildings or any property rights or privileges of the Company.
- o. to enter into any agreements with and employ technicians, engineers, electricians and other specialists and staff as may be necessary and expedient for conducting the business of the company.
- p. to raise and borrow money and secure the payment of the money by such terms and conditions and in such manner as may be determined, and particularly by the creation of issue of bonds, mortgages, debentures, debenture-stock or other securities either perpetual or terminable and charged specially or by way of floating charge on any part of the undertaking, property and rights of the Company either present or future or both inclusive of its uncalled capital, or not entitled to any charge and to redeem, purchase, or pay off any such securities remunerate any trustees appointed in connection with any such securities at a discount, premium or otherwise and in such manner as may be thought fit and with or without any special rights, privileges or conditions as to redemption, surrender, drawings, allotment of shares, conversion into shares, attending and voting at meetings of the Company, appointment of directors or otherwise and so that any such securities may be made assignable, free from any equities between the Company or any person or persons and so that upon an issue of debenture-stock, debentures may, if thought expedient, be issued to trustees, as part of the securities, to open current account and time deposit accounts with bankers, or banks, shroffs or merchants and pay into and draw money from such accounts, to invest and deal with the moneys of the Company not immediately required in or upon such securities and in such manner as may from time to time be determined by the Company.
- q. to draw, make, accept, endorse, seal, execute, negotiate, purchase, lend, money upon, discount, hold and dispose of cheques, promissory notes, bills of exchange, hundis, drafts, charter-parties, bills of lading, warrant, debenture and other negotiable instruments or documents and contracts, deeds and other instruments and cancel and vary any such instrument.
- r. to sell, exchange, improve, manage, develop, turn to account, lease or sub-lease or let on rent any royalty or share of profits or otherwise grant licences, easements and other rights in respect of all or any lands, buildings, properties, rights, and privileges of the Company and in any other manner deal with or dispose of the undertaking of all or any of the property for the time being of the Company for such consideration, as may deem fit.
- s. to amalgamate with any other Company whose objects are or which includes objects similar to those of this Company whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertaking subject to the liabilities of

this or any such other company as aforesaid with or without winding up or by sale or purchase (for fully or partly paid-up shares or otherwise) of all the shares or stock of this or any such other company as aforesaid or by partnership or any arrangement of the nature of the partnership or any other manner when such is likely to advance or promote the interests of this Company.

- t. to promote and undertake the formation, establishment, management of such institutions, business and companies with object or objects similar to those of this Company as may be considered to be conducive to the profit and interest of the Company.
- u. to insure with any person or company against losses, damages, risks and liabilities of any kind which may affect the Company either wholly or partially, and if thought fit, to effect any such insurance, protection or indemnity by joining or becoming members of any mutual insurance, association, federation or society and to accept any such insurance, or any part thereof for the account of the Company.
- v. upon any issue of shares, debentures or any other securities of the Company, to employ brokers, commission agents and underwriters to provide for the remuneration of such persons for their services, by payment in cash or by issue of shares, debentures or other securities of the Company by granting of options to take the same or in any manner allowed by law.
- w. to create any reserve fund sinking fund, insurance fund, or any other special funds, whether for depreciation or for repairing, improving, extending or maintaining any of the property of the Company or for any other purposes conducive to the interests of the Company.
- x. to support and subscribe to any charitable or public object, and any institution, society. or club which may be for the benefit of the Company or of its employees, or may be connected with any town or place where the company carries on business; to contribute funds to any political party or parties; to give pensions, gratuities or charitable aid to any person or persons, who may have served the Company, or to the wives, children or other relatives or dependants of such persons; to make payments towards insurance and to form and contribute to provident and benefit funds for the benefit of any persons employed by the Company, or of the wives, children, or other relatives or dependants of such persons.
- y. to procure the incorporation, registration, or other recognition of the Company in any country, state or place, and to establish and to regulate agencies for the purpose of the Company's business, and to apply or join in applying to any Parliament, Government, Local, Municipal or other authority or body, British, Colonial or Foreign for any acts of Parliament, laws, decrees, concessions, orders, rights or privileges that may seem conducive to the Company's objects, or of any of them and to oppose any proceedings or applications which may seem calculated or directly prejudice the interests of the Company.
- z. to carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above, or calculated directly or indirectly to enhance the value of or render profitable any of the Company's properties or rights and generally to all such other acts, matters and things as may be necessary, incidental or conducive to the attainment of the above objects or any of them.
- aa. to do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with

others and either by or through agents, sub-contractors, trustees or otherwise, and to do all other things as are incidental or conducive to the above objects or any of them.”

16. Website and Email address of TRSCML is [www.ramarajusurgical.com](http://www.ramarajusurgical.com) and [rscm@ramcotex.com](mailto:rscm@ramcotex.com) respectively.
17. During last five years, there has been no change in the name, main object and in the Registered Office of the TRSCML.
18. The capital structure of Transferee Company as on March 31, 2022 is as under:

Particulars	Amount (Rs.)
<b>Authorised Share Capital</b> 50,00,000 Equity Shares of Rs.10/- each	5,00,00,000
<b>TOTAL</b>	<b>5,00,00,000</b>
<b>Issued, Subscribed and paid-up Share Capital</b> 39,46,560 Equity Shares of Rs.10/- each	3,94,65,600
<b>TOTAL</b>	<b>3,94,65,600</b>

Subsequent to March 31, 2022 till date, there has been no change in its authorised, issued, subscribed and paid-up share capital.

19. The shareholding pattern of the Transferor Company as on June 30, 2022 is as under:

Sr. No.	Category of Shareholder	No. of equity shares held	Shareholding as a % of total no. of shares
<b>A.</b>	<b>Statement showing shareholding pattern of the Promoter and Promoter Group</b>		
a.	Individuals/Hindu undivided Family (including Type A and Type B shares)	13,60,000	45.33
b.	Central Government/ State Government(s)	-	-
c.	Financial Institutions/ Banks	-	-
d.	Any Other (specify):	-	-
	Bodies Corporate	15,90,000	53.00
	<b>Sub-Total (A)</b>	<b>29,50,000</b>	<b>98.33</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	29,50,000	98.33
<b>B.</b>	<b>Statement showing shareholding pattern of the Public shareholder</b>	-	-
<b>C.</b>	<b>Statement showing shareholding pattern of the Non Promoter- Non Public shareholder</b>	50,000	1.67
	<b>Total (A+B+C)</b>	<b>30,00,000</b>	<b>100.00</b>

**Details of Promoters and Directors of the Transferor Company**

20. Details of the Promoters of the Transferor Company are as under:

<b>Name</b>	<b>Address</b>
P.R.Venketrama Raja	142, Santhome High Road, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu, India
R. Sudarsanam	1616/642, Thenakasi Road, Rajapalayam, Virudhunagar – 626117, Tamil Nadu, India
R. Nalina Ramalakshmi	102, Shri Bhavanam, P.S.K. Nagar, Rajapalayam – 626108, Tamil Nadu, India
N.R.K. Ramkumar Raja	8/14 1 <sup>st</sup> Cross Street, Karpagam Gardens, 3rd Floor Adayar, Chennai – 600020, Tamil Nadu, India
Saradha Deepa	No 39/17 Bishop Garden, R A Puram, Chennai – 600028, Tamil Nadu, India
The Ramaraju Surgical Cotton Mills Limited	PAC Ramasamy Raja Salai Rajapalayam – 626117, Tamil Nadu, India
Yannarkay Servicers Limited	82, Cotton Market, Rajapalayam – 626117, Tamil Nadu, India

21. Details of the Directors of the Transferor Company as on July 27, 2022 are as under:

<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>DIN No.</b>	<b>Date of Appointment</b>
Nambur Krishnama Raja Ramasamy Raja	Director	111a, Alagai Nagar, P.S.K. Nagar, K.R. Nagar Po, Rajapalayam Tk, Virudhunagar - 626108, Tamil Nadu, India	00432698	13/10/2005
Nambur Krishnama Raja Shrikantan Raja	Director	14/39, P.S.K. Nagar, Rajapalayam -626108, Tamil Nadu, India	00350693	13/10/2005
Poosapadi Jagadeeswara Raja Ramkumar Rajha	Director	90a1/1 Psk Nagar, Kumarasamy Raja Nagar, Rajapalayam - 626108, Tamil Nadu, India	00487193	11/02/2017
Kanthimathinathan Subramanian	Director	7 Jubilee Road, Kuthukalvalasel Ilanji, Tenkasi - 627805, Tamil Nadu, India	01124581	30/07/2013
Nalina Ramalakshmi	Director	102, Shri Bhavanam, P.S.K. Nagar, Rajapalayam - 626108, Tamil Nadu, India	01364161	25/10/2008

### **Approval of the Scheme by the Board of Directors**

22. The Scheme was approved by the Board of Directors of the Transferor Company in the Board Meeting held on 27<sup>th</sup> of September, 2021. Meeting was attended by all the Directors named above and all of them have voted unanimously in favor of the resolution.

### **Details of Promoters and Directors of the Transferee Company**

23. Details of the Promoters of the Transferee Company are as under:

<b>Name</b>	<b>Address</b>
Nalina Ramalakshmi	102, Shri Bhavanam, P.S.K. Nagar, Rajapalayam – 626108, Tamil Nadu, India
N.R.K. Ramkumarraja	8/14 1 <sup>st</sup> Cross Street, Karpagam Gardens, 3rd Floor Adayar, Chennai - 600020, Tamil Nadu, India
Saradha Deepa	No 39/17 Bishop Garden, R A Puram, Chennai – 600028 – Tamil Nadu, India
R Sudarsanam	1616/642, Thenakasi Road, Rajapalayam, Virudhunagar - 626117, Tamil Nadu, India
P R Venketramaraja	142, Santhome High Road, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu, India
P V Srisandhya	142, Santhome High Road, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu, India
P V Nirmala	142, Santhome High Road, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu, India
M/s. Rajapalayam Mills Limited	Rajapalayam Mills Premises, Post Box No.1 P.A.C.Ramaswamy Road Rajapalayam – 626117, Tamil Nadu, India
M/s. Sri Vishnu Shankar Mills Limited	Sri Vishnu Shankar Mills Premises Post Box No 109 , P A C R Salai Rajapalayam – 626117, Tamil Nadu India.

24. The shareholding pattern of the Transferee Company as on June 30, 2022 is as under:

<b>Sr. No.</b>	<b>Category of Shareholder</b>	<b>No. of equity shares held</b>	<b>Shareholding as a % of total no. of shares</b>
<b>A.</b>	<b>Statement showing shareholding pattern of the Promoter and Promoter Group</b>		
a.	Individuals/Hindu undivided Family	17,60,140	44.60
b.	Central Government/ State Government(s)	-	-
c.	Financial Institutions/ Banks	-	-
d.	Any Other (specify):	-	-
	Bodies Corporate	6,200	0.16
	<b>Sub-Total (A)</b>	<b>17,66,340</b>	<b>44.76</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>17,66,340</b>	<b>44.76</b>

<b>B.</b>	<b>Statement showing shareholding pattern of the Public shareholder</b>	21,80,220	55.24
<b>C.</b>	<b>Statement showing shareholding pattern of the Non Promoter- Non Public shareholder</b>	-	-
	<b>Total (A+B+C)</b>	<b>39,46,560</b>	<b>100.00</b>

25. Details of the Directors of the Transferee Company as on July 27, 2022 are as under:

<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>DIN No.</b>	<b>Date of Appointment</b>
Vaidyanathan Santhanaraman	Director	6/14, Sridevi Colony, Ashok Nagar, Chennai-600083, Tamil Nadu, India	00212334	25/05/2014
Poosapadi Ramasubrahmanya Rajha Venketrama Raja	Director	142 Santhome High Road, Raja Annamalaipuram, Chennai – 600028, Tamil Nadu, India	00331406	04/03/1992
Nambur Krishnama Raja Shrikantan Raja	Director	14/39, P.S.K. Nagar, Rajapalayam – 626108, Tamil Nadu, India	00350693	15/04/2002
Poosapaadi alaga Raja Jaganatharaja	Director	48, P.S.K. Nagar, Rajapalayam – 626108, Tamil Nadu, India	00446057	14/05/1986
Poosapadi Jagadeeswara Raja Ramkumar Rajha	Director	90a1/1 Psk Nagar, Kumarasamy Raja Nagar, Rajapalayam – 626108, Tamil Nadu, India	00487193	25/05/2014
Poosapadi Sankarraja alagharraj	Director	50/13, P.S.K. Nagar, Kumarasamy Raja Nagar, Rajapalayam - 626108, Tamil Nadu, India	00487312	16/06/2021
Nalina Ramalakshmi	Managing Director	102, Shri Bhavanam, P.S.K. Nagar, Rajapalayam – 626108, Tamil Nadu India	01364161	12/08/2010
Namboor R Krishnama Raja Ramkumar Raja	Managing Director	102, Shri Bhavanam, P.S.K. Nagar, Rajapalayam – 626108, Tamil Nadu, India	01948373	14/02/2016

Posapadi Perumal Subba Raja Janarthana Raja	Director	Flat Gb, 7/13, Ponmari Towers, Montieth Lane, Near Hotel Ambassador Pallava, Egmore, Chennai-600008, Tamil Nadu, India	06702871	25/05/2014
Senthilvel Sarathysubbura	Nominee Director	62/19-B-1, Jothi Nagar, 4th Street, Kovil Patti, Thoothukkudi – 628501, Tamil Nadu, India	07601727	20/11/2021

**Approval of the Scheme by the Board of Directors**

26. The Scheme was approved by the Board of Directors of the Transferee Company in the Board Meeting held on 27<sup>th</sup> day of September, 2021. Meeting was attended by the Directors named above and all of them have voted unanimously in favor of the resolution.

27. **Relationship between all the Applicant Companies**

- a. Transferor Company and Transferee Company belong to the same group of management.
- b. TRSCML, the Transferee Company holds 14,90,000 equity shares of SHTL, the Transferor Company.

28. **RATIONALE OF THE SCHEME**

The Amalgamation pursuant to this Scheme is proposed by the Board of Directors of the Transferor Company and the Transferee Company with following objectives and rationale:

The directors of the Transferor Company and the Transferee Company have decided to amalgamate the Transferor Company with the Transferee Company in order to ensure better management of the Company as a single unit with focused management capabilities. The directors of the Transferor Company and the Transferee Company are of the opinion that the Transferor Company and the Transferee Company are part of the same group and are having common promoters and accordingly, the amalgamation of the Transferor Company into the Transferee Company pursuant to the Scheme would result in streamlining the group corporate structure. The amalgamation will further enable to reduce the number of entities within the group that require to be administered and also help realize operational synergies which would also result in simplification of structure and operations and would benefit both the Transferor Company and the Transferee Company in the following manner:

- (i) Reduction in operative and administrative cost;
- (ii) Economies of scale, improved capital allocation, optimum utilization of resources and operational efficiency etc.;
- (iii) Elimination of inter-company holdings and layering of investments and business operations;

- (iv) Simplification of management structure;
- (v) Stronger asset base and infrastructure for future growth.

### **Salient Features of the Scheme**

29. Salient features of the Scheme are, *inter-alia*, the following:

#### **1. DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 1.1 “**Act**” means the Companies Act, 2013 and the rules made thereunder and as may be applicable.
- 1.2 “**Accounting Standards**” shall mean the Accounting Standards as notified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India.
- 1.4 “**Appointed Date**” means the date from which this Scheme shall become operative viz., opening business hours of 1st April, 2021, or any other date as the National Company Law Tribunal may direct or approve under the relevant provisions of the Act.
- 1.6 “**Effective Date**” means the date or last of the dates on which the certified copy of the order of the Tribunal sanctioning this Scheme is filed with the concerned Registrar of Companies by the Transferor Company and the Transferee Company. Any references in this Scheme to “upon the Scheme becoming effective” or “upon the Scheme coming into effect” shall mean the “Effective Date”.
- 1.8 “**Record Date**” shall mean the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the shareholders of the Transferor Companies to whom shares shall be allotted under the Scheme of Amalgamation.
- 1.12 “**Stock Exchange(s)**” shall mean stock exchange(s) on which the shares of the Transferee Company are listed on the Effective Date.
- 1.13 “**Transferee Company**” means THE RAMARAJU SURGICAL COTTON MILLS LIMITED, a company incorporated under the Indian Companies Act, 1913, and having its registered office at PAC Ramasamy Raja Salai Rajapalayam - 626 117, Tamil Nadu, India.
- 1.14 “**Transferor Company**” means SRI HARINI TEXTILES LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at Sri Bhavanam 102, P S K Nagar Rajapalayam, Virudhunagar – 626 108, Tamil Nadu, India.
- 1.17 “**Undertakings**” shall mean and include the whole of the undertakings of the Transferor Company, as a going concern, including their businesses, all secured and unsecured debts, liabilities, duties and obligations together with all present and future liabilities (including contingent liabilities) relating to the Transferor Company and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or

personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, permits, quotas, approvals, registrations, accreditations to trade and industrial bodies, incentives, municipal permissions, regulatory permissions, consents or power of every kind, nature and description whatsoever in connection with the operating or relating to the Transferor Company, copyrights, patents, trade names, trademarks and other rights (including rights under any contracts, government contracts, memoranda of understanding etc.) and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, domain names, industrial designs, trade secrets, technical know-how or intellectual property rights of any nature and any other intangibles, leases, licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, minimum alternate tax, fringe benefit tax, taxes withheld at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, turnover tax, GST/CENVAT credit, service tax, etc.), Software Licences, Domain / Websites etc., in connection with or relating to the Transferor Company, all staff, workmen and employees of the Transferor Company engaged in or in relation to the business at respective offices and all provisions and benefits made in relation to such employees including employee benefit funds but not limited to provident funds, registrations and reserves etc. and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

### **3. TRANSFER OF UNDERTAKINGS**

3.1 The Undertakings shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

- (a) Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferor Company shall stand amalgamated with the Transferee Company and whole of the Undertakings of the Transferor Company comprising their entire business, all assets and liabilities of whatsoever nature and wheresoever situated, including the immovable properties, if any, shall, under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in Sub-clauses (b), (c) and (d) below), be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date subject to the changes affecting the same as on the Effective Date, the Undertakings of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 230 to 232 and all other applicable provisions, if any, of the Act, in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Section 230 to 232 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- (b) All movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date mutually agreed upon between the Boards of Directors of the Transferor Company and the Transferee Company.
- (c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating third parties shall, to the extent possible, be followed:
  - (i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositee as the case may be, that pursuant to the Tribunal having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;
  - (ii) The Transferor Company shall also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositee that pursuant to the Tribunal having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- (d) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 230 to 232 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. However, the Transferee Company may, at any time, after the coming

into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company are a party or any writing, as may be necessary, in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.

- (e) The transfer and vesting of the Undertakings of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which any Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the said Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the said Transferor Company or any of the assets of the Transferee Company.\

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore, after the amalgamation has become operative.

- (f) With effect from the Appointed Date and upon the Scheme becoming effective, all consents, permissions, certificates, permits, quotas, rights, entitlements, licences (including software licences), accreditations to trade and industrial bodies, privileges, powers, facilities, authorities (including for operation of bank accounts), powers of attorneys given by, issued to or executed in favour of the Transferor Company, quality certifications and approvals, trademarks, patents, industrial designs and trade secrets, product registrations, and other intellectual property and any other intangibles, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible, or having effect immediately before the Effective Date, shall be, and remain in, full force and effect in favour of the

Transferee Company, and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a beneficiary thereto.

- (g) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with, and be available to, the Transferee Company on the same terms and conditions.
- (h) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa, the same shall, unless sold or transferred by the said Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.
- (i) The Transferor Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of immovable property, if any, is given to the Transferee Company.
- (j) Where any of the liabilities and obligations/assets attributed to the Transferor Company on the Appointed Date has been discharged / sold by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge/sale shall be deemed to have been for and on behalf of the Transferee Company. All loans raised and used and all liabilities and obligations incurred by the Transferor Company for operations of the Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and to that extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company, which shall be liable to meet, discharge and satisfy the same.
- (k) The entitlement to various benefits under incentive schemes and policies in relation to the Undertaking of the Transferor Company shall stand transferred to, and be vested in, and/or be deemed to have been transferred to, and vested in, the Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, unexpired credit for minimum alternate tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs, goods and service tax and other incentives under the relevant indirect tax laws in relation to the Undertaking of the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Company.

- (l) Since each of the permissions, approvals, consents, sanctions, remissions (including remittance under income-tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, goods and service tax, customs), special reservations, sales tax remissions, holidays, incentives, grants, subsidies, concessions and other authorizations relating to the Undertaking of the Transferor Company, shall stand transferred under this scheme to the Transferee Company, the Transferee Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.
- (m) From the Effective Date and till such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far as may be necessary.

#### **4. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

- 4.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.
- 4.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.
- 4.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.
- 4.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any

contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

**5. LEGAL PROCEEDINGS**

5.1 All suits, actions and proceedings of whatsoever nature by or against the Transferor Company on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Company, as the case may be.

5.2 If proceedings are taken against the Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date till Effective Date, and the latter shall reimburse and indemnify such Transferor Company, against all liabilities and obligations incurred by the said Transferor Company in respect thereof.

**6. STAFF, WORKMEN AND EMPLOYEES**

6.1 All the executives, staff, workmen, and other employees in the service of the Transferor Company, immediately preceding the Effective Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:

a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;

b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;

c) In the event of retrenchment or termination of such staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and

d) It is provided that as far as the Provident Fund, Gratuity, Pension, Superannuation Fund or any other special funds that are applicable to the employees of the Transferee Company and existing in the Transferee Company for the benefit of the staff, workmen and other employees of the Transferee Company shall also be extended to the employees of the Transferor Company upon the Scheme becoming finally effective. The said benefits shall be extended to the employees of the Transferor Company even if such benefits were not available to the employees during their tenure in the Transferor Company, by virtue of non-applicability of the relevant provisions to the Transferor Company. Notwithstanding what is stated herein above in respect of applicability of Employees Provident Fund to the employees of Transferor Company with retrospective

effect from a date to be determined by the Board of Directors of Transferee company the extension of benefit to the employees of Transferor Company shall be subject to the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the approvals of the authorities concerned for giving effect to the implementation date. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations, in whatsoever nature, that are available to the employees of the Transferee Company shall also be available to all the employees of the Transferor Company in relation to Provident Fund, Gratuity and Pension and/ or Superannuation Fund or any other special fund, however subject to the provisions of the relevant and applicable statutes.

**8. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE**

With effect from the Appointed Date and up to and including the Effective Date:

- 8.1 The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 8.2 All profits or income or taxes, including but not limited to income tax, minimum alternate tax (including unexpired credit for minimum alternate tax), fringe benefit tax, advance taxes, tax deducted at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, excise duty, service tax, goods and service tax, customs duty, refund, reliefs, etc, accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them, on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Transferee Company.
- 8.3 The Transferor Company shall carry on their business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of their business undertaking(s) or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date).
- 8.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- 8.5 The Transferor Company shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Transferee Company.
- 8.6 The Transferor Company, after filing the Scheme with the Tribunal, shall not make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-

division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Company and the Transferee Company.

- 8.7 The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.
- 8.8 Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as under the Central Goods and Services Tax Act or under any previous or applicable law prevalent arising out of the transactions entered into amongst the Transferor Company and / or with the Transferee Company post the Appointed date shall on and from the Effective Date be refunded to the Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company/ Transferee Company has availed GST/CENVAT Credit / VAT credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a GST/CENVAT Credit/ VAT credit, subject to the rules and regulations under the respective indirect tax law.

**10. CONSIDERATION:**

- 10.1.1. Upon the Scheme becoming effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the consideration shall be discharged by the Transferee Company in the following manner:

*“The equity shareholders of Transferor Company as on the Record Date shall be allotted 34 (Thirty Four) Equity Shares of Rs.10/- each at a price of Rs. 1,459/- (Rupees One Thousand Four Hundred and Fifty-Nine Only) per Equity Share (including share premium of Rs. 1,449/- per Equity Share) credited as fully paid up shares of the Transferee Company in respect of every 1,000 (One Thousand) Equity Shares of Rs.10/- each fully paid up held by them in the Transferor Company.”*

The Transferee Company holds 14,90,000 equity shares of Rs.10/- each in the Transferor Company. Upon the Scheme of Amalgamation coming into effect, the equity shares held by the Transferee Company in the Transferor Company shall stand cancelled without further act or deed. It is further clarified that in consequence of this cancellation which is incidental to the Scheme of Amalgamation, no Equity Shares shall be issued by the Transferee Company in respect of equity shares of the Transferor Company held by the Transferee Company.

- 10.1.2. Upon the Equity Shares being issued and allotted, as aforesaid by the Transferee Company, the Equity Shares issued by the Transferor Company and held by its shareholders, whether in dematerialized or physical form, shall be deemed to have been automatically cancelled and of no effect.
- 10.1.3. The Equity Shares to be issued and allotted by the Transferee Company as aforesaid in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank pari-passu in all respects with the existing Equity Shares of the Transferee Company after the Effective Date including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.

- 10.1.4. Any fractional share entitlement arising out such allotment which is greater than or equal to 0.5 shall be rounded off to the next integer, and any fractional share entitlement arising out such allotment which is lesser than 0.5 shall be rounded off to the previous integer.
- 10.1.5. The Equity Shares shall be issued in dematerialised form to those shareholders who hold shares of the Transferor Company in dematerialised form, in to the account in which the shares of the Transferor Company are held or such other account as is intimated by the shareholders to the Transferor Company before the Record Date. All those shareholders of the Transferor Company who hold the shares in physical form shall receive the Equity Shares in dematerialised form, provided that the details of their accounts with the depository participant are intimated in writing to the Transferor Company before the Record Date. In the Event the Transferor Company or the Transferee Company does not receive details of the accounts with the depository participant from such shareholders before the Record Date, the Transferee Company shall credit its Equity Shares to the extent of entitlement of such shareholders into a separate demat escrow account till the time such shareholders furnish valid details of their demat account(s) or the Board of Directors of the Transferee Company shall deal with the entitlement of such shareholders in such other manner as they may deem to be in the best interests of such shareholders in accordance with the applicable laws.
- 10.1.6. The Equity Shares to be issued by the Transferee Company to the members of the Transferor Company pursuant to clause 10.1 of this Scheme, in respect of any shares held in Transferor Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise, pending allotment or settlement of dispute, by the order of this Tribunal or otherwise, be held in abeyance by Transferee Company.
- 10.1.7. The Board of the Transferee Company shall, if and to the extent required apply for and obtain any approvals from the concerned government/regulatory authorities and undertake necessary compliance for the issue and allotment of Equity Shares to the shareholders of Transferor Company pursuant to Clause 10.1 of this Scheme.
- 10.1.8. The equity Shares to be issued to the members of the Transferor Company pursuant to Clause 10.1.1 of this Scheme, will be listed and/or admitted to trading on all the Stock Exchange(s) on which the equity shares of the Transferee Company are listed on the Effective Date. Further it is intended that the Transferee Company, at its sole discretion may also evaluate and endeavour to list the said Equity Shares on other stock exchanges, subject to satisfaction of all applicable laws and regulations. The Transferee Company shall enter into such arrangements and provide such confirmations and/or undertaking as maybe required in accordance with applicable laws and regulations for complying with the formalities of the Stock Exchange(s). The Equity Shares of the Transferee Company allotted pursuant to the Scheme shall remain frozen in the depository's system till listing and trading permissions are given by the Stock Exchange(s).
- 10.1.9. In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of the Transferor Company shall be empowered, even subsequent to the Effective Date, to effectuate such transfer, as if such changes in the register holder were operative from the Effective Date, in order to remove any difficulties arising on account of the transfer of shares after the Scheme becomes effective.
- 10.1.10. Upon the issue and allotment of the Equity Shares, the members of the Transferor Company shall be classified as the Promoter, Promoter Group or public, as the case may

be, of the Transferee Company in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

- 10.1.11. The approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be the due compliance of the provisions of sections 42 and 62 of the Act and the other relevant and applicable provisions of the Act for the issuance and allotment of Equity Shares by the Transferee Company to the shareholders of Transferor Company, as provided in the Scheme.
- 10.1.12. The approval of this Scheme by the shareholders of the Transferor Company and the Transferee Company under sections 230 to 232 of the Act, shall be deemed to have the approval under sections 13, 14, 180 and 186 and other applicable provisions of the Act and any other consent and approvals required in this regard.
- 10.1.13. In the event that the Transferor Company (with the express consent of the Board of Directors of the Transferee Company) and/or the Transferee Company restructure its share capital by way of share split/consolidation/ issue of bonus shares during the pendency of this Scheme, the share exchange ratio shall be adjusted accordingly to take into account effect of such corporate action.

**11. CLUBBING OF AUTHORIZED CAPITAL AND THE ALTERATION TO THE OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE TRANSFEE COMPANY:**

- 11.1. Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on their respective authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.
- 11.2. Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act by deleting the existing Clause and replacing it by the following:
- V. The Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each.*
- 11.3. The approval of this Scheme under Sections 230 to 232 of the Act shall be deemed to have the approval under sections 13, 14, 61 and 64 of the Act, and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 11.4. Upon the Scheme becoming fully effective, the Object Clause of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be altered, modified and amended pursuant to the Applicable provisions of the Act by inserting new sub-clauses, as mentioned in Schedule B to this Scheme, immediately after the existing sub-clauses under Clause III of the Memorandum of Association of the Transferee Company.
- 11.5. It shall be deemed that the shareholders of the Transferee Company have resolved and accorded all relevant consents under Section 13 of the Act. It is clarified that there will

be no need to pass a separate shareholder's resolution as required under section 13 of the Act. The amendments to the memorandum of Association of the Transferee Company shall be effected without any further act or deed and shall be treated as an integral part of the Scheme.

## **12. ACCOUNTING TREATMENT**

Upon this Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall account for the Amalgamation in its books as under:

- 12.1. The Amalgamation of the Transferor Company with the Transferee Company shall be accounted for in accordance with the Acquisition method prescribed under the Indian Accounting Standard (Ind AS) – 103 - “Business Combination” and other applicable Indian Accounting Standard(s) issued under Section 133 of the Act read with the Companies (India Account Standards) Rules, 2015, as amended from time to time. For this purpose, the Appointed Date shall be treated as the Acquisition Date as referred in Ind AS - 103.
- 12.2. All the assets, including but not limited to fixed assets, intangibles and any other assets, recorded in the books or otherwise, of the Transferor Company and transferred to and vested in the Transferee Company pursuant to the Scheme, subject to Clause 12.4, shall be recorded by the Transferee Company at their acquisition-date fair values, as may be determined by the Board of Directors of the Transferee Company.
- 12.3. All liabilities of the Transferor Company transferred to and vested in the Transferee Company, subject to Clause 12.4, whether recorded in the books or not, shall be recorded by the Transferee Company at their acquisition-date fair values, as may be determined by the Board of Directors of the Transferee Company.
- 12.4. The amount of inter-company balances, amounts or investments, if any, between the Transferor Company and the Transferee Company, appearing in the books of accounts of the Transferee Company and Transferor Company, if any, shall stand cancelled without any further act or deed upon the Scheme coming into effect and with effect from the Appointed Date and the obligation in respect thereof shall come to an end.
- 12.5. The face value of the Equity Shares of the Transferee Company issued to the members of Transferor Company shall be credited to the Equity Share Capital account and the amount of share premium of the Equity Shares shall be credited to the securities premium account in the books of the Transferee Company.
- 12.6. Costs, expenses and duties incurred in connection with the Scheme and to put it into operation/implementation of the Scheme shall be dealt by the Transferee Company, as per Relevant Accounting Standards & provisions of the Income Tax Act.
- 12.7. The net difference between the acquisition date fair value of net assets of the Transferor Company acquired by the Transferee Company and the consideration transferred by the Transferee Company shall be recognised as Goodwill or gain on bargain purchase/capital reserves, as the case may be, in the books of the Transferee Company.
- 12.8. To comply with the relevant laws, the Income Tax Act, 1961 and applicable Accounting Standards, the Transferee Company (by its Board of Directors) may alter or modify the provisions of the Clauses 12.1 to 12.7, as they may deem fit and consider necessary, to settle any question arising out of the Scheme.

**13. CONSEQUENTIAL MATTERS RELATING TO TAX**

- 13.1. Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/or indirect, payable by or on behalf of the Transferor Company from the Appointed Date onwards including all or any refunds and claims, credits, pertaining to any income tax, advance tax, service tax, goods and service tax including refunds or claims pending with the Revenue Authorities and including the right to claim credit for minimum alternate tax and carry forward of accumulated losses and unabsorbed depreciation including in respect of income-tax subject to the provisions of Section 72A of the Income Tax Act, 1961, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims and accumulated losses and unabsorbed depreciation of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Income tax returns, Sales tax returns, Excise & Cenvat returns, service tax returns, GST returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. Also, the loss brought forward and unabsorbed depreciation as per books of accounts of the Transferor Company as on the Appointed Date would be deemed to be loss brought forward and unabsorbed depreciation as per books of accounts of the Transferee Company. The Transferee Company is also expressly permitted to claim refunds / credits in respect of any transaction between the Transferor Company and the Transferee Company.

Provided further that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related TDS Certificates, including TDS Certificates relating to transactions between the Transferor Company and the Transferee Company and to claim refunds, advance tax and withholding tax credits, benefit of credit for minimum alternate tax and carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.

- 13.2. In accordance with the CENVAT Credit Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties / service tax / VAT/ goods and service tax paid on inputs/capital goods/ input services lying in the accounts of the undertakings of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.
- 13.3. In accordance with the State Value Added Tax/ sales tax laws and Central and State Goods and Service Tax laws, as are prevalent on the Effective Date, the unutilized credits, if any, relating to VAT/GST paid on inputs/capital goods lying in the accounts of the Undertakings of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the VAT/ CST/GST payable by it.
- 13.4. Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as Service tax Law, Value Added Tax Act, Goods and Services Tax laws (prevalent in respective state) etc. arising out of the transactions entered into between the Transferor Company and the Transferee Company post the Appointed date shall on and from the Effective Date be refunded to the Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company / Transferee Company has availed CENVAT Credit / VAT credit / GST Credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a CENVAT Credit / VAT credit / GST Credit, subject to the rules and regulations under the respective indirect tax law.

- 13.5. The Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income-Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reasons whatsoever, the provisions of the said Section of the Income-Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-Tax Act, 1961. Such modification will however not affect the other parts of the Scheme.
- 13.6. Upon the Scheme coming into effect, the Transferee Company shall make and file all necessary applications, documents and adhere to all statutory compliances as may be applicable and necessary laid down under the relevant Central or State laws, regulations, rules in order to facilitate the implementation of the Scheme of Amalgamation.

## **15. DISSOLUTION OF TRANSFEROR COMPANY**

- 15.1. Subject to an order being made by the Tribunal under Section 232 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

**The material provisions set out above being only the salient features of the Scheme of Amalgamation at Annexure – 1, the Equity Shareholders are requested to read the entire text of the Scheme as attached hereto to get fully acquainted with the provisions thereof.**

## **SUMMARY OF SHARE EXCHANGE RATIO AND FAIRNESS OPINION REPORT SUMMARY OF SHARE EXCHANGE RATIO AND FAIRNESS OPINION REPORT**

30. The Valuation Report dated September 27, 2021 provided by Den Valuation (OPC) Private Limited, Registered Valuer attached herewith as **Annexure – 2**. The Fairness Opinion Report dated September 27, 2021 attached as **Annexure – 3** by Vivro Financial Services Private Limited, Merchant Banker confirms that Share Exchange Ratio under the present Scheme to be fair.

## **GENERAL**

31. MSE was appointed as the designated stock exchange by the Transferee Company for the purpose of coordinating with the SEBI, pursuant to the SEBI Circular. The Transferee Company has received observation letter regarding the Scheme from MSE, on January 28, 2022. In terms of the observation letter dated January 28, 2022, MSE, inter alia, conveyed their no adverse observation for filing the Scheme with NCLT. Copy of the observation letter, dated January 28, 2022 received from MSE, is enclosed as **Annexure - 4**.
32. The Audited standalone financial statements of the Transferor Company for the financial year ended on March 31, 2022 (**Annexure 5A**) of the Applicant Transferor Company and audited standalone financial results and audited consolidated financial

results of the Transferee Company for the financial year ended on March 31, 2022 (**Annexure 5B**) of the Applicant Transferee Company indicates that it is in a solvent position and would be able to meet liabilities as they arise in the course of business.

33. There are no proceedings/investigation pending against any of the Applicant Transferor Company under Sections 210 – 217, 219, 220, 223, 224, 225, 226 & 227 of the Companies Act, 2013 ('Act') and/or Sections 235 to 251 of the Companies Act, 1956 and the like. There are no winding up proceedings pending against the Applicant Transferor Company as of date.
34. As far as the equity shareholders of the Applicant Company are concerned (promoter shareholders, there will be no dilution in their shareholding in company and their rights and interests would not be prejudicially affected by the Scheme. The Scheme is not expected to have any adverse effect on the KMPs, Directors, Promoters, Creditors and Employees of the Applicant Company, wherever relevant.

Report adopted by the Board of Directors of the Transferor Company, at their meetings held on September 27, 2021 and meeting of the Transferee Company held on September 27, 2021 pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013 explaining the effect of Scheme on each class of Shareholders, Key Managerial Personnel and Promoters is annexed herewith as **Annexure - 6**.

35. None of the Directors, KMPs (as defined under the Act and rules framed thereunder) of the Transferor Company and their relatives (as defined under the Act and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Transferee Company if any. Save as aforesaid, none of the said Directors or the KMPs or their respective relatives has any material interest in the Scheme. Transferor Company has not issued any debentures and accordingly, do not have Debenture Trustee.
36. None of the Directors, KMPs (as defined under the Act and rules framed thereunder) of the Transferee Company and their respective relatives (as defined under the Act and rules framed thereunder) has any interest in the Scheme except to the extent of their shareholding in the Transferee Company, if any. Save as aforesaid, none of the said Directors or the KMPs or their respective relatives has any material interest in the Scheme. The Transferee Company has not issued any debentures and accordingly, does not have Debenture Trustee.
37. The Applicant Transferor Company has sent copy of the Scheme to the Jurisdictional Registrar of Companies.

**38. Amount due to unsecured creditors**

The amount due to unsecured creditors as on July 20, 2022 is as under:

Sr. No.	Particulars	Amount due (Rs. in)
1.	Rajapalayam Mills Limited	9,50,00,000
2.	The Ramaraju Surgical Cotton Mills Limited	30,86,70,176
3.	Parekh Textiles Pvt Ltd	65,86,797
4.	N.R.G.Tex	37,70,772
5.	Sri Ramco Spinners	12,79,833
6.	Mangal Singh Bros Pvt.Ltd.	5,21,489
7.	Sree Shreshta Packaging Industries	2,96,264

8.	Rajapalayam Mills Limited	2,29,392
9.	General Hardwaste Co	2,00,000
10.	Groz Beckert Carding India Private Limited	1,80,321
11.	Veeranjaneya Polymers	1,73,106
12.	Balaji Packaging Products	1,68,504
13.	M/S Tata Power Trading Company Ltd	1,30,419
14.	Sri Hanuman Agencies	66,331
15.	T.S.R. Cotton Ginning Mill	25,000
16.	Sai Nagarjuna Cotton Mill	25,000
17.	Vaibavsri Solutions (I) Pvt Ltd	24,254
18.	Vinod Marketing	23,625
19.	Hari Santosh Electricals	22,538
20.	M.S.Jagannathan & N.Krishnaswami	22,500
21.	Andavar Engineering Works	22,420
22.	TEK Process Engineers	19,364
23.	Matrix Edge Computers	19,126
24.	Coimbatore Air Control Systems Pvt. Ltd.	19,116
25.	M.M.Aqua Systems	17,217
26.	Sudhakar Offset Printers&Xerox	16,080
27.	Star Battery Works	14,000
28.	Tarang Electric Co	9,204
29.	Universal Powertech Engineering	8,974
30.	N.Venu Babu (Venu Computers)	8,750
31.	Reka Tex Traders.	7,679
32.	Shree Ramachandra Traders	7,281
33.	Sri Balaji Electricals	6,278
34.	Accounts Officer (Cash) Bsnl Gmtd	5,911
35.	Sri Tirumala Enterprises	4,720
36.	The Professional Couriers,	4,472
37.	Jyoti Bearings Mill Stores	3,929
38.	Navata Road Transport	2,630
39.	Sumanlal J. Shah & Co	2,289
40.	Krish Tex Engineering Corporation	1,628
41.	Sri Subramanyeswara Traders	1,300
42.	Sri Ramadas Motor Transport Ltd	1,100
43.	VRL Logisticsltd.	930
44.	Hanuman Enterprises	550
	<b>Total</b>	<b>41,76,21,269</b>

39. The statutory auditors of the Transferee Company and the Transferor Companies have confirmed that the accounting treatment as proposed in the Scheme is in conformity with the accounting standard prescribed under Section 133 of the Act. The certificates issued by the respective Statutory Auditors of the Companies are open for inspection.
40. In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and become null and void.

#### **DOCUMENTS AVAILABLE FOR INSPECTION**

41. Following documents are also available for inspection by the Equity Shareholders of the Applicant Company at the Registered Office of the Company and/or from the office of its Advocate Mr. Pawan Jhabakh having its office situated at No.115, 1<sup>st</sup> Floor, Luz

Church Road, Mylapore, Chennai – 600 004, Tamil Nadu, India up to one day prior to the date of the Meeting between 11.00 a.m. to 5.00 p.m. on all working days (except Saturdays, Sundays and public holidays):

- (a) Copy of Memorandum and Articles of Association of all the Applicant Company;
- (b) Copy of Annual Report for the last three financial years ending on March 31, 2019, March 31, 2020 and March 31, 2021 of the Transferor Company and Transferee Company;
- (c) Audited standalone financial statements of the Transferor Company for the financial year ended on March 31, 2022.
- (d) Audited standalone financial results and audited consolidated financial results of the Transferee Company for the financial year ended on March 31, 2022.
- (e) Copy of the Scheme of Amalgamation;
- (f) Copy of Board Resolution dated September 27, 2021 passed by the Board of Directors of the Transferor Company and Board Resolution dated September 27, 2021 passed by the Board of Directors of the Transferee Company;
- (g) Copy of the report dated September 27, 2021 issued by the M/s. Den Valuation (OPC) Private Limited, Registered Valuer confirming share exchange ratio of the shares to be allotted by the Transferee Company to the shareholders of the Transferor Companies;
- (h) Copy of the Fairness Opinion Report dated September 27, 2021 issued by the Vivro Financial Services Private Limited, Merchant Banker confirming share exchange ratio derived by M/s. Den Valuation (OPC) Private Limited;
- (i) Certificate issued by the Statutory Auditors under Section 133 of the Companies Act, 2013 of the Applicant Company in respect of the accounting treatment proposed in the Scheme;
- (j) Copy of the Order of the Tribunal dated July 13, 2022 passed in C A (CAA) No. 35 of 2022 directing, inter-alia, to convene a meeting of the Equity Shareholders of the Applicant Transferor Company;
- (k) Observation letter dated January 28, 2022 issued by MSE to Transferee Company; and
- (l) Other documents relating to the matters incidental to and arising out of the proposed Scheme of Amalgamation.

- 42.** Considering the rationale and benefits, the Applicant Transferor Company recommends the Scheme for approval of Equity Shareholders as it is in the best interest of the Company and its stakeholders.

### **OTHERS**

- 43.** For the purpose of amalgamation, Share Exchange Report dated September 27, 2021 has been obtained from M/s. Den Valuation (OPC) Private Limited, Registered Valuer, describing the basis adopted by them for giving fairness opinion on recommended share exchange ratio and Fairness Opinion Report has been obtained from Vivro Financial Services Private Limited, Merchant Banker confirming the share exchange ratio determined by M/s. Den Valuation (OPC) Private Limited, Registered Valuer to be fair.
- 44.** In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of Transferor Company and the Transferee Company, in their separate meetings held on September 27, 2021 and September 27, 2021 respectively, have adopted a report, inter alia, explaining effect of the Scheme on each class of shareholders, KMP, promoters and among others. The Transferor Company and the Transferee Company does not have any depositors, deposit trustee and debenture

trustee. There will be no adverse effect on account of the Scheme as far as the employees and creditors of the Transferor Company and the Transferee Company are concerned.

45. In view of the information provided hereinabove and the documents attached along with this Notice and Explanatory Statement, the requirement of Section 232(2) of the Companies Act, 2013 have been complied with. Further the Applicant Transferor Company the Notices of this meeting is also going to be advertised in English Daily “Business Standard” (All India Edition), “Nav Bharat Times” (All India Edition) and “Makkal Kural” in Tamil (Tamil Nadu Edition) following the directions given in the NCLT Order.

**Sd/-**

**P.J. Ramkumar Rajha**

**Chairman appointed for the meeting**

**Dated this 27<sup>th</sup> day of July, 2022**

**Registered Office Address:**

Sri Bhavanam 102, P S K Nagar Rajapalayam,  
Virudhunagar – 626 108, Tamil Nadu, India.

**Phone:** 08654-283933/283988;

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**SCHEME OF AMALGAMATION  
OF  
SRI HARINI TEXTILES LIMITED  
WITH  
THE RAMARAJU SURGICAL COTTON MILLS LIMITED  
AND  
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS  
(Under Sections 230 to 232 and other applicable provisions of the Companies  
Act, 2013 and the relevant Rules made thereunder)**

**PREAMBLE**

This Scheme of Amalgamation (the "Scheme" as more particularly defined hereinafter) is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The Scheme provides for amalgamation of Sri Harini Textiles Limited ("SHTL" / "Transferor Company") with The Ramaraju Surgical Cotton Mills Limited ("TRSCML" / "Transferee Company"). This Scheme also provides for various other matters consequential to or otherwise integrally connected herewith.

**DESCRIPTION OF THE COMPANIES**

- (A) **SRI HARINI TEXTILES LIMITED** (CIN - U17111TN2005PLC057807) (hereinafter referred to as the "Transferor Company") is a Public Unlisted Company incorporated on the 13<sup>th</sup> day of October, 2005 under the Companies Act, 1956 and having its registered office situated at No.102, Sri Bhavanam, P.S.K.Nagar, Rajapalayam, Tamil Nadu, 626108. The Transferor Company is engaged, *inter alia*, in the business of running an established Open End Yarn manufacturing unit with capacity of 1440 Rotors at Thirumalagiri Village, Krishna District, Andhra Pradesh that was commissioned during the year June, 2008 (hereinafter referred to as the 'Business of the Transferor Company').
- (B) **THE RAMARAJU SURGICAL COTTON MILLS LIMITED** (CIN - L17111TN1939PLC002302) (hereinafter referred to as the "Transferee Company") is a Public Listed Company incorporated on the 20<sup>th</sup> day of February,



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1939 under the Indian Companies Act, 1913 and having its registered office situated at PAC Ramasamy Raja Salai Rajapalayam Tamil Nadu - 626117. The Transferee Company was engaged originally in the business of production of Surgical Cotton, Gauze, Bandage and Plaster of Paris and other wound-care products in Southern India. The Transferee Company has further diversified into spinning and weaving, producing some of the world's finest cotton yarn and manufacturing premium fabrics for shirting, bed linens and Jacquard cloth (hereinafter referred to as the "Business of the Transferee Company").

### **RATIONALE AND BENEFITS OF THE SCHEME**

The directors of the Transferor Company and the Transferee Company have decided to amalgamate the Transferor Company with the Transferee Company in order to ensure better management of the Company as a single unit with focused management capabilities. The directors of the Transferor Company and the Transferee Company are of the opinion that the Transferor Company and the Transferee Company are part of the same group and are having common promoters and accordingly, the amalgamation of the Transferor Company into the Transferee Company pursuant to the Scheme would result in streamlining the group corporate structure. The amalgamation will further enable to reduce the number of entities within the group that require to be administered and also help realize operational synergies which would also result in simplification of structure and operations and would benefit both the Transferor Company and the Transferee Company in the following manner:

- (i) Reduction in operative and administrative cost;
- (ii) Economies of scale, improved capital allocation, optimum utilization of resources and operational efficiency etc.;
- (iii) Elimination of inter-company holdings and layering of investments and business operations;
- (iv) Simplification of management structure;
- (v) Stronger asset base and infrastructure for future growth.



## PART I - GENERAL

### 1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following shall have the meanings as provided herein:

- 1.1 **“Act”** means the Companies Act, 2013 and the rules made thereunder and as may be applicable.
- 1.2 **“Accounting Standards”** shall mean the Accounting Standards as notified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended from time to time, issued by the Ministry of Corporate Affairs and the other accounting principles generally accepted in India.
- 1.3 **“Amalgamation”** shall have the meaning as defined under Section 2(1B) of the Income Tax Act, 1961.
- 1.4 **“Appointed Date”** means the date from which this Scheme shall become operative viz., opening business hours of 1<sup>st</sup> April, 2021, or any other date as the National Company Law Tribunal may direct or approve under the relevant provisions of the Act.
- 1.5 **“Board of Directors” or “Board” or “Management”** shall mean the respective Board of Directors of the Transferor Company and/or the Transferee Company or any Committee of Directors constituted or appointed and authorized to take any decision for the implementation of this Scheme on behalf of such Board of Directors.
- 1.6 **“Effective Date”** means the date or last of the dates on which the certified copy of the order of the Tribunal sanctioning this Scheme is filed with the concerned Registrar of Companies by the Transferor Company and the Transferee Company. Any references in this Scheme to “upon the Scheme becoming effective” or “upon the Scheme coming into effect” shall mean the “Effective Date”.
- 1.7 **“Proceedings”** shall have the meaning ascribed to it in Clause 5 hereof.
- 1.8 **“Record Date”** shall mean the date to be fixed by the Board of Directors of the Transferee Company for the purpose of determining the shareholders of the



Transferor Companies to whom shares shall be allotted under the Scheme of Amalgamation.

- 1.9 **“Scheme of Amalgamation”** or **“Scheme”** or **“The Scheme”** or **“This Scheme”** means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the Tribunal under Clause 15 of this Scheme.
- 1.10 **“SEBI”** shall mean Securities and Exchange Board of India.
- 1.11 **“SEBI Scheme Circular”** or **“SEBI Circular”** shall mean the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended, modified or replaced from time to time.
- 1.12 **“Stock Exchange(s)”** shall mean stock exchange(s) on which the shares of the Transferee Company are listed on the Effective Date.
- 1.13 **“Transferee Company”** means **THE RAMARAJU SURGICAL COTTON MILLS LIMITED**, a company incorporated under the Indian Companies Act, 1913, and having its registered office at PAC Ramasamy Raja Salai Rajapalayam Tamil Nadu - 626 117.
- 1.14 **“Transferor Company”** means **SRI HARINI TEXTILES LIMITED**, a company incorporated under the Companies Act, 1956 and having its registered office at No.102, Sri Bhavanam, P. S. K. Nagar, Rajapalayam, Tamil Nadu 626108.
- 1.15 **“Tribunal”** or **“NCLT”** shall mean the National Company Law Tribunal, Chennai as constituted and authorized as per the provisions of the Companies Act, 2013 for approving any scheme of arrangement, compromise or reconstruction of companies under sections 230 to 240 of the Companies Act, 2013.
- 1.16 **“Tribunal Order”** or **“NCLT Order”** shall mean the order of the National Company Law Tribunal approving and sanctioning the scheme for the Amalgamation of the Transferor Company and the Transferee Company.



1.17 **“Undertakings”** shall mean and include the whole of the undertakings of the Transferor Company, as a going concern, including their businesses, all secured and unsecured debts, liabilities, duties and obligations together with all present and future liabilities (including contingent liabilities) relating to the Transferor Company and all the assets, properties, rights, titles and benefits, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building (whether owned, leased, licensed), all fixed and movable plant and machinery, vehicles, fixed assets, work in progress, current assets, investments, reserves, provisions, funds, licenses, permits, quotas, approvals, registrations, accreditations to trade and industrial bodies, incentives, municipal permissions, regulatory permissions, consents or power of every kind, nature and description whatsoever in connection with the operating or relating to the Transferor Company, copyrights, patents, trade names, trademarks and other rights (including rights under any contracts, government contracts, memoranda of understanding etc.) and licenses in respect thereof, applications for copyrights, patents, trade names, trademarks, domain names, industrial designs, trade secrets, technical know-how or intellectual property rights of any nature and any other intangibles, leases, licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, lending arrangements, benefits of security arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, deposits, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, tax credits (including but not limited to credits in respect of income tax, minimum alternate tax, fringe benefit tax, taxes withheld at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, turnover tax, GST/CENVAT credit, service tax, etc.), Software Licences, Domain / Websites etc., in connection with or relating to the Transferor Company, all staff, workmen and



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employees of the Transferor Company engaged in or in relation to the business at respective offices and all provisions and benefits made in relation to such employees including employee benefit funds but not limited to provident funds, registrations and reserves etc. and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company, as on the Appointed Date.

- 1.18 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations and byelaws as the case may be, including any statutory modification or re-enactment thereof from time to time.

## 2. SHARE CAPITAL

- 2.1. The Authorized, Issued, Subscribed and Paid-Up Capital of the Transferor Company as on 31<sup>st</sup> March, 2021 is as below:

Particulars	Amount
<b>Authorized Capital:</b> 50,00,000 Equity Shares of Rs.10/- each	5,00,00,000
<b>Issued, Subscribed and Paid-up Capital:</b> 30,00,000 Equity Shares of Rs.10/- each	3,00,00,000

Subsequent to 31<sup>st</sup> March, 2021, there has been no change in the issued, subscribed and paid-up capital of the Transferor Company.

- 2.2. The Authorized, Issued, Subscribed and Paid-Up Capital of the Transferee Company as on 31<sup>st</sup> March, 2021 is as below:

Particulars	Amount
<b>Authorized Capital:</b> 50,00,000 Equity Shares of Rs.10/- each	5,00,00,000



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<b>Issued, Subscribed and Paid-Up capital:</b>	
39,46,560 Equity Shares of Rs.10/- each	3,94,65,600

Subsequent to 31<sup>st</sup> March, 2021, there has been no change in the issued, subscribed and paid-up capital of the Transferee Company. The Equity Shares of the Transferee Company are currently listed on Metropolitan Stock Exchange of India Limited.

- 2.5 The Transferor and Transferee Company are not subject to any investigation or proceedings under the Companies Act 1956 or the Companies Act 2013. Further, there exist no adverse comments or qualifications in the auditor's report for the recent financial years for the Transferor and Transferee Company.



## PART II – TRANSFER AND VESTING

### 3. TRANSFER OF UNDERTAKINGS

3.1 The Undertakings shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

- (a) Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferor Company shall stand amalgamated with the Transferee Company and whole of the Undertakings of the Transferor Company comprising their entire business, all assets and liabilities of whatsoever nature and wheresoever situated, including the immovable properties, if any, shall, under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in Sub-clauses (b), (c) and (d) below), be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date subject to the changes affecting the same as on the Effective Date, the Undertakings of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.

Provided that for the purpose of giving effect to the vesting order passed under Section 230 to 232 and all other applicable provisions, if any, of the Act, in respect of this Scheme, the Transferee Company shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and the appurtenant legal right(s) upon the vesting of such assets of the Transferor Company in accordance with the provisions of Section 230 to 232 of the Act, at the office of the respective Registrar of Assurances or any other concerned authority, where any such property is situated.

- (b) All movable assets including cash in hand, if any, of the Transferor Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company. Such delivery shall be made on a date mutually agreed upon between the Boards of Directors of the Transferor Company and the Transferee Company.



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- (c) In respect of movables other than those specified in sub-clause (b) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following modus operandi for intimating third parties shall, to the extent possible, be followed:
- (i) The Transferee Company shall give notice in such form as it may deem fit and proper, to each person, debtor, loanee or depositor as the case may be, that pursuant to the Tribunal having sanctioned the Scheme, the said debts, loans, advances, bank balances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change;
- (ii) The Transferor Company shall also give notice in such form as it may deem fit and proper to each person, debtor, loanee or depositor that pursuant to the Tribunal having sanctioned the Scheme the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and that the right of the Transferor Company to recover or realise the same stands extinguished.
- (d) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of accounts and whether disclosed or undisclosed in the balance sheet of the Transferor Company shall also, under the provisions of Section 230 to 232 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause. However,



the Transferee Company may, at any time, after the coming into effect of this Scheme in accordance hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of the secured creditors of the Transferor Company or in favour of any other party to the contract or arrangement to which the Transferor Company are a party or any writing, as may be necessary, in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company as well as to implement and carry out all such formalities and compliances referred to above.

- (e) The transfer and vesting of the Undertakings of the Transferor Company as aforesaid shall be subject to the existing securities, charges and mortgages, if any subsisting, over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however that any reference in any security documents or arrangements (to which any Transferor Company is a party) pertaining to the assets of the Transferor Company offered, or agreed to be offered, as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Undertaking of the said Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, to the end and intent that, such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of the said Transferor Company or any of the assets of the Transferee Company.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in



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the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefore, after the amalgamation has become operative.

- (f) With effect from the Appointed Date and upon the Scheme becoming effective, all consents, permissions, certificates, permits, quotas, rights, entitlements, licences (including software licences), accreditations to trade and industrial bodies, privileges, powers, facilities, authorities (including for operation of bank accounts), powers of attorneys given by, issued to or executed in favour of the Transferor Company, quality certifications and approvals, trademarks, patents, industrial designs and trade secrets, product registrations, and other intellectual property and any other intangibles, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible, or having effect immediately before the Effective Date, shall be, and remain in, full force and effect in favour of the Transferee Company, and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a beneficiary thereto.
- (g) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person and availed of by the Transferor Company are concerned, the same shall vest with, and be available to, the Transferee Company on the same terms and conditions.
- (h) Loans or other obligations, if any, due between or amongst the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf. In so far as any shares, securities, debentures or notes issued by the Transferor Company, and held by the Transferee Company and vice versa, the same shall, unless sold or transferred by the said Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective Date, and shall have no



effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation outstanding in that behalf.

- (i) The Transferor Company shall have taken all steps as may be necessary to ensure that vacant, lawful, peaceful and unencumbered possession, right, title, interest of immovable property, if any, is given to the Transferee Company.
- (j) Where any of the liabilities and obligations/assets attributed to the Transferor Company on the Appointed Date has been discharged / sold by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge/sale shall be deemed to have been for and on behalf of the Transferee Company. All loans raised and used and all liabilities and obligations incurred by the Transferor Company for operations of the Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Transferee Company, and to that extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company, which shall be liable to meet, discharge and satisfy the same.
- (k) The entitlement to various benefits under incentive schemes and policies in relation to the Undertaking of the Transferor Company shall stand transferred to, and be vested in, and/or be deemed to have been transferred to, and vested in, the Transferee Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, unexpired credit for minimum alternate tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs, goods and service tax and other incentives under the relevant indirect tax laws in relation to the Undertaking of the Transferor Company to be claimed by the Transferee Company with effect from the Appointed Date as if the Transferee Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Transferee Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Transferor Company.



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- (l) Since each of the permissions, approvals, consents, sanctions, remissions (including remittance under income-tax, minimum alternate tax, fringe benefit tax, sales tax, value added tax, turnover tax, excise duty, service tax, goods and service tax, customs), special reservations, sales tax remissions, holidays, incentives, grants, subsidies, concessions and other authorizations relating to the Undertaking of the Transferor Company, shall stand transferred under this scheme to the Transferee Company, the Transferee Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.
- (m) From the Effective Date and till such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in its name, in so far as may be necessary.

#### 4. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 4.1 Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before this arrangement under this Scheme, shall be, in full force and effect, against or in favour of the Transferee Company, and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. The Transferee Company shall enter into and / or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangement, confirmations or novations to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this clause, if so required or become necessary.
- 4.2 As a consequence of the amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme, the recording of change in name from the Transferor Company to the Transferee Company, whether for the purposes of any licence, permit, approval or any other reason, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other authority



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without the requirement of payment of any transfer or registration fee or any other charge or imposition whatsoever.

- 4.3 The Transferee Company may, at any time, after the coming into the effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party or any writings, as may be necessary, to be executed in order to give formal effect to the above provisions. The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Company, implement or carry out all such formalities or compliances referred to above on the part of the Transferor Company, as the case may be, to be carried out or performed.
- 4.4 For the removal of doubts, it is expressly made clear that the dissolution of the Transferor Company without the process of winding up as contemplated hereinafter, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which the Transferor Company is a party thereto and shall not affect any right, privilege, obligations or liability, acquired, or deemed to be acquired prior to Appointed Date and all such references in such agreements, contracts and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Appointed Date.

## 5. LEGAL PROCEEDINGS

- 5.1 All suits, actions and proceedings of whatsoever nature by or against the Transferor Company on the Appointed Date shall be transferred to the name of the Transferee Company and the same shall be continued and enforced by or against the Transferee Company, to the exclusion of the Transferor Company, as the case may be.
- 5.2 If proceedings are taken against the Transferor Company, in respect of matters referred to above, it shall defend the same in accordance with the advice of, and at the cost of, the Transferee Company, as the case may be from Appointed Date till Effective Date, and the latter shall reimburse and indemnify such Transferor



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Company, against all liabilities and obligations incurred by the said Transferor Company in respect thereof.

## 6. STAFF, WORKMEN AND EMPLOYEES

6.1 All the executives, staff, workmen, and other employees in the service of the Transferor Company, immediately preceding the Effective Date, under this Scheme shall become the executives, staff, workmen, and other employees of the Transferee Company, on the basis that:

- a) Their services shall have been continuous and shall not have been interrupted by reason of such transfer as if such transfer is effected under Section 25FF of the Industrial Disputes Act, 1947;
- b) The terms and conditions of service applicable to the said staff, workmen, and other employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer;
- c) In the event of retrenchment or termination of such staff, workmen, or other employees, the Transferee Company shall be liable to pay compensation in accordance with law on the basis that the services of the staff, workmen, or other employees shall have been continuous and shall not have been interrupted by reason of such transfer; and
- d) It is provided that as far as the Provident Fund, Gratuity, Pension, Superannuation Fund or any other special funds that are applicable to the employees of the Transferee Company and existing in the Transferee Company for the benefit of the staff, workmen and other employees of the Transferee Company shall also be extended to the employees of the Transferor Company upon the Scheme becoming finally effective. The said benefits shall be extended to the employees of the Transferor Company even if such benefits were not available to the employees during their tenure in the Transferor Company, by virtue of non-applicability of the relevant provisions to the Transferor Company. Notwithstanding what is stated herein above in respect of applicability of Employees Provident Fund to the employees of Transferor Company with retrospective effect from a date to be determined by the Board of Directors of Transferee company the extension of benefit to



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the employees of Transferor Company shall be subject to the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the approvals of the authorities concerned for giving effect to the implementation date. It is the aim and the intent of the Scheme that all the rights, duties, powers and obligations, in whatsoever nature, that are available to the employees of the Transferee Company shall also be available to all the employees of the Transferor Company in relation to Provident Fund, Gratuity and Pension and/ or Superannuation Fund or any other special fund, however subject to the provisions of the relevant and applicable statutes.

## 9. SAVING OF CONCLUDED TRANSACTIONS

- 7.1 The transfer of Undertakings under Clause 3 above, the continuance of the effectiveness of contracts and deeds under Clause 4 above and legal proceedings by or against the Transferee Company under Clause 5 above shall not affect any transaction or proceedings or contracts or deeds already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of itself.

## 8. CONDUCT OF BUSINESS OF THE TRANSFEROR COMPANY TILL EFFECTIVE DATE

With effect from the Appointed Date and up to and including the Effective Date:

- 8.1 The Transferor Company shall carry on, and be deemed to have been carrying on, all business activities and shall be deemed to have been held for and on account of, and in trust for, the Transferee Company.
- 8.2 All profits or income or taxes, including but not limited to income tax, minimum alternate tax (including unexpired credit for minimum alternate tax), fringe benefit tax, advance taxes, tax deducted at source by or on behalf of the Transferor Company, wealth tax, sales tax, value added tax, excise duty, service tax, goods and service tax, customs duty, refund, reliefs, etc, accruing or arising to the Transferor Company, or losses arising or expenditure incurred by them,



on and from Appointed Date upto the Effective Date, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure or the said taxes of the Transferee Company.

- 8.3 The Transferor Company shall carry on their business activities with proper prudence and diligence and shall not, without prior written consent of the Transferee Company, alienate, charge or otherwise deal with or dispose off any of their business undertaking(s) or any part thereof (except in the ordinary course of business or pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date).
- 8.4 The Transferee Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Transferee Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required / granted under any law for time being in force for carrying on business by the Transferee Company.
- 8.5 The Transferor Company shall not declare any dividend, between the Appointed Date and the Effective Date, without the prior written consent of the Transferee Company.
- 8.6 The Transferor Company, after filing the Scheme with the Tribunal, shall not make any modification to their capital structure, either by an increase (by issue of rights shares, bonus shares, convertible debentures or otherwise), decrease, reclassification, sub-division or reorganisation or in any other manner, whatsoever, except by mutual consent of the Boards of Directors of the Transferor Company and the Transferee Company.
- 8.7 The Transferor Company shall not vary, except in the ordinary course of business, the terms and conditions of the employment of their employees without the consent of the Board of Directors of the Transferee Company.
- 8.8 Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as under the Central Goods and Services Tax Act or under any previous or applicable law prevalent arising out of the transactions entered into amongst the



Transferor Company and / or with the Transferee Company post the Appointed date shall on and from the Effective Date be refunded to the Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company/ Transferee Company has availed GST/CENVAT Credit / VAT credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a GST/CENVAT Credit/ VAT credit, subject to the rules and regulations under the respective indirect tax law.

9. **VALIDITY OF EXISTING RESOLUTIONS, REGISTRATIONS, ETC.**

The resolutions, if any, of Transferor Company, which are valid and subsisting on the Effective Date, shall be continued to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

10. **CONSIDERATION:**

10.1.1 Upon the Scheme becoming effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of the Scheme, the consideration shall be discharged by the Transferee Company in the following manner:

*"The equity shareholders of Transferor Company as on the Record Date shall be allotted 34 (Thirty Four) Equity Shares of Rs.10/- each at a price of Rs. 1,459/- (Rupees One Thousand Four Hundred and Fifty-Nine Only) per Equity Share (including share premium of Rs. 1,449/- per Equity Share) credited as fully paid up shares of the Transferee Company in respect of every 1,000 (One Thousand) Equity Shares of Rs.10/- each fully paid up held by them in the Transferor Company."*

The Transferee Company holds 14,90,000 equity shares of Rs.10/- each in the Transferor Company. Upon the Scheme of Amalgamation coming into effect, the equity shares held by the Transferee Company in the Transferor Company shall stand cancelled without further act or deed. It is further clarified that in



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consequence of this cancellation which is incidental to the Scheme of Amalgamation, no Equity Shares shall be issued by the Transferee Company in respect of equity shares of the Transferor Company held by the Transferee Company.

- 10.1.2 Upon the Equity Shares being issued and allotted, as aforesaid by the Transferee Company, the Equity Shares issued by the Transferor Company and held by its shareholders, whether in dematerialized or physical form, shall be deemed to have been automatically cancelled and of no effect.
- 10.1.3 The Equity Shares to be issued and allotted by the Transferee Company as aforesaid in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall rank pari-passu in all respects with the existing Equity Shares of the Transferee Company after the Effective Date including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date.
- 10.1.4 Any fractional share entitlement arising out such allotment which is greater than or equal to 0.5 shall be rounded off to the next integer, and any fractional share entitlement arising out such allotment which is lesser than 0.5 shall be rounded off to the previous integer.
- 10.1.5 The Equity Shares shall be issued in dematerialised form to those shareholders who hold shares of the Transferor Company in dematerialised form, in to the account in which the shares of the Transferor Company are held or such other account as is intimated by the shareholders to the Transferor Company before the Record Date. All those shareholders of the Transferor Company who hold the shares in physical form shall receive the Equity Shares in dematerialised form, provided that the details of their accounts with the depository participant are intimated in writing to the Transferor Company before the Record Date. In the Event the Transferor Company or the Transferee Company does not receive details of the accounts with the depository participant from such shareholders before the Record Date, the Transferee Company shall credit its Equity Shares to the extent of entitlement of such shareholders into a separate demat escrow account till the time such shareholders furnish valid details of their demat



account(s) or the Board of Directors of the Transferee Company shall deal with the entitlement of such shareholders in such other manner as they may deem to be in the best interests of such shareholders in accordance with the applicable laws.

10.1.6 The Equity Shares to be issued by the Transferee Company to the members of the Transferor Company pursuant to clause 10.1 of this Scheme, in respect of any shares held in Transferor Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise, pending allotment or settlement of dispute, by the order of this Tribunal or otherwise, be held in abeyance by Transferee Company.

10.1.7 The Board of the Transferee Company shall, if and to the extent required apply for and obtain any approvals from the concerned government/regulatory authorities and undertake necessary compliance for the issue and allotment of Equity Shares to the shareholders of Transferor Company pursuant to Clause 10.1 of this Scheme.

10.1.8 The equity Shares to be issued to the members of the Transferor Company pursuant to Clause 10.1.1 of this Scheme, will be listed and/or admitted to trading on all the Stock Exchange(s) on which the equity shares of the Transferee Company are listed on the Effective Date. Further it is intended that the Transferee Company, at its sole discretion may also evaluate and endeavour to list the said Equity Shares on other stock exchanges, subject to satisfaction of all applicable laws and regulations. The Transferee Company shall enter into such arrangements and provide such confirmations and/or undertaking as maybe required in accordance with applicable laws and regulations for complying with the formalities of the Stock Exchange(s). The Equity Shares of the Transferee Company allotted pursuant to the Scheme shall remain frozen in the depository's system till listing and trading permissions are given by the Stock Exchange(s).

10.1.9 In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of the Transferor Company shall be empowered, even subsequent to the Effective Date, to effectuate such transfer, as if such changes in the register holder were



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operative from the Effective Date, in order to remove any difficulties arising on account of the transfer of shares after the Scheme becomes effective.

10.1.10 Upon the issue and allotment of the Equity Shares, the members of the Transferor Company shall be classified as the Promoter, Promoter Group or public, as the case may be, of the Transferee Company in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

10.1.11 The approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be the due compliance of the provisions of sections 42 and 62 of the Act and the other relevant and applicable provisions of the Act for the issuance and allotment of Equity Shares by the Transferee Company to the shareholders of Transferor Company, as provided in the Scheme.

10.1.12 The approval of this Scheme by the shareholders of the Transferor Company and the Transferee Company under sections 230 to 232 of the Act, shall be deemed to have the approval under sections 13, 14, 180 and 186 and other applicable provisions of the Act and any other consent and approvals required in this regard.

10.1.13 In the event that the Transferor Company (with the express consent of the Board of Directors of the Transferee Company) and/or the Transferee Company restructure its share capital by way of share split/consolidation/ issue of bonus shares during the pendency of this Scheme, the share exchange ratio shall be adjusted accordingly to take into account effect of such corporate action.

## 11. CLUBBING OF AUTHORIZED CAPITAL AND THE ALTERATION TO THE OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE TRANSFEEE COMPANY:

11.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Company shall stand combined with the authorised share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on their respective authorised share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorised share capital.



- 11.2 Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to the applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

*V. The Authorized Share Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each.*

- 11.3 The approval of this Scheme under Sections 230 to 232 of the Act shall be deemed to have the approval under sections 13, 14, 61 and 64 of the Act, and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 11.4 Upon the Scheme becoming fully effective, the Object Clause of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be altered, modified and amended pursuant to the Applicable provisions of the Act by inserting new sub-clauses, as mentioned in Schedule B to this Scheme, immediately after the existing sub-clauses under Clause III of the Memorandum of Association of the Transferee Company.
- 11.5 It shall be deemed that the shareholders of the Transferee Company have resolved and accorded all relevant consents under Section 13 of the Act. It is clarified that there will be no need to pass a separate shareholder's resolution as required under section 13 of the Act. The amendments to the memorandum of Association of the Transferee Company shall be effected without any further act or deed and shall be treated as an integral part of the Scheme.

## 12. ACCOUNTING TREATMENT

Upon this Scheme becoming effective and with effect from the Appointed Date, the Transferee Company shall account for the Amalgamation in its books as under:

- 12.1 The Amalgamation of the Transferor Company with the Transferee Company shall be accounted for in accordance with the Acquisition method prescribed under the Indian Accounting Standard (Ind AS) – 103 - "Business Combination" and other applicable Indian Accounting Standard(s) issued under Section 133A



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the Act read with the Companies (India Account Standards) Rules, 2015, as amended from time to time. For this purpose, the Appointed Date shall be treated as the Acquisition Date as referred in Ind AS - 103.

- 12.2 All the assets, including but not limited to fixed assets, intangibles and any other assets, recorded in the books or otherwise, of the Transferor Company and transferred to and vested in the Transferee Company pursuant to the Scheme, subject to Clause 12.4, shall be recorded by the Transferee Company at their acquisition-date fair values, as may be determined by the Board of Directors of the Transferee Company.
- 12.3 All liabilities of the Transferor Company transferred to and vested in the Transferee Company, subject to Clause 12.4, whether recorded in the books or not, shall be recorded by the Transferee Company at their acquisition-date fair values, as may be determined by the Board of Directors of the Transferee Company.
- 12.4 The amount of inter-company balances, amounts or investments, if any, between the Transferor Company and the Transferee Company, appearing in the books of accounts of the Transferee Company and Transferor Company, if any, shall stand cancelled without any further act or deed upon the Scheme coming into effect and with effect from the Appointed Date and the obligation in respect thereof shall come to an end.
- 12.5 The face value of the Equity Shares of the Transferee Company issued to the members of Transferor Company shall be credited to the Equity Share Capital account and the amount of share premium of the Equity Shares shall be credited to the securities premium account in the books of the Transferee Company.
- 12.6 Costs, expenses and duties incurred in connection with the Scheme and to put it into operation/implementation of the Scheme shall be dealt by the Transferee Company, as per Relevant Accounting Standards & provisions of the Income Tax Act.



12.7 The net difference between the acquisition date fair value of net assets of the Transferor Company acquired by the Transferee Company and the consideration transferred by the Transferee Company shall be recognised as Goodwill or gain on bargain purchase/capital reserves, as the case may be, in the books of the Transferee Company.

12.8 To comply with the relevant laws, the Income Tax Act, 1961 and applicable Accounting Standards, the Transferee Company (by its Board of Directors) may alter or modify the provisions of the Clauses 12.1 to 12.7, as they may deem fit and consider necessary, to settle any question arising out of the Scheme.

### 13. CONSEQUENTIAL MATTERS RELATING TO TAX

13.1 Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/or indirect, payable by or on behalf of the Transferor Company from the Appointed Date onwards including all or any refunds and claims, credits, pertaining to any income tax, advance tax, service tax, goods and service tax including refunds or claims pending with the Revenue Authorities and including the right to claim credit for minimum alternate tax and carry forward of accumulated losses and unabsorbed depreciation including in respect of income-tax subject to the provisions of Section 72A of the Income Tax Act, 1961, shall, for all purposes, be treated as the tax/ cess/ duty, liabilities or refunds, claims and accumulated losses and unabsorbed depreciation of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Income tax returns, Sales tax returns, Excise & Cenvat returns, service tax returns, GST returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme. Also, the loss brought forward and unabsorbed depreciation as per books of accounts of the Transferor Company as on the Appointed Date would be deemed to be loss brought forward and unabsorbed depreciation as per books of accounts of the Transferee Company. The Transferee Company is also expressly permitted



to claim refunds / credits in respect of any transaction between the Transferor Company and the Transferee Company.

Provided further that upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and related TDS Certificates, including TDS Certificates relating to transactions between the Transferor Company and the Transferee Company and to claim refunds, advance tax and withholding tax credits, benefit of credit for minimum alternate tax and carry forward of accumulated losses etc., pursuant to the provisions of this Scheme.

- 13.2 In accordance with the CENVAT Credit Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties / service tax / VAT/ goods and service tax paid on inputs/capital goods/ input services lying in the accounts of the undertakings of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty/ service tax payable by it.
- 13.3 In accordance with the State Value Added Tax/ sales tax laws and Central and State Goods and Service Tax laws, as are prevalent on the Effective Date, the unutilized credits, if any, relating to VAT/GST paid on inputs/capital goods lying in the accounts of the Undertakings of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the VAT/ CST/GST payable by it.
- 13.4 Upon the Scheme coming into effect, any taxes paid under the indirect tax laws such as Service tax Law, Value Added Tax Act, Goods and Services Tax laws (prevalent in respective state) etc. arising out of the transactions entered into between the Transferor Company and the Transferee Company post the Appointed date shall on and from the Effective Date be refunded to the



Transferee Company, or in cases where in respect of the inter-company transactions, the Transferor Company / Transferee Company has availed CENVAT Credit / VAT credit / GST Credit of the taxes charged, the Transferee Company at its option may not seek for refund and can choose to retain the same as a CENVAT Credit / VAT credit / GST Credit, subject to the rules and regulations under the respective indirect tax law.

- 13.5 The Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-Tax Act, 1961, at a later date including resulting from an amendment of law or for any other reasons whatsoever, the provisions of the said Section of the Income-Tax Act, 1961, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income-Tax Act, 1961. Such modification will however not affect the other parts of the Scheme.
- 13.6 Upon the Scheme coming into effect, the Transferee Company shall make and file all necessary applications, documents and adhere to all statutory compliances as may be applicable and necessary laid down under the relevant Central or State laws, regulations, rules in order to facilitate the implementation of the Scheme of Amalgamation.



### **PART III – GENERAL TERMS AND CONDITIONS**

#### **14. APPLICATION TO THE TRIBUNAL**

14.1. The Transferor and Transferee Company shall, with reasonable despatch, apply to the Tribunal for necessary orders or directions for holding meetings of the members of the Transferor and Transferee Company for sanctioning this Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Act or for dispensing the holding of such meetings and orders under Section 232 of the Act, for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

#### **15. DISSOLUTION OF TRANSFEROR COMPANY**

15.1 Subject to an order being made by the Tribunal under Section 232 of the Act, the Transferor Company shall be dissolved without the process of winding up on the Scheme becoming effective in accordance with the provisions of the Act and the Rules made thereunder.

#### **16. MODIFICATIONS / AMENDMENTS TO THE SCHEME**

16.1 The Transferor Company and the Transferee Company through their respective Boards of Directors including Committees of Directors or other persons, duly authorized by the respective Boards in this regard, may make, or assent to, any alteration or modification to this Scheme or to any conditions or limitations, which the Tribunal or any other Competent Authority may deem fit to direct, approve or impose and may give such directions including an order of dissolution of the Transferor Company without process of winding up as they may consider necessary, to settle any doubt, question or difficulty, arising under the scheme or in regard to its implementation or in any manner connected therewith and to do and to execute all such acts, deeds, matters and things necessary for putting this Scheme into effect, or to review the portion relating to the satisfaction of the conditions to this scheme and if necessary, to waive any of those (to the extent permitted under law) for bringing this scheme into effect.

16.2 If any part or provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Transferor Company and the Transferee Company, affect the validity of implementation of



the other parts and/or provisions of the Scheme. If any Part or provision of this Scheme hereof is invalid, ruled illegal by any Tribunal of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Parties that such Part or provision, as the case may be, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such Part or provision, as the case may be, shall cause this Scheme to become materially adverse to any Party, in which case the Parties shall attempt to bring about a modification in the Scheme, as will best preserve for the Parties the benefits and obligations of the Scheme, including but not limited to such Part or provision.

#### **17. DATE OF TAKING EFFECT**

- 17.1 The Scheme set out herein in its present form or with any modification(s) or amendment(s) approved, imposed or directed by the Tribunal shall be effective from the Appointed Date but shall be operative from the Effective Date.

#### **18. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS**

This Scheme is conditional on and subject to the following -

- 18.1 The Scheme receiving no-objection letter/comment letter/approval of the Stock Exchange(s) and the SEBI in accordance with Regulation 37 the SEBI Listing Regulations and the SEBI Circular;
- 18.2 The Scheme being agreed to by the respective requisite majorities of the members and creditors of the Transferor and Transferee Company, if meetings of members and creditors of the said companies are convened by the Tribunal or dispensation being granted by the Tribunal.
- 18.3 The scheme being approved by the public shareholders through e-voting in terms of SEBI Circular. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it. The term 'public' shall carry the same meaning as defined under Rule 2 of the Securities Contracts (Regulations) Rules, 1957.



- 18.4 The sanction or approval under any law of the Central Government, State Government, or any other agency, department or authorities concerned if so required being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required under any law.
- 18.5 The sanction by the Tribunal under Sections 230 to 232 and other applicable provisions of the Act being obtained by the Transferor Company and the Transferee Company (as may be applicable).
- 18.6 The filing with the Registrar of Companies, Chennai, of certified copies of all necessary orders, sanctions and approvals mentioned above by the respective Company.

**19. EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

- 19.1 In the event of the Scheme not being sanctioned by the Tribunal and/or the order or orders not being passed as aforesaid, the Scheme shall become fully null and void and in that event no rights and liabilities shall accrue to or be inter-se by the parties in terms of the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law. In such event, each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

**20. EXPENSES CONNECTED WITH THE SCHEME**

- 20.1 All costs, charges, levies, fees, duties and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and of carrying out and completing the terms and provisions of this Scheme and in relation to or in connection with the Scheme shall be borne and paid by the Transferee Company.



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**SCHEDULE A**

Sr. No.	Location of property	Boundary	Survey No.	Area (Acres)
1	Land situated at Thirumalagiri Village, Chillakallu Panchayat, Jaggayapet, Krishna District, Andhra Pradesh	East - Property of Sri Harini Textiles Ltd South - Property of G Nageshwara Rao West - Property of Sri Harini Textiles Ltd North - Property of Sri Harini Textiles Ltd  East - Property of Sri Harini Textiles Ltd South - Property of K Ramarao & B Vishwanadham West - Property of Sri Harini Textiles Ltd North - Property of Sri Harini Textiles Ltd  East - Property of Sri Harini Textiles South - Property of G Guravaiah West - Property of P.Ramaiah & others North - Property of G Venkateswarlu  East - Donka South - Property of K Venkata Narasayya & others West - Property of G Venkateswarlu North - Property of Sri Harini Textiles Ltd  East - Sarkar Donka South - Property of Sri Harini Textiles	47/4	1.66
			47/4	1.67
			47/4	3.51
			48	7.02
			48	3.00



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Sr. No.	Location of property	Boundary	Survey No.	Area (Acres)
		West - Property of G Suryanarayana North - Property of A Guravaiah		
		East - R&B Road and Donka South - Property of K Ramarao & B Vishwanadham West - Property of G Bhaskara Rao North - Property of Kakani Srinu	49/1	6.06
		East - Donka South - Property of B Vishwanadham West - Property of B Vishwanadham North - Property of Sri Harini Textiles Ltd	49/2	1.64
		East - Donka South - Property of Kakani Srinu West - Property of G Bhaskara Rao North - Property of D Lakshmi Rajyam	49/6	1.75
		East - Donka South - Property of Sri Harini Textiles Ltd West - Property of Sri Harini Textiles Ltd North - Property of Sri Harini Textiles Ltd	49/6	1.75



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Sr. No.	Location of property	Boundary	Survey No.	Area (Acres)
		East - Property of B Vishwanadam South - Property of B Vishwanadam West - Property of Sri Harini Textiles Ltd North - Property of Sri Harini Textiles Ltd	53/3	1.50
	Total		-	29.56



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## SCHEDULE B

1. To carry on all or any of the business of spinners (Ring Spinning, OE Spinning, Compact Spinning etc.) and doublers of cotton, flax, hemp, jute, wool, silk, synthetic fibre such as Viscose, Polynosic, Polyester, Acrylic and other fibrous substances, cotton ginners, yarn merchants, bleachers and dyers, makers of bleaching and dyeing materials and to purchase, comb, prepare, spin, dye and deal in cotton, flax, hemp, jute, wool, silk, synthetic fibre such as Viscose, Polynosic, Polyester, Acrylic, and other fibrous substances and to weave or otherwise manufacture, buy, sell and export and deal in linen, cloth and other goods and fabrics, whether textile, felted, netted or looped.
2. To carry on all or any of the business of cloth manufacturers, hosiers, carpet makers, silk mercers, silk, synthetic fibre such as Viscose, Polynosic, Polyester, Acrylic and other fibrous substances, weavers, importers, exporters and wholesale, retail dealers and chain of retail outlets of and in Textile fabrics of all kinds, outfitters, drapers and Furnishers.
3. To wash, clean, purify, scour, bleach, wring, dry, iron, colour, dye, disinfect, renovate and prepare for use all articles of wearing apparel, household, domestic and other linen and cotton, woolen and silk goods and clothing and fabrics of all kinds.
4. To cultivate, buy, sell and deal in raw or finished cotton, wool, jute, silk, synthetic fibre, such as Viscose, Polynosic, Polyester, Acrylic and other fibrous substances and to prepare, spin, clean, press and pack the same and sell the materials so manufactured, to build, purchase, sell, dispose of, transfer, mortgage, take on lease, exchange, hire or otherwise acquire or deal with any land, buildings, any estate or interest therein and any right over or connected with them.
5. To generate power from conventional and /or non conventional sources including installation of Wind Mills for captive use / Third party sale.



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# Den Valuation (OPC) Private Limited

India's 46<sup>th</sup> Registered Valuer Entity (IBBI/RVE/06/2021/146)  
Registered Valuer (Securities or Financial Assets) under Companies (Registered Valuers and Valuation) Rules, 2017  
CIN No. : U74999GJ2021OPC121047



Annexure 2

**Date: 27<sup>th</sup> September 2021**

**To**  
**The Board of Directors**  
**The Ramaraju Surical Cotton Mills Limited**  
PO Box No. 2,  
119 P A C Ramaswamy Raja Salai,  
Rajapalayam - 626 117  
Tamilnadu

**To**  
**The Board of Directors**  
**Sri Harini Textiles Limited**  
Sri Bhavanam 102,  
P S K Nagar,  
Rajapalayam - 626 108  
Tamilnadu

**Subject – Recommendation of the share exchange ratio for the proposed merger of Sri Harini Textiles Limited into The Ramaraju Surgical Cotton Mills Limited.**

Dear Sir/Madam,

We refer to the ongoing discussions and engagement letter whereby, The Ramaraju Surgical Cotton Mills Limited ("**TRSCM**" or "**Transferee Company**") has requested Den Valuation (OPC) Private Limited ("**Den**" or "**us**" or "**we**") to recommend an exchange ratios of equity shares as on 30<sup>th</sup> June 2021 in connection with the proposed

- Merger of Sri Harini Textiles Limited (referred to as '**SHTL**' or '**transferor company**') into The Ramaraju Surgical Cotton Mills Limited ("**TRSCM**" or "**transferee company**").

The Ramaraju Surgical Cotton Mills Limited and Sri Harini Textiles Limited are together referred to as the 'companies'.

We have been hereafter referred to as 'Valuer' or 'we' or 'us' and individually referred to as 'Valuer' in this joint Report ('Valuation Report' or 'Report').

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



## SCOPE AND PURPOSE OF THIS REPORT

"The Management of TRSCM and SHTL are planning to merge Sri Harini Textiles Limited into The Ramaraju Surgical Cotton Mills Limited for further growth and expansion in the interest of shareholders."

We understand that the management of the companies ('Management') is contemplating a consolidation of business through a composite scheme of arrangement ('Scheme') to be implemented under the provision of section 230 to 232 of the companies Act, 2013 and other applicable provisions of the Companies Act, 2013:

- Merger of Sri Harini Textiles Limited ("SHTL") into The Ramaraju Surgical Cotton Mills Limited ("TRSCM").

Above arrangement is referred to as 'the Transaction'.

As a consideration for above transaction, equity shareholders of Sri Harini Textiles Limited ("SHTL") would be issued equity shares of The Ramaraju Surgical Cotton Mills Limited ("TRSCM").

Share Exchange Ratio for this Report refers to number of equity shares of face value of ₹10/- each of The Ramaraju Surgical Cotton Mills Limited, which would be issued to shareholders of Sri Harini Textiles Limited of face value of ₹10/- each, as consideration for the transaction.

For the aforesaid purpose, The Ramaraju Surgical Cotton Mills Limited have appointed Den Valuation (OPC) Private Limited ("Den") to submit a report on

- Recommendation of Share Exchange Ratio on Merger of Sri Harini Textiles Limited into The Ramaraju Surgical Cotton Mills Limited.

The Scope of our services is:

- To recommend Shares Exchange Ratio for issue of TRSCM's equity shares to the equity shareholders of the SHTL in accordance with generally accepted professional standards.

The valuer appointed has worked independently in their analysis. The Valuer has received information and clarification from the companies. For recommending share Exchange Ratio, the valuer has independently arrived at different values per share of the companies. However,

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



arrive at the consensus on the share exchange Ratio, appropriate rounding off in the values arrived at by the valuer has been done.

We have been provided with historical financial information for the companies' upto 30<sup>th</sup> June 2021. We have considered the same in our Report. Our analysis does not factor impact of any event which is unusual or not in normal course of business. We have relied on the above while arriving at the share Exchange Ratio for the transaction.

This Report is our delivered for the above engagement.

This Report is subject to the scope, assumption, exclusions, Limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

## SOURCES OF INFORMATION

In connection with exercise, we have used the following information received from the management and/or gathered from public domain:

- Audited financial statements of the companies for the 3 years ended 31st March 2018, 31st March 2019, 31st March 2020 and 31<sup>st</sup> March 2021;
- Provisional Financial Statement for the year ended on 30<sup>th</sup> June, 2021;
- Management certified future projections of the companies for next 7 years till 31<sup>st</sup> March, 2028;
- Number of equity shares/ shareholding pattern of the companies as at 30<sup>th</sup> June 2021;
- Interviews and correspondence with the Management;
- Secondary research and market data on comparable companies and information on recent transactions, to the extent readily available; and
- Such other analysis, reviews and enquiries, as we considered relevant.

The companies have been provided with the opportunity to review the draft report (excluding the recommended share exchange ratio) as part of our standard practice to make sure that factual inaccuracies/omissions are avoided in our final report.

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



## SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATION, EXCLUSIONS AND DISCLAIMERS

Provisions of valuations opinions and considerations of issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report and (iii) the financial statements of the companies as at 30<sup>th</sup> June 2021 and other information provided by the management on key events after 30<sup>th</sup> June 2021 till the date of the Report.

Other than as stated above, the management has represented that the business activities of the companies, including their subsidiaries and associates, as applicable, have been carried out in the normal and ordinary course between 30<sup>th</sup> June 2021 and the Report date and that no material adverse change has occurred in their respective operations and financial positions between 30<sup>th</sup> June 2021 and the Report date.

An analysis of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events and transactions occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The ultimate analysis will have to be tempered by the exercise of judicious discretion by the valuer and judgment taking into accounts all the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions.

The recommendations rendered in this Report only represent our recommendations based upon information furnished by the companies (or its executives/representative) and other sources and the said recommendations shall be considered to be in nature of non-binding advice, (our recommendations will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). We have no obligation to update this Report.

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



The determination of this exchange ratio is not precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no single share exchange ratio. While we have provided our opinion on the share exchange ratio based on the share information available to us and our recommendations of the share Exchange ratio within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the share exchange/entitlement ratio at which the proposed transaction shall take place will be with the board of directors who should take into account other factors such as their own assessment of the proposed transaction and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, Technical, Financial and operating data.

In accordance with the terms of our engagements, We have assumed and relied upon, without independent verification,(1) the accuracy of the information that was publicly available and formed a substantial basis for this report and (2) the accuracy of information made available to us by the companies, in accordance with our Engagement Letter and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed or otherwise investigated the historical financial information provided to us. We have not independently investigated or otherwise verified the data provided by the companies. Accordingly, we do not express an opinion on offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the companies, we have been given to understand by the management of the companies that they have not omitted any relevant and material factors about the companies. Our conclusions are based on the assumptions and information given by/on behalf of the companies and reliance on public information. The Management of the companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the companies and their impact on the report nothing has come to our attention to indicate that the information provided was materially mis-stated/incorrect or would afford reasonable grounds upon which to base the report.

The report assumes that the companies comply fully with relevant laws and regulation applicable in all its areas of operations unless otherwise stated, and that the companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this valuation report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and Litigation and other contingent liabilities that are not recorded in the audited/unaudited balance sheet of the companies. Our conclusion

Valuation Report on Swap Ratio on merger of SHTL into TRSCM

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of value assumes that the assets and liabilities of the companies and their subsidiaries, reflected in their respective latest balance sheets remain intact as of the report date.

We are not advisors with respect to legal, tax and regulatory matters for the transaction. This report does not look into the business/ commercial reasons behind the transaction or the Likely benefits arising out of the same. Similarly, it does not address the relative merits of the transaction as compared with any other alternative business transaction, Or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the companies' claim to title of assets has been made for the purpose of this report and the companies' claim to such rights has been assumed to be valid. No consideration has been given to Liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

The fee for the engagement is not contingent upon the results reported.

We owe responsibility to only the boards of directors of the companies that has appointed us under the terms of our engagement letters and nobody else. We will not be Liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their Directors employees or agents. Unless specifically agreed, in no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

We do not accept any Liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion on the share Exchange Ratio. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. This valuation report is subject to the laws of India.

Neither the valuation report not its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed Scheme of amalgamation, without our prior written consent except for disclosures to be made to shareholders of the Companies, Registrar of Companies, NCLT of the State(s) where registered offices of the Companies are present and other relevant judicial, regulatory or

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



government authorities as may be mandatorily required by the applicable laws, in connection with the Transaction outlined here. You may disclose the Report to your lawyers, statutory auditors, and advisors as long as you inform them, in advance, that we accept no liability to them and that no onward disclosure may be made. To the extent required by law/ regulatory authority/s/ stock exchanges, we will provide workings supporting our recommended share exchange ratio. To extent required by any law or authority. We will co-operate with the Companies to address the queries /comments of regulatory, governmental or judicial authorities. In addition this report does not in any manner address the prices at which equity shares of the Companies will trade following announcement of either company should vote at any shareholders' meeting(S) to be held in connection with the transaction.

## BRIEF BACKGROUND OF THE COMPANIES FORMING THE PART OF THE SCHEME OF ARRANGEMENT

**The Ramaraju Surgical Cotton Mills Limited** (hereinafter referred to as 'the Transferee Company' or 'TRSCM') was incorporated on 20-02-1939 under the provisions of the Companies Act, 1956 under the flagship of Ramco Group. The Ramaraju Surgical Cotton Mills Limited, CIN: L17111TN1939PLC002302 is having its registered office at PO Box No. 2, 119 P A C Ramaswamy Raja Salai, Rajapalayam-626 117, Tamilnadu, India.

The Transferee Company is engaged in the business of manufacturing and selling of absorbent cotton, gauze, bandages and other wound-care products in Southern India. It is also engaged in the business of spinning and weaving, producing some of the world's finest cotton yarn and manufacturing premium fabrics for shirting, bed linens and Jacquard cloth.

Equity Shares of TRSCM are listed on Metropolitan Stock Exchange of India. Its equity shares are infrequently traded shares within the meaning of regulation 164 of SEBI ICDR Regulations.

The issued and subscribed equity share capital of TRSCM as at 30<sup>th</sup> June 2021 is ₹3,94,65,600 consisting of 39,46,560 equity shares of face value of ₹10 Each. The Shareholding Pattern is as follows:

Particulars	No. of Shares	% of Holding
Promoter & Promoter Group	17,00,680	43.09 %
Public	22,45,880	56.91 %
<b>Total</b>	<b>39,46,560</b>	<b>100.00 %</b>

Source: Management

# Face Value of ₹ 10 each

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



**Sri Harini Textiles Limited** (hereinafter referred to as 'the Transferor Company' or 'SHTL') was incorporated on 13th October 2005. SHTL is an unlisted Public Limited Company having its registered office at Sri Bhavanam 102, P S K Nagar, Rajapalayam, Virudhunagar Dist – 626108. SHTL is part of the textile division of the Ramco group. SHTL has a capacity of 1,440 rotors. SHTL specialises in the manufacture of open-end (OE) yarn with a count size ranging between 8 and 22 counts.

The Ramaraju Surgical Cotton Mills Limited (Transferee Company) holds 49.67% of the equity share capital of the Sri Harini Textiles Limited (Transferor Company).

The issued and subscribed equity share capital of SHTL as at 30<sup>th</sup> June 2021 is ₹3,00,00,000 consisting of 30,00,000 equity shares of face value of ₹10 each. The Shareholding pattern is as follows:

Particulars	No. of Shares	% of Holding
Promoter & Promoter Group	29,69,500	98.98 %
Public	30,500	1.02 %
<b>Total</b>	<b>30,00,000</b>	<b>100.00 %</b>

Source: Management

# Face Value of ₹10 each

The Ramaraju Surgical Cotton Mills Limited and Sri Harini Textiles Limited are part of RAMCO Group.

## APPROACH & METHODOLOGY

The following are valuation approaches and commonly used and accepted methods for determining the value of the equity shares of a company/business:

1. Market Approach
  - Market Price Method
  - Comparable Companies Quoted Multiples method
2. Income Approach
  - Discounted Cash Flows method
3. Cost Approach
  - Net Asset Value method

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and General business and economic conditions, many of which are beyond the control of the companies. Further, this valuation will fluctuate with lapse of time, changes in prevailing market conditions, the conditions and prospects financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.

The Application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purpose, it cannot be too strongly emphasized that a Valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Both are Operating companies and have significant business activities while TRSCM holds significant investment in SHTL. In view of group companies-cum operating nature of both Companies, the above approaches/methods was considered relevant for valuing TRSCM and SHTL.

The following paragraphs discuss different valuation methods and their application for valuing the companies, their businesses/ investments.

### **Market Price (MP) Method**

The Market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of comparable standard.

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



In the present case, equity shares of TRSCM are listed on Metropolitan Stock exchange. Its shares are infrequently traded in the market. Hence, the Market price does not reflect the fair value. However, other company i.e. SHTL is not listed on any exchanges. Hence, we have not considered this method into consideration.

### **Comparable Companies' Quoted Multiple (CCM) Method**

Under this method, Value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuation of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Comparable company analysis (also called "trading multiples" or "peer group analysis" or "equity comps" or "public market multiples") is a relative valuation method in which you compare the current value of a business to other similar businesses by looking at trading multiples like P/E, EV/EBITDA, or other ratios. Multiples of EBITDA are the most common valuation method. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

There was significant fluctuations in the turnover, Profit after Tax, EBIDTA of TRSCM and SHTL over the past few years. No similar size company with having similar revenues and profit found in the market hence we have not considered this method for valuation of both companies using CCM method.

### **Comparable Companies' Transaction Multiple (CTM) Method**

Under this method, value of the equity shares of a company / business is arrived at by using multiple derived from valuation in comparable companies, as manifest through transaction Valuations. Relevant multiples need to be chosen carefully and adjusted differences between the circumstances.

The CTM valuation method provides an observable value for the business, based on what companies are currently worth. Comps are the most widely used approach, as they are easy to calculate and always current.

For valuing business/investments of these companies, we have considered the comparable transactions, with subject company/business specific adjustment, for the purpose of our

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



valuation analysis. Wherever and if deemed appropriate, industry specific benchmark have been in the analysis.

In the present case, we have not found any similar transaction occurred in the same industry during the recent time. Hence, we have not considered this method to determine its value.

### **Discounted Cash Flows (DCF) Method**

Under the DCF method the project free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flow is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's equity capital.

Appropriate discount rate to be applied to cash flows i.e. the cost of equity:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers (namely shareholders). The opportunity cost to the equity capital provider equals the rate of return the equity capital provider expects to earn on other investments of equivalent risk.

We have used DCF Method of valuation for valuing both the company.

### Net Asset Value (NAV) Methodology

The cost based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability. Moreover this method may be used to provide the base value for the share.

TRSCM was formed in the year 1939. It is profit making company and having significant investment in other group companies as well. It's valuation under this method will not reflect its fair value of equity shares. Hence, we have not considered this method for valuation of TRSCM.

SHTL is loss making company but its profit margin are improving and it is expected to deliver profit in future years. Hence, we have not considered this method of valuation for valuation of SHTL as well.

### Share Exchange Ratio

The share exchange ratio has been arrived at on the basis of an equity valuation of the companies. The share exchange ratio is based on the various methodology explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the companies, having regard to information base, key underlying assumptions and limitations.

Valuer, as considered appropriate, have independently applied methodologies discussed above and arrived at their assessment of value per share of the companies. To arrive at the consensus on the share exchange ratio, suitable averaging and rounding off in the values arrived at by the valuer have been done.

Valuation Report on Swap Ratio on merger of SHTL into TRSCM



## CONCLUSION

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove:

### Share Exchange Ratio for Merger of Sri Harini Textiles Limited into The Ramaraju Surgical Cotton Mills Limited.

In view of application of relevant approach and methodology and arriving fair value of both Companies viz. TRSCM and SHTL, we recommend the share exchange ratio of 34 (Thirty Four) equity share of ₹10/- each fully paid up in the share capital of TRSCM to issue for every 1,000 (One Thousand) equity shares of ₹10/- each held to the shareholder of SHTL.

The Computation of fair Exchange Ratio is attached as per **Annexure I**

For, Den Valuation (OPC) Private Limited



Jigar P Shah  
Managing Director



RVE: IBBI/RV-E/06/2021/146  
Place: Ahmedabad  
Date: 27th September 2021  
UDIN: 21115916AAAAKN8330

\*\*\*\*\*

**ANNEXURE I**  
**Computation of Fair Share Exchange Ratio**  
**Merger of SHTL into TRSCM**

Valuation Approach	SHTL (Note 1)		TRSCM (Note 2)	
	Value Per Share	Weight	Value Per Share	Weight
Cost Approach	(28.00)	0.00%	796.00	0.00%
Income Approach	49.00	100.00%	1459.00	100.00%
Market Approach	NA	0.00%	NA	0.00%
<b>Total</b>	<b>49.00</b>	<b>100.00%</b>	<b>1459.00</b>	<b>100.00%</b>

**Note 1** – We have only used Discounted Cash Flow Method under Income Approach to determine the Fair Value of share. DCF Method truly represents the economic value as compared to the CCM Method and Cost Approach. Since the Company is loss making since last few years, no similar companies found as comparative to this company. Hence, we have not used CCM method for SHTL.

**Note 2** – We have used only Discounted Cash Flow Method under Income Approach as cost approach don't reflect fair value of the company, hence, we have not considered such method to arrive fair value of TRSCM and there is no similar listed companies compared to size, profit of TRSCM, hence we have also not considered market approach while arriving fair valuation of TRSCM.

**RATIO:**

34 (Thirty Four) equity share of TRSCM of ₹10 each fully paid up for every 1,000 (One Thousand) equity shares of SHTL of ₹10 each fully paid up.

**FAIRNESS OPINION REPORT**

**AMALGAMTION OF SRI HARINI TEXTILES LIMITED**

**WITH**

**THE RAMARAJU SURGICAL COTTON MILLS LIMITED**

**VIVRO**



**Vivro Financial Services Private Limited**

*This Fairness Opinion Report is being submitted by Vivro Financial Services Private Limited for the purpose as mentioned herein, and shall not be used for any other purpose whatsoever!*

**September 27, 2021**

Private and Confidential

**To,**

**The Board of Directors**

**Sri Harini Textiles Limited**

Sri Bhavanam 102,

P. S. K. Nagar Rajapalayam,

Virudhunagar

Tamilnadu - 626108

**To,**

**The Board of Directors**

**The Ramaraju Surgical Cotton Mills Limited**

PAC Ramasamy Raja Salai,

Rajapalayam,

Tamilnadu - 626117

**Subject: Fairness Opinion Report on the recommendation of Share Exchange Ratio issued by Den Valuation (OPC) Private Limited dated September 27, 2021, for the proposed amalgamation of Sri Harini Textiles Limited into The Ramaraju Surgical Cotton Mills Limited**

Sri Harini Textiles Limited (CIN U17111TN2005PLC057807) ('SHTL' or 'Transferor Company'), incorporated on October 13, 2005, under the Companies Act, 1956 is engaged in the manufacturing of open-end yarn. The Ramaraju Surgical Cotton Mills Limited (CIN L17111TN1939PLC002302) ('TRSCML' or 'Transferee Company'), incorporated on February 20, 1939, under the Companies Act, 1956 is engaged in production of surgical dressing including absorbent cotton, gauze, bandages, and other wound-care products in Southern India. The equity shares of TRSCML are listed on the Metropolitan Stock Exchange of India ('MSE'). SHTL and TRSCML are together be referred to as 'the Companies'.

The management of the Companies propose to enter into a Scheme of Amalgamation (the Scheme) where SHTL shall be amalgamated into TRSCML under Section 230 to Section 232 of the Companies Act, 2013 as well as in terms of and other applicable provisions of law (the Scheme).

Accordingly, as required under SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended ('SEBI Circular') issued under regulations 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('SEBI LODR Regulations'), TRSCML has appointed Vivro Financial Services Private Limited, Category I Merchant Banker registered with SEBI having its Registration Number INM000010122 ('Vivro', 'Merchant Banker', 'we', 'us', 'our'), vide an Engagement Letter dated August 19, 2021 to issue a Fairness Opinion Report on the valuation report recommending share exchange ratio dated September 27, 2021 issued by a Registered Valuer, being Den Valuation (OPC) Private Limited ('the Valuation Report'), registered with the Insolvency and Bankruptcy Board of India (IBBI Registration Number: IBBI/RV-E/DG/2021/1461) (the Registered Valuer, 'the Valuer').





Private and Confidential

In connection with the same, we hereby attach our Fairness Opinion Report in terms of the SEBI Circular

**For, Viro Financial Services Private Limited**

  
Jayesh Vithani  
Sr. Vice President



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## 1. BACKGROUND

### SRI HARINI TEXTILES LIMITED

- 1.1 SHTL is a public limited company incorporated on October 13, 2005, under the Companies Act, 1956, having CIN L1711TN2005PLC057807 and its registered office at Sri Bhavanam 102, P S K Nagar Rajapalayam, Virudhunagar, Tamilnadu - 626108. SHTL is engaged in the manufacturing of open-end yarn having a capacity of 1440 Rotors at Thirumalagiri Village, Krishna District, Andhra Pradesh. The shareholding pattern of SHTL (Face value: Rs. 10) as on June 30, 2021, is as follows:

Name	Equity Shares	%Shareholding
Promoter & Promoter Group	29,69,500	98.98%
Public	30,500	1.02%
<b>Total</b>	<b>30,00,000</b>	<b>100.00%</b>

### THE RAMARAJU SURGICAL COTTON MILLS LIMITED

- 1.2 TRSCML is a public limited company incorporated on February 20, 1939 bearing CIN L17111TN1939PLC002J02, and its registered office is situated at PAC Ramasamy, Raja Salai, Rajapalayam, Tamilnadu - 626117. TRSCML is engaged in production of surgical dressing including absorbent cotton, gauze, bandages and other wound-care products in Southern India. TRSCML is also diversified into spinning and weaving, producing cotton yarn and manufacturing premium fabrics for shirting, bed linens and Jacquard cloth. The equity shares of the TRSCML are listed on the MSE. The shareholding pattern of TRSCML (Face value: Rs. 10) as on June 30, 2021, is as follows:

Category	Equity Shares	%Shareholding
Promoter & Promoter Group	17,00,680	43.09%
Public	22,45,880	56.91%
<b>Total</b>	<b>39,46,560</b>	<b>100.00%</b>

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## 2. SCOPE AND PURPOSE OF THIS FAIRNESS OPINION REPORT

- 2.1 The Board of Directors of TRSCML and SHTL are planning to enter into a Scheme of Amalgamation in accordance with Section 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended and rules framed thereunder and in compliance with the provisions of the Income Tax Act, 1961. This Scheme provides for Amalgamation of SHTL with and into TRSCML with effect from the Appointed Date. The Appointed Date is April 1, 2021.
- 2.2 For the aforesaid purpose of amalgamation of SHTL with and into TRSCML, TRSCML has appointed Den Valuation (OPC) Private Limited, Registered Valuer, to submit a Valuation Report recommending the equity share exchange ratio, to be placed before the Board of Directors of TRSCML and SHTL.
- 2.3 The scope of our services is to issue a Fairness Opinion Report on the Valuation Report issued by the Registered Valuer recommending the equity share exchange ratio, for the amalgamation as proposed in Part II of the Scheme, in accordance with generally acceptable professional standards.
- 2.4 The scope of our services includes forming an opinion on the fairness on the recommendation of the Registered Valuer and does not involve opining on the fairness or economic rationale of the Scheme per se.
- 2.5 This Fairness Opinion Report is our deliverable on this engagement and may be used for the purpose of complying with the requirements of the regulations 11, 37 and 94 of the SEBI LODR Regulations and the SEBI Circular and for submission to regulatory and statutory authorities in connection with the Scheme.
- 2.6 Our Fairness Opinion Report is prepared solely for the purpose outlined hereinabove. The distribution of this Fairness Opinion Report shall hence be restricted to the Companies, Shareholders, SEBI, Stock Exchange and such other regulatory bodies required to give effect to the Scheme, including but not limited to Registrar of Companies and National Company Law Tribunal. This Fairness Opinion Report shall not be relied upon by any other person for any other purpose whatsoever and the Companies agree to this fact.
- 2.7 This Fairness Opinion Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Fairness Opinion Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.



### 3. SOURCES OF INFORMATION

We have relied on the following information made available to us by the management of the Companies for the purpose of this Fairness Opinion Report:

- 3.1 Draft Scheme of Amalgamation between TRSCML and SHTL, under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 as may be submitted to the Stock Exchange;
- 3.2 Valuation Report of Den Valuation (OPC) Private Limited, Registered Valuer, dated September 27, 2021;
- 3.3 Audited Financial Statements of TRSCML & SHTL for the year ended on March 31, 2021, March 31, 2020, March 31, 2019, and March 31, 2018;
- 3.4 Management certified provisional financial statement of TRSCML & SHTL for the 3-month period ended on June 30, 2021.
- 3.5 Projected profitability and balance sheet of TRSCML & SHTL for the period from July 1, 2021, to March 31, 2028;
- 3.6 Written representations received from companies dated September 27, 2021;
- 3.7 Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for the purpose of Fairness Opinion Report.
- 3.8 The Companies have been provided with the opportunity to review the draft Fairness Opinion Report as part of our standard practice to make sure that factual inaccuracy / omissions are avoided.

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#### 4. RATIONALE OF THE SCHEME

As stated in the Draft Scheme of Amalgamation made available to us, the rationale of the Scheme is as under:

*"The directors of the Transferor Company and the Transferee Company have decided to amalgamate the Transferor Company with the Transferee Company in order to ensure better management of the Company as a single unit with focused management capabilities. The directors of the Transferor Company and the Transferee Company are of the opinion that the Transferor Company and the Transferee Company are part of the same group and are having common promoters and accordingly, the amalgamation of the Transferor Company into the Transferee Company pursuant to the Scheme would result in streamlining the group corporate structure. The amalgamation will further enable to reduce the number of entities within the group that require to be administered and also help realize operational synergies which would also result in simplification of structure and operations and would benefit both the Transferor Company and the Transferee Company in the following manner:*

- (i) Reduction in operative and administrative cost.*
- (ii) Economies of scale, improved capital allocation, optimum utilization of resources and operational efficiency etc.;*
- (iii) Elimination of inter-company holdings and layering of investments and business operations;*
- (iv) Simplification of management structure;*
- (v) Stronger asset base and infrastructure for future growth."*

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## 5. SALIENT FEATURES OF THE SCHEME

- 5.1 With effect from the Appointed Date the whole of the Undertakings of the Transferor Company comprising their entire business, all assets and liabilities of whatsoever nature and wheresoever situated, including the immovable properties, if any shall, under the provisions of Section 230 to 232 and all other applicable provisions, if any, of the Act, without any further act or deed be transferred to and vested in and/ or be deemed to be transferred to and vested in the Transferee Company as a going concern so as to become, as from the Appointed Date, the Undertakings of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein.
- 5.2 Upon the amalgamation of SHTL into and with TRSCML pursuant to the Scheme becoming effective on the Effective Date, TRSCML will issue its equity shares to the shareholders of SHTL on the record date, in accordance with the equity share exchange ratio approved by the Board of Directors of each of SHTL and TRSCML, and pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961.
- 5.3 TRSCML being a shareholder of SHTL, the Transferee Company shall not be issued any equity shares under the Scheme in consideration. The equity shares of SHTL held by TRSCML shall be cancelled and extinguished upon the scheme coming into effect.
- 5.4 All inter company balances between the Companies shall stand cancelled upon the Scheme coming into effect and applicable from the Appointed Date.
- 5.5 Upon the Scheme coming into effect, the Transferor Company shall, without any further act, instrument, or deed, stand dissolved without following the process of winding up.

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## 6. VALUER'S RECOMMENDATION

6.1 As informed to us by the management of the Companies, the scope of services of the Registered Valuer for the proposed Composite Scheme of arrangement is to carry out a valuation of equity shares of TRSCML and SHTL and determine a share exchange ratio for the proposed Scheme.

6.2 The share exchange ratio has been arrived at on the basis of relative valuation of the equity shares of TRSCML and SHTL based on methodology as explained in the Valuation Report, dated September 27, 2021, issued by Den Valuation (OPC) Private Limited and various qualitative factors relevant to TRSCML and SHTL respectively, and the business dynamics as well as growth potential of the businesses, and also having regard to information base, management representations and perceptions, key underlying assumptions and limitations.

6.3 Accordingly, on the basis of all the relevant factors and circumstances as discussed and outlined in the Valuation Report, dated September 27, 2021, issued by Den Valuation (OPC) Private Limited, it has been recommended that the equity share exchange ratio for the amalgamation of SHTL with and into TRSCML under the proposed Scheme shall be as follows:

*"34 equity shares of face value INR 10 each fully paid up of TRSCML for every 1,000 equity shares of face value of INR 10 each fully paid of SHTL for the amalgamation of SHTL into TRSCML".*

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## **7. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS & DISCLAIMERS**

- 7.1 This Fairness Opinion Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. This Fairness Opinion Report is restricted for the purpose indicated in the Engagement Letter but does not preclude the management of the Companies to provide a copy of this Fairness Opinion Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for any unauthorized use of this Fairness Opinion Report.
- 7.2 We owe responsibility only under the terms of the Engagement Letter. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the management or their directors, employees or agents of the Companies.
- 7.3 In the course of our analysis, we were provided with both written and verbal information, which we have evaluated through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. We have also relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis.
- 7.4 This Fairness Opinion Report is specific to the terms of the Engagement Letter, the date of this Fairness Opinion Report and is necessarily based on the prevailing financial and economic conditions as well as the written and oral information, as made available by the management of the Companies as on date of this Fairness Opinion Report. Events occurring after this date may affect this Fairness Opinion Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Fairness Opinion Report.
- 7.5 This Fairness Opinion Report is subject to the scope, the sources of the information and limitations detailed herein. As such the Fairness Opinion Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.
- 7.6 We have not carried out a revaluation of any assets of the Companies, nor physically verified any assets of the Companies, neither are we required to in terms of the Engagement Letter.
- 7.7 We are independent of the Companies and hold no specific interest in the Companies or any of the assets of the Companies, nor do we have any conflict of interest with the Companies.



- 7.8 The fee for this Fairness Opinion Report is not contingent upon the recommendation given.
- 7.9 We are aware that based on the opinion of the value expressed in this Fairness Opinion Report, we may be required to give testimony or attend judicial proceedings with regard to the valuation, although it is out of scope of the assignment. In such an event, the party seeking the evidence in the proceedings shall bear the full cost and the fees of the judicial proceedings, and the tendering of evidence before such authority, if any, will be as per the applicable laws.

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**8. CONCLUSION**

Pursuant to and subject to the foregoing, we believe that the share exchange ratio recommended by Den Valuation (OPC) Private Limited, Registered Valuer, for the amalgamation of SHTL with and into TRSCML, for the proposed Scheme, is fair.

**For, Vivro Financial Services Private Limited**

  
Jayesh Vithiani  
Sr. Vice President



MSEI/LIST/2022/126

January 28, 2022

**The Company Secretary and Compliance Officer,  
The Ramaraju Surgical Cotton Mills Limited**  
P.O.Box 2, 119, P.A.C. Ramasamy,  
Raja Salai, Rajapalayam,  
Tamil Nadu – 626117.

Dear Sir/ Madam,

**Sub.: Observation letter regarding the Draft Scheme of Amalgamation of Sri Harini Textiles Limited with The Ramaraju Surgical Cotton Mills Limited.**

This is in reference to the draft scheme of amalgamation filed by The Ramaraju Surgical Cotton Mills Limited in terms of SEBI Circular No. CFD/DIL/3/CIR/2017/21 dated March 10, 2017, as amended and SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 as amended; SEBI vide its letter dated January 27, 2022 has *inter alia* given the following comment(s) on the draft scheme of arrangement:

- ***The Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, and from the date of receipt of this letter is displayed on the website of the listed company and the stock exchange.***
- ***No changes to the draft scheme except those mandated by the regulators/authorities/tribunals shall be made without specific written consent of SEBI.***
- ***The Company shall duly comply with various provisions of the said circular.***
- ***The Company is advised that the observations of SEBI/ Stock Exchange shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.***
- ***The Company shall ensure that the scheme submitted with NCLT for sanction, provides for voting by shareholders through e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution.***
- ***It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/ observations on draft scheme by SEBI/ Stock Exchange. Hence, the Company is not required to send notice for representation as mandated under Section 230(5) of the Companies Act, 2013, to SEBI again for its comments/ observations/ representations.***

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**Metropolitan Stock Exchange of India Limited**

Registered Office: 205A, 2nd Floor, Piramal Agastya Corporate Park, Kamani Junction, LBS Road, Kurla (West), Mumbai – 400070.  
Tel: +91-22-6112 9000 | customerservice@msel.in | www.msel.in | CIN: U65999MH2008PLC185856



According, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To comply with various provisions of the said SEBI circulars.

Further, it is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/ observations on draft scheme by SEBI/ Stock Exchange. Hence, the Company is not required to send notice for representation as mandated under Section 230(5) of the Companies Act, 2013, to the Exchange for its comments/ observation's/ representation's.

In the light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/ de-listing/ continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with NCLT.

Further, wherever applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the master circular dated December 22, 2020.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to NCLT.

The Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

Yours faithfully,

**For Metropolitan Stock Exchange of India Limited**

**P K Ramesh**  
**Chief Regulatory Officer**

Page 2 of 2

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Registered Office: 205A, 2nd Floor, Piramal Agastya Corporate Park, Kamani Junction, LBS Road, Kurla (West), Mumbai – 400070.  
Tel: +91-22-6112 9000 | customerservice@msel.in | www.msel.in | CIN: U65999MH2008PLC185856

**Independent Auditor's Report To the Members of Sri Harini Textiles Limited**  
**Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of Sri Harini Textiles Limited ("the Company"), drawn in accordance with the Indian Accounting Standards, which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity for the year then ended on 31 March 2022 and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the 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 ("Financial Position") of the Company as at 31 March 2022, its Profit ("Financial Performance including Other Comprehensive Income"), its Cash Flows and Changes in Equity for the year ended on 31 March 2022.

**Basis for Opinion**

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

**Information other than the Financial Statements and Auditor's Report thereon**

The Company's Management and Board of Directors are responsible for the preparation of the Other Information. The Other Information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our audit report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**M.S. JAGANNATHAN &  
N. KRISHNASWAMI**

Chartered Accountants

**Srinivasan Krishnaswami**  
Managing Partner

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

**Management’s Responsibility for the 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 and presentation of these Financial Statements that give a true and fair view of the Financial Position, Financial Performance (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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

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N. KRISHNASWAMI**

Chartered Accountants

**Srinivasan Krishnaswami**  
Managing Partner

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 Financial Statements.

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

- Identify and assess the risks of material misstatement of the 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls system 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 audit report to the related disclosures in the 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 audit 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our audit 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, 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.
  - b) In our opinion, proper books of account as required by law have been kept by the Company, as far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the Directors as on 31 March 2022 and taken on record by the Board of Directors, none of the Directors is

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N. KRISHNASWAMI**

Chartered Accountants

**Srinivasan Krishnaswami**

Managing Partner

disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) We have enclosed our report in “Annexure B” with respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s Internal Financial Controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with 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 does not have any pending litigations as at 31 March 2022
  - 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.
  - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kinds of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding whether recorded in writing or otherwise, that the Intermediary shall:
    - i. Whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”), or
    - ii. Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
    - i. Whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”), or
    - ii. Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; or

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N. KRISHNASWAMI**

Chartered Accountants

**Srinivasan Krishnaswami**  
Managing Partner

- (c) Based on the audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv)(a) and (iv)(b) contain any material misstatement.
- v. There is no dividend declared or paid during the year by the Company and hence the requirement of compliance with Section 123 of the Act does not arise.
- h) With respect to the matter to be included in the Audit Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its Directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. 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.

For M. S. Jagannathan & N. Krishnaswami  
Chartered Accountants  
Firm Registration No. 001208S



K. Srinivasan  
Partner  
Membership No. 021510  
UDIN: 22021510ANNWTC5801  
Chennai  
20 July 2022

**Annexure A to the Independent Auditor's Report**

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the Financial Statements of the Company for the year ended 31 March 2022:

We state the following after considering the information and explanations given to us by the Company and on the basis of examination of the records of the Company:

1. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - 1.1. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and equipment. The Company has also maintained proper records showing full particulars of intangible assets.
  - 1.2. The Property Plant and Equipment were physically verified during the year by the Company in accordance with the phased programme of verification which, in our opinion, provides for physical verification of all Plant, Property and Equipment at reasonable intervals. No material discrepancies were noticed during such verification.
  - 1.3. The title deeds of immovable properties disclosed in the Financial Statements are held in the name of the Company (Other than the properties where the Company is a lessee, and the lease arrangements are duly executed in favour of the Company).
  - 1.4. The Company has not revalued its Property, Plant and Equipment (including Right of use Assets) and/or intangibles during the year and accordingly the provisions of clause 3(i)(d) of the Order is not applicable to the Company.
  - 1.5. There were no Proceedings initiated or pending against the Company for holding benami property under Benami Transaction (Prohibition) Act, 1988 (45 of 1988) and rules made there under, and accordingly the provisions of clause 3(i)(e) of the Order is not applicable to the Company.
2. Inventory and Working Capital:
  - 2.1. The Management has conducted the physical verification of inventory at reasonable intervals. The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account and were not material.
  - 2.2. The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of accounts of the Company.
3. The Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to

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N. KRISHNASWAMI**

Chartered Accountants

**Srinivasan Krishnaswami**  
Managing Partner

companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the provisions of clause 3(iii) of the Order is not applicable to the Company.

4. The Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees, and security
5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
6. The Company has maintained accounts and records which have been specified by the Central Government under Section 148(1) of the Act.
7. Undisputed and Disputed Taxes and Duties:
  - 7.1. The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs, Goods and Service Tax, Cess and any other statutory dues with the appropriate authorities. No undisputed amounts payable in respect of the above were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.
  - 7.2. There were no disputed statutory dues that have not been deposited with appropriate authorities.
8. There have been no such transactions which were not previously recorded in the books of account but have been surrendered or disclosed as income during the year in the tax assessments by the Company, under the Income Tax Act, 1961.
9. Default in respect of repayment of Loans or interest during the year
  - 9.1. The Company has not defaulted in repayment of dues to financial institutions, banks, government, debenture holders or any other lender.
  - 9.2. The Company has not been declared as a wilful defaulter by any bank or financial institution or any other lender.
  - 9.3. The company has not obtained term loans during the year and accordingly the provisions of clause 3(ix)(c) of the Order is not applicable to the Company.
  - 9.4. Funds raised on short term basis by the Company were not utilised for long term purposes.
  - 9.5. The Company has not taken any funds from any entity or person on account of or to meet the obligations of subsidiaries, associates or joint ventures and accordingly the provisions of clause 3(ix)(e) of the Order is not applicable to the Company.
  - 9.6. The Company has not raised any loan during the year on the pledge of securities held in the subsidiaries, associates and joint ventures and accordingly the provisions of clause 3(ix)(f) of the Order is not applicable to the Company.
10. Funds Raised:
  - 10.1. The Company has not raised money by way of initial public offer or further public offer during the year. The Company has not raised term loans from Banks or

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N. KRISHNASWAMI**

Chartered Accountants

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Managing Partner

Financial Institutions during the year. The Company has not issued any debentures during the year. Accordingly, clause 3(x)(a) of the Order is not applicable to the Company.

10.2. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(x)(b) of the Order is not applicable to the Company.

11. Fraud and Whistle Blower System:

11.1. We report that no fraud by the Company or on the Company by its Officers or employees has been noticed or reported during the year.

11.2. No report under sub-section (12) of Section 143 of the Act has been filed by the auditors in respect of the Company, in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to date of this report.

11.3. The Company's management has not received any whistle blower complaints during the year.

12. The Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order is not applicable to the Company

13. All transactions with the related parties are in compliance with Section 177 and 188 of the Act and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

14. The Company has an internal audit system commensurate with the size and nature of its business. We considered the reports of the internal auditors.

15. The Company has not entered into any non-cash transactions with its Directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the Order is not applicable to the Company.

16. Registration

16.1. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi)(a) of the Order is not applicable to the Company.

16.2. The Company has not conducted any Non-Banking Financial or Housing Finance activities and accordingly, the provisions of clause 3(xvi)(b) of the Order is not applicable to the Company.

16.3. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and accordingly, the provisions of clause 3(xvi)(c) of the Order is not applicable to the Company.

16.4. The Group does not have any CIC as part of it and accordingly, the provisions of clause 3(xvi)(d) of the Order is not applicable to the Company.

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Managing Partner

17. The Company has not incurred Cash during the current financial year. The Company has incurred a Cash loss of Rs. 47.08 Lakhs during the immediately preceding financial year.
18. There was no resignation of statutory auditors of the Company during the year, hence the clause 3(xviii) of the order is not applicable to the Company.
19. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements, we are of the opinion that no material uncertainty exists as on the date of the audit report that the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. Variations in ratios over 25% on comparison with previous year has also been disclosed in the notes accompanying Financial Statements.
20. The Company is not required to constitute a Corporate Social Responsibility committee and accordingly the provisions of clause 3(xx) of the Order is not applicable to the company.
21. The Company has no requirement to prepare Consolidated Financial Statements. Hence the clause 3(xxi) of the Order is not applicable to the Company.

For M. S. Jagannathan & N. Krishnaswami

Chartered Accountants

Firm Registration No. 001208S



K. Srinivasan

Partner

Membership No. 021510

UDIN: 22021510ANNWTC5801

Chennai

20 July 2022

**“Annexure B” to the Independent Auditor’s Report**

(Referred in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements section of our report of even date)

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

**Opinion**

We have audited the Internal Financial Controls over financial reporting of Sri Harini Textiles Limited (“the Company”) as of 31 March 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31 March 2022.

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31 March 2022, 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 Institute of Chartered Accountants of India (“ICAI”).

**Management’s Responsibilities for Internal Financial Controls**

The Company’s Management and Board of Directors 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 issued by the 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’ Responsibilities**

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 and the SAs, 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 and, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those SAs 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

**M.S. JAGANNATHAN &  
N. KRISHNASWAMI**

Chartered Accountants

**Srinivasan Krishnaswami**  
Managing Partner

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 audit opinion on the Company's Internal Financial Controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

- a. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the company; and
- c. 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

**M.S. JAGANNATHAN &  
N. KRISHNASWAMI**

Chartered Accountants

**Srinivasan Krishnaswami**  
Managing Partner

reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M. S. Jagannathan & N. Krishnaswami  
Chartered Accountants  
Firm Registration No. 001208S



K. Srinivasan  
Partner  
Membership No. 021510  
UDIN: 22021510ANNWTC5801  
Chennai  
20 July 2022



**SRI HARINI TEXTILES LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022**

Particulars	Note No.	For the Year ended 31-03-2022	For the Year ended 31-03-2021
		Amount Rs. In Lakhs	Amount Rs. In Lakhs
<b>INCOME</b>			
I Revenue from operations	23	<b>5,621.27</b>	3,307.24
II Finance Income	24	<b>6.57</b>	2.61
III Other Income	25	<b>1.71</b>	1.58
<b>IV Total Income (I+II+III)</b>		<b>5,629.55</b>	3,311.43
<b>EXPENSES</b>			
V Cost of materials consumed	26	<b>4,020.87</b>	2,357.53
Changes in Inventories of Finished Goods and Work-in-progress	27	<b>29.45</b>	162.48
Employee benefit expenses	28	<b>261.56</b>	212.04
Finance costs	29	<b>154.15</b>	170.01
Depreciation & Amortization Expenses	30	<b>430.69</b>	189.13
Other Expenses	31	<b>892.58</b>	523.63
<b>Total Expenses</b>		<b>5,789.30</b>	3,614.82
VI Loss before tax (IV-V)		<b>(159.75)</b>	(303.39)
VII Tax expense			
Deferred Tax		<b>(47.00)</b>	(67.18)
VIII Loss for the year (VI-VII)		<b>(112.75)</b>	(236.21)
<b>Other Comprehensive Income</b>			
Item that will not be reclassified subsequently			
(i) to Profit and Loss:			
Actuarial Gain / (Loss) on defined benefit obligation (net)		<b>5.00</b>	(1.91)
Income Tax relating to the above		<b>1.46</b>	(0.56)
Other Comprehensive Income / (Loss) for the year, net of tax		<b>3.54</b>	(1.35)
X Total Comprehensive Income for the year		<b>(109.21)</b>	(237.56)
XI Earnings per Equity Share of Rs.10 each (Basic & Diluted), (In Rupees)		(3.64)	(7.92)

For M.S.Jagannathan & N.Krishnaswami

Chartered Accountants

Firm Registration No. 001208S

*b. g. m. r. o. y.*

**K.SRINIVASAN**

Partner

Membership No.021510

UDIN : 22021510ANNWTC5801

Chennai

20th July, 2022

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2022**

**A. Equity Share Capital**

**Rs.in Lakhs**

	Amount
1) For the year ended 31-03-2022	
Balance as at 01-04-2021	300.00
Changes in Equity share capital during the period	
Balance as at 31-03-2022	300.00
2) For the period ended 31-03-2021	
Balance as at 01-04-2020	300.00
Changes in Equity share capital during the year 2020-21	
Balance as at 31-03-2021	300.00

**B. Other Equity**

**1) For the year ended 31-03-2022**

**Rs. In Lakhs**

Particulars	Reserves and Surplus		Items of OCI	Total Other Equity
	Capital Reserve	General Reserve	Re-measurements of Defined Benefit Obligation	
<b>Other Equity as at 01st April 2021</b>	<b>9.86</b>	<b>(1,790.86)</b>		<b>(1,781.00)</b>
Financial year 2021-22				
Add: Profit/(Loss) for the year		(112.75)		<b>(112.75)</b>
Add: Other Comprehensive Income			3.54	<b>3.54</b>
<b>Total Comprehensive Income</b>		<b>(112.75)</b>	<b>3.54</b>	<b>(109.21)</b>
Add: Transfer from OCI		3.54	(3.54)	
Less: Transfer to General Reserve		-		-
Add: Transfer from Retained Earnings				-
<b>Balance as at 31st March 2022</b>	<b>9.86</b>	<b>(1,900.07)</b>		<b>(1,890.21)</b>

**2) For the year ended 31-03-2021**

Particulars	Reserves and Surplus		Items of OCI	Total Other Equity
	Capital Reserve	General Reserve	Re-measurements of Defined Benefit Obligation	
<b>Other Equity as at 01st April 2020</b>	<b>9.86</b>	<b>(1,553.30)</b>		<b>(1,543.44)</b>
Financial year 2020-21				
Add: Profit/(Loss) for the year		(236.21)		<b>(236.21)</b>
Add: Other Comprehensive Income			<b>(1.35)</b>	(1.35)
<b>Total Comprehensive Income</b>		<b>(236.21)</b>	<b>(1.35)</b>	<b>(237.56)</b>
Add: Transfer from OCI		(1.35)	1.35	-
Less: Transfer to General Reserve		-		-
Add: Transfer from Retained Earnings				-
<b>Balance as at 31st March 2021</b>	<b>9.86</b>	<b>(1,790.86)</b>	-	<b>(1,781.00)</b>

<b>SRI HARINI TEXTILES LIMITED</b>			
<b>STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31ST MARCH 2022</b>			
		<b>Rs in Lakhs</b>	
		<b>31-Mar-2022</b>	31-Mar-2021
<b>A . Cash flow from Operating activities</b>			
Net Profit before tax and prior period and extraordinary items		<b>(159.75)</b>	(303.39)
Adjustments for :			
Depreciation & Amortization		<b>430.69</b>	189.13
Interest paid		<b>154.15</b>	170.01
Interest Received		<b>(4.41)</b>	(2.61)
Loss on Sale of Assets		<b>0.07</b>	
Operating Profit before Working capital Changes		<b>420.75</b>	53.14
Gratuity recognised in Other Comprehensive Income		<b>5.00</b>	(1.91)
Government Grants		<b>(1.45)</b>	(1.45)
Trade Receivables		<b>(191.64)</b>	121.37
Loans and Advances		<b>(56.24)</b>	(54.15)
Inventories		<b>190.61</b>	(363.30)
Trade payables & Current Liabilities		<b>124.32</b>	410.75
Cash generated from Operations		<b>491.35</b>	164.45
Income tax Paid / (Refund)		<b>4.19</b>	(1.20)
<b>Net Cash from Operating activities</b>		<b>495.54</b>	163.25
		<b>A</b>	
<b>B. Cash Flow from Investing activities :</b>			
Purchase of fixed assets		<b>(177.11)</b>	(0.53)
Sale of assets		<b>0.26</b>	0.14
Interest received		<b>4.41</b>	2.61
<b>Net Cash from /(used) in Investing activities</b>		<b>(172.44)</b>	2.22
		<b>B</b>	
<b>C. Cash Flow from Financing activities :</b>			
Increase / (Decrease) in working capital borrowings		<b>(168.72)</b>	0.92
Interest Paid		<b>(154.15)</b>	(170.01)
<b>Net cash used in financing activities</b>		<b>(322.87)</b>	(169.09)
		<b>C</b>	
Net Increase in Cash and Cash Equivalents		<b>D= (A+B+C) 0.22</b>	(3.62)
Opening balance of Cash and Cash Equivalents		<b>E 3.00</b>	6.62
Closing balance of Cash and Cash Equivalents		<b>D+E 3.22</b>	3.00
Notes:			
i) The above statement of Cash Flow has been prepared under Indirect Method' as set out in the Ind As 7 on Statement of Cash Flow			
ii) Bank Borrowings including Cash credits are considered as Financial activities.			
iii) For the purpose of Statement of Cash Flows, Cash and Cash Equivalents comprise the following:			
		<b>31-03-2022</b>	31-03-2021
Cash and Cash Equivalents		<b>3.22</b>	3.00
<p>For M.S.Jagannathan &amp; N.Krishnaswami Chartered Accountants Firm Registration No. 001208S</p> <p><i>b. jmm</i></p> <p><b>K.SRINIVASAN</b> Partner Membership No. 021510 UDIN : 22021510ANNWTC5801 Chennai</p>			
20th July, 2022			115

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

#### **1. Corporate Information**

**Sri Harini Textiles Limited** is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of Companies Act. The Registered office of the Company is located at Sri Bhavanam, 102 P.S.K.Nagar, Rajapalayam - 626 108, Tamil Nadu, India.

The Company is principally engaged in manufacture of Yarn.

The financial statements of the Company for the year ended 31-03-2022 were approved and adopted by Board of Directors of the Company in their meeting dated 20-07-2022.

#### **2. Statement of Ind AS Compliance**

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and presentation requirements of Division II of Ind AS compliant Schedule III to the Companies Act, 2013.

#### **3. Basis of Preparation of Separate Financial Statements**

- (i) The significant accounting policies used in preparing the financial statements are set out in Note No.4
- (ii) The Company has considered its operating cycle as 12 months for the purpose of Current or Non-current classification of assets and liabilities.
- (iii) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (iv) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

- (v) 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 Rs.0.00 Lakhs.

#### **4. Basis of Measurement**

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (refer note 5P – Accounting Policy for Financial Instruments) which are measured at fair value.

#### **5. Significant Accounting Policies**

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

- (i) Raw-materials, Stores & Spares, Fuel, packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overhead 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 average basis.

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

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 3 months or less, 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 which are repayable on demand form an integral part of a management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

#### **C. Income Taxes**

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws including the relevant transfer pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.
- (ii) 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.
- (iii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

- (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 for such set off current tax assets against current tax liabilities.
- (vii) Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.

#### **D. Property, plant and equipment (PPE)**

- i) PPEs are stated at cost of acquisition or construction less accumulated depreciation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.
- ii) Subsequent expenditures are 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.

## SRI HARINI TEXTILES LIMITED

### NOTES FORMING PART OF FINANCIAL STATEMENTS

- v) The cost of major inspection / overhauling is recognised in the carrying amount of the item of PPE 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.
- vi) 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.
- vii) Capital Expenditure on tangible assets for research and development is classified as PPE and is depreciated based on the estimated useful life. Other expenditure incurred for research and development are expensed under the respective heads of accounts in the year in which it is incurred.
- viii) The Company follows the useful lives of the significant parts of certain class of PPE on the straight-line basis.
- ix) During the year, the company has re-assessed the useful life of the assets considering the nature of the asset, the estimated usage of the asset, the operating conditions of the Asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc. based on 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 component ranging from	
	Existing	Revised
Building	3 to 60 years	3 to 60 years
Textile Machines / Equipment	10 to 25 years	7 to 25 years
HFO / DG Set	12 to 25 years	7 to 15 years
Furniture and Fixtures	3 to 10 years	3 to 10 years
Electrical Machineries	3 to 25 years	3 to 15 years
Motor cars given to employees as per company's scheme	6 to 8 years	6 to 8 years

- x) 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.
- xi) 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

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

recognized in Statement of Profit and Loss, when the recognition criteria are met.

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

#### **E. Capital Work in Progress**

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

#### **F. Leases**

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

#### **G. Revenue Recognition**

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

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

a) ***Sale of products***

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

b) ***Scrap Sales***

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

(iii) **Other Income**

a) Interest income is recognised using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period where appropriate, the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

b) Scrap sales is recognised at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods including excise duty and after deducting applicable taxes on sale.

c) Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

#### **H. Employee Benefits**

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

(ii) Defined Contribution Plan viz., Contributions to Provident Fund is recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.

(iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employees' basic salary. The Company has no further obligations.

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

- (iv) The Company has its own Defined Benefit Plan viz., and approval is awaited. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment, for an amount equivalent to 15 days' basic salary for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to "Sri Harini Textiles 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.
- (v) 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.
- (vi) Re-measurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to Other Comprehensive Income' in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

#### **I. Government Grants**

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

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

- (iv) As per the amendment in Ind-AS 20 w.e.f. 01.04.2018, Government grants relating to the purchase of property, plant and equipment the company has opted as deduction from the carrying value of such specific assets.

#### **J. Foreign currency transactions**

- (i) The Financial Statements are presented in Indian Rupees, which is also the Company's functional currency.
- (ii) All transaction in Foreign Currency is accounted at the exchange rates prevailing at the time of transaction. The difference in exchange rates arising on the settlement of monetary items are recognised as income or expenses in the Statement of Profit and Loss.

#### **K. Borrowing Costs**

- (i) Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset is 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 is expensed in the period in which they occur.

#### **L. Earnings per Share**

- (i) Earnings per share is calculated by dividing the Net profit / (Loss) attributable to equity shareholders by the weighted average

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

number of equity shares including un-allotted bonus shares outstanding during the year.

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

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

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

#### **N. Provisions, Contingent Liabilities and Contingent Assets**

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

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

- (iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are not recognised.
- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

#### **O. Intangible Assets**

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

<b>Nature of Intangible Assets</b>	<b>Estimated useful life</b>
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 depreciation of intangible asset are reviewed at each reporting date and adjusted prospectively, if appropriate.

#### **P. Operating Segments**

The Company has no separate reportable segments.

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

#### **Q. 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.

#### **R. Financial Assets**

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

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

- (iii) The Company has evaluated the facts and circumstances on date of transition to Ind AS for the purpose of classification and measurement of financial assets. Accordingly, financial assets are measured at FVTPL except for those financial assets whose

## SRI HARINI TEXTILES LIMITED

### NOTES FORMING PART OF FINANCIAL STATEMENTS

contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

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

- (iv) Investment in equity of associates is carried at cost (i.e) previous GAAP carrying amount as the date of transition to Ind AS. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

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

- (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:
- significant risk and rewards of the financial asset, or
  - 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

## SRI HARINI TEXTILES LIMITED

### NOTES FORMING PART OF FINANCIAL STATEMENTS

retainment of its rights and obligations of financial asset. The Company has applied the de-recognition requirements prospectively.

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

<b>Name of Financial asset</b>	<b>Impairment testing methodology</b>
Trade receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other Financial assets	When the credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the lifetime. 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.

## SRI HARINI TEXTILES LIMITED

### NOTES FORMING PART OF FINANCIAL STATEMENTS

#### S. Financial Liabilities

- (i) Financial liabilities comprise of Borrowings from Banks, Debentures, Soft loan / Interest free loan from Government, 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, Debentures, Soft Loan/Interest free loan from Government, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.

- (iii) Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Transaction cost of financial guaranteed contracts that are directly attributable to the issuance of the guarantee are recognised initially as a liability at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortization.
- (iv) Financial liabilities are derecognised when and only when it is extinguished (i.e) when the obligation specified in the contract is discharged or cancelled or expired.
- (v) Upon de-recognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in the Statement of Profit and Loss.

#### T. 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.

## SRI HARINI TEXTILES LIMITED

### NOTES FORMING PART OF FINANCIAL STATEMENTS

- (ii) The fair value of an asset or a liability is measured / disclosed using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.
- (iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:
  - Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
  - Level 2: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.
  - Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.
- (iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period (i.e) based on the lowest level input that is significant to the fair value measurement as a whole.
- (v) For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.
- (vi) The basis for fair value determination for measurement and / or disclosure purposes is detailed below:

a) **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.

**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:

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

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

(ii) **Current Taxes**

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

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

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

## **SRI HARINI TEXTILES LIMITED**

### **NOTES FORMING PART OF FINANCIAL STATEMENTS**

#### **(iv) Impairment of Trade receivables**

The impairment for financial assets is 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.

#### **(v) 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.

#### **(vi) 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.

#### **(vii) 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.

**SRI HARINI TEXTILES LIMITED, RAJAPALAIYAM**
**NOTE NO.6**
**Fixed Assets**
**Property, Plant and Equipment**

Amount Rs.in Lakh

Particulars	Year	Gross block				Depreciation				Net block	
		Cost as at 01-04-2021	Additions during year	Sold / withdrawn during the period	Cost as at 31-03-2022	Up to 01-04-2021	For the year	Withdrawn	Up to 31-03-2022	As At 31-03-2022	As At 31-03-2021
Land	2021-22	122.20	-	-	<b>122.20</b>	-	-	-	-	<b>122.20</b>	122.20
	2020-21	122.20			122.20	-	-	-	-	122.20	122.20
Buildings	2021-22	633.68	-	-	<b>633.68</b>	258.07	19.41	-	<b>277.48</b>	<b>356.20</b>	375.61
	2020-21	633.68			633.68	238.64	19.43	-	258.07	375.61	395.04
Plant and machinery	2021-22	2219.57	173.99	-	<b>2393.56</b>	1172.58	406.36	-	<b>1578.94</b>	<b>814.62</b>	1046.99
	2020-21	2219.33	0.53	0.29	2219.57	1098.06	74.66	0.14	1172.58	1046.99	1121.27
Plant and machinery- Lease Hold	2021-22		-		-		-		-	-	-
	2020-21	110.60		110.60	0.00	18.33	92.27	110.60	-	-	92.27
Electrical machinery	2021-22	309.30	3.13	6.37	<b>306.06</b>	280.82	4.53	6.03	<b>279.32</b>	<b>26.74</b>	28.48
	2020-21	309.30			309.30	278.47	2.35		280.82	28.48	30.83
Furniture & Office Equipments	2021-22	10.82	-	-	<b>10.82</b>	9.93	0.18	-	<b>10.11</b>	<b>0.71</b>	0.89
	2020-21	10.82			10.82	9.71	0.22	-	9.93	0.89	1.11
Vehicles	2021-22	1.42	-	-	<b>1.42</b>	0.29	0.16	-	<b>0.45</b>	<b>0.97</b>	1.13
	2020-21	1.42			1.42	0.13	0.16		0.29	1.13	1.29
<b>Total - Tangible Assets</b>	2021-22	<b>3296.99</b>	<b>177.12</b>	<b>6.37</b>	<b>3467.74</b>	<b>1721.69</b>	<b>430.64</b>	<b>6.03</b>	<b>2146.30</b>	<b>1321.44</b>	<b>1575.30</b>
	2020-21	3407.35	0.53	110.89	3296.99	1643.34	189.09	110.74	1721.69	1575.30	1764.01
<b>Intangible Assets</b>											
Computer Software	2021-22	4.68	-	-	<b>4.68</b>	4.37	<b>0.05</b>	-	<b>4.42</b>	<b>0.27</b>	0.31
	2020-21	4.68			4.68	4.33	0.04	-	4.37	0.31	0.35
<b>Total - Intangible Assets</b>		4.68	-		4.68	4.37	0.05		4.42	0.27	0.31

## Other Disclosures

a) All the Fixed Assets have been hypothecated / pledged as security for borrowings (refer note 19).

b) Change in estimate

During the year, the Company has revised its estimate of useful life in respect of certain items of Property, Plant and Equipment. The change in useful life of certain items of Property, Plant and Equipment has resulted in a higher depreciation for the year by Rs.326.94 Lakhs. The above change in estimate of useful life, which was made based on technical evaluation made by registered valuer, will result in more reliable and relevant presentation of the above referred items of Property, Plant and Equipment in the Financial Statements.

c) All the title deeds of immovable properties are held in the name of the Company.

d) The Company has not revalued its Property, Plant and Equipment and Intangible Asset since the Company has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with IndAS 16 and Ind AS 38.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022		Amount Rs.In Lakhs
Particulars	As at 31st March 2022	As at 31st March 2021
<b>Note No.7</b> <b>Others Financial Assets (Non Current)</b> Security Deposits with Electricity Board / Others	<b>85.23</b>	64.41
	<b>85.23</b>	64.41
<b>Note No.8</b> <b>Deferred Tax Assets (net)</b> <b>Deferred Tax Liability</b>		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	(189.59)	(289.90)
<b>Deferred Tax Asset</b>		
Tax effect on unabsorbed depreciation	517.11	517.11
Tax effect on carried over business loss	78.15	137.02
Tax effect on expenses charged	5.98	1.88
	<b>601.24</b>	<b>656.01</b>
Net Deferred Tax (Liability)/Asset	<b>411.65</b>	366.11
<b>Note No.9</b> <b>Inventories</b>		
Finished goods	51.27	89.25
Raw Materials - Cotton & Cotton waste	544.07	703.52
Stores and spares	42.92	44.63
Process Stock	49.84	41.31
	<b>688.10</b>	<b>878.71</b>
<b>Note No.10</b> <b>Trade Receivables</b> <b>Unsecured and considered good</b>		
Trade Receivables Less than 6 Months	541.03	349.39
	<b>541.03</b>	<b>349.39</b>

Additional Disclosures

- Trade receivables are non-interest bearing.
- Trade receivables are neither due from directors or other officers of the Company either severally or jointly with any other person, nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- The total carrying amount of trade receivables has been pledged as security for borrowings.  
Refer Note No.37 for information about risk profile of Trade Receivables
- Additional regulatory information as required under Companies Act 2013 / Indian Accounting Standards

**Trade Receivables Ageing Schedule**

Particulars	Outstanding for the following periods from the due date of payment as at 31/03/2022						Total
	Not Due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	483.44	57.59				-	541.03
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-					-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>483.44</b>	<b>57.59</b>	-	-	-	-	<b>541.03</b>

**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022**

Amount Rs.In Lakhs

Particulars	Outstanding for the following periods from the due date of payment as at 31/03/2021						Total
	Not Due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	324.49	24.90					349.39
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>324.49</b>	<b>24.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>349.39</b>

	As at 31-03-2022	As at 31-03-2021
<b>Note No.11</b>		
<b>Cash and Bank balances</b>		
Cash on hand	0.34	0.24
Balance with bank In Current Account	2.88	2.76
	<b>3.22</b>	<b>3.00</b>
<b>Note No.12</b>		
<b>Other Financial Assets</b>		
Government Grants Receivable	6.63	6.63
Security Deposit	11.68	11.50
Accrued Income	216.75	217.13
Tax Assets - Other Current Assets	157.99	161.14
	<b>393.05</b>	<b>396.40</b>
<b>Note No.13</b>		
<b>Other Current Assets</b>		
<b>Unsecured, considered good</b>		
Advance to Suppliers / Others	33.27	2.06
Advance Income-Tax & TDS and Refund Due	6.42	2.23
Prepaid Expenses	14.39	10.74
Other Current Assets	24.98	29.45
	<b>79.06</b>	<b>44.48</b>
<b>Note No.14</b>		
<b>Equity Share Capital</b>		
Authorised 50,00,000 Equity Shares of Rs.10/- each (PY 50,00,000 Equity Shares of Rs.10/- each)	500.00	500.00
Issued, Subscribed and fully paid-up 30,00,000 Equity Shares of Rs.10/- each	300.00	300.00
	<b>300.00</b>	<b>300.00</b>
<b>a. Reconciliation of the number of shares outstanding</b>		
Number of shares at the beginning	30,00,000	30,00,000
Number of Shares at the end	<b>30,00,000</b>	<b>30,00,000</b>

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022			Amount Rs.In Lakhs	
<b>b.Details of Shareholders holding more than 5 percent in the Company</b>				
Particulars	As at 31-03-2022		As at 31-03-2021	
	No. of Shares	% of holding	No. of Shares	% of holding
The Ramaraju Surgical cotton Mills Ltd.,	14,90,000	49.67%	14,90,000	49.67%
Smt.R.Nalina Ramalakshmi	9,14,000	30.47%	9,14,000	30.47%
Shri N.R.K.Ramkumar Raja	4,00,000	13.33%	4,00,000	13.33%
<b>c. Shareholders holding of Promoters as at 31-03-2022</b>				
SI.No	Particulars	No.of Shares	% of Total Shares	% Change during the period
1.	P.R.Venketrama Raja	20,000	0.67%	-
2.	R.Sudarsanam	22,000	0.73%	-
3.	R.Nalina Ramalakshmi	9,14,000	30.47%	-
4.	N.R.K.Ramkumar Raja	4,00,000	13.33%	-
5.	Saradha Deepa	4,000	0.13%	-
6.	The Ramaraju Surgical Cotton Mills Ltd	14,90,000	49.67%	-
7.	Sri Yannarkay Servicers Ltd	1,00,000	3.33%	-
<b>d. Shareholders holding of Promoters as at 31-03-2022</b>				
SI.No	Particulars	No.of Shares	% of Total Shares	% Change during the period
1.	P.R.Venketrama Raja	20,000	0.67%	-
2.	R.Sudarsanam	22,000	0.73%	-
3.	R.Nalina Ramalakshmi	9,14,000	30.47%	-
4.	N.R.K.Ramkumar Raja	4,00,000	13.33%	-
5.	Saradha Deepa	4,000	0.13%	-
6.	The Ramaraju Surgical Cotton Mills Ltd	14,90,000	49.67%	-
7.	Sri Yannarkay Servicers Ltd	1,00,000	3.33%	-
<b>Note No.15 Other Equity</b>				
	Capital Reserve		9.86	9.86
	General Reserve		(1900.07)	(1790.86)
			<b>(1890.21)</b>	<b>(1781.00)</b>
<b>Note No.16 Borrowings</b>				
	Loan from Related parties		950.00	950.00
			<b>950.00</b>	<b>950.00</b>
<b>Note No.17 Provisions</b>				
	Provision for Employee benefits		0.83	0.08
			<b>0.83</b>	<b>0.08</b>
<b>Note No.18 Deferred Income</b>				
	Deferred Income Government Grants		17.41	18.86
			<b>17.41</b>	<b>18.86</b>
<b>Note No.19 Current Borrowing</b>				
	Secured		848.62	1017.34
			<b>848.62</b>	<b>1017.34</b>
* Loan Repayable on Demand from Banks are secured by first charge on the current assets of the Company and second charge on the fixed assets of the Company and further backed by Corporate Guarantee of Ramco Industries Ltd				

<b>NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022</b>		Amount Rs.In Lakhs				
<b>Note No.20</b>						
<b>Trade Payables</b>						
i) Total Outstanding dues of micro enterprises and small enterprises	7.93	17.89				
i) Total Outstanding dues of creditors other than micro enterprises and small enterprises	437.26	199.77				
	<b>445.19</b>	<b>217.66</b>				
Additional Disclosures						
a) Disclosures as required under Micro, Small and Medium Enterprises Development Act, 2006						
The categorization of supplier as MSME registered under The Micro, Small and Medium Enterprises Development Act, 2006, has been determined based on the information available with the company as at the reporting date. The disclosures as per the requirement of the Act are furnished as below:						
<b>Particulars</b>	<b>As at 31-03-2022</b>	<b>As at 31-03-2021</b>				
a. (i) The principal amount remaining unpaid to any supplier at the end of the financial year included in Trade payables	<b>7.93</b>	17.89				
(ii) The interest due on the above	-	-				
b. The amount of interest paid by the buyer in terms of section 16 of the Act	-	-				
c. The amount of the payment made to the supplier beyond the appointed day during the financial year	-	-				
d. The amount of interest accrued and remaining unpaid at the end of financial year	-	-				
e. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act	-	-				
b) Trade Payables ageing schedule						
<b>As at 31/03/2022</b>						
Particulars	Outstanding for the following periods from the due date of payment					
	Not Due	< 1 Year	1 - 2 years	2 - 3 years	> 3 years	Total
(i) MSME	7.93	-	-	-	-	7.93
(ii) Others	60.38	376.88				437.26
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
(v) Unbilled dues						-
<b>Total</b>	<b>68.31</b>	<b>376.88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>445.19</b>
<b>As at 31/03/2021</b>						
Particulars	Outstanding for the following periods from the due date of payment					
	Not Due	< 1 Year	1 - 2 years	2 - 3 years	> 3 years	Total
(i) MSME	17.89					17.89
(ii) Others	129.79	68.45	0.30	1.15	0.08	199.77
(iii) Disputed dues - MSME						-
(iv) Disputed dues - Others						-
(v) Unbilled dues						-
<b>Total</b>	<b>147.68</b>	<b>68.45</b>	<b>0.30</b>	<b>1.15</b>	<b>0.08</b>	<b>217.66</b>
<b>Note No.21</b>						
<b>Other Financial Liabilities</b>						
Liabilities for Other Finance	2819.00	2932.81				
	<b>2819.00</b>	<b>2932.81</b>				
<b>Note No.22</b>						
<b>Provisions</b>						
Provision for Employee Benefits	32.21	22.36				
	<b>32.21</b>	<b>22.36</b>				

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022		Amount Rs.In Lakhs	
Particulars	As at 31st March 2022	As at 31st March 2021	
<b>Note No.23</b> <b>Revenue from Operation</b>			
<b>Particulars</b>			
<b>Sale of Products</b>			
Yarn	5548.28	3260.03	
Waste Cotton	69.24	47.21	
	5617.52		3307.24
Export Incentive	3.75		
	<b>5621.27</b>		<b>3307.24</b>
<b>Note No.24</b> <b>Finance Income</b>			
Interest received	4.41		2.61
Exchange Fluctuation Gain	2.16		
	<b>6.57</b>		<b>2.61</b>
<b>Note No.25</b> <b>Other Income</b>			
Industrial Promotion Assistance	1.45		1.45
Miscellaneous Income	0.26		0.13
	<b>1.71</b>		<b>1.58</b>
<b>Note No.26</b> <b>Cost of Materials consumed</b> <b>Rawmaterials consumed</b>			
Cotton & Cotton Waste	4020.87		2357.53
	<b>4020.87</b>		<b>2357.53</b>
<b>Note No.27</b> <b>Changes in Inventories of Finished Goods and Work-in-progress</b>			
<b>Opening stock</b>			
Finished Goods	89.25		262.96
Work-in-Progress	41.31	130.56	30.08
			293.04
<b>Less:</b>			
<b>Closing Stock</b>			
Finished Goods	51.27		89.25
Work-in-Progress	49.84	101.11	41.31
			130.56
Net (Increase)/Decrease in inventories	<b>29.45</b>		<b>162.48</b>
<b>Note No.28</b> <b>Employee Benefits</b>			
Salaries and wages	214.09		169.58
Contribution to Provident and Other Funds	24.62		21.05
Staff and labour welfare	22.85		21.41
	<b>261.56</b>		<b>212.04</b>
<b>Note No.29</b> <b>Finance Cost</b>			
Interest Expenses	154.15		170.01
	<b>154.15</b>		<b>170.01</b>
<b>Note No.30</b> <b>Depreciation &amp; Amortization</b>			
Depreciation of Plant & Equipments	430.64		189.09
Amortization of Intangible Assets	0.05		0.04
	<b>430.69</b>		<b>189.13</b>



**THE RAMARAJU SURGICAL COTTON MILLS LIMITED**

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Website: www.ramarajusurgical.com



STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022

(Rs. In Lakhs)

STANDALONE						
Sl. No.	Particulars	Quarter Ended			Year Ended	
		31-03-2022	31-12-2021	31-03-2021	31-03-2022	31-03-2021
		(Audited)	(Un-Audited)	(Audited)	(Audited)	(Audited)
1	<b>Income</b>					
	a. Revenue from Operations					
	Sale of Products	9,623	9,633	9,844	37,379	28,292
	Other Operating Income	72	51	25	225	132
	b. Other Income	40	44	3,134	193	3,227
	<b>Total Income</b>	<b>9,735</b>	<b>9,728</b>	<b>13,003</b>	<b>37,797</b>	<b>31,651</b>
2	<b>Expenses</b>					
	a. Cost of Materials Consumed	5,155	5,510	4,075	21,489	12,974
	b. Purchases of Stock-in-trade	-	26	20	505	190
	c. Change in Inventories of Finished Goods, Work in progress	361	279	1,843	(1,000)	3,042
	d. Employee Benefit Expenses	805	964	686	3,522	2,843
	e. Power & Fuel	711	716	727	2,198	2,029
	f. Finance Cost	510	448	511	1,925	2,200
	g. Depreciation and Amortisation Expenses	2,948	376	488	4,077	1,753
	h. Other Expenditure	1,085	1,037	1,089	4,189	3,131
	<b>Total Expenses</b>	<b>11,575</b>	<b>9,356</b>	<b>9,439</b>	<b>36,907</b>	<b>28,162</b>
3	Profit / (Loss) from ordinary activities before Tax (1-2)	(1,840)	372	3,564	890	3,489
4	Tax Expenses			-		
	- Current Tax - Under MAT	(340)	65	612	136	612
	- MAT Credit Entitlement	776	(65)	(612)	299	(612)
	- Deferred Tax	(614)	142	220	47	208
5	Net Profit / (Loss) for the period (3-4)	(1,662)	230	3,344	408	3,281
6	Other Comprehensive Income (net of tax)	(89)	-	(26)	(89)	(26)
7	Total Comprehensive Income after tax (5+6)	(1,751)	230	3,318	319	3,255
8	Paid-up Equity Share Capital (Face value of a Share of Rs 10/-)	395	395	395	395	395
9	Other Equity	-	-	-	10,657	10,357
10	Equity per Share of Rs. 10/- each (in Rs)					
	Basic	(42)	6	85	10	83
	Diluted	(42)	6	85	10	83



*M. Madhavan - 1/4.*



-(2)-

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(Rs. in Lakhs)

Particulars	STANDALONE				
	Quarter Ended			Year Ended	
	31-03-2022 (Audited)	31-12-2021 (Un-Audited)	31-03-2021 (Audited)	31-03-2022 (Audited)	31-03-2021 (Audited)
<b>1. Segment Revenue</b> (Net Sales / Operating Income)					
a) Textiles	8,773	8,810	8,960	34,440	25,519
b) Surgical	1,183	1,065	1,040	4,013	3,521
c) Wind Mills	98	104	55	887	848
	<b>10,054</b>	<b>9,980</b>	<b>10,055</b>	<b>39,340</b>	<b>29,888</b>
Less: Inter Segment Revenue	359	295	226	1,736	1,464
Total Income From Operations (Net)	<b>9,695</b>	<b>9,684</b>	<b>9,829</b>	<b>37,604</b>	<b>28,424</b>
<b>2. Segment Results</b>					
Profit/(Loss) Before Finance Cost & Tax					
a) Textiles	(1,460)	640	1,091	1,772	2,056
b) Surgical	206	123	137	599	783
c) Wind Mills	15	29	3	547	467
d) Unallocated Items	(90)	19	2,844	(103)	2,433
	<b>(1,330)</b>	<b>820</b>	<b>4,075</b>	<b>2,815</b>	<b>5,609</b>
Less: Finance Cost - Unallocable Expenditure	510	448	511	1,925	2,200
Profit / (Loss) Before Tax	<b>(1,840)</b>	<b>372</b>	<b>3,564</b>	<b>890</b>	<b>3,409</b>
<b>3. Capital Employed</b> (Segment Assets - Segment Liabilities)					
a) Textiles	6,020	7,179	3,920	6,020	3,920
b) Surgical	802	1,507	1,361	802	1,361
c) Wind Mills	1,243	1,128	1,526	1,243	1,526
d) Unallocated /Exceptional Items	2,987	2,987	3,945	2,987	3,945
Total	<b>11,052</b>	<b>12,801</b>	<b>10,752</b>	<b>11,052</b>	<b>10,752</b>

Notes:

- The above standalone audited results were reviewed by the Audit Committee and approved by the Board of Directors at their respective Meetings held on 25-05-2022.
- During the year, the company has subscribed to the rights issue of its Associate company, Rajapalayam Mills Limited and acquired 22,533 shares. The company has also acquired 2499 equity shares of its subsidiary company, Madras Chipboard Limited (MCBL) and the shareholding in MCBL as on 31/03/2022 stands at 75.01%.
- As per Section 115BAA in the Income Tax Act, 1961, the group has an irrevocable option of shifting to a lower tax rate and simultaneously forgo certain tax incentives, deductions and accumulated MAT credit. The Company has not exercised this option for the financial year 2021-22 in view of the benefits available under the existing tax regime.
- In view of resurgence of Covid -19 across the country, the Government of Tamilnadu has imposed Lockdown during May-21, As per GO (Ms) No.386 dated 22-05-2021 issued by the Government of Tamilnadu, the Company's operations has been stopped from 24-05-2021 to 30-05-2021. Thereafter the operations were restored w.e.f 31-05-2021.
- The Company has followed equity method for accounting the investments made in Associates. Accordingly the Company has prepared the Consolidated Financial Statements for the year ended 31-03-2022 / 31-03-2021, which includes the results of the Company & its Associates.
- Other Comprehensive income comprise of gain / loss on recognition and measurement of fair value of equity investment held in listed / unlisted entity except in associate Company and remeasurement gain / loss on define benefit obligation for respective reporting periods.
- Change in estimate  
During the year, the Company has revised its estimate of useful life in respect of certain items of property, plant and equipment. Had the Company used the earlier estimate, the depreciation for the year would have been lower by Rs.2654.22 Lakhs with a consequential impact on the carrying value of the property, plant and equipment. In the opinion of the management, the above change in estimate of useful life which was made based on technical evaluation made by registered valuer will result in more reliable and relevant presentation of the above referred items of property, plant and equipment in the financial statements.
- The Previous period figures have been re-grouped / re-stated wherever necessary to conform to current year classification in compliance of amendments in Schedule - III to Companies Act, 2013, notified on 24-03-2021.

THE RAMARAJU SURGICAL COTTON MILLS LIMITED

*P.R. Venketrana Raja*  
P.R.VENKETRAMA RAJA  
CHAIRMAN

Rajapalayam  
25-05-2022



Particulars	AS AT	AS AT
	31-03-2022	31-03-2021
	Audited	Audited
<b>ASSETS</b>		
<b>(1) Non-Current Assets</b>		
Property, Plant & Equipment	20,140	22,385
Capital Work-in-progress	1,296	116
Investment Property	6	6
Intangible Assets	2	2
Investments in Subsidiaries & Associates	2,975	2,606
Financial Assets		
Other Investments	12	14
Other Financial Assets	473	407
Other Non-Current Assets	1,742	553
<b>Sub Total ( A )</b>	<b>26,646</b>	<b>26,087</b>
<b>(2) Current Assets</b>		
Inventories	9,646	5,476
Financial Assets		
Trade Receivables	5,840	7,592
Cash and Cash Equivalents	742	233
Bank Balance other than Cash and Cash Equivalents	92	7
Other Financial Assets	161	1,417
Current Tax Assets	226	
Other Current Assets	1,639	1,047
<b>Sub Total ( B )</b>	<b>18,346</b>	<b>15,772</b>
<b>TOTAL ASSETS (A+B)</b>	<b>44,992</b>	<b>41,859</b>
<b>EQUITY AND LIABILITIES</b>		
<b>(1) Equity</b>		
Equity Share Capital	395	395
Other Equity	10,657	10,357
<b>Total Equity ( A )</b>	<b>11,052</b>	<b>10,752</b>
<b>(2) Liabilities</b>		
<b>(A) Non-Current Liabilities</b>		
Financial Liabilities		
Borrowings	11,488	12,452
Other Financial Liabilities		
Provisions	76	63
Deferred Tax Liabilities (Net)	618	272
Deferred Government Grants	-	40
<b>Sub Total ( B )</b>	<b>12,182</b>	<b>12,827</b>
<b>(B) Current Liabilities</b>		
Financial Liabilities		
Borrowings *	17,555	14,891
Trade Payables		
(i) Total Outstanding dues of micro enterprises and small enterprises	84	59
(ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises	1,112	1,371
Other Financial Liabilities	867	1,105
Other Current Liabilities	1,630	460
Provisions	510	359
Current Tax Liabilities	-	34
<b>Sub Total ( C )</b>	<b>21,758</b>	<b>18,280</b>
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>	<b>44,992</b>	<b>41,859</b>
* Includes Current maturities of Long term Borrowings	4,502	3,891



*[Handwritten Signature]*



**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST MARCH 2022**

		(Rs. in Lakhs)	
		2021-22	2020-21
<b>A . Cash flows from Operating Activities</b>			
Profit Before Tax		890	3,489
Adjustments for reconcile Profit /(Loss) Before Tax to Net Cash Flows:			
Depreciation & Amortisation		4,077	1,753
Finance Cost		1,925	2,200
Interest Received		(168)	(92)
Dividend Received		(1)	(107)
Loss/(Profit) on Sale of Investments		-	(2,959)
Loss/(Profit) on Sale of Assets		402	(4)
Gratuity and Government Grants		-	(30)
Provision for Doubtful & Bad Debts		16	6
Operating Profit before Working capital Changes		7,141	4,256
Movements in Working Capital:			
Trade Receivables		1,737	(2,021)
Loans and Advances		(817)	(995)
Inventories		(4,170)	2,840
Trade Payables & Current liabilities		788	409
Cash generated from Operations		4,679	4,489
Income tax Paid (Net)		(226)	(572)
<b>Net Cash Flows from Operating Activities</b>	<b>A</b>	<b>4,453</b>	<b>3,917</b>
<b>B. Cash Flows from Investing Activities :</b>			
Purchase of Fixed Assets Net of Capital Subsidies (Including Capital work-in-progress)		(3,781)	(243)
Investment in Shares		(368)	(1,511)
Sale of Investment		-	2,962
Proceeds from Sale of Property, Plant & Equipments		367	12
Interest Received		168	92
Dividend Received		1	107
<b>Net Cash Flows from Investing Activities</b>	<b>B</b>	<b>(3,613)</b>	<b>1,419</b>
<b>C. Cash Flows from Financing Activities :</b>			
Proceeds from Long Term Borrowings		3,705	5,523
Repayment of Deposits - Related Parties		(737)	(535)
Repayment of Long Term Loan		(4,044)	(3,112)
Proceeds / (Repayment) of Short Term Borrowings (Net)		2,775	(4,927)
Payment of Dividend		(20)	(20)
Finance Cost		(1,925)	(2,200)
<b>Net Cash Flows used in Financing Activities</b>	<b>C</b>	<b>(246)</b>	<b>(5,271)</b>
<b>Net Increase in Cash and Cash Equivalent D=(A+B+C)</b>		<b>594</b>	<b>65</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>240</b>	<b>175</b>
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D+E</b>	<b>834</b>	<b>240</b>
Notes:			
(i) The above Statement of Cash Flow has been prepared under 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flow.			
(ii) Bank Borrowings including Cash Credits are considered as Financing Activities			
(iii) For the purpose of Statement of Cash Flow, Cash and Cash Equivalents comprise the following			
<b>PARTICULARS</b>		<b>31.03.2022</b>	<b>31.03.2021</b>
Cash and Cash Equivalents		742	233
Bank Balances other than Cash and Cash Equivalents		92	7
		<b>834</b>	<b>240</b>



*[Handwritten Signature]*





## THE RAMARAJU SURGICAL COTTON MILLS LIMITED

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STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022

Sl. No.	Particulars	CONSOLIDATED				
		Quarter Ended			Year Ended	
		31-03-2022 (Audited)	31-12-2021 (Un-audited)	31-03-2021 (Audited)	31-03-2022 (Audited)	31-03-2021 (Audited)
1	<b>Revenue</b>					
	a. Revenue from Operations					
	Sale of Products	9,623	9,633	9,844	37,379	28,292
	Other Operating Income	72	51	25	225	132
	b. Other Income	28	45	3,050	195	3,141
	<b>Total Revenue</b>	<b>9,723</b>	<b>9,729</b>	<b>12,919</b>	<b>37,799</b>	<b>31,565</b>
2	<b>Expenses</b>					
	a. Cost of Materials Consumed	5,138	5,510	4,075	21,491	12,974
	b. Purchases of Stock-in-trade		26	20	505	190
	c. Change in Inventories of Finished Goods, Work in progress and Stock-in-trade.	361	279	1843	(1000)	3,042
	d. Employee Benefit Expenses	788	970	694	3,530	2,850
	e. Power & Fuel	703	719	727	2,198	2,028
	f. Finance Cost	510	448	511	1,925	2,200
	g. Depreciation and Amortisation Expenses	2,949	378	489	4,083	1,753
	h. Other Expenditure	1,166	1,041	1,111	4,287	3,155
	<b>Total Expenses</b>	<b>11,615</b>	<b>9,371</b>	<b>9,470</b>	<b>37,019</b>	<b>28,192</b>
3	Profit from ordinary activities before Tax (1-2)	(1,892)	358	3449	780	3,373
4	Tax Expenses					
	- Current Tax - Under MAT	(341)	65	612	136	612
	- MAT Credit Entitlement	776	(65)	(612)	299	(612)
	- Deferred Tax	(619)	142	218	44	206
5	Profit / (Loss) from ordinary activities after Tax(3-4)	(1,708)	216	3,231	301	3,167
6	Share of Net Profit After Tax (PAT) of Associates accounted for using the equity method	153	117	258	1,273	1,060
7	Net Profit for the period (5+6)	(1,555)	333	3,489	1,574	4,227
	Shareholders of the Company	(1,541)	335	3,492	1,603	4,230
	Non Controlling Interest	(14)	(2)	(3)	(29)	(3)
8	Other Comprehensive Income (net of tax)	-	-	(26)	-	(26)
9	Share of OCI of Associates accounted for using the equity method	(5)	(1)	(6)	(3)	(5)
10	Total Comprehensive Income after tax (7+8+9)	(1,560)	332	3,457	1,571	4,196
	Shareholders of the Company	(1,546)	334	3,460	1,600	4,199
	Non Controlling Interest	(14)	(2)	(3)	(29)	(3)
11	Paid-up Equity Share Capital (Face value of a Share of Rs 10/- each)	395	395	395	395	395
12	Other Equity	-	-	-	27,571	26,094
13	Earning Per Share of Rs. 10/- each (in Rs)					
	Basic	(39)	8	88	41	107
	Diluted	(39)	8	88	41	107



*M.M.*



**SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED**

(Rs. in Lakhs)

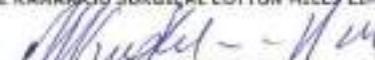
Particulars	CONSOLIDATED				
	Quarter Ended			Year Ended	
	31-03-2022 (Audited)	31-12-2021 (Un-audited)	31-03-2021 (Audited)	31-03-2022 (Audited)	31-03-2021 (Audited)
<b>1. Segment Revenue</b> (Net Sales / Operating Income)					
a) Textiles	8,772	8,810	8,960	34,440	25,519
b) Surgical	1,183	1,065	1,040	4,013	3,521
c) Wind Mills	99	104	95	887	848
	<b>10,054</b>	<b>9,979</b>	<b>10,095</b>	<b>39,340</b>	<b>29,888</b>
Less: Inter Segment Revenue	359	298	226	1,736	1,464
<b>Total Income From Operations (Net)</b>	<b>9,695</b>	<b>9,681</b>	<b>9,869</b>	<b>37,604</b>	<b>28,424</b>
<b>2. Segment Results</b> Profit/(Loss) Before Finance Cost & Tax					
a) Textiles	(1,460)	649	1,091	1,774	2,006
b) Surgical	206	121	137	599	783
c) Wind Mills	15	29	3	547	467
d) Unallocated Items	(143)	6	2,729	(215)	2,317
	<b>(1,382)</b>	<b>807</b>	<b>3,960</b>	<b>2,705</b>	<b>5,573</b>
Less: Finance Cost - Unallocable Expenditure	510	448	511	1,925	2,200
<b>Profit / (Loss) Before Tax</b>	<b>(1,892)</b>	<b>359</b>	<b>3,449</b>	<b>780</b>	<b>3,373</b>
<b>3. Capital Employed</b> (Segment Assets - Segment Liabilities)					
a) Textiles	6,020	7,179	3,920	6,020	3,920
b) Surgical	801	1,507	1,361	801	1,361
c) Wind Mills	1,243	1,128	1,526	1,243	1,526
d) Unallocated /Exceptional Items	20,423	20,321	20,460	20,423	20,460
<b>Total</b>	<b>28,487</b>	<b>30,135</b>	<b>27,267</b>	<b>28,487</b>	<b>27,267</b>

**Notes:**

- The above unaudited consolidated financial results for the Quarter and year ended 31-03-2022 were reviewed by the Audit Committee and
- The Consolidated Financial results have been prepared in accordance with Ind AS 110 read with Ind AS 28 which include the standalone
- Key Standalone financial information: Rs. in Lakhs
 

Particulars	Quarter ended			Year Ended	
	31-03-2022 (Audited)	31-12-2021 (Un-Audited)	31-03-2021 (Audited)	31-03-2022 (Audited)	31-03-2021 (Audited)
Total Revenue	9,735	9,728	13,003	37,797	31,651
Net Profit before tax	(1,840)	372	3,564	890	3,489
Net Profit after tax	(1,662)	230	3,344	408	3,281
- The standalone financial results of the Company are available on the Stock Exchange website [www.nseai.in](http://www.nseai.in) and the Company's website [www.rajapalayam.com](http://www.rajapalayam.com)
- During the year, the company has subscribed to the rights issue of its Associate company, Rajapalayam Mills Limited and acquired 22,533 shares. The company has also acquired 2499 equity shares of its subsidiary company, Mecras Chipboard Limited (MCBL) and the shareholding in MCBL as on 31/03/2022 stands at 75.91%.
- As per Section 115BAA in the Income Tax Act, 1961, the group has an irrevocable option of shifting to a lower tax rate and simultaneously forgo certain tax incentives, deductions and accumulated MAT credit. The Company has not exercised this option for the financial year 2021-22 in view of the benefits available under the existing tax regime.
- In view of resurgence of Covid -19 across the country, the Government of Tamilnadu has imposed Lockdown during May-21, As per GO (Ms) No.385 dated 22-05-2021 issued by the Government of Tamilnadu, the Company's operations has been stopped from 24-05-2021 to 30-05-2021. Thereafter the operations were restored w.e.f 31-05-2021.
- Change in estimate  
During the year, the Company has revised its estimate of useful life in respect of certain items of property, plant and equipment. Had the Company used the earlier estimate, the depreciation for the year would have been lower by Rs.2654.22 Lakhs with a consequential impact on the carrying value of the property, plant and equipment.  
In the opinion of the management, the above change in estimate of useful life which was made based on technical evaluation made by registered valuer will result in more reliable and relevant presentation of the above referred items of property, plant and equipment in the financial statements.
- The figures for the quarter ended 31-03-2022 and 31-03-2021 are the balancing figures between audited results in respect of full financial year and published year to date upto the third quarter of the relevant financial year.
- The Previous period figures have been re-grouped / re-stated wherever necessary to conform to current year classification in compliance of amendments in Schedule - III to Companies Act, 2013, notified on 24-03-2021.

THE RAJAPALAYAM SURGICAL COTTON MILLS LIMITED

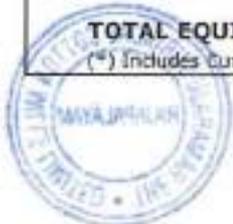
  
**S. VENKETRAMA RAJA**  
 CHAIRMAN

Rajapalayam  
25-05-2022



-(3)-

Particulars	Consolidated	
	AS AT 31-03-2022	AS AT 31-03-2021
	(Audited)	(Audited)
<b>ASSETS</b>		
<b>(1) Non-Current Assets</b>		
Property, Plant & Equipment	22,142	24,470
Capital Work-in-progress	2,498	122
Investment Property	6	6
Intangible Assets	2	2
Goodwill	69	69
Investments in Associates	18,246	16,849
Financial Assets		
Other Investments	12	14
Other Financial Assets	325	405
Other Non-Current Assets	1,742	553
<b>Sub Total ( A )</b>	<b>45,042</b>	<b>42,490</b>
<b>(2) Current Assets</b>		
Inventories	9,646	5,511
Financial Assets		
Trade Receivables	5,840	7,605
Cash and Cash Equivalents	845	381
Equivalents	93	11
Other Financial Assets	162	1,419
Current Tax Assets	226	
Other Current Assets	2,500	1,054
<b>Sub Total ( B )</b>	<b>19,312</b>	<b>15,981</b>
<b>TOTAL ASSETS (A+B)</b>	<b>64,354</b>	<b>58,471</b>
<b>EQUITY AND LIABILITIES</b>		
<b>(1) Equity</b>		
Equity Share capital	395	395
Other Equity	27,571	26,094
Non Controlling Interest	521	778
<b>Total Equity ( A )</b>	<b>28,487</b>	<b>27,267</b>
<b>(2) Liabilities</b>		
<b>(A) Non-Current Liabilities</b>		
Financial Liabilities		
Borrowings	13,190	12,452
Provisions	76	63
Deferred Tax Liabilities (Net)	694	350
Deferred Government Grants	-	40
<b>Sub Total ( B )</b>	<b>13,960</b>	<b>12,905</b>
<b>(B) Current Liabilities</b>		
Financial Liabilities		
Borrowings	17,584	14,891
Trade Payables		
(i) Total Outstanding dues of micro enterprises and small enterprises	84	59
(ii) Total Outstanding dues of creditors other than micro enterprises and small	1,229	1,379
Other Financial Liabilities	870	1,108
Other Current Liabilities	1,626	469
Provisions	514	359
Current Tax Liabilities	-	34
<b>Sub Total ( C )</b>	<b>21,907</b>	<b>18,299</b>
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>	<b>64,354</b>	<b>58,471</b>
(* ) Includes current maturities of Long term Borrowings	4,502	3,891



*[Handwritten Signature]*



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**CONSOLIDATED STATEMENT OF CASH FLOWS**

		(Rs. in Lakhs)	
		31-03-2022	31-03-2021
<b>A . Cash flows from Operating Activities</b>			
Profit Before Tax		781	3,373
Adjustments to reconcile Profit Before Tax to Net Cash Flows:			
Depreciation & Amortisation		4,083	1,753
Finance Costs		1,925	2,200
Interest Received		(168)	(91)
Loss/(Profit) on Sale of Investments		-	(2,959)
Loss/(Profit) on Sale of Assets		482	(2)
Gratuity and Government Grants			(30)
Bad Debts		11	
Provision for Doubtful Debts		11	6
Operating Profit before Working capital Changes		7,125	4,250
Movements in Working Capital:			
Trade Receivables		1,743	(2,021)
Loans and Advances		(1,521)	(995)
Inventories		(4,135)	2,841
Trade Payables & Current liabilities		887	418
Cash generated from Operations		4,099	4,492
Income tax Paid / (Refund Received)		(224)	(572)
<b>Net Cash Flows from Operating Activities</b>	<b>A</b>	<b>3,875</b>	<b>3,920</b>
<b>B. Cash Flows from Investing Activities :</b>			
Purchase of Fixed Assets net of subsidies (Including Capital work-in-progress)		(4,980)	(248)
Investment in Subsidiaries / Associates		(370)	(1,124)
Sale of Investment		-	2,962
Proceeds from Sale of Property, Plant & Equipments		367	17
Interest Received		168	91
Dividend Received		1	106
<b>Net Cash Flows from Investing Activities</b>	<b>B</b>	<b>(4,814)</b>	<b>1,805</b>
<b>C. Cash Flows from Financing Activities :</b>			
Proceeds from Long Term Borrowings		5,437	5,523
Repayment of Deposits - Related Parties		(708)	(535)
Repayment of Long Term Loans		(4,044)	(3,113)
Proceeds / (Repayment) of Short Term Borrowings (Net)		2,987	(4,927)
Acquisition of Non Controlling Interest		(241)	(238)
Payment of Dividend		(20)	(20)
Finance Costs		(1,925)	(2,200)
<b>Net Cash Flows used in Financing Activities</b>	<b>C</b>	<b>1,486</b>	<b>(5,509)</b>
<b>Net Increase in Cash and Cash Equivalent D=(A+B+C)</b>		<b>547</b>	<b>216</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>391</b>	<b>175</b>
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D+E</b>	<b>938</b>	<b>391</b>
(i) The above Statement of Cash Flow has been prepared under 'Indirect Method' as set out in the Ind AS 7			
(ii) Bank Borrowings including Cash Credits are considered as Financing Activities			
(iii) For the purpose of Statement of Cash Flow, Cash and Cash Equivalents comprise the following			
<b>PARTICULARS</b>		<b>31-03-2022</b>	<b>30.09.2020</b>
Cash and Cash Equivalents		845	233
Bank Balances other than Cash and Cash Equivalents		93	7
		<b>938</b>	<b>240</b>



*[Handwritten Signature]*



**THE RAMARAJU SURGICAL COTTON MILLS LIMITED**

Regd. Office: P.A.C.Ramsamy Raja Salai, Post Box No.2, Rajapalayam - 626 117. Tamilnadu

CIN: L17111TN1939PLC002302

Telephone No. 04563 - 235904

E-mail: rscm@ramcotex.com; Website: www.ramarajusurgical.com

**EXTRACT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2022**

(Rs in Lakhs)

Sl. No.	Particulars	Quarter Ended			Year Ended	
		31-03-2022	31-12-2021	31-03-2021	31-03-2022	31-03-2021
		(Audited)	(Un-audited)	(Un-audited)	(Audited)	(Un-audited)
1	Income from Operations	9,723	9,729	12,919	37,799	31,565
2	Net Profit / (Loss) for the period before tax	(1,892)	358	3,449	780	3,373
3	Net Profit / (Loss) for the period after tax	(1,708)	216	3,231	301	3,167
	Profit for the year attributable to:					
	Shareholders of the Company	(1,541)	335	3,492	1,603	4,230
	Non controlling Interest	(14)	(2)	(3)	(29)	(3)
4	Total Comprehensive Income for the period after tax (Comprising Net Profit / (Loss) for the period after tax and Other Comprehensive Income after tax)	(1,560)	332	3,457	1,571	4,196
	Total Comprehensive Income attributable to:					
	Shareholders of the Company	(1,546)	334	3,460	1,600	4,199
	Non controlling Interest	(14)	(2)	(3)	(29)	(3)
5	Paid-up Equity Share Capital	395	395	395	395	395
6	Other Equity				27,571	26,094
7	Net Worth				27,966	26,489
8	Earning Per Share of Rs. 10/- each, (Not Annualised) (in Rs.)					
	Basic	(39)	8	88	41	107
	Diluted	(39)	8	88	41	107

**Notes:**

1) The above is an extract of the detailed format of Financial Results filed with Stock Exchange under Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015. The full format of the audited Quarter and Year ended financial results are available on the Company's website at www.ramarajusurgical.com and on the website of the Stock Exchange where the shares of the company is listed at www.mseil.in.

2) The above Consolidated audited financial results for the quarter and year ended 31-03-2022 were reviewed by the Audit Committee and there after approved by the Board of Directors at their respective Meetings held on 25-05-2022.

**3) Key Standalone Financial Information: (Rs.in Lakhs)**

Sl. No.	Particulars	Quarter Ended			Year Ended	
		31-03-2022	31-12-2021	31-03-2021	31-03-2022	31-03-2021
		(Audited)	(Un-audited)	(Audited)	(Audited)	(Audited)
1	Income from Operations	9,735	9,728	13,003	37,797	31,651
2	Net Profit / (Loss) for the period before tax	(1,840)	372	3,564	890	3,489
3	Net Profit / (Loss) for the period after tax.	(1,662)	230	3,344	408	3,281

4) The Previous period figures have been re-grouped / re-stated wherever necessary to conform to current year classification in compliance of amendments in Schedule - III to Companies Act, 2013, notified on 24-03-2021.

For THE RAMARAJU SURGICAL COTTON MILLS LTD.



P.R.VENKETRAMA RAJA  
CHAIRMAN

Rajapalayam  
25-05-2022



**Independent Auditor's Report on the Quarterly and Year to Date Standalone Audited Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.**

To

**THE BOARD OF DIRECTORS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED**

**Report on the audit of the Standalone Financial Results**

**Opinion**

We have audited the accompanying standalone quarterly financial results of **THE RAMARAJU SURGICAL COTTON MILLS LIMITED** (the "Company") for the quarter ended March 31, 2022 and the year to date results for the period from April 01, 2021 to March 31, 2022, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- I. are presented in accordance with the requirements of the Regulation 33 of the Listing Regulations in this regard; and
- II. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India of the net profit and other comprehensive loss and other financial information of the Company for the quarter ended March 31, 2022 as well as the year to date results for the period from April 01, 2021 to March 31, 2022.





## **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("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" 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 financial statements under the provisions of the Act and the Rules thereunder, 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.4 to the Standalone financial results, which describes the uncertainties and the impact of the COVID 19 pandemic on the Company's operations and financial results as assessed by the Management of the Company. Our opinion is not modified in respect of this matter.

## **Management's Responsibilities for the Standalone Financial Results**

These quarterly financial results as well as the year to date standalone financial results have been prepared on the basis of standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and



presentation of the standalone financial results 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, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

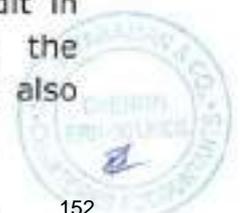
The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Results**

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 results.

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 results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also





responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 financial results 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 results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the standalone financial results of the company to express an opinion on the standalone financial results

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.





The Statement includes the results for the quarter ended March 31, 2022 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us as required under the Listing Regulations.

For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
Firm Registration Number: 001310S

R.PALANIAPPAN  
Partner  
Membership Number: 205112  
UDIN: 22205112AJNWRU5118



Rajapalayam  
25<sup>th</sup> May 2022



**Independent Auditor's Report on the Quarterly and Year to Date Audited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To

**THE BOARD OF DIRECTORS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED**

**Report on the audit of the Consolidated Financial Results**

**Opinion**

We have audited the accompanying Statement of Consolidated Financial Results of **THE RAMARAJU SURGICAL COTTON MILLS LIMITED** ("Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") and its associates for the quarter ended March 31, 2022 and for the period from April 01, 2021 to March 31, 2022 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate audited financial statements / financial information of subsidiary and associates, the Statement:

a. includes the results of the following entities:

<b>Name of the entity</b>	<b>Relationship</b>
Madras Chipboard Limited	Subsidiary
The Ramco Cements Limited	Associate
Ramco Industries Limited	Associate
Ramco Systems Limited	Associate
Rajapalayam Mills Limited	Associate
Sri Vishnu Shankar Mill Limited	Associate
Shri Harini Media Limited	Associate
Sri Harini Textiles Limited	Associate





b. is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, as amended; and

c. gives a true and fair view, in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of consolidated total comprehensive income (comprising of net profit and other comprehensive income) and other financial information of the Group for the quarter ended March 31, 2022 and for the period from April 01, 2021 to March 31, 2022.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Results* section of our report. We are independent of the Group and its associates 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 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 obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter**

We draw attention to Note No. 6 to the consolidated financial results, which describes the uncertainties and the impact of the COVID 19 pandemic on the Company's operations and financial results as assessed by the Management of the Company. Our opinion is not modified in respect of this matter.

### **Management's Responsibilities for the Consolidated Financial Results**

These Statements have been prepared on the basis of the consolidated annual financial statements.

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial results that give a true and fair view of the net profit and other comprehensive income and other





financial information of the Group including its associates in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the Companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and associates 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results 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 results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statement, the respective Board of Directors of the Companies included in the Group and its associates are responsible for assessing the ability of the Group and of 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 the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated financial results 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 results.

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 results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 ability of the Group and its associates 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 consolidated financial results 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 Group and its associates to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the Group and its associates to express an opinion on the consolidated financial results. We are responsible for the direction, supervision and performance of the audit of the financial information of the entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated financial results, 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results of which we are the 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.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

### **Other Matter**

1. We did not audit the financial statements of one subsidiary company included in the consolidated financial results, whose financial statements before consolidation adjustments reflect total assets of Rs.





2,191.18 Lakhs as at 31st March 2022. Total revenues of Rs. Nil Lakhs and Rs. 2.55 Lakhs and total net loss after tax of Rs. Nil and Rs. 35.27 Lakhs and total comprehensive loss of Rs. Nil and Rs. 35.27 Lakhs for the quarter ended 31<sup>st</sup> March 2022 and for the period from 01<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 respectively and net cash outflows of Rs. 49.93 Lakhs for the year ended 31<sup>st</sup> March 2022. These financial statements as per Ind AS and other financial information have been audited by another independent auditor whose report has been furnished to us, and our opinion on the year to date results, to the extent they have been derived from such audited financial statements is based solely on the report of such other auditors.

2. The consolidated financial results also include the Group's share of net profit after tax of Rs. 153 Lakhs and Rs. 1,273 Lakhs and total comprehensive income of Rs. 148 Lakhs and Rs. 1,270 Lakhs for the quarter ended 31<sup>st</sup> March 2022 and for the period from 01<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 respectively as considered in the consolidated audited financial results in respect of Seven Associates. Out of this, the financial results / financial information of one associate has been audited by us as joint auditor and six associates have been audited by an Independent Auditor, whose reports have been furnished to us by the management and our report on the consolidated financial results in so far as it relates to the amounts that have been derived from such audited financial results is solely based on the reports of the other auditors.

Our opinion on the Statement 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 Results/financial information certified by the Board of Directors.





The Statement includes the results for the quarter ended March 31, 2022 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2022 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For N.A. JAYARAMAN & CO.,  
Chartered Accountants  
Firm Registration Number: 001310S

R.PALANIAPPAN  
Partner  
Membership Number: 205112  
UDIN: 22205112AJOU EI2865



Rajapalayam  
25<sup>th</sup> May 2022

## SRI HARINI TEXTILES LIMITED

Factory Address : Survey No. 47, 48 & 49, Thirumalagiri Village, Jaggaiahpet Mandal,  
Krishna Dist 521 178, Andhra Pradesh, India.

Regd. Office : Sri Bhavanam, 102, P.S.K. Nagar, RAJAPALAYAM - 626 108, Tamil Nadu, INDIA.

### REPORT ADOPTED BY THE BOARD OF DIRECTORS OF SRI HARINI TEXTILES LIMITED AT ITS MEETING HELD ON SEPTEMBER 27, 2021 EXPLAINING THE EFFECT OF SCHEME OF AMALGAMATION BETWEEN SRI HARINI TEXTILES LIMITED AND THE RAMARAJU SURGICAL COTTON MILLS LIMITED ON EQUITY SHAREHOLDERS, UNSECURED CREDITORS, SECURED CREDITORS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON PROMOTERS SHAREHOLDERS.

#### I. Background

- 1.1 The proposed Scheme of Amalgamation of Sri Harini Textiles Limited ("SHTL") with The Ramaraju Surgical Cotton Mills Limited ("TRSCML") ("the Scheme") was approved by the Board vide resolution dated September 27, 2021.
- 1.2 Provisions of Sections 232(2)(c) of the Companies Act, 2013 requires the Directors to adopt a report explaining the effect of amalgamation on equity shareholders, key managerial personnel (KMPs), promoters and non-promoters shareholders of the Applicant Companies laying out in particular the share exchange ratio and the same is required to be circulated to the equity shareholders.
- 1.3 This report of the Board is accordingly being made in pursuance to the requirement of Section 232(2)(c) of the Companies Act, 2013.
- 1.4 The Board of Directors took note of the following:
  - a. Draft Scheme of Amalgamation duly initiated by the Director of the Company for the purpose of identification;
  - b. Valuation Report dated September 27, 2021 issued by M/s. Den Valuation (OPC) Private Limited, Independent Registered Valuer ("Registered Valuer") describing the methodology adopted by him in arriving at and recommending the Share Exchange Ratio ("Valuation Report");
  - c. Fairness Opinion dated September 27, 2021 issued by Vivro Financial Services Private Limited, Category I Merchant Banker providing the Fairness Opinion on the Share Exchange Ratio recommended by the Registered Valuer ("Fairness Opinion");
  - d. The Certificate issued by the Statutory Auditors of the Company i.e., M. S. Jagannathan & N. Krishnaswami, Chartered Accountants, confirming that the accounting treatment contained in the draft Scheme is in compliance with Accounting Standards as notified under Section 133 of the Companies Act, 2013 read with the Rules framed thereunder and other generally accepted accounting principles;
  - e. Audited financial statements of the Transferor Company and the Transferee Company for the preceding three financial years; and

*(Handwritten Signature)*



## SRI HARINI TEXTILES LIMITED

Factory Address : Survey No. 47, 48 & 49, Thirumalagiri Village, Jaggaiahpet Mandal,  
Krishna Dist. 521 178, Andhra Pradesh, India.

Regd. Office : Sri Bhavanam, 102, P.S.K. Nagar, RAJAPALAYAM - 626 108, Tamil Nadu, INDIA.

### 2. Effect of the Scheme on shareholders, Key managerial personnel, promoters and non-promoter shareholder

- 2.1. Subject to provisions of Clause 10.1.13 of the Scheme and upon the Scheme coming into effect, TRSCML shall issue and allot 34 (Thirty Four) fully paid-up equity shares of Rs. 10/- each in respect of 1,000 (One Thousand) fully paid up equity shares of Rs. 10/- each held by shareholders in SHTL.
- 2.2. Pursuant to the Scheme, the promoters as well as non-promoters shareholders of SHTL will get allotment of equity shares of TRSCML in the ratio mentioned hereinbefore and except as above, there is no other effect of the Scheme on the promoters and non-promoters shareholders of SHTL.
- 2.3. Under the Scheme, no compromise is proposed with any creditors of SHTL and the liability of any creditors is neither being reduced nor being extinguished. Pursuant to the Scheme, all the debt owned by SHTL shall become debts of TRSCML on the same terms and conditions (including existing encumbrances, charges, mortgages etc. over assets or properties of SHTL) as were applicable to SHTL and therefore, the Scheme has no effect on the creditors of SHTL.
- 2.4. The rights of the employees of SHTL are in no way affected by the Scheme. Upon the Scheme becoming effective, all staff, workmen and employees of the SHTL, who are in service on the date immediately preceding the Effective Date shall become staff, workmen and employees of the TRSCML, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date and thus, the Scheme will have no adverse effect on the employees of the SHTL.
- 2.5. There is no effect of the Scheme on the Key Managerial Personnel and/or the Directors of the SHTL.

### 3. Valuation of Share Exchange / Entitlement Ratio

- 3.1 M/s. Den Valuation (OPC) Private Limited, Independent Registered Valuer has carried out valuation. The valuation methodologies and approaches adopted by the valuer are Asset Approach (Adjusted Net Asset Value Method) and Market Approach (market price method and comparable company market multiple method), Discounted Cash Flow Method.
- 3.1 Based on the Valuation Report, the Board of Directors of SHTL has approved the Share Exchange / Entitlement Ratio as mentioned hereinbefore in point no. 2.1.





**SRI HARINI TEXTILES LIMITED**

Factory Address : Survey No. 47, 48 & 49, Thirumalagiri Village, Jaggaiahpet Mandal,  
Krishna Dist. 521 178, Andhra Pradesh, India.

Regd. Office : Sri Bhavanam, 102, P.S.K. Nagar, RAJAPALAYAM - 626 108, Tamil Nadu, INDIA.

3.1 No special valuation difficulties were reported in the valuation.

By Order of the Board  
For, Sri Harini Textiles Limited



N.K. Shrikantan Raja  
Director  
DIN: 00350693



# THE RAMARAJU SURGICAL COTTON MILLS LIMITED

Manufacturers of Antiseptic Dressings

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED AT ITS MEETING HELD ON SEPTEMBER 27, 2021 EXPLAINING THE EFFECT OF SCHEME OF AMALGAMATION BETWEEN SRI HARINI TEXTILES LIMITED AND THE RAMARAJU SURGICAL COTTON MILLS LIMITED ON EQUITY SHAREHOLDERS, UNSECURED CREDITORS, SECURED CREDITORS, KEY MANAGERIAL PERSONNEL, PROMOTERS, NON PROMOTERS SHAREHOLDERS.

## 1. Background

- 1.1 The proposed Scheme of Amalgamation of Sri Harini Textiles Limited ("SHTL") with The Ramaraju Surgical Cotton Mills Limited ("TRSCML") ("the Scheme") was approved by the Board vide resolution dated September 27, 2021.
- 1.2 Provisions of Sections 232(2)(c) of the Companies Act, 2013 requires the Directors to adopt a report explaining the effect of amalgamation on equity shareholders, key managerial personnel (KMPs), promoters and non-promoters shareholders of the Applicant Companies laying out in particular the share exchange ratio and the same is required to be circulated to the equity shareholders.
- 1.3 This report of the Board is accordingly being made in pursuance to the requirement of Section 232(2)(c) of the Companies Act, 2013.
- 1.4 The Board of Directors took note of the following:
  - a. Draft Scheme of Amalgamation duly initialed by the Company Secretary of the Company for the purpose of identification.
  - b. Valuation Report dated September 27, 2021 issued by M/s. Deu Valuation (OPC) Private Limited, Independent Registered Valuer ("Registered Valuer") describing the methodology adopted by him in arriving at and recommending the Share Exchange Ratio ("Valuation Report").
  - c. Fairness Opinion dated September 27, 2021 issued by Vivro Financial Services Private Limited, Category I Merchant Banker providing the Fairness Opinion on the Share Exchange Ratio recommended by the Registered Valuer ("Fairness Opinion").
  - d. The Certificate issued by the Statutory Auditors of the Company i.e. N.A. Jayaraman & Co., Chartered Accountants, confirming that the accounting treatment contained in the draft Scheme is in compliance with Accounting Standards as notified under Section 133 of the Companies Act, 2013 read with the Rules framed thereunder and other generally accepted accounting principles.
  - e. Audited financial statements of the Transferor Company and the Transferee Company for the preceding three financial years;



P.O. Box : 2, 119, 120, P.A.C. Ramasamy Reja Salai, Rajapalayam, Virudhunagar District - 626117.  
Ph : (0)91-4563-235904 E-mail : rscm@ramcotex.com, rscm@bsnl.in Web: www.ramarajusurgical.com  
CIN : L17111TN1939PLC002302 GSTIN : 33AAACT4308D1ZX

# THE RAMARAJU SURGICAL COTTON MILLS LIMITED

Manufacturers of Antiseptic Dressings

- f. Report of the Audit Committee dated September 27, 2021, recommending the scheme to the Board for approval.
  - g. Report of the Committee of Independent Directors dated September 27, 2021, recommending the scheme to the Board for approval.
- 2. Effect of the Scheme on shareholders, Key managerial personnel, promoters and non-promoter shareholder**
- 2.1. Subject to provisions of Clause 10.1.13 of the Scheme and upon the Scheme coming into effect, TRSCML shall issue and allot 34 (Thirty Four) fully paid-up equity shares of Rs. 10/- each in respect of 1,000 (One Thousand) fully paid up equity shares of Rs. 10/- each held by shareholders in SHTL.
  - 2.2. The Promoters of the Transferee Company are also shareholders of the Transferor Company and accordingly, will get allotment of further equity shares of the Transferee Company in the respective ratio mentioned hereinbefore and except as above, there is no other effect of the Scheme on the promoters and non-promoter shareholders of the Transferee Company. The increase in shareholding of Promoters of the Transferee Company post Scheme will be exempt from open offer requirement in terms of provisions of Regulation 10(1)(d) of the Securities and Exchange Board Of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended, as it is pursuant to a scheme of amalgamation approved by NCLT.
  - 2.3. Under the Scheme, no compromise is proposed with any creditors of TRSCML and the liability of any creditors is neither being reduced nor being extinguished. Therefore, the Scheme has no effect on the creditors of TRSCML.
  - 2.4. The rights of the employees of Transferee Company are in no way affected by the Scheme. Upon the Scheme becoming effective, all staff, workmen and employees of the Transferor Company, who are in service on the date immediately preceding the Effective Date shall become staff, workmen and employees of the Transferee Company, without any break or interruption in their services, on same terms and conditions on which they are engaged as on the Effective Date and thus, the Scheme will have no adverse effect on the employees of the Transferor Company.
  - 2.5. There is no effect of the Scheme on the Key Managerial Personnel and/or the Directors of the Transferee Company.



P.O. Box : 2, 119, 120, P.A.C. Ramasamy Raja Salai, Rajapalayam, Virudhunagar District - 626117.  
Ph : (0)91-4563-235904 E-mail : rscm@ramcotex.com, rscm@bsnl.in Web: www.ramarajusurgical.com  
CIN : L17111TN1939PLC002302 GSTIN : 33AAACT4308D1ZX

# THE RAMARAJU SURGICAL COTTON MILLS LIMITED

Manufacturers of Antiseptic Dressings

### 3. Valuation of Share Exchange / Entitlement Ratio

3.1 M/s. Den Valuation (OPC) Private Limited, Independent Registered Valuer has carried out valuation. The valuation methodologies and approaches adopted by the valuer are Asset Approach (Adjusted Net Asset Value Method) and Market Approach (market price method and comparable company market multiple method), Discounted Cash Flow Method.

3.1 Based on the Valuation Report, the Board of Directors of TRSCML has approved the Share Exchange / Entitlement Ratio as mentioned hereinbefore in point no. 2.1.

3.1 No special valuation difficulties were reported in the valuation.

By Order of the Board  
For, The Ramaraju Surgical Cotton Mills Limited



Walter Vasanth PJ  
Company Secretary & Compliance Officer



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL CHENNAI BENCH  
C.A. (CAA) NO. 35 OF 2022**

**In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013**

**AND**

**In the matter of Scheme of Amalgamation of Sri Harini Textiles Limited with The Ramaraju Surgical Cotton Mills Limited and their respective Shareholders and Creditors.**

**SRI HARINI TEXTILES LIMITED**

(CIN: U17111TN2005PLC057807)

A Company incorporated under the provisions of Companies Act, 1956 having its Registered Office at Sri Bhavanam 102, P S K Nagar Rajapalayam, Virudhunagar – 626108, Tamil Nadu, India

... Applicant Transferor Company

**FORM OF PROXY**

Name & Address of the Creditors / Joint creditors: (In BLOCK Letters)	
E-mail Id:	Registered Folio No.:
No. of Shares Held:	DP ID & Client ID:

I/ We, the undersigned, do hereby appoint-

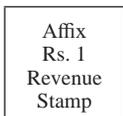
- 1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her
- 2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her
- 3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
Email id: \_\_\_\_\_ Signature: \_\_\_\_\_

as my Proxy to act for me at the meeting of the Equity Shareholders of the Applicant Transferor Company to be held at PAC Ramasamy Raja Salai, Rajapalayam – 626 117, Tamil Nadu, India on Thursday, 8th day of September, 2022 at 9.00 A.M. (IST); for the purpose of considering, and if thought fit, approving, with or without modification(s), the said Scheme of Amalgamation of Sri Harini Textiles Limited with The Ramaraju Surgical Cotton Mills Limited and their respective Shareholders and Creditors (the “Scheme”), and at such Meeting and any adjournment/adjournments thereof, to vote, for me and in my name ..... (here, “if for” insert “FOR”, “if against”, insert “AGAINST” and in the latter case, strike out the words below after “Scheme”) the said Scheme either with or without modification(s) as my proxy may approve.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2022

Signature of the Creditor \_\_\_\_\_

Signature of the Proxy 1) \_\_\_\_\_ 2) \_\_\_\_\_ 3) \_\_\_\_\_.



**Note:** (1) The proxy must be deposited at the registered office of Applicant Transferor Company at Sri Bhavanam 102, P S K Nagar Rajapalayam, Virudhunagar – 626 108, Tamil Nadu, India, at least 48 (forty-eight) hours before the scheduled time of the commencement of the said meeting. (2) All alterations made in the form of proxy should be initialed. (3) Please affix appropriate revenue stamp before putting signature. (4) In case of multiple proxies, the proxy later in time shall be accepted. (5) Proxy need not be an equity shareholder of Applicant Transferor Company.

<b>For Office Use</b>
<b>Proxy No.:</b> _____ <b>Date of Receipt:</b> _____



**SRI HARINI TEXTILES LIMITED**

CIN: U17111TN2005PLC057807

**Registered Office:** Sri Bhavanam 102, P S K Nagar Rajapalayam, Virudhunagar – 626 108, Tamil Nadu, India.

**Phone:** 08654-283933/283988; **Email:** apunit@ramcotex.com

**ATTENDANCE SLIP**

**Please complete attendance slip and hand it over at the entrance of the Meeting Hall. Joint shareholders may obtain additional slip on request.**

Attendance by (Please tick appropriate box)

**Name:**

Shareholder/ Joint Shareholder

Proxy

**Address:**

Authorised Representative

**Folio/ DP ID No.:**

**No. of Shares held:**

I/ We hereby record my presence at the NCLT convened Equity Shareholders meeting of the Applicant Transferor Company, held at PAC Ramasamy Raja Salai, Rajapalayam – 626 117, Tamil Nadu, India, on Thursday, 8<sup>th</sup> day of September, 2022 at 9.00 A.M. (IST).

Signature of Shareholder(s)

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

**Note:**

1. Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.
2. Shareholders who come to attend the Meeting are requested to bring their copy of the Scheme with them.
3. Shareholders who hold shares in dematerialized form are requested to bring their Client ID and DPID details for easy identification of the attendance at the meeting

## Route Map to the Meeting Venue



**Land Mark:** Near N.R.K. Petrol Bunk

Distance from Rajapalayam Old Bus Stand: 3.0 KMS; Distance from Rajapalayam Railway Station: 2.5 KMS