

RAJAPALAYAM MILLS LIMITED

RAJAPALAIYAM

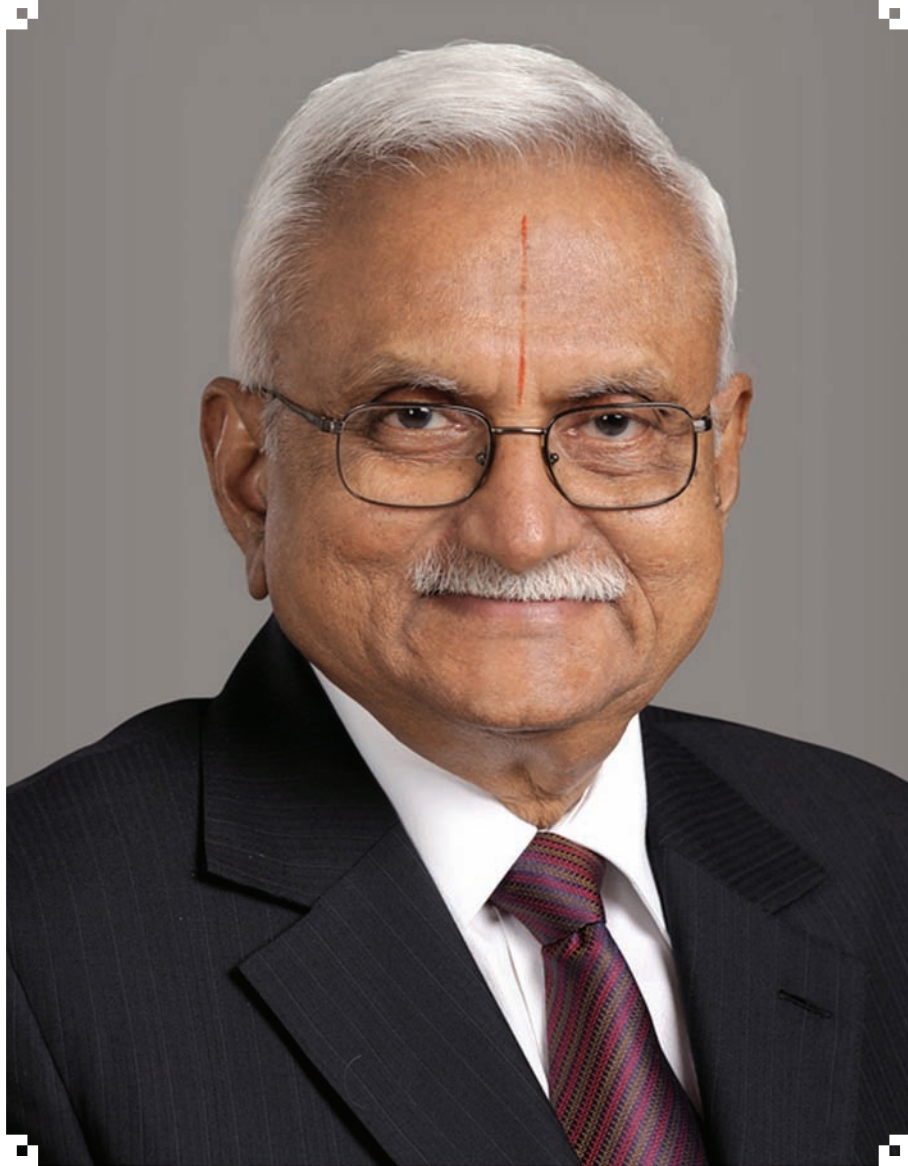


Annual Report and Accounts for the year ended 31st March 2020

FOUNDER



SHRI P.A.C. RAMASAMY RAJA



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



Board of Directors

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

Smt. R. SUDARSANAM
Managing Director

Smt. P.V. NIRMALA RAJU, B.E., M.A.,
(w.e.f. 24-04-2019)

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

Shri N.K. RAMASUWAMI RAJA, B.Sc.,

Shri A.V. DHARMAKRISHNAN, B.Com, ACA.,

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

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

Shri K.B. NAGENDRA MURTHY, M.Com, C.A.I.I.B.,

Smt. SOUNDARA KUMAR, B.Sc., C.A.I.I.B.,

Shri P.V. ABINAV RAMASUBRAMANIAM RAJA, B.Sc., (Indl. Engg.)

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

Chief Financial Officer

Shri B. Gnanagurusamy

Secretary

Shri A. Arulpranavam

Registered Office

Rajapalayam Mills Premises,
Post Box No.1, P.A.C. Ramasamy Raja Salai,
Rajapalayam - 626 117.

Tamil Nadu.

E-mail : rajacot@ramcotex.com

Phone No.: 04563-235666

Fax No.: 04563-236520

Website

www.rajapalayammills.co.in

Corporate Identification Number

L17111TN1936PLC002298

Bankers

Axis Bank Limited

Bank of Bahrain & Kuwait

Citi Bank Limited

CTBC Bank Limited

DCB Bank Limited

HDFC Bank Limited

ICICI Bank Limited

IndusInd Bank Limited

Kotak Mahindra Bank Limited

RBL Bank Limited

Tamilnad Mercantile Bank Limited

The Federal Bank Limited

TATA Capital Financial Services Limited

Auditors

M/s. N.A. Jayaraman & Co.,
Chartered Accountants,
9, Cedar Wood, 11, 4th Main Road,
Raja Annamalaipuram,
Chennai - 600 028.

M/s. SRSV & Associates,
Chartered Accountants,
F2, 1st Floor, B Block,
Sivam Padmalaya,
28/25, Neelakanta Metha Street,
T. Nagar, Chennai - 600 017.

Secretarial Auditor

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

Cost Auditor

Shri M. Kannan,
IV-B, Akshaya Homes,
9B-20, Tagore Nagar,
Bharathiyar 4th Street,
S.S. Colony,
Madurai - 625 016.



CONTENTS

Separate Financial Statements

Notice to the Members	3
Directors' Report	17
Business Responsibility Report	80
Independent Auditors' Report	93
Balance Sheet	106
Statement of Profit and Loss	107
Statement of Changes in Equity	108
Statement of Cash Flow	109
Notes to Separate Financial Statements	111

Consolidated Financial Statements

Independent Auditors' Report	168
Balance Sheet	178
Statement of Profit and Loss	179
Statement of Changes in Equity	180
Statement of Cash Flow	181
Notes to Consolidated Financial Statements	183



NOTICE

NOTICE TO THE MEMBERS

Notice is hereby given that the 84th Annual General Meeting of the Company will be held at 10.15 A.M. on Tuesday, the 15th September, 2020. This Annual General Meeting is being conducted through Video Conferencing (VC), Other Audio Visual Means (OAVM), the details of which are provided in the Notes to this Notice. The following are the businesses that would be transacted at this Annual General Meeting.

ORDINARY BUSINESS - ORDINARY RESOLUTION

1. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that the Company's Separate and Consolidated Audited Financial Statements for the year ended 31st March, 2020, and the Reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted."
2. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that a Dividend of ₹ 1/- per Share be and is hereby declared for the year ended 31st March, 2020 and the same be paid to those Shareholders whose name appear in the Register of Members and Register of Depositories as on 9th September, 2020."
3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri A.V. Dharmakrishnan (DIN: 00693181), who retires by rotation, be and is hereby re-appointed as Director of the Company."
4. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri P.V. Abinav Ramasubramaniam Raja (DIN: 07273249), who retires by rotation, be and is hereby re-appointed as Director of the Company."

SPECIAL BUSINESS - SPECIAL RESOLUTION

5. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:
"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, Smt. Soundara Kumar (DIN 01974515), Independent Director of the Company, whose term ends on 26-08-2020 be re-appointed as Independent Director for another term of 5 years starting from 27-08-2020 to 26-08-2025."



NOTICE

SPECIAL BUSINESS - ORDINARY RESOLUTION

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

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 1,40,000/- (Rupees One Lakh Forty Thousand Only) plus applicable taxes and Out-of-pocket expenses payable to Shri M. Kannan, Cost Accountant (Firm Registration No. 102185) appointed as the Cost Auditor of the Company by the Board of Directors, for the financial year 2020-21 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified and confirmed."

By Order of the Board,
For **RAJAPALAYAM MILLS LIMITED,**

P.R. VENKETRAMA RAJA
CHAIRMAN

CHENNAI,
24th June, 2020.

NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
2. The Company has chosen to conduct this Annual General Meeting through Video Conferencing, in view of COVID-19 virus outbreak. The Annual General Meeting would be conducted in accordance with the: -
 - (i) General Circulars No: 14/2020, 17/2020 and 20/2020 dated 8th April, 2020, 13th April, 2020 and 5th May, 2020, respectively, issued by Ministry of Corporate Affairs, Government of India and
 - (ii) Circular No: SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, issued by Securities and Exchange Board of India (SEBI) and
 - (iii) such other instructions that may be issued by Statutory Authorities.

ATTENDING THE ANNUAL GENERAL MEETING THROUGH VIDEO CONFERENCE BY THE MEMBERS

3. The Company would be providing the Central Depository Services (India) Limited's (CDSL) system for the members to cast their vote through remote e-Voting and participate in the Annual General Meeting through Video Conference. Members may access the same at **<https://www.evotingindia.com>** under shareholders /members login by using the remote e-Voting credentials. The link for Video Conference will be available in shareholders / members login where the EVSN of Company will be displayed.



NOTICE

4. The Members can join the Annual General Meeting in the Video Conference mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the Annual General Meeting through Video Conference will be made available to atleast 1,000 members on first come first served basis. This will not include Members holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to participate in the Annual General Meeting.
5. Members are requested to join the Meeting through Laptops / IPads for better experience and will be required to have webcam and use Internet with a good speed to avoid any disturbance during the meeting.
6. Members are requested to use Stable Wi-Fi or LAN Connection to mitigate Audio / Video loss due to fluctuation in your network. Please avoid connecting through your Mobile Devices or Tablets or through Laptop via Mobile Hotspot.
7. Members who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request at least 3 days prior to meeting mentioning your name, demat account number / folio number, email id, mobile number (as registered with the Depository Participant / Company) to the mail ID: **investorgrievance@ramcotex.com**. Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.
8. Members who do not wish to speak during the AGM but have queries may send your queries at least 3 days prior to meeting by mentioning your name, demat account number / folio number, email id, mobile number to the mail ID: **investorgrievance@ramcotex.com**. These queries will be replied by the Company suitably by email.
9. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts, they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at **investorgrievance@ramcotex.com**, if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.



NOTICE

10. The attendance of the Members attending the Annual General Meeting through Video Conference will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
11. Proxies are not being sent to shareholders, as the meeting is being conducted through Video Conference.
12. The Company is also releasing a Public Notice by way of advertisement being published in English in Business Line (All editions) and in Tamil in Dinamani (Madurai editions), containing the following information:
 - Convening of Annual General Meeting through Video Conference in compliance with applicable provisions of the Act.
 - Date and Time of the Annual General Meeting.
 - Availability of Notice of the Meeting on the website of the Company and the stock exchange, viz. BSE Limited, where the Company's shares are listed and at the website of the CDSL.
 - Requesting the members who have not registered their E-Mail addresses and Bank account details with the Company, to get the same registered with the Company (in case of Shares held in physical mode) and Depositories (in case of Shares held in demat mode).
13. The cut-off date will be Wednesday the 9th September, 2020 for determining the eligibility to vote by remote e-Voting or in the Annual General Meeting.
14. Pursuant to Rule 8 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company (www.rajapalayammills.co.in), as also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Hence, the Members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund.

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

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2013 Dividend	01-08-2013	31-07-2020	29-08-2020
31-03-2014 Interim Dividend Final Dividend	03-02-2014 04-08-2014	02-02-2021 03-08-2021	03-03-2021 01-09-2021
31-03-2015 Dividend	12-08-2015	11-08-2022	09-09-2022
31-03-2016 Interim Dividend	16-03-2016	15-03-2023	13-04-2023
31-03-2017 Dividend	10-08-2017	09-08-2024	07-09-2024
31-03-2018 Dividend	10-08-2018	09-08-2025	07-09-2025
31-03-2019 Dividend	14-08-2019	13-08-2026	11-09-2026



NOTICE

15. In accordance with Section 124(5) of the Companies Act, 2013 the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over seven years, to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
16. In accordance with Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more have been transferred by the Company to IEPF. The shareholders / their legal heirs are entitled to claim the said shares and the dividend so transferred from the IEPF by making an online application. The procedure is available at **www.iepf.gov.in**.
17. Despatching of physical copies of the financial statements (including Director's report, Auditor's report or other documents required to be attached therewith), has been dispensed with. Such statements are being sent only by email to the members, trustees for the debenture-holders and to all other persons so entitled. The Annual Report will also be made available on the Company's Website - **www.rajapalayammills.co.in** and at the website of the BSE Limited, where the Company's shares are listed.
18. The Company has fixed Wednesday, 9th September, 2020 as the 'Record Date' for determining entitlement of members to dividend for the financial year ended March 31, 2020, if approved at the AGM.
19. Pursuant to the amendments made in the Income Tax Act, 1961, through Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

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

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



NOTICE

20. Voting through electronic means

- A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015], the Company is providing members facility to exercise their right to vote at the 84th Annual General Meeting (AGM) by electronic means and the business may be transacted through such e-Voting, through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
- B. The facility for remote e-voting shall remain open from 9.00 A.M. on Saturday, the 12th September, 2020 to 5.00 P.M. on Monday the 14th September, 2020. During this period, the Members of the Company, holding Shares either in physical form or in dematerialised form, as on the cut-off-date, viz., Wednesday, the 9th September, 2020, may opt for remote e-Voting. E-Voting shall not be allowed beyond 5.00 P.M. on 14th September, 2020.
- C. The facility for voting through electronic voting system shall also be made available at the meeting and members participating the meeting through video conferencing who have not already cast their vote by remote e-Voting shall be able to exercise their right at the meeting. If any votes are cast by the members through e-Voting available during the AGM and if the same members have not participated in the meeting through Video Conferencing, then the vote cast by such members shall be considered invalid as the facility of e-Voting during the meeting is available only to the members attending the meeting.
- D. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting are as under:

- i) To log on to the e-Voting website **www.evotingindia.com**.
- ii) To Click on Shareholders Module.
- iii) Now enter your User ID as given below:
 - For CDSL: 16 Digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding Shares in Physical Form should enter Folio Number registered with the Company (or) Alternatively, if the member has already registered for CDSL's EASI/EASIEST e-Services, he can login at **<https://www.cdslindia.com>** from login - Myeasi using the login credentials. On successful login to CDSL's EASI / EASIEST e-services, the Member should click on e-Voting option and proceed directly to cast the vote electronically.



NOTICE

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

v) PASSWORD

- If you are holding Shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any Company, then your existing password is to be used.

- If you are first time user follow the steps given below:

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

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

In case the Folio No is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is A.Pandi with folio number 1 then enter AP00000001 in the PAN Field.

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

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

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

If both of the above details are not recorded with the depository or Company, please enter the User ID [mentioned in (iii) above] in the Dividend Bank details field. After entering the required details, click on "Submit" tab.

- vi) Members holding Shares in physical form will then directly reach the Company selection screen. However, members holding Shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is strongly recommended not to Share your password with any other person and take utmost care to keep your password confidential.
- vii) For members holding Shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.



NOTICE

- viii) Click on the relevant EVSN for RAJAPALAYAM MILLS LIMITED on which you choose to vote.
- ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take out print of the voting done by you clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.
- xiv) If demat account holder has forgotten the changed password then Enter the User ID and Captcha Code and click on Forgot Password & enter the details as prompted by the system.
- xv) Members can also cast their vote using CDSL's Mobile App "m-Voting". This App can be downloaded from the Google Play Store or Apple App Store. Please follow instructions as prompted by the Mobile App while casting your vote through remote e-Voting.
- xvi) Process for those Shareholders whose e-mail addresses / Bank details are not registered with the Depositories / Company for obtaining login credentials for e-Voting:
 - Physical shareholders: Please provide Folio No., Name, e-mail id, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card, scanned copy of cancelled cheque leaf bearing the name of the member alongwith the Specimen Signature of the Member duly attested by the Bank Manager, where the Member is operating his bank account [the attestation should clearly carry the particulars of the bank manager, viz. his staff serial number, name and branch details], by email to **investorgrievance@ramcotex.com**.
 - Demat shareholders: Please provide Name, e-mail id, client master or copy of Consolidated Account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhaar Card, scanned copy of cancelled cheque leaf bearing the name of the member alongwith the Specimen Signature of the



NOTICE

Member duly attested by the Bank Manager, where the Member is operating his bank account [the attestation should clearly carry the particulars of the bank manager, viz. his staff serial number, name and branch details], by email to **investorgrievance@ramcotex.com**. The Demat shareholder are also advised to update the above details with CDSL / NSDL (i.e. Depository) through their Depository Participant where they are operating their Demat Accounts.

- The Company shall co-ordinate with CSDL and provide the login credentials to the above mentioned shareholders.

E. In case you have any queries or issues regarding attending AGM & e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at **www.evotingindia.com** under help section or write an email to **helpdesk.evoting@cdslindia.com** or contact Mr. Nitin Kunder (022-2305 8738) or Mr. Mehboob Lakhani (022-2305 8543) or Mr. Rakesh Dalvi (022-2305 8542). Alternatively, members may write to the Company Secretary at email Id: **investorgrievance@ramcotex.com** or contact at telephone number: 04563-235666.

F. The voting rights of Shareholders shall be in proportion to the Shares held by them in the paid up equity Share capital of the Company as on Wednesday, the 9th September, 2020.

21. Shri R. Palaniappan, Chartered Accountant (Membership No: 205112), Partner, M/s. N.A. Jayaraman & Co., Chartered Accountants will act as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
22. The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting, unblock the votes cast through e-Voting in the presence of at least two witnesses not in the employment of the Company and make not later than 48 hours of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

By Order of the Board,
For **RAJAPALAYAM MILLS LIMITED**,

P.R. VENKETRAMA RAJA
CHAIRMAN

CHENNAI,
24th June, 2020.



NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Smt. Soundara Kumar (DIN 01974515) aged 65 is a Non-Executive Independent Director of the Company.

At the Annual General Meeting held on 10-08-2016, Smt. Soundara Kumar was appointed as Independent Director of the Company, for a period of 5 years starting from 27-08-2015 to 26-08-2020. In accordance with Section 149 (10) of the Companies Act, 2013, she is eligible for re-appointment upon passing of a Special Resolution at the General Meeting of the Company.

In accordance with Regulation 17(10) of SEBI (LODR) Regulations, 2015 and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Smt. Soundara Kumar as an Independent Director and found the same to be satisfactory and her contributions to the deliberations were beneficial in Board / Committee Meetings.

In accordance with Part D (A) (5) of Schedule II, read with Regulation 19(4) of SEBI (LODR) Regulations, 2015 and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 24-06-2020 had recommended to extend the term of office of Smt. Soundara Kumar by re-appointing her for another period of 5 years starting from 27-08-2020 to 26-08-2025.

She has furnished a declaration pursuant to Section 149(6) of the Companies Act, 2013 and SEBI Regulations that she meets the criteria of independence and hence eligible for re-appointment as an Independent Director. In accordance with Proviso to Section 152(5) of the Companies Act, 2013, the Board of Directors have also formed an opinion that Smt. Soundara Kumar fulfills the conditions specified in the Companies Act, 2013 for such re-appointment.

Smt. Soundara Kumar is eligible for sitting fee for attending Board / Committee Meetings as applicable to the Directors from time to time. Her re-appointment is in accordance with Nomination and Remuneration Policy of the Company.

Her re-appointment has been included as Special Resolution and the Board of Directors recommend her re-appointment.

Her Profile in brief is given below:-

Smt. Soundara Kumar, holds a degree in Science and C.A.I.I.B. She has been on the Board of Rajapalayam Mills Limited since 2015. She has nearly 40 years of experience in Banking Sector. She had held the position of General Manager (Retail Banking), Chief General Manager (Small & Medium Enterprises) and Chief General Manager (Rural Business) in State Bank of India. She was the CEO of SBI (California) and CEO of SBI (Los Angeles) Agency during the years 2002 to 2004. She was appointed as the Managing Director of State Bank of Indore from 2008 to 2010.



NOTICE

She is a Director in the following Companies:-

- 1) Tamilnadu Newsprint & Papers Limited
- 2) Carborundum Universal Limited
- 3) Ramco Systems Limited
- 4) Bank of Baroda
- 5) Shanthi Gears Limited
- 6) Sundaram Trustee Company Limited

She is also a Member in the following Committees:-

Name of the Company	Name of the Committee	Position Held (Chairman / Member)
Ramco Systems Limited	Audit Committee	Chairperson
Carborundum Universal Limited	Audit Committee	Member
Shanthi Gears Limited	Audit Committee	Chairperson
	Stakeholders Relationship Committee	Member
	Risk Management Committee	Member
	Corporate Social Responsibility Committee	Chairperson
Tamilnadu Newsprint & Papers Limited	Audit Committee	Member
	Corporate Social Responsibility Committee	Member
	Nomination and Remuneration Committee	Member
Bank of Baroda	Management Committee of the Board	Member
	Risk Management Committee of the Board	Member
	Governance Committee for Unlisted Subsidiaries	Member
Sundaram Trustee Company Limited	Audit Committee	Member



NOTICE

She holds no shares in Rajapalayam Mills Limited.

The draft letter of re-appointment for Smt. Soundara Kumar as an Independent Director, setting out the terms and conditions is available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day upto the date of the Annual General Meeting.

Disclosure of Interest:

Except Smt. Soundara Kumar, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is interested in the Resolution. The Notice together with this Statement may be regarded as a disclosure under Regulation 36(3) of SEBI (LODR) Regulations, 2015.

Item No. 6

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

On the recommendation of the Audit Committee at its meeting held on 24-06-2020, the Board had approved the appointment of Shri. M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of Textile Products at a remuneration of ₹ 1,40,000/- plus applicable taxes and out-of-pocket expenses for the financial year 2020-21.

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

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

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

By Order of the Board,
For RAJAPALAYAM MILLS LIMITED,

P.R. VENKETRAMA RAJA
CHAIRMAN

CHENNAI,
24th June, 2020.



NOTICE

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

1. SHRI A.V. DHARMAKRISHNAN

Shri A.V. Dharmakrishnan, a Chartered Accountant, aged 63, started his career in 1982 at The Ramco Cements Limited. He is presently holding the position of Chief Executive Officer at The Ramco Cements Limited. He has specialized knowledge and rich experience in Finance and Taxation matters.

The Skills / expertise / competence of Shri A.V. Dharmakrishnan identified by the Board of Directors in the context of the business for effective functioning of the Company is as below:

Strategy Management, Business Management, Banking and Financial Management, Risk Management including Foreign Exchange Management, Tax Planning and Management.

He has been on the Board of Rajapalayam Mills Limited since 2008.

He holds 1,100 Equity Shares in the Company as on 31-03-2020.

He is also a Director in the following Companies:-

1. Ramco Systems Limited
2. Ramco Industrial and Technology Services Limited
3. Ramco Windfarms Limited
4. Madurai Trans Carrier Limited
5. Shri Harini Media Limited
6. LYNKS Logistics Limited

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairman / Member)
Rajapalayam Mills Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
Ramco Systems Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Stakeholders Relationship Committee	Member
	Corporate Social Responsibility Committee	Member
	Fund Raising Committee	Member



NOTICE

Name of the Company	Name of the Committee	Position Held (Chairman / Member)
Shri Harini Media Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Independent Director Committee	Member
Ramco Industrial and Technology Services Limited	Nomination and Remuneration Committee	Chairman
Madurai Trans Carrier Limited	Nomination and Remuneration Committee	Chairman

2. SHRI P.V. ABINAV RAMASUBRAMANIAM RAJA

Shri P.V. Abinav Ramasubramaniam Raja, aged 26, has Bachelor's degree in Science - Industrial Engineering from Northwestern University, Evanston, USA.

The Skills / expertise / competence of Shri P.V. Abinav Ramasubramaniam Raja identified by the Board of Directors in the context of the business for effective functioning of the Company is as below:

Industrial Engineering, Strategy Management, Business Management and Information Technology.

He has been on the Board of Rajapalayam Mills Limited since 2017.

He holds 19,51,952 Equity Shares in the Company as on 31-03-2020.

He is the son of Shri P.R. Venketrama Raja, Chairman and Smt. P.V. Nirmala Raju, Director and he is the grandson of Smt. R. Sudarsanam, Managing Director.

He is also a Director in the following Companies:-

1. Ramco Industries Limited, Managing Director
2. Ramco Systems Limited, Whole-Time Director
3. LYNKS Logistics Limited
4. Ramamandiram Management Consultancy Private Limited
5. RCDC Securities and Investments Private Limited

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairman / Member)
Rajapalayam Mills Limited	Corporate Social Responsibility Committee	Member
Ramco Industries Limited	Corporate Social Responsibility Committee	Member
Ramco Systems Limited	Stakeholders Relationship Committee	Member
	Allotment Committee	Member
	Fund Raising Committee	Member

DIRECTORS' REPORT



TO THE MEMBERS

Your Directors have pleasure in presenting their 84th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2020.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2020 after charging all expenses and contribution to P.A.C. Ramasamy Raja Memorial Fund of ₹ 5 Lakhs (which is within the limits prescribed in the Articles of Association) but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of ₹ 6,103.79 Lakhs against ₹ 7,994.33 Lakhs for the previous financial year 2018-19. Summary of Separate Financial Results of the Company is furnished below:

(₹ in Lakhs)

Financial Results	Separate Financials	
	Year ended 31-03-2020	Year ended 31-03-2019
Revenue	38,406.41	44,066.25
Operating Profit : Profit before Interest, Depreciation and Tax (PBIDT)	6,103.79	7,994.33
Less: Interest	2,586.57	2,198.07
Profit before Depreciation and Tax (PBDT)	3,517.22	5,796.26
Less: Depreciation	3,384.65	3,178.05
Profit before Tax	132.57	2,618.21
Less: Tax Expenses		
Current Tax	—	102.47
Excess Income Tax provision related to Earlier Years withdrawn	—	(77.58)
Deferred Tax (withdrawal)	(508.67)	(188.84)
Profit after Tax	641.24	2,782.16
Other Comprehensive Income for the Year (Net of Tax)	(31.04)	(106.48)
Total Comprehensive Income for the Year (TCI)	610.20	2,675.68

2. SHARE CAPITAL

The Paid-up Capital of the Company is ₹ 737.62 Lakhs (Previous Year: ₹ 737.62 Lakhs) consisting of 73,76,160 Shares of ₹ 10/- each.



DIRECTORS' REPORT

3. DIVIDEND

Your Directors have pleasure in recommending a Dividend of ₹ 1/- per share (Previous Year: ₹ 4/- per share). The total amount of Dividend outgo for the year will be ₹ 73.76 Lakhs. The Finance Act, 2020 has amended the provisions related to Tax on Dividend and accordingly the dividend will be taxable in the hands of the Shareholders.

4. TAXATION

The Company has not provided any amount towards Current Tax since total income under regular computation and deemed total income under Section 115JB of the Income Tax Act, 1961 are negative. Deferred Tax of ₹ 508.67 Lakhs has been withdrawn for the financial year 2019-20.

5. MANAGEMENT DISCUSSION AND ANALYSIS

TRADE CONDITIONS

• COTTON

In India, the acreage for cultivation of cotton during the current cotton season 2019-20 (October to September) has increased at 128 Lakh hectares, which is about 6% higher than 121 Lakh hectares reported in last year due to good rainfall in cotton growing areas. There was a sluggish market condition for cotton yarn across the globe, which resulted in reduction of world cotton prices. However, the cotton prices in India during beginning of the cotton season has not come down due to the following reasons:

- (i) The Government of India has increased the Minimum Support Price (MSP) for cotton by 2%,
- (ii) The Cotton Corporation of India (CCI) has commenced the MSP operations across all centers of cotton growing area and covered majority of good quality cotton arrived in the market during the peak cotton season from November, 2019 to March, 2020,
- (iii) CCI, having purchased large volume of cotton under MSP operation, has decided not to sell the cotton below its cost, which created tight supply situation for cotton even during peak arrivals of cotton bales in the market.

As a result, the cotton price in India was not driven by market demand but supported by MSP operations of CCI. The Spinning mills in India were forced to purchase cotton at comparatively higher prices when international prices were falling down, which has affected India's cost competitiveness in the global market. This has not only resulted in de-growth of export volume of yarn, but also paved ways for import of cheaper fabric and garments into India from other countries.



DIRECTORS' REPORT

The outbreak of COVID-19 pandemic in India during the latter part of the cotton season has changed the sentiments in the cotton market from April, 2020 onwards and the prices of major varieties of cotton have dropped by more than 20%.

The Company's focus is to produce more value added count and in order to meet the quality requirement of value added counts, more volume of high quality imported cotton has been procured whenever the prices are cheaper. This strategy has helped the Company to procure diversified varieties of cotton across the global rather than depending only upon the domestic cotton.

- **YARN PRODUCTION**

The production volume has decreased to 122 Lakhs Kgs during the financial year 2019-20 as against 150 Lakhs Kgs of last year, due to the reduction of production capacity and production of value added fine counts of yarn. In Andhra Pradesh Unit, ring frames with a capacity of 4,800 Spindles have been sold and the overall production capacity of the Company has come down by about 3%.

- **SALE OF YARN**

The sale volume has decreased in line with production and accumulation of stock at the end of the financial year 2019-20. The sale volume for the FY 2019-20 stood at 119 Lakh Kgs as compared to 146 Lakh Kgs of last year. The sale value of yarn has decreased to ₹ 347.19 Crores during the FY 2019-20 as compared to ₹ 401.92 Crores of last year.

The Textile Industry, especially spinning sector is in the midst of slowdown. The excess spinning capacity in India coupled with poor demand for yarn from overseas markets has led to accumulation of stock and affected the profitability of spinning mills. The cotton yarn export from India during the financial year 2019-20 has been substantially reduced by 30% as compared to financial year 2018-19.

During the past few years, China has been a major importer of cotton yarn from India and during the financial year 2019-20, it has cut down imports of yarn by 50%. During the FY 2019-20, China had imported 2,283 Lakhs Kgs. of cotton yarn from India as against 4,641 Lakhs Kgs during the last FY 2018-19. The reduction was partly due to general sluggishness prevailed in the textile industry and also partly due to outbreak of corona virus (COVID-19) in China during December, 2019. Though the Company is not having any direct exposure to Chinese market, the sudden drop in export volume has created oversupply situation for yarn, which has affected domestic yarn market and yarn price has started falling down very steeply.



DIRECTORS' REPORT

The outbreak of COVID-19 in India during January, 2020 has affected production and sales of the Company during the month of March, 2020. Various restrictions have been imposed by both Government of India and State Governments on movement of goods and people and the Company was forced to shut down its operations with effect from 25-03-2020 to 05-05-2020.

The Company is taking steps to attract more customers from overseas market and there is a good demand for our yarn from International customers on account of supply of consistent and superior quality of yarn. The Company's focus on value added customized yarn counts viz. Mercerized Yarn, Melange Yarn, Core Yarn etc., will be helpful to mitigate the impact to some extent.

The sale volume of mercerized yarn has increased to 154 Tonnes during the FY 2019-20 (PY: 122 Tonnes) and the mélange yarn volume has increased to 146 Tonnes during the FY 2019-20 (PY: 44 Tonnes). The Company is taking various steps to expand its market presence both in domestic and international markets and hope to achieve higher volume of sales in value added yarns in the forthcoming years.

- **EXPORTS**

We have made export of Cotton Yarn (including merchant exports) for a value of ₹ 104.36 Crores as against ₹ 127.96 Crores of the previous year. In addition to our regular International Market, our sales volume has grown considerably in new markets viz. Turkey, Portugal etc. where our yarn quality is well accepted.

Your Directors are thankful to M/s. Asahi Kasei Advance Corporation, M/s. Doko Spinning Co. Ltd., and M/s. Unitika Ltd., Japan for their continued support and efforts for promotion of exports to Japan.

- **POWER COST**

During the financial year 2019-20, the Company was able to consume power from its own wind farms to the extent of 64% of total power requirement. Because of lower power generation from wind mills, the Company was forced to consume power from other sources which are high cost. In spite of this, the power cost has been decreased during the financial year 2019-20 to ₹ 27.87 Crores as compared to ₹ 36.98 Crores incurred during previous year, due to reduced production capacity and also because of various energy conservation measures taken by the Company.

- **FINANCE COST**

The Finance cost has increased to ₹ 25.87 Crores during the financial year 2019-20 from ₹ 21.98 Crores of previous financial year mainly due to the additional borrowings for modernization of spinning machineries, automation and investments made in machineries to produce value added counts.



DIRECTORS' REPORT

• DIVIDEND INCOME

During the financial year 2019-20, the Company has received dividend income of ₹ 21.28 Crores (PY: ₹ 20.86 Crores), and the particulars of dividend received are provided under Note No.46(a) (viii).

• KEY FINANCIAL RATIOS

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

S.No.	Particulars	31-03-2020	31-03-2019	Formula adopted
1	Debtors Turnover Ratio (Days)	57	50	365 Days / (Net Revenue / Average Trade Receivables)
2	Inventory Turnover Ratio (Days)	151	117	365 Days / (Net Revenue / Average Inventories)
3	Interest Coverage Ratio	1.01	1.91	(Profit Before Tax + Interest) / (Interest + Interest Capitalised)
4	Current Ratio	1.03	1.03	Current Assets / (Total Current Liabilities - Other Financial Liabilities - Current maturities of Long Term Debt)
5	Debt - Equity Ratio	1.96	1.55	Total Debt / Total Equity
6	Operating Profit Margin	17%	19%	EBITDA / Net Revenue
7	Net Profit Margin	2%	7%	Net Profit / Net Revenue
8	Return on Networth	2%	9%	Total Comprehensive Income / Average Net worth
9	Total Debt / EBITDA	9.55	5.74	Total Debt / EBITDA
10	Return on Capital Employed	4%	8%	(TCI + Interest) / (Average of Equity plus Total Debt)
11	Price Earning Ratio	57	22	Market Price per share as at 31 st March / Earning per share)

Notes: a) For serial no. 5 and 9 there have been significant change (ie., 25% or more) in the ratios compared to previous year. The same is due to increase in debt for fabric projects / modernisation of spinning mills.

b) For Serial no. 2,3,7,8,10 and 11, there have been significant change (i.e. 25% or more) in the ratios compared to previous year. The same is due to reduced operating margin on account of general slowdown in the textile industry especially in yarn segment, disparity between yarn and cotton prices and reduced demand in overseas market for yarn, as explained in para 5 above.

c) EBITDA denotes Profit Before Tax + Interest + Depreciation



DIRECTORS' REPORT

6. MODERNISATION / EXPANSION

As a part of continuous thrust on modernization and expansion programme, the Company has invested about ₹ 46 Crores in textile machinery & equipments like, fully automated Ring frames with link cones by replacing old ring frames, contamination picking machines, new waste collection system etc.

7. PROSPECTS FOR THE CURRENT YEAR

The outbreak of deadly pandemic Covid-19 is creating worst ever historical crisis all over the world. All the major economies are getting affected due to this pandemic. Majority of the Governments across the globe have announced lockdown of manufacturing facilities / malls / retail out-lets, which has resulted in grinding halt of demand for various products including textile products. Cotton Association of India has revised its estimate of cotton crop for the season 2019-20 to 330 Lakhs bales, 24.50 Lakhs bales lower than its previous forecast, as most ginning mills were shut down following nationwide lockdown to curb COVID-19 and lack of labour. In order to mitigate the crisis, the Government of India & other government agencies have announced various steps including granting moratorium of principal repayment of term loan and interest payment on term loan / working capital loans. These measures, though will be helpful in managing the short-term cash flow of the Company, more measures & support from the Governments are needed to cope up with the current situation.

The Company's long term strategy on the following areas would definitely be helpful in managing this unprecedented tough situation:

- (a) The Company is having sufficient stock of good quality cotton of both imported & indigenous varieties, which will be helpful in un-interrupted production & supply of yarn to our customers.
- (b) The Company has developed strong customer base and also strengthened its infrastructure to manufacture any kind of yarn demanded by the customers.
- (c) Due to good work practices and cordial relationship with workers for the last 8 decades, we are able to attract all our employees from nearby locations of our Mills. Once the Governments announced the lifting of lockdown order, the Company has immediately resumed the production and sales activity.
- (d) Employees at all levels are trained in Japanese management practices viz., 5S and Total Productive Maintenance (TPM) and their training in these areas will be helpful in implementing various cost cutting measures to mitigate the crisis.
- (e) The Company is already implementing various measures to reduce the power consumption in all departments and is poised to excel as best spinning mills on power consumption standards.
- (f) The Company's decision to make rapid investments in automation and optimization of various production parameters will further improve quality of yarn and cost effective production.



DIRECTORS' REPORT

Efforts are being taken continuously to scale up the production & sale of value added counts like Mélange yarn, Mercerized yarn, core spun yarn etc., which will replace commodity counts in the forthcoming years. With the flexibility to produce value added super fine counts, the Company will continue to make efforts in expanding the marketing activities across the globe to sustain its operations.

8. TRANSFER OF ASSETS FROM ANDHRA PRADESH UNIT

The Company has shifted majority of the machines installed at Andhra Pradesh Unit to the parent unit at Rajapalayam and all the machines have been installed, and the machines are running with better efficiency. The Company has sold all residual machines of AP Unit and has initiated the process of selling the land & building.

9. FABRIC PROJECT

As reported in the last year's report, the Company has implemented a project for establishing yarn dyed weaving unit at Rajapalayam with the capacity of 122 Looms to produce 10 Million meters of fabrics per annum at a cost of ₹ 276 Crores.

Installation of machines have been completed in various phases and the commercial production of the fabric unit has been commenced on 22-03-2020. The sample fabrics produced from the fabric unit has been well accepted by our customers and they have started to place bulk orders. The full economic benefit of the Fabric unit will accrue from the FY 2020-21.

10. WIND MILL

The Company has wind mills with installed capacity of 35.15 MW for its captive power consumption. The wind farm has generated 596 Lakhs Kwh as compared to 622 Lakhs Kwh of the previous year. The wind availability / velocity during the financial year 2019-20 was low as compared to the financial year 2018-19. All the Units generated by wind mills were adjusted for captive consumption at our Mills in Tamil Nadu. The income during the year from the Wind Mill Division was ₹ 39.76 Crores as against ₹ 41.46 Crores of previous year.

11. ASSOCIATE COMPANY

The Company has three Associate Companies viz., M/s. The Ramco Cements Limited, M/s. Ramco Industries Limited and M/s. Ramco Systems Limited.

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

CONSOLIDATED FINANCIAL STATEMENTS

As per provisions of Section 129(3) of the Companies Act, 2013 and Regulation 34 of SEBI (LODR) Regulations, 2015, Companies are required to prepare consolidated financial statements of its Subsidiaries and Associates to be laid before the Annual General Meeting of the Company.



DIRECTORS' REPORT

Accordingly, the consolidated financial statements incorporating the accounts of Associate Companies, viz. M/s. The Ramco Cements Limited, M/s. Ramco Industries Limited, M/s. Ramco Systems Limited, along with the Auditors' Report thereon, forms part of this Annual Report. As per Section 136 (1) of the Companies Act, 2013, the Financial Statements including Consolidated Financial Statements are available at the Company's website at the following link at <http://www.rajapalayammills.co.in>.

The consolidated profit of the Company amounted to ₹ 9,206.79 Lakhs for the year ended 31st March, 2020 as compared to ₹ 10,447.49 Lakhs of the previous year.

The Consolidated Total Comprehensive Income for the year under review is ₹ 9,113.07 Lakhs as compared to ₹ 10,369.96 Lakhs of the previous year.

12. INTERNAL FINANCIAL CONTROLS

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls Policy by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements. ERP System developed by Ramco Systems Limited has been installed for online monitoring of all functions and management information reports are being used to have better internal control system and to take decisions in time.

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

14. DIRECTORS

The Board of Directors at their meeting held on 28-05-2019, based on the recommendation of the Nomination and Remuneration Committee, have re-appointed Smt. R.Sudarsanam as Managing Director for a further period of 3 years starting from 01-04-2020. The Shareholders of the Company have approved her re-appointment at the AGM held on 14-08-2019, by passing a Special Resolution.

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

1. Shri A.V. Dharmakrishnan, (DIN: 00693181)
2. Shri P.V. Abinav Ramasubramaniam Raja, (DIN: 07273249)



DIRECTORS' REPORT

The Independent directors hold office for a fixed term of 5 years and are not liable to retire by rotation.

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

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

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

At the Annual General Meeting held on 10-08-2016, Smt. Soundara Kumar was appointed as an Independent Director for a period of 5 consecutive years commencing 27-08-2015 to 26-08-2020. She is eligible for re-appointment for another period of 5 years as an Independent Director from 27-08-2020 to 26-08-2025. In accordance with Section 149(10) of the Companies Act, 2013, her re-appointment has been proposed in the notice convening the Annual General Meeting as Special Resolution. Her profile and rationale for re-appointment have been provided in the statement pursuant to Section 102 of the Companies Act, 2013 attached to the notice convening the Annual General Meeting.

Smt. P.V. Nirmala Raju (DIN: 00474960) has been co-opted on 24-04-2019 as an Additional Director. She has been appointed as a Director at the AGM held on 14-08-2019.

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

The Audit Committee has four members, out of which three are Independent Directors. Pursuant to Section 177(8) of the Companies Act, 2013, it is reported that there has not been an occasion, where the Board had not accepted any recommendation of the Audit Committee.

In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees.

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

Salient Features of the Nomination and Remuneration Policy:

The objective of the Policy is to ensure that:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;



DIRECTORS' REPORT

- (c) remuneration to directors, key managerial personnel and senior management shall be appropriate to the working of the company and its goals; and
- (d) to carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notifications, amendment or modification as may be applicable.

The Nomination and Remuneration Committee and this Policy shall be in compliance with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The web address of the Policy is at **www.rajapalayammills.co.in/pdf/nomination-and-remunerationpolicy.pdf**.

15. EVALUATION OF BOARD

Pursuant to Section 134(3)(p) of the Companies Act, 2013, and Regulation 25(4) of SEBI (LODR) Regulations, 2015, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, Performance of the Board as a whole and its Members and other required matters.

Pursuant to Schedule II, Part D of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, expertise and contribution brought in by the Independent Director at the Board and Committee Meetings, which shall be taken into account at the time of reappointment of Independent Director.

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

Pursuant to Regulation 4(2)(f)(ii)(9) of SEBI (LODR) Regulations, 2015, the Board of Directors have reviewed and observed that the evaluation frame work of the Board of Directors was adequate and effective.

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

16. MEETINGS

During the year, four Board Meetings were held. The details of the Meetings of the Board and its various Committees are given in Corporate Governance Report.



DIRECTORS' REPORT

17. SECRETARIAL STANDARD

As required under Clause 9 of Secretarial Standard 1, the Board of Directors confirms that the company has complied with applicable Secretarial Standards.

18. PUBLIC DEPOSITS

Pursuant to Rule 8(5)(v) & (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review. There was no outstanding of deposits as on 31-03-2020 (Previous year: NIL). The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

The Company has received a sum of ₹ 170 Lakhs from Directors as deposit / loan during the financial year 2019-20. It has repaid an amount of ₹ 500 Lakhs during the year 2019-20. The loans from Directors are not treated as deposits under Chapter V of the Companies Act, 2013.

19. ORDERS PASSED BY REGULATORS

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

20. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

- (a) the particulars of loans are provided under Note No.46 (a) (xiv) of Separate Financial Statements.
- (b) the particulars of the guarantees and investments are provided under Note No.43 and Note No.9 & 10 respectively of Notes forming part of Separate Financial Statements.
The guarantees are to secure the loans from Banks / Financial Institutions to the borrowers.

21. CORPORATE SOCIAL RESPONSIBILITY

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

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

The CSR obligations pursuant to Section 135(5) of the Companies Act, 2013, for the year 2019-20 is ₹ 57.23 Lakhs. As against this, the Company has spent an amount of ₹ 57.30 Lakhs on CSR. The Company had also spent a sum of ₹ 1.74 Lakhs on other social causes and projects, which do not qualify as CSR expenditure under the classifications listed out in Schedule VII of the Companies Act, 2013.



DIRECTORS' REPORT

The CSR policy is available at the Company's website at the following link at <http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/corporate-social-responsibility-policy.pdf>.

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

22. AUDITS

STATUTORY AUDIT

M/s. N.A. Jayaraman & Co. Chartered Accountants (FRN: 001310S) and M/s. SRSV & Associates, Chartered Accountants (FRN:015041S), who have been appointed as the Statutory Auditors of the Company at the 81st Annual General Meeting, would be the Auditors of the Company till the conclusion of the 86th Annual General Meeting to be held in the year 2022.

As required under Regulation 33(1)(d) of SEBI (LODR) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The report of the Statutory Auditors for the year ended 31st March, 2020 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

SECRETARIAL AUDIT

Shri M.R.L. Narasimha, a Practicing Company Secretary is the Secretarial Auditor of the Company. Pursuant to Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report submitted by the Secretarial Auditor for the year ended 31st March, 2020 is attached as Annexure - III. The report does not contain any qualification, reservation or adverse remark.

COST AUDIT

The Company is required to maintain the accounts and records which have been specified by the Central Government under Section 148(1) of the Companies Act, 2013 as cost records and accordingly such accounts and records are made and maintained by the Company.

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 2020-21 at a remuneration of ₹ 1.40 Lakhs plus applicable taxes and out-of-pocket expenses.

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



DIRECTORS' REPORT

The Cost Audit Report for the financial year 2018-19 due to be filed with Ministry of Corporate Affairs by 30-09-2019 had been filed on 09-09-2019. The Cost Audit Report for the financial year 2019-20 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

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

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

24. EXTRACT OF ANNUAL RETURN

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

In accordance with Section 134(3)(a) of the Companies Act, 2013, the company placed a copy of the annual return on its website at <http://www.rajapalayammills.co.in>.

25. CORPORATE GOVERNANCE

The Company has complied with the requirements regarding Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015. As required under Schedule V(C) of SEBI (LODR) Regulations, 2015, a Report on Corporate Governance being followed by the Company is attached as Annexure - VI. As required under Schedule V(E) of SEBI (LODR) Regulations 2015, a Certificate from the Auditors confirming compliance of conditions of Corporate Governance is also attached as Annexure - VII to this Report.

As required under Regulation 34(3) read with Schedule V para C(10)(i) of SEBI (LODR) Regulations, 2015, Certificate from the Secretarial auditor that none of the Company's Directors have been debarred or disqualified from being appointed or continuing as Directors of Companies, is enclosed as Annexure - VII A.

26. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosures in terms of provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to remuneration are provided in Annexure - VIII.



DIRECTORS' REPORT

27. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 3,320 employees as on 31-03-2020. Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

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

The Statement and disclosures pertaining to the Sexual Harassment of women at workplace (Prevention, prohibition and Redressal) Act, 2013, are available at point no.10 (xii) of Corporate Governance Report.

28. RELATED PARTY TRANSACTION

Prior approval / Omnibus approval is obtained from the Audit Committee for all related party transactions and the transactions are periodically placed before the Audit Committee for its approval. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy" and Regulation 23 of SEBI (LODR) Regulations, 2015. In accordance with Indian Accounting Standard - 24 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No. 47 of disclosures forming part of Financial Statements.

As required under Regulation 46(2)(g) of SEBI (LODR) Regulations, 2015, The Company's Related Party Transaction Policy is disclosed in the Company's website and its web link is <http://www.rajapalayammills.co.in/pdf/related-party-transaction-policy.pdf>.

29. RISK MANAGEMENT POLICY

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimization of risk thereof. The Risk Management Policy of the Company is available at the Company's website, at the following weblink <http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/riskmanagement-policy.pdf>.

30. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Dividend amount of ₹ 2,42,316/- related to the year 2011-12 and ₹ 11,75,155/- related to the year 2012-13 (Interim Dividend) remaining unclaimed / unpaid for a period of over 7 years was transferred to IEPF on 31-08-2019 and 11-03-2020 respectively.



DIRECTORS' REPORT

2,086 Nos. of shares corresponding to the above said Dividends were transferred to IEPF.

The Company had transferred a Dividend of ₹ 7,10,828/- to IEPF for 1,77,707 Nos. of shares already transferred to IEPF.

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

Year	Type of Dividend	Date of Declaration of Dividend	Last date for claiming Unpaid Dividend	Due date for transfer to IEP Fund	No. of Shares of ₹10/- each	Amount of unclaimed / unpaid Dividend as on 31-03-2020 - ₹
2012-2013	Final Dividend	01-08-2013	31-07-2020	29-08-2020	2,28,391	2,28,391
2013-2014	Interim Dividend	03-02-2014	02-02-2021	03-03-2021	2,20,128	11,00,640
	Final Dividend	04-08-2014	03-08-2021	01-09-2021	2,11,814	5,29,535
2014-2015	Dividend	12-08-2015	11-08-2022	09-09-2022	2,61,570	6,53,925
2015-2016	Interim Dividend	16-03-2016	15-03-2023	13-04-2023	2,85,954	8,57,862
2016-2017	Dividend	10-08-2017	09-08-2024	07-09-2024	2,84,409	11,37,636
2017-2018	Dividend	10-08-2018	09-08-2025	07-09-2025	1,19,447	4,77,788
2018-2019	Dividend	14-08-2019	13-08-2026	11-09-2026	1,26,700	5,06,800

31. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31st March, 2020;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2020 and the profit of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



DIRECTORS' REPORT

- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

P.R. VENKETRAMA RAJA
CHAIRMAN

CHENNAI,
24th June, 2020.

ANNEXURE I TO DIRECTORS' REPORT



Form AOC-1

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

Statement containing salient features of the financial statement of Associate Companies

PART A - SUBSIDIARY COMPANY

The Company has no Subsidiary Company.

PART B - ASSOCIATE COMPANY

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

Particulars	2019-20		
Name of the Associate Company	The Ramco Cements Limited	Ramco Industries Limited	Ramco Systems Limited
Last Audited Balance Sheet date	31-03-2020	31-03-2020	31-03-2020
Date on which the Associate was associated / acquired	01-04-2016	01-04-2016	01-04-2016
No. of Shares held as on 31 st March, 2020	3,30,65,000	84,01,680	7,33,531
Amount of Investment in Associate as on 31-03-2020 (₹ in Lakhs)	4,864.91	1,100.81	1,141.55
Extent of Shareholding % as on 31-03-2020	14.04	9.69	2.40
Description of how there is significant influence	Note (1)		
Reason why Associate is not consolidated	Not applicable		
Net worth attributable to Shareholding (₹ in Lakhs)	5,00,699.00	3,20,941.00	60,790.10
Profit / Loss for the Year (Consolidated) (₹ in Lakhs)	60,012.00	16,592.00	2,806.80
a) Considered in Consolidation (₹ in Lakhs)	9,477.42	731.67	64.86
b) Not considered in Consolidation (₹ in Lakhs)	50,534.58	15,860.33	2,741.31

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

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

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

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

CHENNAI,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN



ANNEXURE II TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The objective of the CSR Policy is:

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

Web link to the CSR Policy: <http://www.rajapalayammills.co.in/pdf/corporate-social-responsibility-policy.pdf>

2. The Composition of the CSR Committee:

- Shri P.R. Venketrama Raja, Chairman of the Committee
- Smt. P.V. Nirmala Raju, Member (w.e.f. 24-04-2019)
- Justice Shri P.P.S. Janarthana Raja, Member
- Shri P.V. Abinav Ramasubramaniam Raja, Member

3. Average Net Profit of the Company for last three financial years ₹ 2,861.60 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : ₹ 57.23 Lakhs.

5. Details of CSR spent during the financial year:

- Total amount spent for the financial year: ₹ 57.30 Lakhs.
- Amount unspent, if any: Nil

c. Manner in which the amount spent during the financial year is detailed below: (₹ in lakhs)

Sl. No.	CSR Project (or) Activity Identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or Programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads:	Cumulative Expenditure upto reporting Period	Amount Spent Direct or through implementing Agency.
1	2	3	4	5	6	7	8
1	Eradicating Hunger, Poverty and Malnutrition, promoting health care including preventive health care and Sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available Safe Drinking Water. [Clause (i)]	Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare	Tirunelveli, Dindigul, Virudhunagar & Madurai District (Tamil Nadu) Chittoor Andhra Pradesh	4.94	4.94	4.94	4.94



ANNEXURE II TO DIRECTORS' REPORT

(₹ in lakhs)

Sl. No.	CSR Project (or) Activity Identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or Programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads:	Cumulative Expenditure upto reporting Period	Amount Spent Direct or through implementing Agency.
2.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects [Clause (ii)]	Promotion of Education including Special Education and Livelihood enhancement projects	Virudhunagar, Madurai & Coimbatore District (Tamil Nadu)	46.13	46.13	46.13	46.13
3.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga. [Clause (iv)]	Ensuring Environmental Sustainability	Virudhunagar District (Tamil Nadu)	3.72	3.72	3.72	3.72
4	Protection of National Heritage, Art and Culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts. [Clause (v)]	Promotion and Development of Traditional Arts and Restoration of Building and Sites of Historical Importance and Works of Art	Karur & Virudhunagar District (Tamil Nadu)	1.75	1.75	1.75	1.75
5	Training to promote Rural Sports, Nationally recognized sports, Paralympic Sports and Olympic Sports[Clause (vii)]	Promotion of Nationally Recognised Sports	Virudhunagar District (Tamil Nadu)	0.76	0.76	0.76	0.76
TOTAL				57.30	57.30	57.30	57.30

Note:

- As per Articles of Association of the Company, every year, a provision has been made for an amount not exceeding 3% of the net profit towards P.A.C. Ramasamy Raja Memorial Fund. During the year the Company has spent an amount of ₹ 44.05 Lakhs out of accumulated balance of the above said fund and the same has been included in the above sum of ₹ 57.30 Lakhs.



ANNEXURE II TO DIRECTORS' REPORT

2. The Company has made a provision of ₹ 5 Lakhs towards the above said Fund for the FY 2019-20. This amount has not been included in the above statement and will be considered when the amount is actually spent from the Fund.

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

SHRI P.R. VENKETRAMA RAJA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

CHENNAI,
24th June, 2020.

ANNEXURE III TO DIRECTORS' REPORT



Form MR - 3

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

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

To

The Members,

Rajapalayam Mills Limited, [CIN: L17111TN1936PLC002298]

Rajapalayam Mills Premises,

P.A.C. Ramasamy Raja Salai,

Post Box No.1, Rajapalaiyam - 626 117.

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

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

1. I hereby report that:

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

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

- (i) The Companies Act, 2013 (the Act), and the rules made thereunder.
- (ii) Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Regulations):-
 - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;



ANNEXURE III TO DIRECTORS' REPORT

(c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(v) The following laws, that are specifically applicable to the Company:

(a) Essential Commodities Act, 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003); and

(b) The Electricity Act, 2003.

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

(i) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India and

(ii) The Listing agreement entered into by the Company with BSE Limited.

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

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

(i) Due to non-occurrence of certain events, the Company was not required to comply with the following laws / guidelines / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms / returns under:

(a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(b) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(d) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client.

(f) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and

(g) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;



ANNEXURE III TO DIRECTORS' REPORT

- (ii) There was no law, other than those specified in paragraph 1.2(v) above, that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with specific laws did not arise.

2. I further report that:

- 2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also have three Woman Directors. The change in composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.
- 2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent atleast seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:
- (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and
 - (ii) Additional subjects / information / presentations and supplementary notes.
- Consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards.
- 2.3 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters discussed during the year that were required to be captured and recorded as part of the minutes.

3. I further report that:

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

4. I further report that:

- 4.1 During the audit period, the members have passed a special resolution under Section 180(1)(c) of the Act empowering the Board of Directors to borrow moneys provided that the amounts borrowed and outstanding at any point of time does not exceed ₹ 750 Crores, apart from temporary loans from company's bankers in the ordinary course of business.

Coimbatore,
24th June, 2020.

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



ANNEXURE III TO DIRECTORS' REPORT

Annexure - A to Secretarial Audit Report of even date

To,

The Members,

Rajapalayam Mills Limited, [CIN: L17111TN1936PLC002298]

Rajapalayam Mills Premises,

P.A.C. Ramasamy Raja Salai,

Post Box No.1, Rajapalaiyam - 626 117.

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

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

Coimbatore,
24th June, 2020.

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



ANNEXURE IV TO DIRECTORS' REPORT

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

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

A. CONSERVATION OF ENERGY

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

- | | | |
|---|---|--|
| (i) the steps taken on conservation of energy | : | <p>Introduction of parking time in Overhead cleaners for running time optimization.</p> <p>Installation of Energy efficient Transformers</p> <p>Installation of Energy efficient Waste Collection System.</p> <p>Optimization of suction pressures in Carding, Comber and Humidification systems.</p> <p>Reduction of air leakage by arresting air leakage points.</p> |
| Impact on conservation of energy | : | The above steps have resulted in power saving of 6 Lakhs units per annum. |
| (ii) the steps taken by the Company for utilising alternate sources of energy | : | NIL |
| (iii) the capital investment on energy conservation equipments | : | NIL |

B. TECHNOLOGY ABSORPTION

- | | | |
|---|---|---|
| (i) the efforts made towards technology absorption | : | Installation of automatic bale plucker machine for reduction of man power. |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution | : | <p>Pot size conversion in TFO machines for enhancing quality and reduction of man power.</p> <p>Twin yarn conversion in Spinning machines</p> <p>The Company installed new modernized contamination detector machines at various stages of production, which effectively eliminate contaminations in cotton and yarn.</p> |
| (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | : | |
| (a) the details of technology imported | : | NIL |
| (b) the year of import | : | NIL |
| (c) whether the technology been fully absorbed | : | Not Applicable |



ANNEXURE IV TO DIRECTORS' REPORT

- (d) if not fully absorbed, areas where
absorption has not taken place : Not Applicable
and the reasons thereof; and
- (iv) the expenditure incurred on : Not Applicable
Research and Development

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of : ₹ 9,469 Lakhs
actual inflows during the year and

The Foreign Exchange outgo during the: ₹ 11,642 Lakhs
year in terms of actual outflows.

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

P.R. VENKETRAMA RAJA
CHAIRMAN

CHENNAI,
24th June, 2020.



ANNEXURE V TO DIRECTORS' REPORT

Form MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L17111TN1936PLC002298
Registration Date	24-02-1936
Name of the Company	RAJAPALAYAM MILLS LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and Contact details	Rajapalayam Mills Premises, P.A.C.Ramasamy Raja Salai, Post Box No.1, Rajapalaiyam, Tamil Nadu, Pin: 626 117.
Whether listed Company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Share Transfer is being carried out in-house.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
Yarn	13111	90.40%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1. The Ramco Cements Limited "Ramamandiram", Rajapalayam - 626 117. Tamil Nadu.	L26941TN1957 PLC003566	Associate	14.04%	2 (6)
2. Ramco Industries Limited 47, P.S.K. Nagar, Rajapalayam - 626 108. Tamil Nadu.	L26943TN1965 PLC005297	Associate	9.69%	2 (6)
3. Ramco Systems Limited 47, P.S.K. Nagar, Rajapalayam - 626 108. Tamil Nadu.	L72300TN1997 PLC037550	Associate	2.40%	2 (6)



ANNEXURE V TO DIRECTORS' REPORT

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

i) Category-Wise Share Holding

Category of Shareholder		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individuals/ Hindu Undivided Family	36,01,380	–	36,01,380	48.83	36,12,580	–	36,12,580	48.98	0.15
b)	Central Government	–	–	–	–	–	–	–	–	–
c)	State Government(s)	–	–	–	–	–	–	–	–	–
d)	Bodies Corporate	3,20,440	–	3,20,440	4.34	3,20,440	–	3,20,440	4.34	–
e)	Financial Institutions/ Banks	–	–	–	–	–	–	–	–	–
f)	Any Others...	–	–	–	–	–	–	–	–	–
Sub Total(A)(1)		39,21,820	–	39,21,820	53.17	39,33,020	–	39,33,020	53.32	0.15
(2)	Foreign									
a)	NRIs – Individuals	–	–	–	–	–	–	–	–	–
b)	Other Individuals	–	–	–	–	–	–	–	–	–
c)	Bodies Corporate	–	–	–	–	–	–	–	–	–
d)	Financial Institutions/ Banks	–	–	–	–	–	–	–	–	–
e)	Any Others	–	–	–	–	–	–	–	–	–
Sub Total(A)(2)		–	–	–	–	–	–	–	–	–
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		39,21,820	–	39,21,820	53.17	39,33,020	–	39,33,020	53.32	0.15



ANNEXURE V TO DIRECTORS' REPORT

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

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public shareholding Institutions									
a) Mutual Funds	1,78,821	–	1,78,821	2.42	1,85,932	–	1,85,932	2.52	0.10
b) Financial Institutions / Banks	–	1,860	1,860	0.02	–	1,860	1,860	0.02	–
c) Central Government	–	–	–	–	–	–	–	–	–
d) State Government(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) Foreign Institutional Investors	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (NBFC)	250	–	250	0.01	–	–	–	–	(0.01)
Sub-Total (B)(1)	1,79,071	1,860	1,80,931	2.45	1,85,932	1,860	1,87,792	2.54	0.09
(2) Non-institutions									
a) Bodies Corporate									
i) Indian *	1,69,665	900	1,70,565	2.31	1,21,568	900	1,22,468	1.66	(0.65)
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	12,10,198	2,84,939	14,95,137	20.28	12,17,197	2,34,868	14,52,065	19.69	(0.59)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	9,40,419	3,51,820	12,92,239	17.52	9,59,621	3,05,140	12,64,761	17.15	(0.37)
c) Others (Specify)									
NRI	41,563	–	41,563	0.56	46,048	–	46,048	0.62	0.06
IEPF	1,77,707	–	1,77,707	2.41	1,79,793	–	1,79,793	2.44	0.03
FPI	44,361	–	44,361	0.60	32,182	–	32,182	0.44	(0.16)
Clearing Member	2,796	–	2,796	0.04	87,605	–	87,605	1.19	1.15
HUF	49,041	–	49,041	0.66	70,426	–	70,426	0.95	0.29
Sub-Total (B)(2)	26,35,750	6,37,659	32,73,409	44.38	27,14,440	5,40,908	32,55,348	44.14	(0.24)
B Total Public Shareholding (B)=(B)(1)+(B)(2)	28,14,821	6,39,519	34,54,340	46.83	29,00,372	5,42,768	34,43,140	46.68	(0.15)
C Shares held by Custodians for GDRs & ADRs	–	–	–	–	–	–	–	–	–
GRAND TOTAL (A)+(B)+(C)	67,36,641	6,39,519	73,76,160	100.00	68,33,392	5,42,768	73,76,160	100.00	0.00

* Note: Includes Shares in Unclaimed Shares Suspense Account (opening - 6,990 Shares; Closing - 5,220)



ANNEXURE V TO DIRECTORS' REPORT

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Shri P.R. Venketrama Raja	14,66,080	19.88	–	14,66,080	19.88	–	–
2.	Smt. P.V. Nirmala Raju	2,720	0.04	–	13,920	0.19	–	0.15
3.	Shri P.V. Abinav Ramasubramaniam Raja	19,51,952	26.46	–	19,51,952	26.46	–	–
4.	Smt. Ramachandra Raja Chittammal	82,628	1.12	–	82,628	1.12	–	–
5.	Smt. Nalina Ramalakshmi	6,720	0.09	–	6,720	0.09	–	–
6.	Smt. Saradha Deepa	10,960	0.15	–	10,960	0.15	–	–
7.	Smt. P.V. Sri Sandhya	16,560	0.22	–	16,560	0.22	–	–
8.	Smt. R. Sudarsanam	63,760	0.86	–	63,760	0.86	–	–
9.	M/s. Ramco Industries Limited	1,27,360	1.73	–	1,27,360	1.73	–	–
10.	M/s. The Ramaraju Surgical Cotton Mills Limited	1,35,200	1.83	–	1,35,200	1.83	–	–
11.	M/s. Sri Vishnu Shankar Mill Limited	29,740	0.40	–	29,740	0.40	–	–
12.	M/s. Ramco Management Private Limited	2,040	0.03	–	2,040	0.03	–	–
13.	M/s. Sandhya Spinning Mill Limited	500	0.01	–	500	0.01	–	–
14.	M/s. The Ramco Cements Limited	25,600	0.35	–	25,600	0.35	–	–
	TOTAL	39,21,820	53.17	–	39,33,020	53.32	–	0.15

(iii) Change in Promoters' Shareholding

Sl. No.	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
	No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	39,21,820	53.17	01-04-2019				
			17-12-2019	11,200	Market Purchase	39,33,020	53.32
	39,33,020	53.32	31-03-2020				



ANNEXURE V TO DIRECTORS' REPORT

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

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.a	Shri Govindlal M Praikh Joint Holder: Chinmay.G.Parikh	2,46,657	3.34	01-04-2019				
				03-05-2019	2,620	Transfer	2,49,277	3.38
				12-07-2019	3,639	Transfer	2,52,916	3.43
				19-07-2019	795	Transfer	2,53,711	3.44
				26-07-2019	2,000	Transfer	2,55,711	3.47
				18-10-2019	283	Transfer	2,55,994	3.47
				25-10-2019	874	Transfer	2,56,868	3.48
				01-11-2019	2,533	Transfer	2,59,401	3.52
				22-11-2019	6,158	Transfer	2,65,559	3.60
				29-11-2019	3,070	Transfer	2,68,629	3.64
				06-12-2019	630	Transfer	2,69,259	3.65
				13-12-2019	1,314	Transfer	2,70,573	3.67
		2,70,573	3.67	31-03-2020				
1.b	Shri Govindlal M Parikh	63,200	0.86	01-04-2019				
		63,200	0.86	31-03-2020				
2.a	Sundaram Mutual Fund A/c Sundaram Long term Micro Cap Tax Advantage Fund Series III	15,770	0.21	01-04-2019				
				29-11-2019	(658)	Transfer	15,112	0.20
				13-12-2019	(191)	Transfer	14,921	0.20
		14,921	0.20	31-03-2020				
2.b	Sundaram Mutual Fund A/c Sundaram Long term Micro Cap Tax Advantage Fund Series IV	11,787	0.16	01-04-2019				
		11,787	0.16	31-03-2020				
2.c	Sundaram Mutual Fund A/c Sundaram Value Fund - Series VIII	10,705	0.15	01-04-2019				
		10,705	0.15	31-03-2020				
2.d	Sundaram Mutual Fund A/c Sundaram Long Term Micro Cap Tax Advantage Fund - Series V	10,405	0.14	01-04-2019				
		10,405	0.14	31-03-2020				
2.e	Sundaram Mutual Fund A/c Sundaram Select Micro Cap Series XIV	28,006	0.38	01-04-2019				
		28,006	0.38	31-03-2020				



ANNEXURE V TO DIRECTORS' REPORT

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

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
2.f	Sundaram Mutual Fund A/c Sundaram Select Micro Cap Series - XV	27,041	0.37	01-04-2019				
		27,041	0.37	31-03-2020				
2.g	Sundaram Mutual Fund A/c Sundaram Long Term Tax Advantage Fund - Series - III	6,548	0.09	01-04-2019				
		6,548	0.09	31-03-2020				
2.h	Sundaram Mutual Fund A/c Sundaram Emerging Small Cap - Series I	23,044	0.31	01-04-2019				
		23,044	0.31	31-03-2020				
2.i	Sundaram Mutual Fund A/c Sundaram Long Term Tax Advantage Fund - Series IV	5,153	0.07	01-04-2019				
		5,153	0.07	31-03-2020				
2.j	Sundaram Mutual Fund A/c Sundaram Emerging Small Cap - Series II	17,224	0.23	01-04-2019				
		17,224	0.23	31-03-2020				
2.k	Sundaram Mutual Fund A/c Sundaram Emerging Small Cap - Series III	4,123	0.06	01-04-2019				
				05-04-2019	419	Transfer	4,542	0.06
				19-04-2019	232	Transfer	4,774	0.06
				26-04-2019	853	Transfer	5,627	0.08
				17-05-2019	1,485	Transfer	7,112	0.10
				24-05-2019	1,798	Transfer	8,910	0.12
				24-01-2020	2,202	Transfer	11,112	0.15
				31-01-2020	2,342	Transfer	13,454	0.18
		13,454	0.18	31-03-2020				
2.l	Sundaram Mutual Fund A/c Sundaram Emerging Small Cap - Series IV	3,001	0.04	01-04-2019				
				05-04-2019	305	Transfer	3,306	0.04
				19-04-2019	168	Transfer	3,474	0.05
				26-04-2019	620	Transfer	4,094	0.05
				17-05-2019	1,082	Transfer	5,176	0.07
				24-05-2019	1,307	Transfer	6,483	0.09
				24-01-2020	1,592	Transfer	8,075	0.11
				31-01-2020	1,693	Transfer	9,768	0.13
		9,768	0.13	31-03-2020				



ANNEXURE V TO DIRECTORS' REPORT

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

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
2.m	Sundaram Mutual Fund A/c Sundaram Emerging Small Cap - Series V	1,144	0.02	01-04-2019				
				05-04-2019	116	Transfer	1,260	0.02
				19-04-2019	64	Transfer	1324	0.02
				26-04-2019	237	Transfer	1561	0.02
				17-05-2019	413	Transfer	1974	0.03
				24-05-2019	498	Transfer	2472	0.03
				24-01-2020	598	Transfer	3070	0.04
				31-01-2020	637	Transfer	3707	0.05
		3,707	0.05	31-03-2020				
2.n	Sundaram Mutual Fund A/c Sundaram Emerging Small Cap - Series VI	4,169	0.06	01-04-2019				
		4,169	0.06	31-03-2020				
3	Sri-La-Sri Shanmukadesika Gnanasambanda Paramarcharya Swamigal	1,02,400	1.39	01-04-2019				
		1,02,400	1.39	31-03-2020				
4	Citibank N.A. (Clearing Member)	-	-	01-04-2019				
				27-09-2019	13	Transfer	13	0.00
				04-10-2019	(13)	Transfer	-	-
				11-10-2019	818	Transfer	-	0.01
				18-10-2019	(818)	Transfer	-	-
		87,000	1.18	31-03-2020	87,000	Transfer	87,000	1.18
5	Smt. Chinmay G Parikh Joint Holder: Shri Govindlal M Parikh	61,876	0.84	01-04-2019				
		61,876	0.84	31-03-2020				
6	Rajapalayam Palayapalayam Rajus Common Mahimai Fund	51,200	0.69	01-04-2019				
		51,200	0.69	31-03-2020				
7	Smt. DH Dharshini Raaja	48,981	0.66	01-04-2019				
		48,981	0.66	31-03-2020				
8	Shri V. Ganesa ramasubramanian	46,880	0.64	01-04-2019				
		46,880	0.64	31-03-2020				
9	Smt. Poosapadi Sankera Raja Ramani Devi	45,580	0.62	01-04-2019				
		45,580	0.62	31-03-2020				
10	Shri Ettappanaickerayyen J.V.R.M.K.V	40,960	0.56	01-04-2019				
		40,960	0.56	31-03-2020				



ANNEXURE V TO DIRECTORS' REPORT

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri P.R. Venketrama Raja	14,66,080	19.88	N.A.	N.A.	N.A.		
		14,66,080	19.88	N.A.	N.A.	N.A.	14,66,080	19.88
2.	Smt. R. Sudarsanam	63,760	0.86	N.A.	N.A.	N.A.		
		63,760	0.86	N.A.	N.A.	N.A.	63,760	0.86
3.	Smt. P.V. Nirmala Raju (w.e.f.24-04-2019)	2,720	0.04					
		2,720	0.04	17-12-2019	11,200	Market Purchase	13,920	0.19
4.	Shri S.S. Ramachandra Raja	24,480	0.33	N.A.	N.A.	N.A.		
		24,480	0.33	N.A.	N.A.	N.A.	24,480	0.33
5.	Shri N.K. Ramasuwami Raja	15,400	0.21	N.A.	N.A.	N.A.		
		15,400	0.21	N.A.	N.A.	N.A.	15,400	0.21
6.	Shri A.V. Dharmakrishnan	1,100	0.01	N.A.	N.A.	N.A.		
		1,100	0.01	N.A.	N.A.	N.A.	1,100	0.01
7.	Justice Shri P.P.S. Janarthana Raja	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
8.	Shri V. Santhanaraman	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
9.	Shri K.B. Nagendra Murthy	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
10.	Smt. Soundara Kumar	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
11.	Shri P.V. Abinav Ramasubramaniam Raja	19,51,952	26.46	N.A.	N.A.	N.A.		
		19,51,952	26.46	N.A.	N.A.	N.A.	19,51,952	26.46
12.	Shri P.A.S. Alaghar Raja	6,520	0.09	N.A.	N.A.	N.A.		
		6,520	0.09	N.A.	N.A.	N.A.	6,520	0.09
13.	Shri B. Gnanagurusamy	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
14.	Shri A. Arulpranavam	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL

ANNEXURE V TO DIRECTORS' REPORT



V. INDEBTEDNESS

(₹ in Lakhs)

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	32,888.60	12,959.88	–	45,848.48
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	102.17	34.89	–	137.05
Total (i + ii + iii)	32,990.76	12,994.77	–	45,985.53
Change in Indebtedness during the financial year				
Addition	13,440.74	4,292.59	–	17,733.33
Reduction	(2,925.82)	(2,243.73)	–	(5,169.55)
Net Change	10,514.92	2,048.86	–	12,563.78
Indebtedness at the end of the financial year				
i) Principal Amount	43,306.51	14,989.30	–	58,295.81
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	199.17	54.33	–	253.50
Total (i + ii + iii)	43,505.68	15,043.63	–	58,549.31

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Smt. R. Sudarsanam Managing Director	Total Amount
1	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	240.00	240.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission as % of profit	–	–
5	Sitting Fees	1.20	1.20
6	Contribution to Provident Fund	28.80	28.80
7	Contribution to Superannuation Fund	1.50	1.50
	Total (A)	271.50	271.50
	Ceiling as per Act	Managing Director remuneration is fixed at 5% of net profits of the Company and in case, no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part II of Schedule V of the Companies Act, 2013 which works out to ₹ 270.30 Lakhs plus applicable sitting fees.	



ANNEXURE V TO DIRECTORS' REPORT

B. REMUNERATION TO OTHER DIRECTORS:

1. Independent Directors

(₹ in Lakhs)

Particulars of Remuneration	Name of the Directors						Total Amount
	Shri N.K. Ramasuwami Raja	Justice Shri P.P.S. Janarthana Raja	Shri V. Santhanaraman	Shri K.B. Nagendra Murthy	Smt Soundara Kumar	Shri P.A.S. Alaghar Raja	
Fee for attending board / committee meetings	3.00	3.60	1.50	1.80	1.20	1.20	12.30
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (1)	3.00	3.60	1.50	1.80	1.20	1.20	12.30

2. Other Non-Executive Director

Particulars of Remuneration	Name of the Directors					Total Amount
	Shri P.R. Venketrama Raja	Shri A.V. Dharmakrishnan	Shri S.S. Ramachandra Raja	Smt. P.V. Nirmala Raja (w.e.f. 24-04-2019)	Shri P.V. Abinav Ramasubramaniam Raja	
Fee for attending board / committee meetings	1.50	2.70	1.50	1.20	0.90	7.80
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	1.50	2.70	1.50	1.20	0.90	7.80
Total B (1) + (2)						20.10
Overall Ceiling as per the Act	1% of the Net Profits of the Company, calculated as per Section 198 of the Companies Act, 2013.					
Total Managerial Remuneration (A+B)						291.60

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri B. Gnanagurusamy Chief Financial Officer	Shri A. Arulpranavam Company Secretary	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	42.64	11.00	53.64
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	–	0.32
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	- as % of profit	–	–	–
	- Others, specify	–	–	–
5	Others, please specify	–	–	–
	Total	42.96	11.00	53.96



ANNEXURE V TO DIRECTORS' REPORT

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

P.R. VENKETRAMA RAJA
CHAIRMAN

CHENNAI,
24th June, 2020.



ANNEXURE VI TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Since inception, Rajapalayam Mills Limited is assiduously following its determined goals on Corporate Governance. The object of the Company is to protect and enhance the value of all the stakeholders of the Company viz., shareholders, creditors, customers and employees. It strives to achieve these objectives through high standards in dealings and following business ethics in all its activities.

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

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

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

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

2. BOARD OF DIRECTORS

The Board of Directors is headed by the Chairman Shri P.R. Venketrama Raja. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Finance, Law, Engineering, etc. The Board had 12 Directors as on 31-03-2020. Except Smt. R. Sudarsanam, all other Directors are Non-Executive. As required under Regulation 17 of the SEBI(LODR) Regulations, 2015 not less than 50% of the Board consists of Independent Directors.

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



ANNEXURE VI TO DIRECTORS' REPORT

- Textile Technology
- Strategy Management
- Business Management
- Banking and Financial Management
- Project Management
- Risk Management including Foreign Exchange Management
- Industrial Relationship Management, including Environment, Health and Safety
- Legal Knowledge
- Human Resource Management
- Tax Planning and Management
- Information Technology
- General Administration
- Industrial Engineering

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

DIRECTORS' PROFILE

SHRI P.R. VENKETRAMA RAJA

Shri P.R. Venketrama Raja aged 61, has a Bachelor's Degree in Chemical Engineering from University of Madras and Masters in Business Administration from University of Michigan, USA. He has been on the Board of Rajapalayam Mills Limited since 1986. He has more than 3 decades of Industrial Experience with specific knowledge in Textiles, Cement and Information Technology sectors.

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

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

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



ANNEXURE VI TO DIRECTORS' REPORT

SMT. R. SUDARSANAM

Smt. R. Sudarsanam aged 78, has knowledge and rich experience in Textile Industry and she has been on the Board of Rajapalayam Mills Limited since 1996. She was appointed as the Managing Director of the Company on 01-07-2002.

Skill / Expertise / Competency	Business Management and General Administration.
--------------------------------	---

Other than M/s. Rajapalayam Mills Limited Smt. R. Sudarsanam does not hold Directorship in any other listed entity.

SMT. P.V. NIRMALA RAJU

Smt. P.V. Nirmala Raju aged 54, has a Bachelor's Degree in Computer Science Engineering from Anna University and Masters in Arts in Applied Educational Leadership & Management from University of London. She has specialized knowledge and experience in Textile Industry for more than a decade. She has been on the Board of Rajapalayam Mills Limited since April, 2019.

Skill / Expertise / Competency	Information Technology, Strategy Management, Business Management and General Administration.
--------------------------------	--

Other than M/s. Rajapalayam Mills Limited Smt. P.V. Nirmala Raju does not hold Directorship in any other listed entity.

SHRI S.S. RAMACHANDRA RAJA

Shri S.S. Ramachandra Raja aged 84, has a Bachelor's Degree in science and he has been on the Board of Rajapalayam Mills Limited since 1992. He has knowledge and Experience in Textiles, Cement and Information Technology sectors.

Skill / Expertise / Competency	Business Management and General Administration
--------------------------------	--

Names of the listed entities other than M/s. Rajapalayam Mills Limited in which Shri S.S. Ramachandra Raja is a Director and his category of Directorship:

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

ANNEXURE VI TO DIRECTORS' REPORT



SHRI N.K. RAMASUWAMI RAJA

Shri N.K. Ramasuwami Raja, aged 77, holds a Degree in Science and he has been on the Board of Rajapalayam Mills Limited since 1980. He is a Managing Director of Madras Chipboard Limited. He has knowledge and experience in Textiles

Skill / Expertise / Competency	Business Management and General Administration
--------------------------------	--

Other than M/s. Rajapalayam Mills Limited Shri N.K. Ramasuwami Raja does not hold Directorship in any other listed entity.

SHRI A.V. DHARMAKRISHNAN

Shri A.V. Dharmakrishnan aged 63, a Chartered Accountant, started his career in 1982 at The Ramco Cements Limited. He is presently holding the position of Chief Executive Officer in The Ramco Cements Limited. He has been on Board of Rajapalayam Mills Limited since 2008. He has specialized knowledge and rich experience in Finance and Taxation matters.

Skill / Expertise / Competency	Strategy Management, Business Management, Banking and Financial Management, Risk Management including Foreign Exchange Management, Tax Planning and Management.
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Names of the listed entities other than M/s. Rajapalayam Mills Limited in which Shri A.V. Dharmakrishnan is a Director and his category of Directorship:

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

JUSTICE SHRI P.P.S. JANARTHANA RAJA

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

Skill / Expertise / Competency	Expert Legal Knowledge, Tax Planning and Management
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ANNEXURE VI TO DIRECTORS' REPORT

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

Name of the Company	Category of Directorship
Ramco Systems Limited	Non-Executive & Independent
The Ramaraju Surgical Cotton Mills Limited	Non-Executive & Independent

SHRI V. SANTHANARAMAN

Shri. V. Santhanaraman aged 70 years, holds a degree in Commerce and C.A.I.I.B. He has been on the Board of Rajapalayam Mills Limited since 2013. He has more than 40 Years of experience in Banking Sector. He had held the positions of General Manager in Indian Bank from 1998 to 2006 and Executive Director in Bank of Baroda from October, 2006 to August, 2009.

Skill / Expertise / Competency	Banking & Financial Management, Risk Management including Foreign Exchange Management
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Names of the listed entities other than M/s. Rajapalayam Mills Limited in which Shri V. Santhanaraman is a Director and his category of Directorship:

Name of the Company	Category of Directorship
Ramco Industries Limited	Non-Executive & Independent
The Ramaraju Surgical Cotton Mills Limited	Non-Executive & Independent

SHRI K.B. NAGENDRA MURTHY

Shri K.B. Nagendra Murthy aged 69 years, holds a Master degree in Commerce and C.A.I.I.B. He has been on the Board of Rajapalayam Mills Limited since 2014. He has more than 40 years of experience in Banking Sector. He had held the positions of General Manager in Indian Bank from 2002 to 2009 and Managing Director & CEO in Tamilnad Mercantile Bank Ltd from 2012 to 2014.

Skill / Expertise / Competency	Banking & Financial Management, Risk Management including Foreign Exchange Management
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Other than M/s. Rajapalayam Mills Limited Shri K.B. Nagendra Murthy does not hold Directorship in any other listed entity.

ANNEXURE VI TO DIRECTORS' REPORT



SMT. SOUNDARA KUMAR

Smt. Soundara Kumar aged 65 years holds a degree in Science and C.A.I.I.B. She has been on the Board Rajapalayam Mills Limited since 2015. She has nearly 40 years of experience in Banking Sector. She had held the position of General Manager (Retail Banking), Chief General Manager (Small & Medium Enterprises) and Chief General Manager (Rural Business) in State Bank of India. She was the CEO of SBI (California) and CEO of SBI (Los Angeles) Agency during the years 2002 to 2004. She was appointed as the Managing Director of State Bank of Indore from 2008 to 2010.

Skill / Expertise / Competency	Banking & Financial Management, Risk Management including Foreign Exchange Management
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Names of the listed entities other than M/s. Rajapalayam Mills Limited in which Smt. Soundara Kumar is a Director and her category of Directorship:

Name of the Company	Category of Directorship
Ramco Systems Limited	Non-Executive & Independent
Shanthi Gears Limited	Non-Executive & Independent
Tamil Nadu Newsprint and Papers Limited	Non-Executive & Independent
Bank of Baroda	Non-Executive & Independent
Carborundum Universal Limited	Non-Executive & Independent

SHRI P.V. ABINAV RAMASUBRAMANIAM RAJA

Shri P.V. Abinav Ramasubramaniam Raja aged 26, has Bachelor's degree in Science - Industrial Engineering from Northwestern University, Evanston, USA. He has been on the Board of Rajapalayam Mills Limited since 2017. He is holding the position of Managing Director in M/s. Ramco Industries Limited and whole time Director in M/s. Ramco Systems Limited.

Skill / Expertise / Competency	Industrial Engineering, Strategy Management, Business Management and Information Technology.
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Names of the listed entities other than M/s. Rajapalayam Mills Limited in which Shri P.V. Abinav Ramasubramaniam Raja is a Director and his category of Directorship:

Name of the Company	Category of Directorship
Ramco Industries Limited	Managing Director & Non-Independent
Ramco Systems Limited	Whole Time Director & Non-Independent



ANNEXURE VI TO DIRECTORS' REPORT

SHRI P.A.S. ALAGHAR RAJA

Shri P.A.S. Alaghar Raja aged 44 years, holds a Diploma in Textile Technology. He has specialized knowledge and experience in Textile Industry for nearly 2 decades. He has been on the Board of Rajapalayam Mills Limited since 2017. He is a Whole time Director of M/s. Tirupathi YarnTex Spinners Private Limited.

Skill / Expertise / Competency	Textiles Technology, Business Management and General Administration
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Other than M/s. Rajapalayam Mills Limited Shri P.A.S. Alaghar Raja does not hold Directorship in any other listed entity.

The Board of Directors have confirmed at the Meeting held on 24-06-2020 that all the above Independent Directors fulfil the conditions specified in SEBI (LODR) Regulations, 2015 and are independent of the management.

During the year under review, no Independent Director has resigned.

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

Sl. No.	Name of the Director, Director Identification Number (DIN) & Directorship	Board Meetings held on				Attendance at last AGM 14-08-2019
		28-05-2019	13-08-2019	12-11-2019	12-02-2020	
1.	Shri P.R. Venketrama Raja Chairman DIN : 00331406, Directorship: P & NE	Yes	Leave	Yes	Yes	Leave
2.	Smt. R. Sudarsanam Managing Director DIN: 00433926, Directorship: P & E	Yes	Yes	Yes	Yes	Yes
3.	Smt. P.V. Nirmala Raju DIN: 00474960 Directorship: P & NE (w.e.f. 24-04-2019)	Yes	Yes	Yes	Leave	Yes
4.	Shri S.S. Ramachandra Raja DIN: 00331491, Directorship: NE	Yes	Yes	Yes	Yes	Yes
5.	Shri N.K. Ramasuwami Raja DIN: 00432698, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes
6.	Shri A.V. Dharmakrishnan DIN : 00693181, Directorship: NE	Yes	Yes	Yes	Yes	Yes
7.	Justice Shri P.P.S. Janarthana Raja DIN: 06702871, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes



ANNEXURE VI TO DIRECTORS' REPORT

Sl. No.	Name of the Director, Director Identification Number (DIN) & Directorship	Board Meetings held on				Attendance at last AGM 14-08-2019
		28-05-2019	13-08-2019	12-11-2019	12-02-2020	
8.	Shri V. Santhanaraman DIN: 00212334, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes
9.	Shri K.B. Nagendra Murthy DIN: 00359864, Directorship: NE & ID	Yes	Yes	Yes	Leave	Leave
10.	Smt. Soundara Kumar DIN: 01974515, Directorship: NE & ID	Leave	Yes	Yes	Yes	Leave
11.	Shri P.V. Abinav Ramasubramaniam Raja DIN: 07273249, Directorship: P & NE	Leave	Yes	Yes	Yes	Yes
12.	Shri P.A.S. Alaghar Raja DIN: 00487312, Directorship: NE & ID	Leave	Yes	Yes	Yes	Yes

P- Promoter

E - Executive

NE - Non Executive

ID - Independent

Other Directorships

The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on 31-03-2020 are given below:

Sl. No.	Name of the Director	Other Directorships *	Committee Positions **	
			Chairperson	Member
1.	Shri P.R. Venketrama Raja	8	3	3
2.	Smt. R.Sudarsanam	3	–	–
3.	Smt. P.V. Nirmala Raju (w.e.f. 24-04-2019)	1	–	–
4.	Shri S.S. Ramachandra Raja	3	–	–
5.	Shri N.K. Ramasuwami Raja	2	–	–
6.	Shri A.V. Dharmakrishnan	6	–	3
7.	Justice Shri P.P.S. Janarthana Raja	3	1	2
8.	Shri V. Santhana Raman	2	–	–
9.	Shri K.B. Nagendra Murthy	2	1	1
10.	Smt. Soundara Kumar	6	2	4
11.	Shri P.V. Abinav Ramasubramaniam Raja	3	–	1
12.	Shri P.A.S. Alaghar Raja	2	–	1

* Public Limited Companies other than Rajapalayam Mills Limited.

** Audit Committee and Stakeholders' Relationship Committee of Public Limited Companies, other than Rajapalayam Mills Limited.



ANNEXURE VI TO DIRECTORS' REPORT

During the year, a separate meeting of the Independent Directors was held on 11-02-2020 and all the Independent Directors except Shri K.B. Nagendra Murthy were present at the meeting.

Disclosure of relationships between Directors inter-se

Shri P.R. Venketrama Raja is son of Smt. R. Sudarsanam. Shri P.V. Abinav Ramasubramaniam Raja is son of Shri P.R. Venketrama Raja and Smt. P.V. Nirmala Raju

Details of familiarisation programme for Independent Directors

The details of the Familiarisation Programme for Independent Directors are available at the Company's website, at the following link at <http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/familiarization-programme-for-independent-directors-31-03-2020.pdf>.

The Board of Directors periodically review Compliance Reports pertaining to all Laws applicable to the Company. No non-compliance was reported during the year under review.

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

A Code of Conduct has been laid out for all Members of the Board and Senior Management suitably incorporating the duties of Independent Directors as laid down in the Companies Act, 2013. The Code is available at the Company's website, at the following link at - <http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/code-of-conduct-for-board-members-and-senior-management-personnel.pdf>.

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

3. AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

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

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



ANNEXURE VI TO DIRECTORS' REPORT

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

Sl. No.	Name of the Director	Audit Committee Meetings held on			
		27-05-2019	12-08-2019	12-11-2019	12-02-2020
1.	Justice Shri P.P.S. Janarthana Raja, Chairman of the Committee	Yes	Yes	Yes	Yes
2.	Shri N.K. Ramasuwami Raja	Yes	Yes	Yes	Yes
3.	Shri A.V. Dharmakrishnan	Yes	Yes	Yes	Yes
4.	Shri K.B. Nagendra Murthy	Yes	Yes	Yes	Leave

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

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

$\frac{3}{4}$ th of the members of the Audit Committee are Independent Directors as against the minimum requirements of $\frac{2}{3}$ rd as stipulated in Regulation 18(1) (b) of SEBI (LODR) Regulations, 2015.

4. NOMINATION AND REMUNERATION COMMITTEE

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

The complete details about the terms of reference for Nomination and Remuneration Committee and Nomination and Remuneration Policy are available at Company's website at the following link - <http://www.rajapalayammills.co.in/wpcontent/themes/ramco/pdf/nomination-and-remuneration-policy.pdf>.

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

Sl. No.	Name of the Director	NRC Meeting held on 27-05-2019
1.	Justice Shri P.P.S. Janarthana Raja, Chairman of the Committee	Yes
2.	Shri N.K. Ramasuwami Raja	Yes
3.	Shri A.V. Dharmakrishnan	Yes



ANNEXURE VI TO DIRECTORS' REPORT

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

5. REMUNERATION TO DIRECTORS

The Directors are paid Sitting Fee of ₹ 30,000/- per Meeting for attending the meetings of the Board and Committees thereof.

There are no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company, other than those reported in related party transactions under Note No.47.

The appointment and remuneration to Managing Director is governed by the Special Resolution passed by the Shareholders at the Annual General Meeting held on 10-08-2016 and the remuneration is equivalent to 5% of the Net Profits of the Company and in case of inadequacy of profits, as per Section II, Part II of Schedule V of the Companies Act, 2013.

The Details of remuneration paid are as follows:

Name of the Director	Amount (₹ in Lakhs)		No. of Shares held
	Sitting fees	Remuneration	
Shri P.R. Venketrama Raja	1.50	—	14,66,080
Smt. R. Sudarsanam	1.20	270.30*	63,760
Smt. P.V. Nirmala Raju (w.e.f. 24-04-2019)	1.20	—	13,920
Shri S.S. Ramachandra Raja	1.50	—	24,480
Shri N.K. Ramasuwami Raja	3.00	—	15,400
Shri A.V. Dharmakrishnan	2.70	—	1,100
Justice Shri P.P.S. Janarthana Raja	3.60	—	—
Shri V. Santhanaraman	1.50	—	—
Shri K.B. Nagendra Murthy	1.80	—	—
Smt. Soundara Kumar	1.20	—	—
Shri P.V. Abinav Ramasubramaniam Raja	0.90	—	19,51,952
Shri P.A.S. Alaghar Raja	1.20	—	6,520



ANNEXURE VI TO DIRECTORS' REPORT

* The remuneration paid to Managing Director consists of the following:

Particulars	Amount (₹ in Lakhs)
Gross Salary	240.00
Contribution to Provident Fund	28.80
Contribution to Superannuation Fund	1.50
Total	270.30

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Sl. No.	Name of the Director	Stakeholders Relationship Committee Meeting held on 12-02-2020
1.	Shri P.R. Venketrama Raja, Chairman of the Committee	Yes
2.	Smt. P.V. Nirmala Raju (w.e.f. 24-04-2019)	Leave
3.	Shri S.S. Ramachandra Raja	Yes
4.	Justice Shri P.P.S. Janarthana Raja	Yes
Name of Non-executive Director heading the Committee		Shri P.R. Venketrama Raja
Name and Designation of Compliance Officer		Shri A. Arulpranavam, Secretary
No. of complaints received during the year		NIL
Number not solved to the Satisfaction of shareholders		NIL
Number of pending complaints		NIL

7. GENERAL MEETINGS

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

Year ended	Date	Time	Venue
31-03-2019	14-08-2019	10.00 A.M	P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108, Tamil Nadu.
31-03-2018	10-08-2018	10.00 A.M	
31-03-2017	10-08-2017	10.00 A.M	



ANNEXURE VI TO DIRECTORS' REPORT

ii. Details of Special Resolutions passed in the previous three Annual General Meetings

Date of the AGM	Subject Matter of the Special Resolution
14-08-2019	1. Appointment of Shri S.S. Ramachandra Raja as Director, who retires by rotation and to continue the Directorship of Shri S.S. Ramachandra Raja as Non-Executive Director 2. Re-appointment of Smt. R.Sudarsanam, as Managing Director for a period of three years with effect from 01-04-2020. 3. Authority to the Board of Directors for borrowing money upto ₹ 750 Crores.
10-08-2018	1. Re-appointment of Shri N.K. Ramasuwami Raja as an Independent Director 2. Re-appointment of Justice Shri P.P.S. Janarthana Raja as an independent Director 3. Re-appointment of Shri V. Santhanara Raman as an Independent Director 4. Re-appointment of Shri K.B. Nagendra Murthy as an Independent Director 5. To continue the Directorship of Shri S.S. Ramachandra Raja as Non-Executive Director
10-08-2017	No Special Resolution was passed.

iii. No Special Resolution on matters requiring Postal Ballot were passed during the period under review.

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

8. MEANS OF COMMUNICATION

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

All the financial results are provided to Bombay Stock Exchange.

9. GENERAL SHAREHOLDER INFORMATION

i.	Annual General Meeting	On 15-09-2020 at 10.15 AM. through Video Conference / Other Audio Visual means
ii.	Financial Year	1 st April, 2019 to 31 st March, 2020
iii.	Dividend Payment date	15-09-2020 onwards
iv.	Name and address of Stock exchange at which the Company's Shares are listed	The Company's shares are listed in BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid Annual listing fee to the Stock Exchange for the financial year 2020-21.
v.	Stock Code - BSE Limited	532503



ANNEXURE VI TO DIRECTORS' REPORT

vi.	Market Price Data	Enclosed as Annexure - A
vii.	Performance in comparison to broad based indices	
viii.	Whether the securities are suspended from trading	No
ix.	Registrar and Transfer Agents	Being carried out in-house by the Secretarial Department of the Company.
x.	Share Transfer System	For shares held in electronic mode, transfers are effected under the depository system of NSDL and CDSL. For shares held in physical mode, the transfers have been effected in-house till 31-03-2020. Vide Press Release No: 51/2018 dated 03-12-2018 of SEBI, only transmission or transposition of securities are eligible for processing in physical form with effect from 01-04-2019.
xi.	Distribution of Shareholding	Enclosed as Annexure - B.
xii.	Dematerialisation of Shares & liquidity	As on 31 st March, 2020, 92.64% of the shares have been dematerialized. Regarding liquidity of our Company's shares, the details are available in Annexure - A.
xiii.	Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	NIL
xiv.	Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	With respect to future payment commitment in foreign currencies, forward contracts are booked taking in to account, the cost of hedging and the foreign currency receivables. The currency rate movements are monitored closely for taking covers with respect to unhedged portions, if any.

xv. Plant Locations

Textile Division:

a. Rajapalayam Mills

Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamil Nadu.

b. Rajapalaiyam Spintext,

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



ANNEXURE VI TO DIRECTORS' REPORT

- c. Rajapalaiyam Textiles,
Perumalpatti Village - 627 753, Tirunelveli District, Tamil Nadu.
- d. Rajapalaiyam Mills - Fabric Unit,
P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamil Nadu.

Wind Farm Division:

Dhanakkarkulam, Irukkanthurai, Uthumalai, Aralvoimozhy, Chinnaputhur, Kolumakondan, Melkaraipatti, Muthunayakkanpatti in Tamil Nadu.

- xvi. Address of Registered Office for Correspondence for shareholder enquiries

A. Arulpranavam,
Secretary (Compliance Officer),
Rajapalaiyam Mills Limited,
Rajapalaiyam Mills Premises,
Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamil Nadu.
Phone: 04563-235666; Fax : 04563-236520
E-mail: rajacot@ramcotex.com

- xvii. Credit Rating

CRISIL, the Company's credit rating agency vide its letter dated 31-10-2019 has rated our borrowing programmes as follows:

Debt Instruments	Amount ₹ in Crores	Rating
Long Term Ratings (Cash Credit / Long Term Loan / Proposed Long Term Bank Loan Facility / Proposed Term Loan / Working Capital Demand Loan / Working Capital Loan / Working Capital Term Loan)	819.46	A (Stable) *
Short Term Ratings (Foreign Exchange Forward, Letter of Credit & Bank Guarantee)	43.00	A1
Total	862.46	

* The outlook for Long Term Rating has been changed from Stable to Negative as per rating exercise done by CRISIL on 29-04-2020.

10. OTHER DISCLOSURES

- i. There are no materially significant related party transactions made by the Company that may have potential conflict with the interests of the Company at large.
- ii. There are no instances of non-compliance by the Company, and no penalties or strictures were imposed on the company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.



ANNEXURE VI TO DIRECTORS' REPORT

- iii. The Company has a Whistle Blower Policy, available at the Company's website and it is affirmed that no personnel has been denied access to the Audit Committee. The policy is available at the following weblink - <http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/whistle-blower-policy-for-establishing-vigil-mechanism.pdf>.
- iv. The Company has complied with the Mandatory requirements of Corporate Governance stipulated under SEBI (LODR) Regulations, 2015. The status of adoption of the Non-Mandatory requirements are given below:
 - a. The Company's financial statements are with unmodified audit opinion for the year 2019-20.
 - b. The Company has appointed separate persons to the post of Chairperson and Managing Director.
- v. The Company has no Subsidiary. Hence, disclosure about "Material Subsidiary Policy" is not applicable.
- vi. The Related Party Transaction Policy is disclosed in the Company's website and its weblink is - <http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/related-party-transaction-policy.pdf>.
- vii. The details relating to commodity price risks and commodity hedging activities are not applicable.
- viii. The Company has not raised any funds through Preferential Allotment or Qualified Institutions Placement.
- ix. M.R.L. Narasimha, Practicing Company Secretary, has certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board / Ministry of Corporate Affairs or any such statutory authority (Annexure -VII A).
- x. There has not been an occasion, where the Board had not accepted any recommendation of any Committee of the Board.
- xi. The total fees for all the services paid by the Company on a consolidated basis to the Statutory Auditors is ₹ 7.63 Lakhs (including GST).
No other entity in the network firm or network entity of which the Statutory Auditor is a part has been hired for any services by the Company.
- xii. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Pursuant to Rule 8(5)(x) of Companies (Accounts) Rules, 2014, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

a.	Number of complaints filed during the financial year	NIL
b.	Number of complaints disposed of during the financial year	NIL
c.	Number of complaints pending as on end of the financial year	NIL



ANNEXURE VI TO DIRECTORS' REPORT

11. The Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of Schedule V of SEBI (LODR) Regulations, 2015.
12. The extent to which the discretionary requirements specified in Part E of Schedule II have been adopted, is given against Clause 10(iv) above.
13. The Company has complied with the corporate governance requirements specified in regulation 17 to 27 of SEBI (LODR) Regulations, 2015.

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

- Terms and conditions of appointment of Independent Directors.
 - Composition of various committees of Board of Directors.
 - Code of Conduct of Board of Directors and Senior Management Personnel.
 - Details of establishment of Vigil Mechanism / Whistle Blower Policy.
 - Criteria of making payments to Non-Executive Directors.
 - Policy on dealing with Related Party Transactions.
 - Details of familiarization Programmes imparted to Independent Directors.
14. Senior Management Personnel discloses to the Board of Directors all material, financial and commercial transactions where they have personal interest that may have a potential conflict with the Company's interest, if any.
 15. The Company submits quarterly compliance report on Corporate Governance to the Stock Exchange, in the prescribed format within 15 days from the close of the quarter or within such time as extended by Securities and Exchange Board of India.
 16. The various disclosures made in the Directors' Report, may be considered as disclosures made under this report.
 17. The Company also have the following Committees of the Board of Directors:

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

Sl. No.	Name of the Director	CSR Meeting held on 28-05-2019
1.	Shri P.R. Venketrama Raja, Chairman of the Committee	Yes
2.	Smt. P.V. Nirmala Raju, Member (w.e.f. 24-04-2019)	Yes
3.	Justice Shri P.P.S. Janarthana Raja	Yes
4.	Shri P.V. Abinav Ramasubramaniam Raja	Leave



ANNEXURE VI TO DIRECTORS' REPORT

18. DISCLOSURES WITH RESPECT TO UNCLAIMED SUSPENSE ACCOUNT

[Pursuant to Schedule V (F) of SEBI (LODR) Regulations, 2015]

There were 6,990 Shares of ₹ 10/- each belonging to 34 Shareholders at the beginning of the year lying at the "Rajapalayam Mills Limited Unclaimed Suspense Account" in dematerialised form. During the year, 2 Shareholders have approached the Company for transfer of 610 Shares from Suspense account and after completion of required formalities, the shares were transferred. In accordance with Section 124(6) of the Companies Act, 2013, the Company has transferred 1,160 Shares which belongs to 8 Shareholders, who have not claimed dividend for 7 consecutive years, from Rajapalayam Mills Limited Unclaimed Suspense Account to Investor Education and Protection Fund (IEPF). 5,220 Shares belonging to 24 Shareholders are lying with unclaimed suspense account as on 31-03-2020. The voting rights of these Shares shall remain frozen till the rightful owner of such Shares claims the Shares.

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

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

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

CHENNAI,
24th June, 2020.

P.R. VENKETRAMA RAJA
CHAIRMAN

DECLARATION

As provided under Schedule V (D) of the SEBI (LODR) Regulations, 2015, the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March, 2020.

For RAJAPALAYAM MILLS LIMITED,

RAJAPALAYAM,
24th June, 2020.

Smt. R. SUDARSANAM
MANAGING DIRECTOR



ANNEXURE VI TO DIRECTORS' REPORT

To

The Board of Directors,
Rajapalayam Mills Limited,
Rajapalayam.

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

We hereby certify that -

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

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

Smt. R. SUDARSANAM
MANAGING DIRECTOR

RAJAPALAYAM,
24th June, 2020.

ANNEXURE VI TO DIRECTORS' REPORT



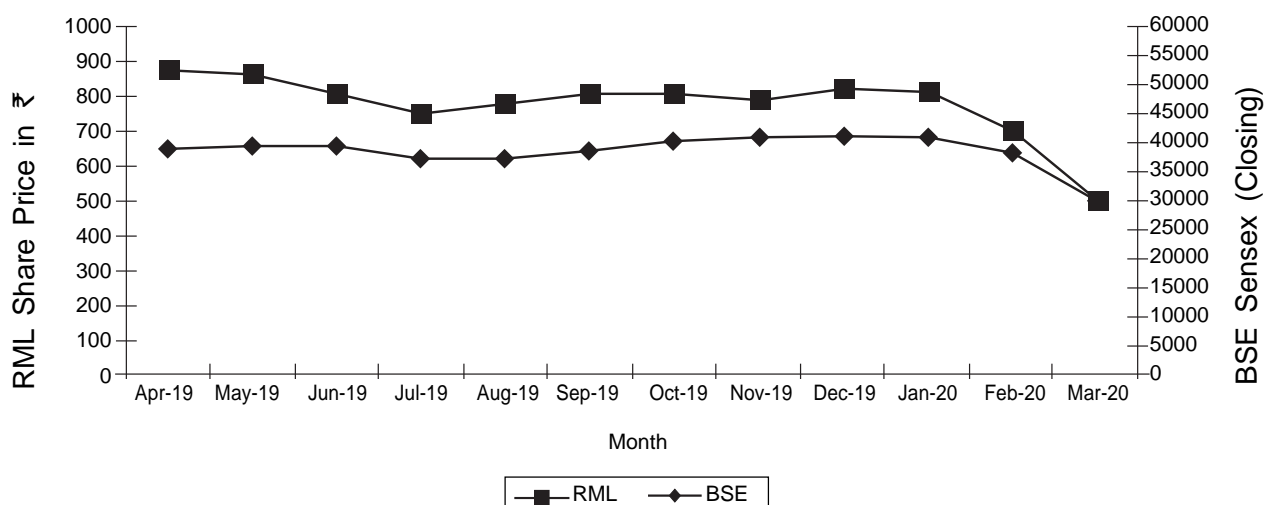
ANNEXURE - A

STATISTICAL DATA

Share Price - High & Low / Volume (During April, 2019 to March, 2020 in BSE)

Month	BSE Limited, Mumbai		
	High ₹	Low ₹	No. of Shares Traded
April, 2019	875	816	13,706
May	873	775	31,908
June	932	800	19,967
July	833	740	24,855
August	784	655	33,407
September	820	761	24,061
October	823	732	13,077
November	820	747	26,115
December	824	725	28,425
January, 2020	885	760	16,102
February	838	681	9,787
March	722	390	1,26,378

Rajapalayam Mills Share Price in ₹ on BSE (Closing) Vs BSE Sensex (Closing)





ANNEXURE VI TO DIRECTORS' REPORT

ANNEXURE - B

Pattern of Shareholding as on 31-03-2020

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	14	0.30	39,33,020	53.32
Sub-total	14	0.30	39,33,020	53.32
B. NON - PROMOTERS HOLDING				
1. Bank & Financial Institution	2	0.04	1,860	0.03
2. Clearing Member	11	0.24	87,605	1.19
3. Body Corporate	66	1.41	1,22,468	1.66
4. Foreign Portfolio Investors	3	0.06	32,182	0.44
5. HUF	190	4.07	70,426	0.95
6. IEPF	1	0.02	1,79,793	2.44
7. Individual	4,313	92.47	27,16,826	36.83
8. Mutual Funds	1	0.02	1,85,932	2.52
9. NRIs	64	1.37	46,048	0.62
Sub-total	4,651	99.70	34,43,140	46.68
Total	4,665	100.00	73,76,160	100.00

Distribution of Shareholding as on 31-03-2020

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	3,990	85.52	3,77,972	5.12
501-1000	275	5.89	2,08,445	2.83
1001-2000	159	3.41	2,33,817	3.17
2001-3000	67	1.44	1,61,968	2.20
3001-4000	41	0.88	1,42,544	1.93
4001-5000	25	0.54	1,14,090	1.55
5001-10000	54	1.16	3,64,439	4.94
10001 & above	54	1.16	57,72,885	78.26
Grand Total	4,665	100.00	73,76,160	100.00

Category of Shareholding as on 31-03-2020

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
NSDL	2,595	55.62	60,17,064	81.57
CDSL	1,675	35.91	8,16,328	11.07
Physical Form	395	8.47	5,42,768	7.36
Total	4,665	100.00	73,76,160	100.00



ANNEXURE VII TO DIRECTORS' REPORT

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

To

The Members

Rajapalayam Mills Limited,

[CIN: L17111TN1936PLC002298]

Rajapalayam Mills Premises,

P.A.C. Ramasamy Raja Salai,

Post Box No.1, Rajapalaiyam - 626 117.

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

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

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

We hereby certify that, in our opinion and to the best of our information and based on the records furnished for our verification and the explanations given to us by the Company, its officers and agents, the Company has, during the year ended 31st March, 2020, complied with the applicable conditions of Corporate Governance.

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

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

For SRSV & ASSOCIATES,
Chartered Accountants
Firm Registration No. 015041S

R. PALANIAPPAN
Partner
Membership No. 205112

P. SANTHANAM
Partner
Membership No. 018697

CHENNAI,
24th June, 2020.



ANNEXURE VII A TO DIRECTORS' REPORT

CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

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

To

The Members,
Rajapalayam Mills Limited,
[CIN: L17111TN1936PLC002298]
Rajapalayam Mills Premises,
P.A.C. Ramasamy Raja Salai,
Post Box No.1, Rajapalaiyam - 626 117.

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

Sl. No.	Name of the Director	Nature of Directorship	Director's Identification Number
1.	Poosapadi Ramasubrahmaneya Rajha Venketrama Raja	Chairman	00331406
2.	Ramasubrahmaneya Rajha Sudarsanam	Managing Director (KMP)	00433926
3.	Poosapadi Venketrama Raja Nirmala Raju	Non Independent Director	00474960
4.	Sinthalapadi Srirenga Raja Ramachandra Raja	Non Independent Director	00331491
5.	Nambur Krishnama Raja Ramasamy Raja	Independent Director	00432698
6.	Arrakundal Velayutha Raja Dharmakrishnan	Non Independent Director	00693181
7.	Posapadi Perumal Subba Raja Janarthana Raja	Independent Director	06702871
8.	Vaidyanathan Santhanaraman	Independent Director	00212334
9.	Kokku Bhaskara Nagendra Murthy	Independent Director	00359864
10.	Soundara Kumar	Independent Director	01974515
11.	Poosapadi Venketrama Raja Abinav Ramasubramaniam Raja	Non Independent Director	07273249
12.	Poosapadi Sankarraja Alagharaja	Independent Director	00487312



ANNEXURE VII A TO DIRECTORS' REPORT

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

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

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

Coimbatore,
24th June, 2020.

M.R.L. Narasimha
Practising Company Secretary
Membership No: 2851
Certificate of Practice: 799
34-C, 3rd Cross, R.L. Nagar
K.K. Pudur, Coimbatore - 641038.



ANNEXURE VIII TO DIRECTORS' REPORT

Disclosures relating to remuneration under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Name of the Director / KMP and Designation	Remuneration of Director / KMP for financial year 2019-20 (₹ in lakhs)	% increase in remuneration in the financial year 2019-20	Ratio of remuneration of each Director / to median remuneration of employees
Shri P.R. Venketrama Raja, Chairman	1.50	(29)	1
Smt. R. Sudarsanam, Managing Director	271.50	–	216
Smt. P.V. Nirmala Raju (w.e.f. 24-04-2019)	1.20	NA	1
Shri S.S. Ramachandra Raja	1.50	(17)	1
Shri N.K. Ramasuwami Raja	3.00	(17)	2
Shri A.V. Dharmakrishnan	2.70	(18)	2
Justice Shri P.P.S. Janarthana Raja	3.60	(14)	3
Shri V. Santhana Raman	1.50	(17)	1
Shri K.B. Nagendra Murthy	1.80	(45)	1
Smt. Soundara Kumar	1.20	–	1
Shri P.V. Abinav Ramasubramaniam Raja	0.90	(50)	1
Shri P.A.S. Alaghar Raja	1.20	(33)	1
Shri B. Gnanagurusamy (Chief Financial Officer)	42.96	9	34
Shri A. Arulpranavam (Company Secretary)	11.00	1	9

- iii. The median remuneration of the employees during the financial year was ₹ 1,25,828/- and the percentage increase in the median remuneration was 6%.
- iv. There were 3,320 Permanent employees on the rolls of the Company, as on 31st March, 2020.
- v. Average percentage increase made in the salaries of the employees other than the managerial personnel in the financial year i.e. 2019-20 was 6% whereas the increase in the managerial remuneration for the same financial year was 1%.
- vi. It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other employees.



ANNEXURE VIII TO DIRECTORS' REPORT

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

Particulars of Top 10 Employees in terms of remuneration drawn and the particulars of Employees employed throughout the financial year 2019-20 and was in receipt of remuneration in the aggregate of not less than ₹ 102 Lakhs.

Sl. No.	Name	Age (Yrs)	Designation	Remuneration Paid / Payable ₹ in lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. R. Sudarsanam	78	Managing Director	270.30	54 Years	01-07-2002	–
2	B. Gnanagurusamy	42	Chief Financial Officer	42.96	ACA (20)	11-09-2000	The Ramco Cements Limited
3	K. Murugesapillai	50	VP-Fabrics	42.93	D.T.T (32)	03-10-2017	Santhi Processing Unit (P) Ltd
4	N. Mohanarengan	51	Chief Operating Officer	42.82	D.T.T., AMIE (32)	01-04-1991	Lakshmi Spinners
5	B. Velvendan	52	AVP - Electrical	30.20	B.E. (EEE) (27)	01-12-1995	The Janakiram Mills Limited
6	S. Kumaresapandian	58	AVP - Cotton	29.95	M.Com., B.Ed. (35)	04-05-2012	Premier Spinning and Weaving Mills Private Limited
7	N. Nagarajan	56	AVP - HR	29.18	M.Com., MHRM, MBA, BGL (34)	19-10-2018	Sri Cheran Synthetics India (P) Ltd
8	M. Balachandar	53	CGM - QA - Fabrics	26.07	DTD Designing & Weaving (33)	14-11-2018	Raymond Luxury Cotton Limited
9	P. Ponrajan	47	Sr. General Manager - Civil	23.88	B.E.(Civil) (24)	01-12-2006	Thiyagarajar Mills Limited
10	A. Balamurugan	50	Sr. General Manager - Works	21.32	D.T.T., B. Com. (32)	12-09-1988	–

NOTE: 1. All appointments are contractual.

2. Remuneration includes Salary, Leave encashment, Company's contribution to Provident Fund and Superannuation Fund but does not include Provision for Gratuity.
3. None of the employees mentioned above is related to any Director of the Company except Smt. R. Sudarsanam, Managing Director who is related to Shri P.R. Venketrama Raja, Chairman, Shri P.V. Abinav Ramasubramaniam Raja and Smt. P.V. Nirmala Raju, Directors

On behalf of the Board of Directors,
For RAJAPALAYAM MILLS LIMITED,

P.R. VENKETRAMA RAJA
CHAIRMAN

CHENNAI,
24th June, 2020.



BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2) (f) of SEBI (LODR) Regulation, 2015

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L17111TN1936PLC002298																							
2	Name of the Company	RAJAPALAYAM MILLS LIMITED																							
3	Registered address	Rajapalayam Mills Premises, PAC Ramasamy Raja Salai, Rajapalaiyam - 626 117.																							
4	Website	www.rajapalayammills.co.in																							
5	E-mail id	rajacot@ramcotex.com																							
6	Financial Year reported	1 st April, 2019 to 31 st March, 2020																							
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	<table><tr><th colspan="4">Codes as per NIC - 2008</th></tr><tr><th>Group</th><th>Class</th><th>Sub class</th><th>Description</th></tr><tr><td>131</td><td>1311</td><td>13111</td><td>Preparation and spinning of cotton fiber including blended cotton</td></tr><tr><td>131</td><td>1312</td><td>13121</td><td>Weaving, manufacture of cotton and cotton mixture fabrics</td></tr><tr><td></td><td></td><td>35106</td><td>Electric power generation using other nonconventional sources</td></tr></table>				Codes as per NIC - 2008				Group	Class	Sub class	Description	131	1311	13111	Preparation and spinning of cotton fiber including blended cotton	131	1312	13121	Weaving, manufacture of cotton and cotton mixture fabrics			35106	Electric power generation using other nonconventional sources
Codes as per NIC - 2008																									
Group	Class	Sub class	Description																						
131	1311	13111	Preparation and spinning of cotton fiber including blended cotton																						
131	1312	13121	Weaving, manufacture of cotton and cotton mixture fabrics																						
		35106	Electric power generation using other nonconventional sources																						
8	List three key products / services that the Company manufactures / provides (as in balance sheet)	Yarn, Fabrics, Power																							
9	Total number of locations where business activity is undertaken by the Company	(a) Number of International Locations : NIL (b) Number of National Locations: 5 Plant Locations 8 Wind farm Locations																							
10	Markets served by the Company	India, Japan, Europe, etc.,																							



SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital - ₹ in Lakhs	737.62
2	Total Revenue - ₹ in Lakhs	38,406.41
3	Total Comprehensive Income - ₹ in Lakhs	610.20
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of Net profits (%)	The Company has spent ₹ 57.30 Lakhs on CSR, which is 2% on the average net profit of the Company for the last three financial years.
5	List of activities in which expenditure in 4 above has been incurred	<p>The Company has done CSR activities in various spheres, out of which the following are the top 5 areas:</p> <ol style="list-style-type: none"> Promotion of Education. Eradication of Hunger. Promotion of health care including preventive healthcare. Environment Sustainability Projects. Protection and Development of Traditional Arts.

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company / Companies?	No.
2	Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company involves its Business Associates in its Business Responsibility initiatives. However, their extent of participation in terms of percentage cannot be quantified.



SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR

(a) Details of the Director / Director responsible for implementation of the BR policy / policies

1	DIN Number	00331406
2	Name	Shri P.R. Venketrama Raja
3	Designation	Chairman

(b) Details of the BR head

1	DIN Number	NA
2	Name	Shri N. Mohanarengan
3	Designation	Chief Operating Officer
4	Telephone Number	04563-235666
5	E-Mail ID	brr@ramcotex.com

2 (a). The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. They are:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.



No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for BR Principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies conform to the guidelines / standards of Companies Act, 2013 and other statutory acts, regulations, notifications, etc. The policies / standards are at par with generally accepted practices for the respective principles.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	www.rajapalayammills.co.in/investors/policies								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Company's website contains the policies for information of all internal and external stakeholders. Further, relevant communication is provided to stakeholders through appropriate mediums, such as, Notice Boards, Company's Magazine, etc.								
8	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Standards adopted by the Company are subject to routine monitoring / evaluation / review by their concerned external agencies on periodical basis. The implementation of the policies is subject to review by Internal Audit mechanisms.								



- (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:
(Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the Business Responsibility performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Board of Directors are responsible to assess the Business Responsibility performance of the Company and to oversee the implementation of the various policies. It is reviewed on annual basis or as and when the need arises. The Board at its meeting held on 24-06-2020 had reviewed and approved the Business Responsibility Report for the year 2019-20.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report is published in the Annual Report and also placed on the Company's website at www.rajapalayammills.co.in.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No.
Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?



Yes. The Company's policies viz. Code of Conduct for Board of Directors and Senior Management Personnel and Whistle Blower Policy lay down the rules and procedures by which any stakeholder can report the actual or suspected improper activities of any kind, fraud and violation of company's code of conduct. The whistle blower policy extends to individuals who are in full time or part time employment with the company including those serving as consultants and contract / third party employees.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No complaint has been received during the year.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

Yarn and Fabrics are our key product. The Company is committed to attainment of environmental and economic benefits from efficient use of energy, water, raw material and waste reduction. The Company understands its obligations relating to social and environmental concerns, risks and opportunities. The Company ensures fulfilment of compliance obligations that relate to its products, environmental aspects and occupational health and safety. All the manufacturing locations are approved by Pollution Control Board and the Company is holding certificate on Best 5S Practices and Best TPM Practices in Spinning Industries. The Company's investment in non-conventional renewable energy source, viz. wind energy is emission free and pollution free generation of power.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

The Company is committed to sustainable environment. The Company works towards reduction and optimal utilization of energy, water, raw material, etc. by incorporating new techniques and innovative ideas. Power consumption in Units per Kilogram on 40's converted compact ring yarn is 4.73 as against 5.16 during previous year. Other raw material consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at each product level.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has no information regarding reduction of energy, water, etc. that has been achieved by the consumers during usage of Company's products.



3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes. The Company endeavours to focus on protection of environment, stakeholders' interest and cost effectiveness while procuring any raw material or goods. Inputs are procured from manufacturers / producers who are well reputed keeping in mind the need for quality and consistency. Adequate steps are taken for safety during transportation and optimization of logistics, which, in turn, help to mitigate the impact on climate.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company sources goods and services from the area surrounding its manufacturing locations to the extent possible, if quality of goods supplied by them suits our quality parameters. We also provide them proper feedback to improve their capacity and capability.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has a mechanism to recycle products and waste. Combernoils are converted into yarn. The percentage of recycling of products and waste falls in the range of 25%. The Company has installed an Advanced Water Treatment Technology which takes care of the zero discharge effluent treatment and facilitates reuse of water up to 93%. The Company uses treated sewage water for top-up purpose.

Principle 3

1. Please indicate the Total number of employees. - 3,320
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.
- Nil
3. Please indicate the Number of permanent women employees - 641
4. Please indicate the Number of permanent employees with disabilities - 1
5. Do you have an employee association that is recognized by management - Yes
6. What percentage of your permanent employees is members of this recognized employee association - 65%



7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	NIL	NA
2	Sexual harassment	NIL	NA
3	Discriminatory employment	NIL	NA

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a)	Permanent Employees	100%
(b)	Permanent Women Employees	100%
(c)	Casual / Temporary / Contractual Employees	—
(d)	Employees with Disabilities	100%

The Company emphasises on Safety practises across the units. All new entrants have been imparted with Safety Induction Training programme covering all the Safety aspects. The main objective of Safety Department of the Company is to establish health and safety culture across the plant through awareness training and promotional activities. It is mandatory to undergo Safety Training for all the employees.

An important part of the Company's mission is to invest in people development and growth as the Company believes that only people development is the foundation for strong and qualitative growth of the organization. Hence skill up-gradation training are being provided to all the employees based on their individual /departmental needs.

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

The Company's manufacturing locations are located in rural areas and localities around such places have been identified as disadvantaged, vulnerable & marginalized stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company's CSR programmes are mainly targeted in improving the socio, economic and infrastructure conditions of the localities around the manufacturing facilities. The Company also undertakes various measures to improve the quality of their life. The activities are mentioned in Annual Report on CSR Activities forming part of Directors' Report.



Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company's Code of Conduct and HR practices have been developed to respect and protect human rights. It extends only to the Company.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year under review, the Company did not receive any complaint in respect of violation of human rights.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

The Policy on environment covers only the Company.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. The Company strives to have minimal carbon foot print and to reduce its impact with regard to climate change, global warming, etc. The Company's Safety, Health and Environment Policy gives utmost importance to the environmental impact of the practices it follows and the product it creates. 64% of power requirement is met through green energy (Windmills). The weblink for the same is: <http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/safety-health-and-environment-policy.pdf>.

3. Does the company identify and assess potential environmental risks? Y/N

Yes. The Company has a mechanism in place to identify and assess potential environmental risk. The Company's Risk Management Policy covers Environmental Risk and the process for managing it.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company's wind farm project has been registered with United Nations Framework Convention on Climate Change under Clean Development Mechanism. The Company is eligible for Certified Emission Reductions (CERs). The main purpose of the project activity is to generate clean electricity from renewable energy source (wind).



5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.Y/N. If yes, please give hyperlink for web page etc.

The Company pays attention at all levels to reduce energy consumption, by continuous monitoring, maintenances and improvements. Some of the steps taken for conservation of energy, include,

Installation of Energy Efficient Transformers.

Installation of Energy Efficient Waste Collection System.

Optimisation of Suction Pressure in Carding, Comber and Humidification Systems.

Reduction of air leakage by arresting air leakage points.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes, the emissions/waste generated by the Company are within the permissible limits prescribed by CPCB / SPCB.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

None.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- Rajapalayam Chamber of Commerce and Industry
- Southern India Mills Association
- Tamilnadu Spinning Mills Association
- Confederation of Indian Industry
- The Cotton Textiles Export Promotion Council
- Indian Wind Power Association
- Federation of Indian Export Organisations
- The Synthetic & Rayon Textiles Export Promotion Council

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company has advocated through the above organisations on economic reforms, export policies and other Textile Industry needs.



Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes. The Company believes that as the Organisation grows, the society and the community around it should also grow. For this, the company undertakes various initiatives / projects in and around the places where its manufacturing facilities are located and the activities are mentioned in Annual Report on CSR Activities forming part of Directors' Report.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

The Company's CSR initiatives are implemented both by internal teams as well as through / coordination with external agencies, like Group Trusts, NGOs and other Organisations

3. Have you done any impact assessment of your initiative?

The Company does the impact assessment of its CSR initiatives through qualitative feedbacks, received from beneficiaries of the activities undertaken. Based upon such reviews, the initiatives are structured.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

During the year ended 31st March, 2020, the Company has spent ₹ 57.30 Lakhs towards Evatication of hunger, Health, Education, Environment Sustainability projects and other various community development projects, towards its CSR commitment. The details are available in Directors' Report. The Company had also spent a sum of ₹ 1.74 Lakhs on other social causes and projects, which do not qualify under the classifications listed out in Schedule VII of the Companies Act, 2013.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The CSR initiatives are carried out on a need based approach. The Company adopts participatory approach with communities / beneficiaries. With regard to project development, Company participates in mutual beneficiary contribution. These strategies ensure that the relevant beneficiaries successfully adopt and maintain them.

Principle 9

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

There were 10 customer complaints received during the year. 1 customer complaint was pending at the end of the year.



-
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)

The Company displays information as mandated by the local laws on the product label. No other additional information is provided.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

None

4. Did your company carry out any consumer survey / consumer satisfaction trends?

Yes. The Company carries out consumer surveys / consumer satisfaction trends, through interaction with end users and the information is utilised to improve the business operations / services.



SEPARATE FINANCIAL STATEMENTS



AUDITORS' REPORT TO SHAREHOLDERS

INDEPENDENT AUDITORS' REPORT

To the Members of M/s. Rajapalayam Mills Limited

Report on the Audit of the Separate Financial Statements

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note No. 50 to the separate financial results, which describes the uncertainties and the impact of the COVID-19 pandemic on the company's operations and results as assessed by the management. The Management has assessed that consequent lockdown announced by Central / State Governments, the demand for Cotton has come down and the Cotton prices have fallen by more than 20%. Due to the reduction in the market price of Cotton, a provision for Mark To Market Loss of ₹ 218.34 Lakhs in the carrying cost of Cotton inventory has been made in the



AUDITORS' REPORT TO SHAREHOLDERS

financial statements. Other than the above there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID - 19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

AUDITORS' REPORT TO SHAREHOLDERS



S.No.	Key Audit Matter	Auditor's Response
	<p>Assessment of Deferred Tax Assets is done by the management at the close of each financial year taking into account forecasts of future taxable results.</p> <p>We have considered the assessment of deferred tax liabilities and assets as a key matter due to the importance of management's estimation and judgment and the materiality of amounts.</p> <p>(Refer to Note No. 4 D (iv), (v), (vi) & (vii) and Note No. 5(iv) to the Separate Financial Statements)</p>	<p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the Separate Financial Statements.</p>
3	<p>Evaluation of uncertain Tax Position/ Other contingent liabilities</p> <p>The Company has material uncertain tax position in respect of possible or actual taxation disputes, litigations and claims. The provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various legal forums.</p> <p>(Refer to Note No. 4 O (iv) and 5 (vi) to the Separate Financial Statements)</p>	<p>Principal Audit Procedures</p> <p>The Audit addressed this Key Audit Matter by assessing the adequacy of tax Provisions by reviewing the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes.</p> <p>We reviewed the significant litigations and claims and discussed with the Company's legal counsel, external advisors about their views regarding the likely outcome and magnitude of and exposure to relevant litigation and claims.</p> <p>Furthermore, we assessed the adequacy and appropriateness of the disclosures in the Separate Financial Statements.</p>
4	<p>Existence and impairment of Trade Receivables</p> <p>Trade Receivables are significant to the Company's Financial Statements. The Collectability of trade receivables is a key element of the Company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business and the requirements of customers, various contract</p>	<p>Principal Audit Procedures:</p> <p>We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. Assessing the impact of impairment on trade receivables requires judgement and we evaluated management's assumptions in</p>



AUDITORS' REPORT TO SHAREHOLDERS

S.No.	Key Audit Matter	Auditor's Response
	<p>terms are in place, there is a risk that the carrying values may not reflect the recoverable amounts as at the reporting date, which would require an impairment provision. Where there are indicators of impairment, the Company undertakes assessment of the recoverability of the amounts. Given the magnitude and inherent uncertainty involved in the judgement, involved in estimating impairment assessment of trade receivables, we have identified this as a key audit matter.</p> <p>(Refer to Note No. 4 T (vii) & 4 V (vi) (b) and 5 (vii) to the Separate Financial Statements)</p>	<p>determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.</p> <p>We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the Separate Financial Statements.</p>

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

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

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

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

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

Management's Responsibility for the Separate Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Separate Financial Statements that give a true and fair view of the state of affairs, profit or loss including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting



AUDITORS' REPORT TO SHAREHOLDERS

Standards (Ind AS) prescribed under Section 133 of Companies Act, 2013, read with relevant rules issued there under and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Separate Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Separate 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies



AUDITORS' REPORT TO SHAREHOLDERS

Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Separate Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Separate Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Separate Financial Statements, including the disclosures, and whether the Separate Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Separate Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Separate 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 Separate 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 Separate Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Other Matters

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

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of changes in equity and the statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Separate 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 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:



AUDITORS' REPORT TO SHAREHOLDERS

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

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the details of the pending litigations and its impact on the financial position in its Separate Financial Statements in Note No. 42(iii) & (iv) of the Disclosures forming part of the Separate Financial Statements for the year ended 31st March 2020;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

For SRSV & ASSOCIATES,
Chartered Accountants
Firm Registration No. 015041S

R. PALANIAPPAN
Partner
Membership No. 205112
UDIN: 20205112AAAAEU7524

P. SANTHANAM
Partner
Membership No. 018697
UDIN: 20018697AAAAAP9097

Chennai,
24th June, 2020.



AUDITORS' REPORT TO SHAREHOLDERS

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

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

i. Fixed Assets

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

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

ii. Inventory

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

iii. The Company has granted loan to a party listed in the register maintained under Section 189 of the Act. The maximum outstanding at any time during the year was ₹ 950 Lakhs (Previous year ₹ 950 Lakhs) and the amount outstanding as on 31st March 2020 is ₹ 950 Lakhs (Previous year ₹ 950 Lakhs)

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

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans, investments, guarantees and security.



AUDITORS' REPORT TO SHAREHOLDERS

- v. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits during the year. Accordingly, reporting under this clause does not arise.
- vi. The Company is maintaining the cost records which have been specified by the Central Government under Section 148 (1) of the Companies Act 2013.

vii. Undisputed and disputed taxes and duties

- a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and any other statutory dues with the appropriate authorities. No undisputed amounts payable in respect of the above were in arrear as at 31st March, 2020 for a period of more than six months from the date they become payable.
- b) As at 31st March, 2020 according to the records of the Company, the following are the particulars of the disputed dues on account of sales tax, income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of dispute:

(₹ in Lakhs)

Sl. No	Name of the Statute	Forum where dispute is pending	As at 31-03-2020	As at 31-03-2019
1	Income Tax Act	Commissioner of Income Tax (Appeals)	82.49	NIL

- viii. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank.
- ix. The Company has not raised money by way of initial public offer or further public offer during the Current year. The Company has raised term loans from banks/institutions during the year and the proceeds have been applied for the purposes for which they were raised. The Company has not issued any debenture during the year.
- x. In our opinion and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

AUDITORS' REPORT TO SHAREHOLDERS



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

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

For SRSV & ASSOCIATES,
Chartered Accountants
Firm Registration No. 015041S

R. PALANIAPPAN
Partner
Membership No. 205112
UDIN: 20205112AAAAEU7524

P. SANTHANAM
Partner
Membership No. 018697
UDIN: 20018697AAAAAP9097

Chennai,
24th June, 2020.



AUDITORS' REPORT TO SHAREHOLDERS

"Annexure B" to the Independent Auditors' Report of even date on the Separate Financial Statements prepared in accordance with Indian Accounting Standards of Rajapalayam Mills Limited

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



AUDITORS' REPORT TO SHAREHOLDERS

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

For SRSV & ASSOCIATES,
Chartered Accountants
Firm Registration No. 015041S

R. PALANIAPPAN
Partner
Membership No. 205112
UDIN: 20205112AAAAEU7524

P. SANTHANAM
Partner
Membership No. 018697
UDIN: 20018697AAAAAP9097

Chennai,
24th June, 2020.



BALANCE SHEET AS AT 31ST MARCH 2020

(₹ in Lakhs)

	Note No.	As at 31-03-2020	As at 31-03-2019
I ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	6	57,459.83	31,152.06
(b) Capital Work-in-progress		364.26	8,554.96
(c) Investment Property	7	144.71	144.95
(d) Intangible Assets	8	342.55	51.37
(e) Investment in Associates	9	7,107.27	7,107.27
(f) Financial Assets			
Other Investment	10	2,607.44	2,564.50
Loans	11	950.00	950.00
Other Financial Assets	12	990.67	924.32
(g) Other Non-Current Assets	13	962.35	7,163.50
		70,929.08	58,612.93
(2) Current Assets			
(a) Inventories	14	14,684.24	14,905.78
(b) Financial Assets			
Trade Receivables	15	5,062.68	6,208.91
Cash and Cash Equivalents	16	109.55	153.62
Bank Balance other than Cash and Cash Equivalents	17	529.93	214.68
Other Financial Assets	18	634.80	877.26
(c) Other Current Assets	19	2,099.19	1,644.74
		23,120.39	24,004.99
TOTAL ASSETS		94,049.47	82,617.92
II EQUITY & LIABILITIES			
(1) Equity			
(a) Equity Share Capital	20	737.62	737.62
(b) Other Equity	21	29,067.46	28,812.96
Total Equity		29,805.08	29,550.58
(2) Liabilities			
A) Non Current Liabilities			
(a) Financial Liabilities			
Borrowings	22	31,005.64	19,585.31
(b) Provisions	23	400.30	347.83
(c) Deferred Tax Liabilities (Net)	24	1,769.25	2,277.92
(d) Deferred Government Grants	25	—	28.58
		33,175.19	22,239.64
B) Current Liabilities			
(a) Financial Liabilities			
Borrowings	26	20,000.88	20,034.74
Trade Payables	27		
(i) Total outstanding dues of micro enterprises and small enterprises		40.97	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,792.91	1,940.63
Other Financial Liabilities	28	8,684.41	8,205.04
(b) Provisions	29	550.03	647.29
		31,069.20	30,827.70
TOTAL EQUITY AND LIABILITIES		94,049.47	82,617.92
Significant Accounting Policies, Judgements and Estimates	1-5		
See accompanying notes to the financial statements	6-53		

As per our report annexed

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

R. PALANIAPPAN
Partner
Membership No. 205112

Chennai,
24th June, 2020.

For SRSV & ASSOCIATES
Chartered Accountants
Firm Registration No. 015041S

P. SANTHANAM
Partner
Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

A. ARULPRANAVAM
Secretary

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



(₹ in Lakhs)

	Note No.	For the year ended 31-03-2020	For the year ended 31-03-2019
REVENUE			
I Revenue from Operations	30	35,782.22	41,261.83
II Finance Income	31	290.52	320.69
III Other Income	32	2,333.67	2,483.73
IV Total Revenue (I + II + III)		38,406.41	44,066.25
V EXPENSES			
Cost of Materials Consumed	33	19,589.62	22,840.20
Purchases of Stock-in-Trade		846.06	660.66
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress	34	(1,855.28)	(1,693.47)
Employee Benefit Expenses	35	5,718.51	5,886.61
Finance Costs	36	2,586.57	2,198.07
Depreciation and Amortisation Expenses	37	3,384.65	3,178.05
Other Expenses	38	8,003.71	8,377.92
Total Expenses		38,273.84	41,448.04
VI Profit Before Tax (IV-V)		132.57	2,618.21
VII Tax Expenses / (Savings)			
Current Tax		—	102.47
Excess Income Tax Provision related to earlier years withdrawn		—	(77.58)
Deferred Tax	(508.67)	—	(188.84)
[includes MAT credit entitlement of ₹ NIL (PY: ₹ 102.47 Lakhs)].			
Total Tax Expenses		(508.67)	(163.95)
VIII Profit for the year (VI-VII)		641.24	2,782.16
IX Other Comprehensive Income			
<i>Item that will not be reclassified to Profit or Loss:</i>			
Remeasurement Losses on defined benefit obligations (net)		(73.21)	(68.09)
Fair Value gain / (loss) on Equity Instruments through OCI (net)		42.17	(38.39)
Current Tax (Savings) / Expenses	—	—	(23.79)
Deferred Tax (MAT Credit)	—	—	23.79
Other Comprehensive Income / (Loss) for the year, net of tax		(31.04)	(106.48)
X Total Comprehensive Income for the year, net of tax (VIII + IX)		610.20	2,675.68
XI Earnings per Equity Share of face value of ₹ 10/- each			
Basic & Diluted (in Rupees) [Refer to Note No.46]		8.69	37.72
Significant Accounting Policies, Judgments and Estimates	1-5		
See accompanying notes to the financial statements.	6-53		

As per our report annexed

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

R. PALANIAPPAN
Partner
Membership No. 205112

Chennai,
24th June, 2020.

For SRSV & ASSOCIATES
Chartered Accountants
Firm Registration No. 015041S

P. SANTHANAM
Partner
Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

A. ARULPRANAVAM
Secretary



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

A. Equity Share Capital		(₹ in Lakhs)
Balance as at 01-04-2018		737.62
Changes in Equity Share Capital during the year 2018-19		–
Balance as at 31-03-2019		737.62
Changes in Equity Share Capital during the year 2019-20		–
Balance as at 31-03-2020		737.62

B. Other Equity

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Capital Reserve	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
Other Equity as at 1st April 2018	3.75	1,490.48	22,997.51	2,000.00	1.24	–	26,492.98
Financial year 2018-19							
Add : Profit for the year	–	–	–	2,782.16	–	–	2,782.16
Add : Other Comprehensive Income	–	–	–	–	(38.39)	(68.09)	(106.48)
Total Comprehensive Income	–	–	–	2,782.16	(38.39)	(68.09)	2,675.68
Less : Dividend Distribution to Shareholders	–	–	–	(295.05)	–	–	(295.05)
Less : Dividend Distribution Tax	–	–	–	(60.65)	–	–	(60.65)
Less : Transfer to Retained Earnings	–	–	–	–	–	68.09	68.09
Add : Transfer from OCI	–	–	–	(68.09)	–	–	(68.09)
Less : Transfer to General Reserve	–	–	–	(1,358.37)	–	–	(1,358.37)
Add : Transfer from Retained Earnings	–	–	1,358.37	–	–	–	1,358.37
Other Equity as at 31st March, 2019	3.75	1,490.48	24,355.88	3,000.00	(37.15)	–	28,812.96
Financial year 2019-20							
Add : Profit for the year	–	–	–	641.24	–	–	641.24
Add : Other Comprehensive Income	–	–	–	–	42.17	(73.21)	(31.04)
Total Comprehensive Income	–	–	–	641.24	42.17	(73.21)	610.20
Less : Dividend Distribution to Shareholders	–	–	–	(295.05)	–	–	(295.05)
Less : Dividend Distribution Tax	–	–	–	(60.65)	–	–	(60.65)
Less : Transfer to Retained Earnings	–	–	–	–	–	73.21	73.21
Add : Transfer from OCI	–	–	–	(73.21)	–	–	(73.21)
Less : Transfer to General Reserve	–	–	–	(12.33)	–	–	(12.33)
Add : Transfer from Retained Earnings	–	–	12.33	–	–	–	12.33
Other Equity as at 31st March, 2020	3.75	1,490.48	24,368.21	3,200.00	5.02	–	29,067.46

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020



(₹ in Lakhs)

	2019-20	2018-19
A. Cash Flow from Operating Activities		
Profit before Tax	132.57	2,618.21
Adjustments to reconcile Profit before tax to net Cash flows:		
Depreciation & Amortisation	3,384.65	3,178.05
Finance Costs	2,586.57	2,198.07
Interest Income	(290.52)	(320.69)
Dividend Income	(2,127.59)	(2,085.81)
Provision for Leave Salary	23.62	75.67
Rent Receipts from Investment Properties	(0.68)	(0.68)
(Profit) / Loss on Sale of Assets	(12.21)	19.55
Provision for mark to market loss on cotton inventory value	218.34	—
Fair Value movement and Financial Guarantee obligation	39.81	(196.49)
Operating Profit before Working capital Changes	3,954.56	5,485.88
Movements in Working Capital		
Trade Receivables	1,146.23	(1,162.67)
Loans and Advances	(130.60)	(174.42)
Unutilised Tax Credit - Indirect Tax	(353.61)	(1,017.80)
Inventories	3.20	(3,405.87)
Trade Payables & Current Liabilities	(366.01)	2,559.89
Cash generated from Operations	4,253.77	2,285.01
Direct Taxes (Paid) / refund received	72.96	(136.47)
Net Cash generated from Operating Activities	A	4,326.73
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (Including Capital work-in-progress and Capital Advance)	(17,192.86)	(21,629.16)
Government Grants received - related to acquisition of fixed assets	986.69	—
Investment in Equity Shares of Associates	—	(2,093.38)
(Acquisition) of / Proceeds from Sale of Investment in Equity Shares - Others	(0.77)	0.66
Proceeds from Sale of Assets	545.58	390.60
Interest Received	290.52	320.69
Dividend Received	2,127.59	2,085.81
Rent Receipts from Investment Properties	0.68	0.68
Net Cash used in Investing Activities	B	(13,242.57)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

		(₹ in Lakhs)	
		2019-20	2018-19
C. Cash Flow from Financing Activities			
Proceeds from Long Term Borrowings		17,290.16	20,934.19
Proceeds from / (Repayment) of Deposits - Related Parties		(360.58)	2,597.68
Repayment of Long Term Borrowings		(4,803.43)	(4,049.83)
Availment of Short Term Borrowings (Net)		3.14	2,024.83
Payment of Dividend and Dividend Distribution Tax		(355.70)	(355.70)
Interest Paid		(2,586.57)	(2,198.07)
Net cash Generated from Financing Activities	C	9,187.02	18,953.10
Net Increase in Cash and Cash Equivalent	D = (A+B+C)	271.18	177.54
Opening balance of Cash and Cash Equivalents	E	368.30	190.76
Closing balance of Cash and Cash Equivalents	D + E	639.48	368.30

Notes:

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

Particulars	31-03-2020	31-03-2019
Cash and Cash Equivalents [Refer to Note No.16]	109.55	153.62
Bank Balances other than Cash and Cash Equivalents [Refer to Note No.17]	529.93	214.68
	639.48	368.30

See accompanying notes to the financial statements [Refer to Note No.6 to 53]

As per our report annexed

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

R. PALANIAPPAN
Partner
Membership No. 205112

For SRSV & ASSOCIATES
Chartered Accountants
Firm Registration No. 015041S

P. SANTHANAM
Partner
Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

A. ARULPRANAVAM
Secretary

Chennai,
24th June, 2020.

NOTES TO SEPARATE FINANCIAL STATEMENTS



1. Corporate Information

Rajapalayam Mills Limited is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of the Companies Act, 1913. The Registered office of the Company is located at Rajapalayam Mills Premises, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu. The Company's shares are listed in BSE Limited.

The Company is principally engaged in manufacture of cotton yarn and fabrics. The Company is also engaged in generation of electricity from its windmills for its captive requirements.

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

2. Basis of Preparation of Seperate Financial Statements

- (i) The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.
- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.4.
- (iii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iv) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period, or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (v) A liability is classified as current when it is expected to be settled in normal operating cycle, or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.
- (vi) The financial statements are presented in Indian Rupees rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as ₹ 0.00 Lakhs.
- (vii) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

3. Basis of Measurement

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

4. Significant Accounting Policies

A. Inventories

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. Inventories are usually written down to net realisable value, if the finished products, in which they will be used, are expected to be sold below cost. However, the inventories are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities but excluding borrowing cost or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities and other costs but excluding borrowing cost incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a moving weighted average basis.

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

B. Cash Flow Statement

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.
- (iii) Bank borrowings, including Bank overdrafts and Cash Credits are generally considered to be financing activities.

C. Dividend distribution to Equity Shareholders

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



D. Income Taxes

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

E. Property, Plant and Equipments (PPE)

- (i) 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.



NOTES TO SEPARATE FINANCIAL STATEMENTS

The directly attributable costs include cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition.

- (ii) Government grants related to assets have been deducted in arriving at the carrying amount of the respective assets.
- (iii) 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.
- (iv) 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.
- (v) 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. 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 best estimate basis upon technical advice, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	2 to 15 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years



NOTES TO SEPARATE FINANCIAL STATEMENTS

- (ix) 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.
- (x) PPEs are eliminated from the financial statements on disposal or when no further benefit is expected from its use. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the Statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (xi) 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.
- (xii) 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.
- (xiii) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed periodically including at each reporting date and adjusted prospectively, if appropriate.

F. Capital Work in progress / Capital Advances

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

G. Leases

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

- (iii) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfillment of arrangement is dependent on the use of an underlying asset and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

- (i) The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- (ii) The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
- (iii) The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.
- (iv) The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and Equipment' and Lease liabilities in 'Borrowings' in the Balance sheet.
- (v) The Company has opted not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company as a Lessor

The lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease. Operating lease receipts are recognised in the Statement of Profit and Loss on straight line basis over the lease terms except where the payments are structured to increase in line with the general inflation to compensate for the expected inflationary cost increases. The Company do not have any finance leases arrangements.

H. Revenue Recognition

- (i) Revenue from Operations

- a) Sale of products

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the



NOTES TO SEPARATE FINANCIAL STATEMENTS

amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. The financing component with regard to sale of products are excluded from Revenue from operations and recognized as Interest Receipts over the credit periods as per Ind AS 115. The Company does not have any non-cash consideration.

b) Power generated from Windmills

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

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

c) Scrap sale

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

(ii) Other Income

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

I. Employee Benefits

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.



NOTES TO SEPARATE FINANCIAL STATEMENTS

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

J. Government Grants

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

- (iv) 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".

K. Foreign currency transactions

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

L. Borrowing Costs

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

M. Earnings per Share

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

N. Impairment of Non-Financial Assets

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

O. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.
- (ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- (iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are not recognised.
- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

P. Intangible Assets

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

- (ii) The cost incurred for right to un-restricted usage of power transmission system for drawal of power from State grid to its Mills were capitalized as it is expected to yield future economic benefits.
- (iii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

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

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

Q. Investment Properties

- (i) An investment in land or buildings both furnished and unfurnished, which are held for earning rentals or capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, are classified as investment properties.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and impairment loss, if any except freehold land which is carried at cost.
- (iii) The Company identifies the significant parts of investment properties separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives determined on best estimate basis upon technical advice. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. Other expenses including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant parts as detailed below:

Asset type	Useful life
Buildings under Investment properties	60 years



NOTES TO SEPARATE FINANCIAL STATEMENTS

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

R. Operating Segments

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

S. Financial Instruments

- (i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (ii) Financial assets and liabilities are offset and the net amount is presented in the Balance sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- (iii) The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Company does not restate any previously recognised gains, losses including impairment gains or losses or interest.

(iv) Fair Value Hedges

Changes in the fair value of forwards contracts that are designated and qualify as fair value hedges are recognized in the income statement, together with the changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, changes in the fair value of the hedged item attributable to the hedged risk are no longer recognized in the income statement.

When a hedged item in a fair value hedge is a firm commitment (or a component thereof) to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability that results from the entity meeting the firm commitment is adjusted to include the cumulative change in the fair value of the hedged item that was recognised in the balance sheet, with a corresponding gain or loss recognized in Profit or Loss.



T. Financial Assets

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

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

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

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

- (iv) The Company has accounted for its investments in associates at cost. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

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

However, the Company continues to recognise the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset.

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

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

NOTES TO SEPARATE FINANCIAL STATEMENTS



U. Financial Liabilities

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

Measurement basis	Name of Financial liabilities
Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading,
FVTPL	Foreign exchange Forward contracts and other financial liabilities held 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 guarantee 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 derecognition 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.

V. Fair value measurement

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- (ii) The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.



NOTES TO SEPARATE FINANCIAL STATEMENTS

- (iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

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

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

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

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

a) Investments in Equity

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

b) Trade and other receivables

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

c) Forward exchange contracts

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



d) Non-derivative financial liabilities

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

e) Financial guarantee obligation

The fair value of financial guarantee obligation with reference to loan availed by associates is determined on the basis of estimated cost involved in securing equivalent size of the guarantees from bank.

f) Investment Properties

The fair value is determined for disclosure purposes based on an annual evaluation performed by an internal technical team measured using the technique of quoted prices for similar assets in the active markets and further moderated by market corroborated inputs.

5. Significant Estimates and Judgements

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

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

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

(i) Revenue Recognition

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

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

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team periodically including at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation / amortization. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

(iii) Current Taxes

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

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

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

(v) Provisions

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

(vi) Segment Reporting

Management's judgment is exercised to aggregate two or more business segments as single operating segment, based on economic characteristics, products, production process and types of customer, which are similar in nature.



(vii) Contingent Liabilities

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

(viii) Impairment of Trade receivables

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

(ix) 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.

(x) Impairment of Investments in Associates

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

(xi) 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.

(xii) Fair value measurement of financial instruments / Firm Commitments

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 / Net Asset Value Method, 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.



NOTES TO SEPARATE FINANCIAL STATEMENTS

In case of unrecognised firm commitments denominated in foreign currency, which also qualify as a hedged item, the fair value of such firm commitments outstanding at the reporting date are measured at functional currency based on the quoted price in the active market prevailing on the reporting date.

(xiii) Interests in other entities

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

NOTES TO SEPARATE FINANCIAL STATEMENTS



NOTE NO. 6

PROPERTY, PLANT AND EQUIPMENT

Particulars	Year	Gross Block				Depreciation				Net Block	
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 37)	Withdrawn during the year	As at the end of the year	As at the end of the year	As at the beginning of the year
Land - Free hold	2019-20	825.28	365.07	-	1,190.35	-	-	-	-	1,190.35	825.28
	2018-19	825.28	-	-	825.28	-	-	-	-	825.28	825.28
Land - Lease hold	2019-20	722.03	-	-	722.03	6.35	6.94	-	13.29	708.74	715.68
	2018-19	-	722.03	-	722.03	-	6.35	-	6.35	715.68	-
Buildings	2019-20	5,182.95	5,494.97	-	10,677.92	2,127.63	150.47	-	2,278.10	8,399.82	3,055.32
	2018-19	4,824.90	358.05	-	5,182.95	1,978.12	149.51	-	2,127.63	3,055.32	2,846.78
Plant and Machinery	2019-20	61,039.11	22,436.59	2,366.06	81,109.64	35,632.26	3,027.24	1,841.59	36,817.91	44,291.73	25,406.85
	2018-19	56,662.12	5,742.32	1,365.33	61,039.11	33,747.34	2,845.94	961.02	35,632.26	25,406.85	22,914.78
Electrical Machinery	2019-20	3,074.97	1,629.55	1.01	4,703.51	2,357.99	87.89	0.96	2,444.92	2,258.59	716.98
	2018-19	2,746.04	342.58	13.65	3,074.97	2,291.17	79.80	12.98	2,357.99	716.98	454.87
Furniture & Office Equipments	2019-20	756.34	189.61	2.39	943.56	550.20	60.24	2.04	608.40	335.16	206.14
	2018-19	676.67	87.82	8.15	756.34	510.16	47.77	7.73	550.20	206.14	166.51
Vehicles	2019-20	467.94	98.59	45.56	520.97	242.13	40.46	37.06	245.53	275.44	225.81
	2018-19	375.45	115.07	22.58	467.94	223.77	36.19	17.83	242.13	225.81	151.68
Total - Tangible Assets	2019-20	72,068.62	30,214.38	2,415.02	99,867.98	40,916.56	3,373.24	1,881.65	42,408.15	57,459.83	31,152.06
	2018-19	66,110.46	7,367.87	1,409.71	72,068.62	38,750.56	3,165.56	999.56	40,916.56	31,152.06	27,359.90

Notes: (i) Borrowings cost of ₹ 2,547.09 Lakhs have been capitalised for current year (PY: ₹ 74.22 Lakhs).

(ii) All the moveable fixed assets have been pledged as security for borrowings.

(iii) The Company has opted to present the government grants related to assets as deduction from the carrying value of eligible assets in accordance with Ind AS 20. An amount of ₹ 986.69 Lakhs has been deducted from the carrying value of respective assets during the financial year 2019-20 (PY: NIL).



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2020

As at
31-03-2019

NOTE NO. 7

INVESTMENT PROPERTY

Land

As at the beginning of the year	55.17	55.17
Addition / Sale	—	—
As at the end of the year	55.17	55.17

Building

As at the beginning of the year	126.05	126.05
Addition / Sale	—	—
As at the end of the year	126.05	126.05
Less:		
Accumulated depreciation as at the beginning of the year	36.27	36.04
Depreciation for the year (Refer Note No. 37)	0.24	0.23
Accumulated depreciation as at the end of the year	36.51	36.27
Net Block	89.54	89.78

Total Investment Property	144.71	144.95
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Information regarding income and expenditure of Investment Property

Rental Income from Investment Properties	0.68	0.68
Direct Operating Expenses	—	—
Profit arising from Investment Properties before Depreciation and indirect expenses	0.68	0.68
Less: Depreciation	0.24	0.23
Profit arising from Investment Properties before indirect expenses	0.44	0.45
Fair Value of Investment Property	1,348.68	1,476.81

Notes:

- The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.
- The fair valuation of these investment property are determined by an internal technical team, who are specialists in valuing these types of investment properties by using the technic of quoted prices for similar assets in active markets or recent price of similar properties in less active markets and adjusted to reflect those differences.
- The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- Fair value hierarchy disclosures for investment properties have been provided in Note No. 49.

NOTES TO SEPARATE FINANCIAL STATEMENTS



NOTE NO. 8 INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Year	Gross Block			Amortisation				Net Block	
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 37)	Withdrawn during the year	As at the end of the year	As at the beginning of the year
Computer software	2019-20	191.22	234.43	–	425.65	185.32	2.58	–	187.90	5.90
	2018-19	189.71	1.51	–	191.22	179.80	5.52	–	185.32	9.91
Power Transmission System	2019-20	123.88	67.92	–	191.80	78.41	8.59	–	87.00	45.47
	2018-19	79.37	44.51	–	123.88	71.67	6.74	–	78.41	7.70
Total - Intangible Assets	2019-20	315.10	302.35	–	617.45	263.73	11.17	–	274.90	51.37
	2018-19	269.08	46.02	–	315.10	251.47	12.26	–	263.73	17.61



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

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

NOTE NO. 9

INVESTMENT IN ASSOCIATES

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
Investment in Equity Instruments					
Quoted					
The Ramco Cements Limited	1	3,30,65,000	3,30,65,000	4,864.91	4,864.91
Ramco Industries Limited	1	84,01,680	84,01,680	1,100.81	1,100.81
Ramco System Limited	10	7,33,531	7,33,531	1,141.55	1,141.55
Total				7,107.27	7,107.27
Quoted Investments - Cost				7,107.27	7,107.27
Market Value				1,80,025.85	2,63,084.78

Notes: (i) The Company has accounted for Investment in Associates at cost.

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

NOTE NO. 10

OTHER INVESTMENT (DESIGNATED AT FVTOCI)

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
I. Investment in Equity Instruments					
1) Quoted					
The Ramaraju Surgical Cotton Mills Limited	10	4,000	4,000	7.60	6.40
Lakshmi Automatic Loom Works Limited	10	2,500	2,500	0.64	1.08
Tamilnadu Jai Bharath Mills Limited	10	1,200	1,200	0.05	0.04
Total Quoted Investments	(A)			8.29	7.52
2) Unquoted					
Sri Vishnu Shankar Mills Limited	10	38,400	38,400	76.80	38.40
Ramco Industrial and Technology Services Limited	10	50,000	50,000	13.00	10.00
Ramco Windfarms Limited	1	8,32,000	8,32,000	8.32	8.32
Miot Hospitals Limited	10	2,500	2,500	0.25	0.25
ARS Energy Private Limited	10	280	—	0.77	—
Total Unquoted Investments	(B)			99.14	56.97

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

Thanjavur Spinning Mill Limited (C) 10 2,50,00,000 2,50,00,000 2,500.00 2,500.00

Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited.

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

		As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
III. Other Non-Current Investments, Non-Trade - Unquoted					
Ramco Group Employees' Co-operative Stores Limited	1	500	500	0.01	0.01
Total other Investments	(D)			0.01	0.01
Total	(A + B + C + D)			2,607.44	2,564.50
Aggregate Market Value of Quoted Investments				NA	NA

Notes: (i) Refer to Note No. 49 for information about fair value hierarchy under Disclosure of Fair Value Measurement.
(ii) Market Value of quoted investments for some equity instruments were not available due to no trading activities in stock market.

NOTE NO. 11

FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES

Unsecured, considered good

Loans and Advances to Related Parties [Refer to Note No.47 b (i)]	950.00	950.00
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NOTE NO. 12

OTHER FINANCIAL ASSETS - (NON CURRENT)

Unsecured, considered good

Security Deposits with Electricity Board / Others	990.67	924.32
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NOTE NO. 13

OTHER NON CURRENT-ASSETS

Unsecured, considered good

Capital Advances	819.76	6,939.62
Deposits under protest, in Appeals [Refer to Note No.42 (iii)]	-	11.21
Income Tax Refund Receivable	85.74	158.70
Prepaid Expenses - Non-Current	56.85	53.97
	962.35	7,163.50

NOTE NO. 14

INVENTORIES

(Valued at lower of cost or Net realisable value)

Finished Goods (Yarn and Fabrics)	4,423.23	3,166.14
Raw materials - Cotton, Cotton Waste & Yarn	7,599.42	9,637.41
Stores and Spares	413.09	245.94
Works-in-progress (Cotton and Yarn)	2,248.50	1,856.29
	14,684.24	14,905.78

Notes: (i) Raw materials includes Goods-in-transit of ₹ 881.86 Lakhs (PY: ₹ 647.34 Lakhs).
(ii) The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.
(iii) Provision for Mark to Market losses of ₹ 218.34 Lakhs has been made in the value of inventories of Raw materials (PY: NIL).



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2020

As at
31-03-2019

NOTE NO. 15

TRADE RECEIVABLES

Secured, Considered good	1,138.00	1,004.32
Unsecured, considered good	3,924.68	5,204.59
	<u>5,062.68</u>	<u>6,208.91</u>

Notes: (i) Trade receivables are generally non-interest bearing.

(ii) No trade receivable are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any Director is a partner, a Director or a Member.

(iii) The total carrying amount of trade receivables has been pledged as security for Borrowings.

NOTE NO. 16

CASH AND CASH EQUIVALENTS

Cash on Hand	1.26	2.12
Balance with Bank		
In Current Account	108.29	151.50
	<u>109.55</u>	<u>153.62</u>

NOTE NO. 17

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Balances with Banks held as security against Borrowings	475.00	150.00
Earmarked balances with Banks for Unclaimed Dividend	54.93	64.68
	<u>529.93</u>	<u>214.68</u>

NOTE NO. 18

OTHER FINANCIAL ASSETS (CURRENT)

Government Grants Receivable	400.82	415.63
Security Deposit	—	13.00
Insurance Claim receivable	—	0.45
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	233.98	448.18
	<u>634.80</u>	<u>877.26</u>

NOTE NO. 19

OTHER CURRENT ASSETS

Unsecured, considered good

Advance to Suppliers / Others	192.86	88.96
Tax Credit and Refund due - Indirect Taxes	1,657.12	1,295.18
Accrued Income	58.82	64.27
Prepaid Expenses	151.81	165.66
Other Current Assets	38.58	30.67
	<u>2,099.19</u>	<u>1,644.74</u>

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

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

NOTE NO. 20

EQUITY SHARE CAPITAL

Authorised

1,50,00,000 Equity Shares of ₹ 10/- each

(PY: 1,50,00,000 Equity Shares of ₹ 10/- each)

1,500.00 1,500.00

Issued, Subscribed and Fully paid-up

73,76,160 Equity Shares of ₹ 10/- each

(PY: 73,76,160 Equity Shares of ₹ 10/- each)

737.62 737.62

a. Issued, Subscribed and fully paid-up Shares includes 62,13,850 Equity Shares (PY: 62,13,850 Equity Shares) of ₹ 10/- each, which were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. **Reconciliation of the number of shares outstanding**

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	73,76,160	737.62	73,76,160	737.62
Issued during the year - Bonus Issue	—	—	—	—
Issued during the year - Preferential Issue	—	—	—	—
Number of Shares at the end	73,76,160	737.62	73,76,160	737.62

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

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

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Shri P.R. Venketrama Raja	14,66,080	19.88%	14,66,080	19.88%
Shri P.V. Abinav Ramasubramaniam Raja	19,51,952	26.47%	19,51,952	26.47%

NOTE NO. 21

OTHER EQUITY

Capital Reserve

3.75 3.75

Securities Premium Reserve

1,490.48 1,490.48

General Reserve

24,368.21 24,355.88

FVTOCI Reserve

5.02 (37.15)

Retained Earnings

3,200.00 3,000.00

29,067.46 28,812.96



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

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

Capital Reserve

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

Securities Premium Reserve

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

FVTOCI Reserve

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

General reserve

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

Retained earnings

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

The Board of Directors have recommended the payment of Final Dividend ₹ 1/- per share for the year 2019-20 (PY: ₹ 4/- per Share). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.

NOTE NO. 22

NON CURRENT BORROWINGS

Secured

Term Loan from Banks	27,505.64	18,844.13
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Unsecured

Term Loan from Banks	3,500.00	741.18
	<u>31,005.64</u>	<u>19,585.31</u>

- Term Loan from Banks of ₹ 23,199.39 Lakhs (PY: ₹ 15,244.13 Lakhs) are secured by *pari-passu* first charge on moveable Fixed Assets of the Company and *pari-passu* second charge on the Current Assets of the Company.
- Term Loan of ₹ 4,306.25 Lakhs (PY: ₹ 3,600 Lakhs) are secured by residual charge on moveable Fixed Assets of the Company.
- The Long Term Borrowings from Banks are repayable in quarterly installments. The year wise repayment is as follows:

Year	Amount	Amount
2020-21	–	4,285.02
2021-22	7,108.19	3,530.82
2022-23	6,828.85	3,240.38
2023-24	4,692.74	1,896.17
2024-25	3,545.56	1,907.21
2025-26	2,778.88	1,442.13
2026-27	2,607.60	1,490.21
2027-28	3,074.00	1,793.37
2028-29	369.82	–
	<u>31,005.64</u>	<u>19,585.31</u>

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

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

NOTE NO. 23

PROVISION (NON - CURRENT)

Provision for Employee Benefits [Refer to Note No. 44]	400.30	347.83
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NOTE NO. 24

DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	6,974.48	5,819.45
Tax effect on Fair Value Measurement	11.46	(6.49)

Deferred Tax Asset

Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,708.50)	–
Tax impact on Provision for Bonus and Leave Encashment	(235.08)	(261.93)
Unused Tax Credits (MAT Credit Entitlement)	(3,273.11)	(3,273.11)
	1,769.25	2,277.92

Reconciliation of Deferred Tax Liabilities (net)

Opening balance as on 1st April	2,277.92	2,442.97
Tax (Savings) / Expense during the period recognised in Profit and Loss	(508.67)	(188.84)
Deferred Tax recognised in OCI	–	23.79
Closing balance as on 31 st March	1,769.25	2,277.92

NOTE NO. 25

DEFERRED INCOME

Deferred Income Government Grants	–	28.58
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NOTE NO. 26

CURRENT BORROWINGS

Secured

Loan from Banks	12,152.75	12,099.18
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Unsecured

Loan from Banks	5,273.15	5,000.00
Loans and Advances from Related Parties [Refer to Note No.47 (b) (ii)]	2,574.98	2,935.56
	20,000.88	20,034.74

Borrowings are secured by *pari-passu* first charge on the current assets of the Company and *pari-passu* second charge on the movable fixed assets of the Company.



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

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

NOTE NO. 27

TRADE PAYABLES

(i) Total outstanding dues of micro enterprises and small enterprises	40.97	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,792.91	1,940.63
	<u>1,833.88</u>	<u>1,940.63</u>

Notes: 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:

(a) (i) The principal amount remaining unpaid to any supplier at the end of the financial year included in Trade payables	40.97	—
(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	—	—

Refer to Note No. 51 for information about risk profile of Trade payables under Financial Risk Management.

NOTE NO. 28

OTHER CURRENT FINANCIAL LIABILITIES

Current Maturities of Long Term Loans	7,289.29	6,228.43
Interest Accrued	253.50	137.05
Unpaid Dividends	54.93	64.68
PACR Memorial Fund	28.40	67.45
Liabilities for Other Finance	1,027.97	1,209.75
Financial Guarantee Contracts	30.32	49.50
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	—	448.18
	<u>8,684.41</u>	<u>8,205.04</u>

NOTE NO. 29

PROVISIONS, CURRENT

Provision for Employee Benefits	550.03	647.29
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NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

2019-20

2018-19

NOTE NO. 30

REVENUE FROM OPERATIONS

Sale of Products

Yarn	34,719.03	40,191.56
Waste Cotton	<u>513.66</u>	<u>434.11</u>
	35,232.69	40,625.67

Other operating Revenues

Export Incentive	97.40	113.46
Jobwork Charges Received	452.13	522.70
	<u>35,782.22</u>	<u>41,261.83</u>

Note: Revenue from operation does not include an amount of ₹ 887.22 Lakhs, being sale value of fabric, which has been produced during trial run and netted-off with trial run expenses and capitalised during the financial year 2019-20 in accordance with Ind AS 16 (PY: NIL).

NOTE NO. 31

FINANCE INCOME

Interest Receipts	<u>290.52</u>	<u>320.69</u>
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NOTE NO. 32

OTHER INCOME

Rent Receipts	41.40	36.14
Dividend Income	2,127.59	2,085.81
Profit on Sale of Property, Plant and Equipment	12.21	—
Exchange Gain on Foreign Currency Transactions (Net)	12.88	21.63
Government Grants	2.01	1.91
Miscellaneous Income	137.58	338.24
	<u>2,333.67</u>	<u>2,483.73</u>

NOTE NO. 33

COST OF MATERIALS CONSUMED

Rawmaterials Consumed

Cotton & Cotton Waste	<u>19,589.62</u>	<u>22,840.20</u>
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Note: Raw material consumed does not include an amount of ₹ 451.20 Lakhs, being value of yarn consumed at fabric unit, during trial run and capitalised during the financial year 2019-20 in accordance with Ind AS 16 (PY: NIL).



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

2019-20

2018-19

NOTE NO. 34

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

Opening stock

Finished Goods	3,166.14	1,743.57
Work-in-Progress	1,856.29	1,585.39
	<u>5,022.43</u>	<u>3,328.96</u>
Less: Value of Stock transferred to Trial Run	611.09	
Add: Value of Stock transferred from Trial Run	405.11	
	<u>4,816.45</u>	

Closing Stock

Finished Goods	4,423.23	3,166.14
Work-in-Progress	2,248.50	1,856.29
	<u>6,671.73</u>	<u>5,022.43</u>
Net Increase in Stock	<u>(1,855.28)</u>	<u>(1,693.47)</u>

NOTE NO. 35

EMPLOYEE BENEFITS

Salaries, Wages and Bonus	4,844.98	4,979.72
Contribution to Provident and Other Funds	622.79	621.15
Staff and Labour Welfare & Training Expenses	250.74	285.74
	<u>5,718.51</u>	<u>5,886.61</u>

NOTE NO. 36

FINANCE COSTS

Interest on Debts and Borrowings	2,398.77	2,106.00
Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing cost	187.80	92.07
	<u>2,586.57</u>	<u>2,198.07</u>

NOTE NO. 37

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of Plant, Property and Equipment [Refer to Note No. 6]	3,373.24	3,165.56
Depreciation on Investment Properties [Refer to Note No. 7]	0.24	0.23
Amortization of Intangible Assets [Refer to Note No. 8]	11.17	12.26
	<u>3,384.65</u>	<u>3,178.05</u>

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

	2019-20	2018-19
NOTE NO. 38		
OTHER EXPENSES		
Manufacturing Expenses		
Power and Fuel	2,786.70	3,697.55
Packing Materials Consumption	605.51	636.89
Repairs to Buildings	126.75	122.79
Repairs to Plant and Machinery	1,070.45	944.14
Repairs - Wind Mills & Others	886.63	880.00
Mercerising Expenses	154.92	97.12
Job work Charges Paid	312.00	215.57
	<u>5,942.96</u>	<u>6,594.06</u>
Establishment Expenses		
Managing Director's Remuneration	270.30	270.30
Rates and Taxes	113.92	94.16
Insurance	254.64	115.25
Postage and Telephone	18.70	18.02
Printing and Stationery	34.68	37.03
Travelling Expenses	90.97	86.62
Vehicle Maintenance	83.06	92.68
Loss on Sale of Property, Plant and Equipment	—	19.55
Directors' Sitting Fees	21.30	26.40
Rent	13.21	7.97
Audit Fees and Legal Expenses	30.70	20.04
Corporate Social Responsibility Expenses	18.40	72.91
Mark to Market Loss on Cotton	218.34	—
Miscellaneous Expenses	130.14	173.27
	<u>1,298.36</u>	<u>1,034.20</u>
Selling Expenses		
Sales Commission	384.59	410.56
Export Expenses	176.28	189.28
Other Selling Expenses	201.52	149.82
	<u>762.39</u>	<u>749.66</u>
	<u>8,003.71</u>	<u>8,377.92</u>

The details of CSR Expenditure are furnished in Annexure - II to the Directors' Report.



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

2019-20 2018-19

NOTE NO. 39

AUDIT FEES AND EXPENSES

As Auditor :

Audit fee	5.00	4.40
Tax audit fee	0.60	0.60

In other capacity :

Taxation matters	0.60	0.60
Other services (Certification fees)	0.70	1.54
Reimbursement of Expenses	0.53	0.66
	<u>7.43</u>	<u>7.80</u>

NOTE NO. 40

INCOME TAX

Components of Tax Expenses

(i) Current Tax

Charged in Profit or Loss section	—	102.47
Charged in Other Comprehensive Income section	—	(23.79)
	<u>—</u>	<u>78.68</u>

(ii) Deferred Tax

Charged in Profit or Loss section	(508.67)	(188.84)
Charged in Other Comprehensive Income section	—	23.79
	<u>(508.67)</u>	<u>(165.05)</u>

Reconciliation Tax Expenses and Accounting Profit

Accounting Profit before Tax including OCI	101.53	2,511.73
Corporate Tax Rate	31.20%	34.944%
Computed Tax Expenses at India's statutory Income Tax Rate	31.68	877.70

Increase / (Reduction) in taxes on account of:

Income exempt / eligible for deduction Under Chapter VI-A	(31.68)	(1,114.84)
Non-deductible expenses	—	284.00
Other exempted Items	—	(46.86)
Net effective income tax under Regular method (A)	<u>—</u>	<u>—</u>

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

	2019-20	2018-19
Income Tax under MAT		
Accounting Profit before Tax including OCI	101.53	2,511.73
Tax rate under MAT	15.60%	21.549%
Computed Tax Expenses at India's statutory Income Tax Rate	15.84	541.25
Adjustment for Income exempt / items eligible for deduction Under MAT provision	<u>(15.84)</u>	<u>(462.57)</u>
Net effective Income Tax (B)	<u>–</u>	<u>78.68</u>
Tax applicable higher of (A) or (B)	<u>–</u>	<u>78.68</u>
Deferred Tax Recognised in the Statement of Profit and Loss		
Tax impact on difference between book depreciation and depreciation under the Income Tax Act, 1961	1,155.03	(85.41)
Tax effect on Fair Value Measurement	17.95	0.96
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,708.50)	–
Tax effect on Provision for Bonus and Leave Encashment	26.85	(1.92)
Unused Tax Credit i.e. MAT Credit Entitlement	<u>–</u>	<u>(78.68)</u>
	<u>(508.67)</u>	<u>(165.05)</u>



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2020

As at
31-03-2019

NOTE NO. 41

COMMITMENTS

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

1,259.11 9,213.00

NOTE NO. 42

CONTINGENT LIABILITIES

Guarantees given by the bankers on behalf of company

233.45 155.05

Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to - Income Tax

82.49 Nil

- Other demands

622.01 485.33

- Income Tax Assessment have been completed upto the Accounting Year ended 31st March, 2016 i.e. AY 2016-17.
- Sales Tax / VAT Assessment has been completed upto the Accounting year 2006-07. The Assessment under CST Act was completed upto the Accounting year 2017-18.
- In respect of Income Tax matter, appeals are pending with Appellate Authorities for a demand amount of ₹ 82.49 Lakhs for the AY 2018-19 (PY: NIL) towards dispute in calculation of Book Profit U/s. 115JB of the Income Tax Act, 1961.
- In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of ₹ 622.01 Lakhs (PY: ₹ 485.33 Lakhs). In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on this matter.

NOTE NO. 43

Financial Guarantee given to banks to avail loan facilities by Related parties:

Sri Vishnu Shankar Mill Limited

2,800 2,800

Sandhya Spinning Mill Limited

3,500 3,500

Actual amount of loan outstanding against above Financial Guarantees

Sri Vishnu Shankar Mill Limited

957 1,871

Sandhya Spinning Mill Limited

1,036 2,057

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

31-03-2020 31-03-2019

NOTE NO. 44

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

Defined Contribution Plan:

Employer's Contribution to Provident Fund	379.95	364.34
Employer's Contribution to Superannuation Fund	42.88	36.91

Defined Benefit Plan - Gratuity

The Gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company read with Payment of Gratuity Act, 1972. This is a defined benefit plan in nature. The Company makes annual contributions to "Rajapalayam Mills Limited Employees' Gratuity Fund" administered by the Trustees and managed by LIC of India, based on the Actuarial Valuation by an Independent external actuary as at the Balance Sheet date using Projected Unit Credit method. The Company has the exposure of actuarial risk such as adverse salary growth, change in demography experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

Defined Benefit Plan (Gratuity):

Reconciliation of Opening and Closing balances of Present Value of Obligation:

As at the beginning of the year	1,067.72	937.58
Current Service Cost	85.50	74.14
Interest Cost	78.30	69.28
Actuarial Loss	75.19	67.15
Benefits paid	(-) 96.46	(-) 80.43
As at the end of the year	1,210.25	1,067.72

Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets

As at the beginning of the year	923.94	844.41
Expected return on plan assets	72.87	65.76
Actuarial gain / (loss)	1.98	(-) 0.94
Employer Contribution	146.15	95.14
Benefits paid	(-) 96.46	(-) 80.43
As at the end of the year	1,048.48	923.94

Actual Return on Plan Assets:

Expected Return on Plan Assets	72.87	65.76
Actuarial Gain / (Loss) on Plan Assets	1.98	(-) 0.94
Actual Return on Plan Assets	74.85	64.82



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

31-03-2020 31-03-2019

Reconciliation of Fair Value of Assets and Obligations:

Present value of obligation	1,210.25	1,067.72
Fair value of plan assets	1,048.48	923.94
Difference, Amount recognized in Balance Sheet	161.77	143.78

Expenses recognized during the year:

Current Service Cost	85.50	74.14
Net Interest on Obligations	5.43	3.52
Expenses recognized in Statement of Profit and Loss	90.93	77.66

Amount recognized in the Other Comprehensive Income:

Actuarial changes arising from:		
Experience adjustments on Plan Liabilities	2.88	62.55
Experience adjustments on Plan Assets	1.98	0.94
Changes in financial assumptions	(-) 78.07	4.60
Changes in demographic assumptions	—	—
Amount recognized in OCI during the year	73.21	68.09

Investment Details

Funds with LIC	1,042.41	920.03
Bank Balance	6.07	3.91
Total	1,048.48	923.94

Actuarial assumptions:

LIC 2012-14 Table applied for service mortality rate	Yes	Yes
Discount rate p.a	6.67%	7.68%
Expected rate of Return on Plan Assets p.a.	6.67%	7.68%
Rate of escalation in salary p.a	3.75%	4.00%
Rate of Employee Turnover	0.05%	0.50%

Estimate of Expected Benefit payments

Year 1	32.95	13.53
Year 2	39.90	122.08
Year 3	29.96	52.79
Year 4	55.59	38.14
Year 5	50.88	62.15
Next 5 Years	696.50	589.27

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

31-03-2020 31-03-2019

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Discount Rate	90.15	80.01
0.50% Decrease in Discount Rate	104.76	91.55
0.50% Increase in Salary Growth Rate	104.97	91.78
0.50% Decrease in Salary Growth Rate	89.91	79.77

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

Defined Benefit Plan (Leave encashment plan):

Reconciliation of Opening and Closing balances of Present Value of Obligation:

As at the beginning of the year	391.64	315.97
Current Service Cost	28.88	22.96
Interest Cost	27.15	23.23
Actuarial Loss	43.84	59.51
Benefits paid	(-) 76.25	(-) 30.03
As at the end of the year	415.26	391.64

Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:

As at the beginning of the year	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	76.25	30.03
Benefits paid	(-) 76.25	(-) 30.03
As at the end of the year	NIL	NIL

Actual Return of plan assets:

Expected Return on Plan Assets	NIL	NIL
Actuarial Gain / (Loss) on Plan Assets	NIL	NIL
Actual Return on Plan Assets	NIL	NIL

Reconciliation of Fair Value of Assets and Obligations:

Fair value of plan assets	NIL	NIL
Present value of obligation	415.26	391.64
Difference, Amount Recognized in Balance Sheet	415.26	391.64



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

31-03-2020 31-03-2019

Expenses recognized during the year:

Current Service Cost	28.88	22.96
Net Interest on obligations	27.15	23.23
Actuarial Gain recognized during the year	43.84	59.51
Expenses recognized in the Statement of Profit & Loss	99.87	105.70

Amount recognized in the Other Comprehensive Income:

Actuarial changes arising from:		
Experience adjustments on Plan Liabilities	NIL	NIL
Experience adjustments on Plan Assets	NIL	NIL
Changes in financial assumptions	NIL	NIL
Changes in demographic assumptions	NIL	NIL
Amount recognized in OCI during the year	NIL	NIL

Investment Details

Funds with LIC	NIL	NIL
Bank Balance	NIL	NIL
Total	NIL	NIL

Actuarial assumptions:

LIC 2012-14 Table applied for service mortality rate		
Discount rate p.a	6.67%	7.68%
Expected rate of Return on Plan Assets p.a.	NIL	NIL
Rate of escalation in salary p.a	3.75%	4.00%
Rate of Employee Turnover	0.05%	0.50%

Estimate of Expected Benefit payments

Year 1	12.28	29.62
Year 2	11.57	32.71
Year 3	17.80	14.92
Year 4	25.51	12.32
Year 5	8.21	24.42
Next 5 Years	264.97	204.10

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Discount Rate	29.22	27.26
0.50% Decrease in Discount Rate	33.83	30.66
0.50% Increase in Salary Growth Rate	33.89	30.71
0.50% Decrease in Salary Growth Rate	29.15	27.20

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

NOTE NO. 45

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

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

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

COMPANY AS A LESSEE

Nature of leasing activities

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

Other disclosures as required by Ind AS 116:

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Depreciation charge for Right-of-use asset	6.94	6.35
Interest on lease liabilities	NIL	NIL
Expenses relating to short-term leases	13.21	7.97
Total cash outflow for leases including principal and interest	NIL	NIL
Additions to Right-of-use assets upon transition to Ind AS 116	NIL	722.03
Carrying amount of Right-of-use assets at 31 st March	708.74	715.68

Notes:

- The Company has capitalized one time non-refundable upfront charge for Right-to-Use of Land during the year NIL (PY: ₹ 722.03 Lakhs).
- Expenses relating to Short-term lease include leases whose lease term ends within 12 months from date of initial application and leases whose non-cancellable period is less than 12 months, irrespective of the actual tenure agreed as per the arrangement.

COMPANY AS A LESSOR

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

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Not later than one year	1.05	0.88
One to five years	5.85	5.58
More than five years	12.25	13.57



NOTES TO SEPARATE FINANCIAL STATEMENTS

NOTE NO. 46

EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Net profit after tax (₹ in Lakhs) (A)	641.24	2,782.16
Weighted average number of Equity shares [in Lakhs] (B)	73.76	73.76
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) (in ₹)	8.69	37.72

NOTE NO. 47

RELATED PARTY TRANSACTIONS

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March, 2020:

A) Associates

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2020	31-03-2019
The Ramco Cements Limited	India	14.04%	14.04%
Ramco Industries Limited	India	9.69%	9.69%
Ramco Systems Limited	India	2.40%	2.40%

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

Name of the Key Management Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt. R. Sudarsanam	Managing Director
Smt. P.V. Nirmala Raju	Non-Executive Director
Shri S.S. Ramachandra Raja	Non-Executive Director
Shri N.K. Ramasuwami Raja	Independent Director
Shri A.V. Dharmakrishnan	Non-Executive Director
Justice Shri P.P.S. Janarthana Raja	Independent Director
Shri V. Santhana Raman	Independent Director
Shri K.B. Nagendra Murthy	Independent Director
Smt. Soundara Kumar	Independent Director
Shri P.V. Abinav Ramasubramniam Raja	Non-Executive Director
Shri P.A.S Alaghar Raja	Independent Director
Shri B. Gnanagurusamy	Chief Financial Officer
Shri A. Arulpranavam	Secretary



NOTES TO SEPARATE FINANCIAL STATEMENTS

C) Relatives of Key Managerial Personnel

Name of the Relative of KMP	Relationship
Smt. R. Chittammal	Spouse of Shri S.S. Ramachandra Raja
Smt. Nalina Ramalakshmi	Sister of Shri P.R. Venketrama Raja
Smt. Saradha Deepa	Sister of Shri P.R. Venketrama Raja
Smt. B. Sri Sandhya Raju	Daughter of Shri P.R. Venketrama Raja

D) Companies over which KMP/Relatives of KMP exercise significant influence

The Ramaraju Surgical Cotton Mills Limited	Sri Vishnu Shankar Mill Limited
Thanjavur Spinning Mill Limited	Sandhya Spinning Mill Limited
Sri Harini Textiles Limited	Rajapalayam Textile Limited
Ramco Industrial and Technology Services Limited	Ramco Wind farms Limited
Ramco Management Private Limited	RCDC Securities & Investments Private Limited
Shri Harini Media Limited	

E) Employee Benefit Funds where control exists

Rajapalayam Mills Limited Officers' Superannuation Fund
Rajapalayam Mills Limited Employees' Gratuity Fund

F) Other entities over which there is a significant influence

Smt. Lingammal Ramaraju Shastra Prathishta Trust	PACR Sethurammam Charity Trust
Ramco Welfare Trust	PACR Sethurammam Charities
Raja Charity Trust	PAC Ramasamy Raja Education Charity Trust
Gowri Metal Works LLP	Ramco Organic Farming Centre
PACR Centenary Trust	

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

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

i. Good Supplied / Services rendered

Name of the Related party	(₹ in Lakhs)	
	2019-20	2018-19
Associates		
Ramco Industries Limited	686.55	745.87
Ramco Systems Limited	0.81	0.81
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	1,087.88	727.57
Sri Vishnu Shankar Mill Limited	502.01	1,065.29
Sandhya Spinning Mill Limited	539.04	761.32
Rajapalayam Textile Limited	567.77	845.88
Sri Harini Textiles Limited	13.07	188.42



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)		
Name of the Related party	Value	
	2019-20	2018-19
ii. Sale of Fixed Assets		
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	0.15	18.63
Sri Vishnu Shankar Mill Limited	NIL	47.23
Sandhya Spinning Mill Limited	9.06	1.98
Rajapalayam Textile Limited	159.13	44.98
Sri Harini Textiles Limited	6.66	NIL
iii. Cost of Goods & Services purchased / availed		
Associates		
The Ramco Cements Limited	10.31	6.54
Ramco Industries Limited	761.51	496.07
Ramco Systems Limited	154.14	28.35
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	223.12	4.03
Sri Vishnu Shankar Mill Limited	1,072.27	1,039.06
Ramco Windfarms Limited	418.82	440.27
Sandhya Spinning Mill Limited	497.84	356.97
Rajapalayam Textile Limited	448.37	0.46
Sri Harini Textiles Limited	NIL	43.35
Shri Harini Media Limited	0.74	0.74
Other entities over which there is a significant influence		
PACR Sethurammam Charity Trust	152.97	153.73
Gowrihouse Metal Works LLP	0.35	NIL
Ramco Organic Farming Centre	0.24	NIL
iv. Purchase of Fixed Assets		
Associates		
The Ramco Cements Limited	0.22	NIL
Ramco Industries Limited	252.05	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	62.60	66.01
Sri Vishnu Shankar Mill Limited	120.02	278.95
Sandhya Spinning Mill Limited	35.12	316.09
Thanjavur Spinning Mill Limited	NIL	31.17
Rajapalayam Textile Limited	21.48	4.53
v. Purchase of Equity Shares		
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Vishnu Shankar Mill Limited	NIL	1,081.60
Relative of Key Managerial Personnel		
Smt. Saradha Deepa	NIL	1,008.42
vi. Leasing Arrangements - Rent Paid		
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	NIL	813.53
Relative of Key Managerial Personnel		
Smt. Saradha Deepa	1.68	1.50

NOTES TO SEPARATE FINANCIAL STATEMENTS



		(₹ in Lakhs)	
	Name of the Related party	Value	
		2019-20	2018-19
vii. Dividend Paid			
	Key Managerial Personnel		
	Shri P.R. Venketrama Raja	58.64	58.64
	Smt. R. Sudarsanam	2.55	2.55
	Smt. P.V. Nirmala Raju	0.11	0.11
	Shri P.V. Abinav Ramasubramaniam Raja	78.08	78.08
	Associates		
	The Ramco Cements Limited	1.02	1.02
	Ramco Industries Limited	5.09	5.09
	Companies over which KMP / Relative of KMP exercise significant Influence		
	The Ramaraju Surgical Cotton Mills Limited	5.41	5.41
	Sri Vishnu Shankar Mill Limited	1.19	1.19
	Sandhya Spinning Mill Limited	0.02	0.02
	Ramco Management Private Limited	0.08	0.08
	Relative of Key Managerial Personnel		
	Smt. R. Chittammal	3.31	3.31
	Smt. R. Nalina Ramalakshmi	0.27	0.27
	Smt. S. Sharada Deepa	0.44	0.44
	Smt. B. Sri Sandhya Raju	0.66	0.66
viii. Dividend Received			
	Associates		
	The Ramco Cements Limited	1,818.58	987.15
	Ramco Industries Limited	84.02	39.60
	Companies over which KMP / Relative of KMP exercise significant Influence		
	The Ramaraju Surgical Cotton Mills Limited	NIL	0.02
	Thanjavur Spinning Mill Limited	225.00	1,059.04
ix. Interest Paid / (Received)			
	Key Managerial Personnel		
	Shri P.R. Venketrama Raja	3.12	NIL
	Smt. R. Sudarsanam	13.16	27.42
	Smt. P.V. Nirmala Raju	2.96	NIL
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sri Harini Textiles Limited	(104.79)	(104.50)
	Thanjavur Spinning Mill Limited	241.25	113.20



NOTES TO SEPARATE FINANCIAL STATEMENTS

		(₹ in Lakhs)	
		Value	
	Name of the Related party	2019-20	2018-19
x. Director's Sitting Fees			
	Key Managerial Personnel		
	Shri P.R. Venketrama Raja	1.50	2.10
	Smt. R. Sudarsanam	1.20	1.50
	Smt. P.V. Nirmala Raju	1.20	NIL
	Shri S.S. Ramachandra Raja	1.50	1.80
	Shri N.K. Ramasuwami Raja	3.00	3.60
	Shri A.V. Dharmakrishnan	2.70	3.30
	Justice Shri P.P.S. Janarthana Raja	3.60	4.20
	Shri V. Santhanaraman	1.50	1.80
	Shri K.B. Nagendra Murthy	1.80	3.30
	Smt Soundara Kumar	1.20	1.20
	Shri P.V. Abinav Ramasubramaniam Raja	0.90	1.80
	Shri P.A.S Alaghar Raja	1.20	1.80
xi. Remuneration to Key Managerial Personnel (Other than Sitting Fees)			
	Key Managerial Personnel		
	Smt. R. Sudarsanam, Managing Director	270.30	270.30
	Shri B. Gnanagurusamy, Chief Financial Officer	42.96	39.31
	Shri A. Arulpranavam, Secretary	11.00	10.89
xii. CSR / Donation given			
	Other entities over which there is a significant influence		
	PACR Sethurammam Charities	NIL	3.50
	PAC Ramasamy Raja Education Charity Trust	9.00	37.05
	PACR Centenary Trust	1.74	2.00
	Raja Charity Trust	35.05	NIL
xiii. Contribution to Superannuation Fund / Gratuity Fund			
	Other entities over which there is a significant influence		
	Rajapalayam Mills Limited Officers' Superannuation Fund	42.88	36.91
	Rajapalayam Mills Limited Employees' Gratuity Fund	162.56	145.75
xiv. Maximum amount of loans and advance / (borrowings) outstanding during the year			
	Key Managerial Personnel		
	Shri P.R. Venketrama Raja	(72.81)	NIL
	Smt. R. Sudarsanam	(443.38)	(435.56)
	Smt. P.V. Nirmala Raju	(100.95)	NIL
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sri Harini Textiles Limited	950.00	950.00
	Thanjavur Spinning Mill Limited	(2,864.00)	(2,500.00)
xv. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL			
	Associates		
	The Ramco Cements Limited	0.26	3.43

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

	Name of the Related party	Value	
		2019-20	2018-19
b. Outstanding balance including commitments			
i. Loans and advances			
Companies over which KMP / Relative of KMP exercise significant Influence			
Sri Harini Textiles Limited		950.00	950.00
ii. Borrowings:			
Key Managerial Personnel			
Shri P.R. Venketrama Raja		72.81	NIL
Smt. R. Sudarsanam		29.51	435.56
Smt. P.V. Nirmala Raju		12.66	NIL
Companies over which KMP / Relative of KMP exercise significant Influence			
Thanjavur Spinning Mill Limited		2,460.00	2,500.00
iii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL			
Associates			
The Ramco Cements Limited		NIL	13.00
iv. Corporate Guarantee given to lender of Related parties			
Companies over which KMP / Relative of KMP exercise significant Influence			
Sri Vishnu Shankar Mill Limited		2,800.00	2,800.00
Sandhya Spinning Mill Limited		3,500.00	3,500.00
v. Trade Payables			
Associates			
Ramco Industries Limited		31.84	NIL

Notes: (a) The above outstanding balance at the respective reporting dates are unsecured and settlement occurs in cash or through provision of goods / services, in case of unadjusted advances.

(b) The loan balance with Banks by the related parties, on the strength of the above Corporate Guarantees given by the Company are furnished below:

Particulars	As at 31-03-2020	As at 31-03-2019
Sri Vishnu Shankar Mill Limited	957.00	1,871.00
Sandhya Spinning Mill Limited	1,036.00	2,057.00

c. Disclosure of Key Managerial Personnel compensation in total and for each of the following categories:

Particulars	31-03-2020	31-03-2019
Short - Term Benefits ^[1]	289.63	287.51
Defined Contribution Plan ^[2]	34.63	34.49
Defined Benefit Plan / Other Long-Term Benefits ^[3]	—	—
Total	324.26	322.00

1. It includes bonus, sitting fees, and value of perquisites.

2. It includes contribution to Provident fund and Superannuation fund

3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.



NOTES TO SEPARATE FINANCIAL STATEMENTS

NOTE NO. 48

Segment Information for the year ended 31-03-2020

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
REVENUE						
External Sales / Other Operating Income	35,782.22	41,261.83	–	–	35,782.22	41,261.83
Inter Segment Sale	–	–	3,975.99	4,146.18	3,975.99	4,146.18
Total	35,782.22	41,261.83	3,975.99	4,146.18	39,758.21	45,408.01
Other Income	304.64	562.70	–	–	304.64	562.70
Total Revenue	36,086.86	41,824.53	3,975.99	4,146.18	40,062.85	45,970.71
RESULT						
Segment Profit	(1,878.98)	230.89	2,278.56	2,343.66	399.58	2,574.55
Unallocated Income	–	–	–	–	2,127.59	2,085.82
Unallocated Expenses	–	–	–	–	–	–
Operating Profit	–	–	–	–	2,527.17	4,660.37
Interest Expenses	–	–	–	–	2,586.57	2,198.07
Interest Income	–	–	–	–	191.97	155.91
Provision for Taxation	–	–	–	–	–	–
Current Tax	–	–	–	–	–	102.47
Income Tax related to earlier years	–	–	–	–	–	(77.58)
Deferred Tax	–	–	–	–	(508.67)	(188.84)
Profit from ordinary activities	–	–	–	–	641.24	2,782.16
Other Comprehensive Income after Tax	–	–	–	–	(31.04)	(106.48)
Exceptional Items	–	–	–	–	–	–
Total Comprehensive Income	–	–	–	–	610.20	2,675.68
Segment Assets	77,439.31	65,632.86	5,945.45	6,363.28	83,384.76	71,996.14
Unallocated Assets	–	–	–	–	10,664.71	10,621.78
Total Assets	–	–	–	–	94,049.47	82,617.92
Segment Liabilities	4,179.31	4,912.35	–	–	4,179.31	4,912.35
Unallocated Liabilities	–	–	–	–	60,065.08	48,154.99
Total Liabilities	–	–	–	–	64,244.39	53,067.34
Capital Expenditure	17,192.86	21,611.30	–	17.86	17,192.86	21,629.16
Unallocated Capital Expenditure	–	–	–	–	–	–
Depreciation	2,966.81	2,762.12	417.84	415.93	3,384.65	3,178.05
Unallocated Depreciation	–	–	–	–	–	–
Non-Cash expenses other than Depreciation	–	–	–	–	–	–



NOTES TO SEPARATE FINANCIAL STATEMENTS

NOTE NO. 49

Disclosure of Fair value measurements

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

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
As at 31-03-2020					
Financial Assets					
Investments - Preference Shares	2,500.00	—	—	2,500.00	2,500.00
Other Investments	—	—	107.44	107.44	107.44
Loans and Advances	950.00	—	—	950.00	950.00
Trade Receivables	5,062.68	—	—	5,062.68	5,062.68
Cash and Bank Balances	639.48	—	—	639.48	639.48
Other Financial Assets	1,625.47	—	—	1,625.47	1,625.47
Financial Liabilities					
Borrowings	58,295.81	—	—	58,295.81	58,295.81
Trade Payables	1,833.88	—	—	1,833.88	1,833.88
Other Financial Liabilities	1,395.12	—	—	1,395.12	1,395.12
As at 31-03-2019					
Financial Assets					
Investments – Preference Shares	2,500.00	—	—	2,500.00	2,500.00
Other Investments	—	—	64.50	64.50	64.50
Loans and Advances	950.00	—	—	950.00	950.00
Trade Receivables	6,208.91	—	—	6,208.91	6,208.91
Cash and Bank Balances	368.30	—	—	368.30	368.30
Other Financial Assets	1,801.58	—	—	1,801.58	1,801.58
Financial Liabilities					
Borrowings	45,848.48	—	—	45,848.48	45,848.48
Trade Payables	1,940.63	—	—	1,940.63	1,940.63
Other Financial Liabilities	1,976.61	—	—	1,976.61	1,976.61

Fair value hierarchy

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

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

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

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Instruments at FVTOCI				
Investments in listed equity securities				
As at 31-03-2020	8.29	—	—	8.29
As at 31-03-2019	7.52	—	—	7.52
Investment in unlisted securities				
As at 31-03-2020	—	—	99.14	99.14
As at 31-03-2019	—	—	56.97	56.97
Financial Instruments at FVTPL				
Foreign exchange forward contracts				
As at 31-03-2020 (Asset)	—	233.98	—	233.98
As at 31-03-2019 (Liability)	—	448.18	—	448.18

Valuation techniques used to determine the fair value

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

Nature of Financial Instrument	Valuation Technique	Remarks
Investment in Listed securities / Mutual Funds	Market Value	Closing Price as at reporting date in Stock Exchange
Investment in Unlisted securities	Adjusted Net Assets	Net Assets value as per Balance Sheet of respective Companies as at reporting date.
Foreign exchange forward contracts	Mark to Market	Based on MTM valuations provided by the Banker
Financial Guarantee Obligation	Differential Interest Rate	Interest rates quote have been obtained from the Banker

NOTE NO. 50

Impact of COVID - 19:

- Due to outbreak of Covid-19 in India and consequent implementation of lockdown of industries during the month of March, 2020, the market price of Cotton had fallen by 5% due to poor market demand. The Company has made a provision for diminution in stock value of cotton to the extent of ₹ 218.34 Lakhs. Starting from April, 2020, the Cotton Corporation of India (CCI) has started selling the cotton by offering huge discount due to extended lockdown announced by Government of India and the market price of cotton had fallen further by another 10% and there was a further loss due to mark to market value of cotton inventory of ₹ 242.61 Lakhs after 31-03-2020.
- In view of the lock-down declared across the country by the Central / State Governments due to COVID-19 pandemic during second half of March 2020, the company's operations were adversely impacted. The operations have since resumed in a phased manner during April / May 2020 in accordance with the guidelines issued by the relevant regulatory authorities with regard to adhering of social distancing and following prescribed hygiene standards. The Company continues to comply with such guidelines from time to time.

The Company has sufficient liquidity / financing arrangements for the continuity of business operations. The lock-down due to COVID-19 is continuing with certain relaxations in FY 2020-21 and the Company is continuing its operations with lower demand. The Company expects the demand for yarn to get back to its normal levels, based on further relaxations that would be announced by the Central and State Governments, in the course of time.



NOTES TO SEPARATE FINANCIAL STATEMENTS

The Company has assessed the potential impact of COVID-19 based on the current circumstances and expects no significant impact on the continuity of operations of the business on long-term basis. The Company does not have any material risk of non-fulfilment of obligations by any party arising out of existing contracts / agreements.

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

NOTE NO. 51

Financial Risk Management

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

The Company has the following financial risks:

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

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

Credit Risk

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

Receivables

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

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

(₹ in Lakhs)

Particulars	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
As at 31-03-2020					
Gross carrying amount	3,154.71	1,474.57	160.15	273.25	5,062.68
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	3,154.71	1,474.57	160.15	273.25	5,062.68
As at 31-03-2019					
Gross carrying amount	4,461.06	813.22	933.31	1.32	6,208.91
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	4,461.06	813.22	933.31	1.32	6,208.91

Financial Instruments and Cash deposits

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

Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

Fund Management

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

Financial arrangements

The Company has access to the following undrawn borrowing facilities:

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Expiring within one year		
Bank Overdraft and other facilities	38,378.79	10,381.00
Term Loans	392.04	11,682.00
Expiring beyond year		
Term Loans	—	—



NOTES TO SEPARATE FINANCIAL STATEMENTS

Maturities of Financial Liabilities

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	> 5 years	Total
As at 31-03-2020				
Borrowings from Banks	27,290.17	24,954.23	6,051.41	58,295.81
Trade payables	1,833.88	—	—	1,833.88
Other Financial Liabilities (Incl. Interest)	1,395.12	—	—	1,395.12
As at 31-03-2019				
Borrowings from Banks	26,263.17	14,859.60	4,725.71	45,848.48
Trade payables	1,940.63	—	—	1,940.63
Other Financial Liabilities (Incl. Interest)	1,976.61	—	—	1,976.61

Foreign Currency Risk

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

Decisions regarding borrowing in Foreign Currency and hedging thereof, (both interest and exchange rate risk) and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contracts / packing credit in foreign currency which acts as natural hedge against export receivable. The Company enters the above transactions, after taking into consideration the anticipated Foreign exchange inflows / outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

The Company uses derivative financial instruments viz. Foreign Exchange Forward Contracts exclusively for hedging currency risks that arise from imports / exports transactions. The Company measures the risk by forecasting foreign currency cash flows and manages its currency risks by appropriately hedging the transactions. When a forward contract is entered into for the purpose of being a hedge, the Company finalizes the terms of those forward contracts to match the terms of the hedged exposure i.e. receivables / payables / Firm Commitments. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities / Firm Commitments as at the end of reporting periods are given below:

As at 31-03-2020

In Millions

Type	Particulars	USD
Hedged Items	Financial Assets / Firm commitments related to Financial Assets	
	(a) Trade Receivables	1.45
	(b) Export Sale Contracts	4.30
	Financial Liabilities / Firm Commitments related to Financial Liabilities	
	(a) Buyers Credit Loan	4.05
	(b) Contracts for import of materials	1.12
Hedging Instruments (Forward contracts)	Instruments for hedging the currency risk on Financial Assets	
	(a) PCFC Loan	4.70
	(b) Bill discount - Export	0.30
	Instruments for hedging the currency risk on Financial Liabilities	
	(a) Forward contracts for Buyers Credit Loan	4.05
	(b) Forward contract for Imports	1.12



NOTES TO SEPARATE FINANCIAL STATEMENTS

As at 31-03-2019

In Millions

Type	Particulars	USD	EURO	CHF	JPY
Hedged Items	Financial Assets / Firm commitments related to Financial Assets				
	(a) Trade Receivables	1.42			
	(b) Export Sale Contracts	3.00			
	Financial Liabilities / Firm Commitments related to Financial Liabilities				
	(a) Contracts for import of materials	1.29	3.30	1.12	1.04
Hedging Instruments (Forward contracts)	Instruments for hedging the currency risk on Financial Assets				
	(a) PCFC Loan	4.41			
	Instruments for hedging the currency risk on Financial Liabilities				
	(a) Forward contract for Imports	1.29	3.30	1.12	1.04

The details of foreign currency forward contracts outstanding at the end of the reporting period is given below:

Particulars	Foreign currency (in Lakhs)		Nominal Amount (₹ in Lakhs)	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
USD / INR buy forward	52.16	12.88	3,946.51	890.66
EURO / INR buy forward	–	32.97	–	2,561.12
CHF / INR buy forward	–	11.20	–	777.64
JYP / INR buy forward	–	10.40	–	649.14
Fair value liabilities	–	–	(132.47)	306.79

The above forward contracts are having maturity of less than 12 months.

Cash flow and fair value interest rate risk

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

Interest rate risk exposure

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Variable rate borrowings	58,295.81	45,848.48
Fixed rate borrowings	–	–

The Company does not have any interest rate swap contracts

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-03-2020	31-03-2019
1% Increase in Interest Rate	582.96	458.49



NOTES TO SEPARATE FINANCIAL STATEMENTS

NOTE NO. 52

(₹ in Lakhs)

Events after the reporting period - Distribution made and proposed

Particulars	31-03-2020	31-03-2019
Cash Dividends on Equity Shares declared and paid		
Final dividend for the year ended 31 st March 2019: ₹ 4/- per share (PY: ₹ 4/- per share)	295.05	295.05
Dividend Distribution Tax on Dividend Paid	60.65	60.65
Proposed Dividends on Equity Shares		
Final dividend for the year ended 31 st March 2020: ₹ 1/- per share (PY: ₹ 4/- per share)	73.76	295.05
Dividend Distribution Tax on Proposed Dividend	-	60.65

NOTE NO. 53

Capital Management

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

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

Particulars	31-03-2020	31-03-2019
Long Term Borrowings	31,005.64	19,585.31
Current maturities of Long Term borrowings	7,289.29	6,228.43
Short Term Borrowings	20,000.88	20,034.74
Less: Cash and Cash Equivalents	109.55	153.62
Net Debt (A)	58,186.26	45,694.86
Equity Share Capital	737.62	737.62
Other Equity	29,067.46	28,812.96
Total Equity (B)	29,805.08	29,550.58
Total Capital Employed (C) = (A) + (B)	87,991.34	75,245.44
Capital Gearing Ratio (A) / (C)	66%	61%

The increased capital gearing ratio as at 31-03-2020 was due to additional borrowings made by the Company for setting up of new fabric unit / modernization spinning mills. The full benefit of the fabric unit will accrue from the financial year 2020-21 onwards and the Capital Gearing Ratio is expected to come down in the forthcoming years.

There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31-03-2020 and 31-03-2019.

As per our report annexed

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

R. PALANIAPPAN
Partner
Membership No. 205112

Chennai,
24th June, 2020.

For SRSV & ASSOCIATES
Chartered Accountants
Firm Registration No. 015041S

P. SANTHANAM
Partner
Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

A. ARULPRANAVAM
Secretary



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CONSOLIDATED FINANCIAL STATEMENTS



AUDITORS' REPORT TO SHAREHOLDERS

INDEPENDENT AUDITORS' REPORT

To the Members of M/s. Rajapalayam Mills Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2020, and the consolidated profit / loss, and its consolidated cash flows for the year ended and consolidated changes in the equity on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note No. 51 to the consolidated financial results, which describes the uncertainties and the impact of the COVID - 19 pandemic on the company's operations and results as assessed by the management. The Management has assessed that consequent lockdown announced by Central / State Governments, the demand for Cotton has come down and the Cotton prices have fallen by more than 20%. Due to the reduction in the market price of Cotton, a provision for Mark To Market Loss of ₹ 218.34 Lakhs in the carrying cost of Cotton inventory has been made in the financial statements. Other than the above there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID - 19 pandemic. Our opinion is not modified in respect of this matter.



AUDITORS' REPORT TO SHAREHOLDERS

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

Key Audit Matters

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

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



AUDITORS' REPORT TO SHAREHOLDERS

S.No.	Key Audit Matter	Auditor's Response
	<p>Assessment of Deferred Tax Assets is done by the management at the close of each financial year taking into account forecasts of future taxable results.</p> <p>We have considered the assessment of deferred tax liabilities and assets as a key matter due to the importance of management's estimation and judgment and the materiality of amounts.</p> <p>(Refer to Note No. 5 D (iv), (v), (vi) & (vii) and 6 (iv) to the Consolidated Financial Statements)</p>	<p>Furthermore, we assessed the adequacy and appropriateness of the disclosures in the consolidated financial statements.</p>
3	<p>Evaluation of uncertain Tax Position / Other contingent liabilities</p> <p>The Company has material uncertain tax position in respect of possible or actual taxation disputes, litigations and claims. The provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various legal forums.</p> <p>(Refer to Note No. 5 O (iv) and 6 (vi) to the Consolidated Financial Statements)</p>	<p>Principal Audit Procedures</p> <p>The Audit addressed this Key Audit Matter by assessing the adequacy of tax Provisions by reviewing the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes.</p> <p>We reviewed the significant litigations and claims and discussed with the Company's legal counsel, external advisors about their views regarding the likely outcome and magnitude of and exposure to relevant litigation and claims.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the financial statements.</p>
4	<p>Existence and impairment of Trade Receivables</p> <p>Trade Receivables are significant to the Company's financial statements. The Collectability of trade receivables is a key element of the company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business and the requirements of customers, various contract</p>	<p>Principal Audit Procedures:</p> <p>We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. Assessing the impact of impairment on trade receivables requires judgement and we evaluated management's assumptions in</p>



AUDITORS' REPORT TO SHAREHOLDERS

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

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

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

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

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

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

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

The Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated state of affairs, consolidated profit / loss including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the Company including its Associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for



AUDITORS' REPORT TO SHAREHOLDERS

safeguarding the assets of the each entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the Company and of its associates are responsible for assessing the ability of the Company and its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



AUDITORS' REPORT TO SHAREHOLDERS

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of these assumptions. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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



AUDITORS' REPORT TO SHAREHOLDERS

Other Matters

- a) The consolidated financial statements also include the Company's share of profit of ₹ 10,337 Lakhs and total comprehensive income of ₹ 10,275 Lakhs for the year ended 31-03-2020 as considered in the consolidated financial statements in respect of all the three the associates. The financial results / financial information of two associates have been audited by one of us along with another joint auditor and one associate has been audited by an Independent Auditor, whose reports have been furnished to us by the management and our report on the consolidated financial statements in so far as it relates to the amounts that have been derived from such audited financial statements is solely based on the reports of the other auditors.
- b) Our attendance at the physical inventory verification done by the management was impracticable under the current lockdown restrictions imposed by the government. Consequently, we have performed alternative procedures to audit on the existence and condition of inventory at year end as per the guidance provided in SA-501 "Audit Evidence - Specific considerations for selected items" and have obtained sufficient audit evidence to issue our un-modified opinion on these consolidated financial statements.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Company as on 31st March 2020 taken on record by the Board of Directors of the Company and the report of the statutory auditors of its associates incorporated in India, none of the Directors of the Company and its associates incorporated in India is disqualified as on 31st March 2020 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.



AUDITORS' REPORT TO SHAREHOLDERS

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's reports of the company and its Associates incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reason stated there in.

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

In our opinion and best of our information and according to the explanations given to us, the remuneration paid to the directors during the current year by the Company and its associates which are incorporated in India is in accordance with the provision of Section 197 (16) of the Act. The remuneration paid to any director by the company and its associates which are incorporated in India, is not in excess of limit laid down under Section 197 of the Companies Act, 2013. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

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

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

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

For SRSV & ASSOCIATES,
Chartered Accountants
Firm Registration No. 015041S

R. PALANIAPPAN
Partner
Membership No. 205112
UDIN: 20205112AAAAEV7814

P. SANTHANAM
Partner
Membership No. 018697
UDIN: 200186970AAAAAQ7359

Chennai,
24th June, 2020.



AUDITORS' REPORT TO SHAREHOLDERS

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph (f) of Report on Other Legal and Regulatory Requirements 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").

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



AUDITORS' REPORT TO SHAREHOLDERS

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, based on the test checks conducted by us, the Company and its associate companies which are companies incorporated in India, have, in all material respects, reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were prima facie operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

For SRSV & ASSOCIATES,
Chartered Accountants
Firm Registration No. 015041S

R. PALANIAPPAN
Partner
Membership No. 205112
UDIN: 20205112AAAAEV7814

P. SANTHANAM
Partner
Membership No. 018697
UDIN: 200186970AAAAAQ7359

Chennai,
24th June, 2020.



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020

(₹ in Lakhs)

	Note No.	As at 31-03-2020	As at 31-03-2019
I ASSETS			
(1) Non-Current Assets			
(a) Property, Plant and Equipment	7	57,459.83	31,152.06
(b) Capital Work-in-progress		364.26	8,554.96
(c) Investment Property	8	144.71	144.95
(d) Intangible Assets	9	342.55	51.37
(e) Investment in Associates	10	1,56,182.21	1,47,810.22
(f) Financial Assets			
Other Investment	11	2,607.44	2,564.50
Loans	12	950.00	950.00
Other Financial Assets	13	990.67	924.32
(g) Other Non-Current Assets	14	962.35	7,163.50
		2,20,004.02	1,99,315.88
(2) Current Assets			
(a) Inventories	15	14,684.24	14,905.78
(b) Financial Assets			
Trade Receivables	16	5,062.68	6,208.91
Cash and Cash Equivalents	17	109.55	153.62
Bank Balance other than Cash and Cash Equivalents	18	529.93	214.68
Other Financial Assets	19	634.80	877.26
(c) Other Current Assets	20	2,099.19	1,644.74
		23,120.39	24,004.99
TOTAL ASSETS		2,43,124.41	2,23,320.87
II EQUITY & LIABILITIES			
(1) Equity			
(a) Equity Share Capital	21	736.01	736.01
(b) Other Equity	22	1,78,144.00	1,69,386.63
Total Equity		1,78,880.01	1,70,122.64
(2) Liabilities			
A) Non Current Liabilities			
(a) Financial Liabilities			
Borrowings	23	31,005.64	19,585.31
(b) Provisions	24	400.30	347.83
(c) Deferred Tax Liabilities (Net)	25	1,769.25	2,277.92
(d) Deferred Government Grants	26	—	28.58
		33,175.19	22,239.64
B) Current Liabilities			
(a) Financial Liabilities			
Borrowings	27	20,000.88	20,034.74
Trade Payables	28		
(i) Total outstanding dues of micro enterprises and small enterprises		40.97	—
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,792.92	1,940.64
Other Financial Liabilities	29	8,684.41	8,335.92
(b) Provisions	30	550.03	647.29
		31,069.21	30,958.59
TOTAL EQUITY AND LIABILITIES		2,43,124.41	2,23,320.87
Significant Accounting Policies, Judgments and Estimates	1 - 6		
See accompanying notes to the financial statements.	7 - 53		

As per our report annexed

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

R. PALANIAPPAN
Partner
Membership No. 205112

For SRSV & ASSOCIATES
Chartered Accountants
Firm Registration No. 015041S

P. SANTHANAM
Partner
Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

A. ARULPRANAVAM
Secretary

Chennai,
24th June, 2020.

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

(₹ in Lakhs)

	Note No.	For the year ended 31-03-2020	For the year ended 31-03-2019
REVENUE			
I Revenue from Operations	31	35,782.22	41,261.83
II Finance Income	32	290.52	320.69
III Other Income	33	561.96	1,258.25
IV Total Revenue (I + II + III)		36,634.70	42,840.77
V EXPENSES			
Cost of Materials Consumed	34	19,589.62	22,840.20
Purchases of Stock-in-Trade		846.06	660.66
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress	35	(1,855.28)	(1,693.47)
Employee Benefit Expenses	36	5,718.51	5,886.61
Finance Costs	37	2,586.57	2,198.07
Depreciation and Amortization Expense	38	3,384.65	3,178.05
Other Expenses	39	8,003.71	8,377.92
Total Expenses		38,273.84	41,448.04
VI Profit / (Loss) Before Tax (IV-V)		(1,639.14)	1,392.73
VII Tax Expenses / (Savings)			
Current Tax	—		102.47
Excess Income Tax Provision related to earlier years withdrawn	—		(77.58)
Deferred Tax [Including MAT Credit of ₹ Nil Lakhs (PY : ₹ 102.47 Lakhs)]	(508.67)		(188.84)
Total Tax Expenses		(508.67)	(163.95)
VIII Profit for the year before share of profit / (Loss) of Associates (VI-VII)		(1,130.47)	1,556.68
IX Share of Net Profit After Tax (PAT) of Associates accounted for using the equity method		10,337.26	8,890.81
X Profit for the period (VIII+IX)		9,206.79	10,447.49
XI Other Comprehensive Income			
Item that will not be reclassified to Profit or Loss:			
Remeasurement Losses on defined benefit obligations (net)		(73.21)	(68.09)
Fair Value gain / (loss) on Equity Instruments through OCI (net)		42.17	(38.39)
Current Tax (Savings) / Expenses	—		(23.79)
Deferred Tax (MAT Credit)	—		23.79
Income Tax relating to the above	—	—	—
Other Comprehensive Income / (Loss) for the year, net of tax		(31.04)	(106.48)
Share of OCI of Associates accounted for using the equity method		(62.68)	28.95
Total Other Comprehensive Income / (Loss) for the year, net of tax		(93.72)	(77.53)
XII Total Comprehensive Income for the year, net of tax (X + XI)		9,113.07	10,369.96
XIII Earnings per Equity Share of face value of ₹ 10/- each			
Basic & Diluted (in Rupees) [Refer to Note No.47]		125.09	141.95
Significant Accounting Policies, Judgments and Estimates	1 - 6		
See accompanying notes to the financial statements.	7 - 53		

As per our report annexed

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

R. PALANIAPPAN
Partner
Membership No. 205112

Chennai,
24th June, 2020.

For SRSV & ASSOCIATES
Chartered Accountants
Firm Registration No. 015041S

P. SANTHANAM
Partner
Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

A. ARULPRANAVAM
Secretary



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

A. Equity Share Capital

(₹ in Lakhs)

Balance as at 01-04-2018	736.01
Changes in Equity Share Capital during the year 2018-19	–
Less: Treasury Shares adjustment	–
Balance as at 31-03-2019	736.01
Changes in Equity Share Capital during the year 2019-20	–
Add: Treasury Shares adjustment	–
Balance as at 31-03-2020	736.01

Note: Treasury Shares adjustment computed based on holding through fellow associates.

B. Other Equity

Particulars	Reserves and Surplus					Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserve on Consolidation	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of defined Benefit Obligations	Share of OCI of Associates	
Other Equity as at 1st April, 2018	3.75	1,05,540.84	1,490.48	42,032.11	10,303.95	1.24	–		1,59,372.37
Financial year 2018-19									
Add: Profit for the year	–	–	–	–	10,447.49	–	–	–	10,447.49
Add: Other Comprehensive Income	–	–	–	–	–	(38.39)	(68.09)	28.95	(77.53)
Total Comprehensive Income	–	–	–	–	10,447.49	(38.39)	(68.09)	28.95	10,369.96
Less: Transfer to Retained Earnings	–	–	–	–	–	–	68.09	(28.95)	39.14
Less: Dividend Distribution to Shareholders	–	–	–	–	(295.05)	–	–	–	(295.05)
Less: Dividend Distribution Tax	–	–	–	–	(60.65)	–	–	–	(60.65)
Less: Capital Reserve adjusted on De-classification of Associates	–	(133.25)	–	–	133.25	–	–	–	–
Add: Transfer from OCI	–	–	–	–	(39.14)	–	–	–	(39.14)
Add: Transfer to General Reserve	–	–	–	–	(17,489.85)	–	–	–	(17,489.85)
Add: Transfer from Retained Earnings	–	–	–	17,489.85	–	–	–	–	17,489.85
Other Equity as at 31st March, 2019	3.75	1,05,407.59	1,490.48	59,521.96	3,000.00	(37.15)	–	–	1,69,386.63
Financial year 2019-20									
Add: Profit for the year	–	–	–	–	9,206.79	–	–	–	9,206.79
Add: Other Comprehensive Income	–	–	–	–	–	42.17	(73.21)	(62.68)	(93.72)
Total Comprehensive Income	–	–	–	–	9,206.79	42.17	(73.21)	(62.68)	9,113.07
Less: Dividend Distribution to Shareholders	–	–	–	–	(295.05)	–	–	–	(295.05)
Less: Dividend Distribution Tax	–	–	–	–	(60.65)	–	–	–	(60.65)
Less: Transfer to Retained Earnings	–	–	–	–	–	–	73.21	62.68	135.89
Add: Transfer from OCI	–	–	–	–	(135.89)	–	–	–	(135.89)
Add: Transfer to General Reserve	–	–	–	–	(8,515.20)	–	–	–	(8,515.20)
Add: Transfer from Retained Earnings	–	–	–	8,515.20	–	–	–	–	8,515.20
Other Equity as at 31st March, 2020	3.75	1,05,407.59	1,490.48	68,037.16	3,200.00	5.02	–	–	1,78,144.00

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020



	(₹ in Lakhs)	
	2019-20	2018-19
A. Cash Flow from Operating Activities		
Profit before Tax	(1,639.14)	1,392.73
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & Amortisation	3,384.65	3,178.05
Finance Costs	2,586.57	2,198.07
Interest Income	(290.52)	(320.69)
Dividend Income	(225.00)	(1,059.06)
Provision for Leave Salary	23.62	75.67
Rent Receipts from Investment Properties	(0.68)	(0.68)
(Profit) / Loss on Sale of Assets	(12.21)	19.55
Provision for mark to market loss on cotton inventory value	218.34	—
Fair Value movement and Financial Guarantee obligation	(91.07)	2.24
Operating Profit before Working capital Changes	3,954.56	5,485.88
Movements in Working Capital		
Trade Receivables	1,146.23	(1,162.67)
Loans and Advances	(130.60)	(174.42)
Unutilised Tax Credit - Indirect Tax	(353.61)	(1,017.80)
Inventories	3.20	(3,405.87)
Trade Payables & Current Liabilities	(366.01)	2,559.89
Cash generated from Operations	4,253.77	2,285.01
Direct Taxes (Paid) / refund received	72.96	(136.47)
Net Cash generated from Operating Activities	A	4,326.73
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (Including Capital work-in-progress and Capital Advance)	(17,192.86)	(21,629.16)
Government Grants received - related to acquisition of fixed assets	986.69	—
Investment in Equity Shares of Associates	—	(2,093.38)
(Acquisition) of / Proceeds from Sale of Investment in Equity Shares - Others	(0.77)	0.66
Proceeds from Sale of Assets / Investment Property	545.58	390.60
Interest Received	290.52	320.69
Dividend Received	2,127.59	2,085.81
Rent Receipts from Investment Properties	0.68	0.68
Net Cash used in Investing Activities	B	(13,242.57)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

		(₹ in Lakhs)	
		2019-20	2018-19
C. Cash Flow from Financing Activities			
Proceeds from Long Term Borrowings		17,290.16	20,934.19
Proceeds from / (Repayment) of Deposits - Related Parties		(360.58)	2,597.68
Repayment of Long Term Borrowings		(4,803.43)	(4,049.83)
Availment of Short Term Borrowings (Net)		3.14	2,024.83
Payment of Dividend and Dividend Distribution Tax		(355.70)	(355.70)
Interest Paid		(2,586.57)	(2,198.07)
Net Cash used in Financing Activities	C	9,187.02	18,953.10
Net Increase in Cash and Cash Equivalent	D = (A+B+C)	271.18	177.54
Opening balance of Cash and Cash Equivalents	E	368.30	190.76
Closing balance of Cash and Cash Equivalents	D + E	639.48	368.30

Notes:

- 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.
- Bank Borrowings including Cash Credits are considered as Financing Activities.
- For the purpose of Statement of Cash Flow, Cash and Cash Equivalents comprise the following:

Particulars	31-03-2020	31-03-2019
Cash and Cash Equivalents [Refer to Note No.17]	109.55	153.62
Bank Balances other than Cash and Cash Equivalents [Refer to Note No. 18]	529.93	214.68
	639.48	368.30

See accompanying notes to the financial statements [Refer to Note No. 7 to 53]

As per our report annexed

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

R. PALANIAPPAN
Partner
Membership No. 205112

Chennai,
24th June, 2020.

For SRSV & ASSOCIATES
Chartered Accountants
Firm Registration No. 015041S

P. SANTHANAM
Partner
Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

A. ARULPRANAVAM
Secretary



1. Corporate Information

Rajapalayam Mills Limited is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of the Companies Act, 1913. The Registered office of the Company is located at Rajapalayam Mills Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu. The Company's shares are listed in BSE Limited.

The Company is principally engaged in manufacture of cotton yarn and fabrics. The Company is also engaged in generation of electricity from its windmills for its captive requirements.

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

2. Basis of Preparation of Consolidated Financial Statements

- (i) The CFS are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.
- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.5.
- (iii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iv) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (v) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.
- (vi) The CFS are presented in Indian Rupees rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as ₹ 0.00 Lakhs.
- (vii) Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the separate financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.
- (viii) The CFS comprises the financial statements of Rajapalayam Mills Limited and its Associate Companies. The following companies are considered as Associates based on existence of significant influence over such companies:



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Name of the Company	% of Holding & Voting Rights	
	2019-20	2018-19
The Ramco Cements Limited	14.04%	14.04%
Ramco Industries Limited	9.69%	9.69%
Ramco Systems Limited	2.40%	2.40%

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

3. Principles of Consolidation

- a) The CFS includes the share of profit / loss of the associate companies that are accounted for using equity method in accordance with Ind AS 28. Accordingly, the share of profit / loss of the associates (the loss being restricted to the cost of investment) has been added / deducted from the cost of investment. The most recent available financial statements of the associates are used in applying the equity method.
- b) The Consolidated Statement of Profit and Loss reflects the share of results of its associates. Any change in OCI of those investees is presented as part of the Consolidated OCI.
- c) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate Companies from the date on which it becomes an associate and any difference between the cost of the investment and the Parent's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:
 - (i) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.
 - (ii) Subsequently, the carrying amount of investment is adjusted to recognize the share of post-acquisition profits or losses of its Associates in the Parent's Statement of Profit & Loss.
 - (iii) The equity method shall be discontinued from the date when the investment ceases to be an Associate and it shall measure the retained interest shall be measured at fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset. The difference between the fair value of retained interest & any proceeds from disposing of a part interest in the Associate and the carrying amount of investment at the date the equity method was discontinued will be recognized in profit or loss.
- d) Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

4. Basis of Measurement

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

5. Significant Accounting Policies

A. Inventories

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. Inventories are usually written down to net realisable value, if the finished products, in which they will be used, are expected to be sold below cost. However, the inventories are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities but excluding borrowing cost or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities and other costs but excluding borrowing cost incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a moving weighted average basis.



NOTES TO CONSOLIDATED 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. Cash Flow Statement

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.
- (iii) Bank borrowings, including Bank overdrafts and Cash Credits are generally considered to be financing activities.

C. Dividend distribution to Equity shareholders

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

D. Income Taxes

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws including the relevant transfer pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period. The MAT Credit Entitlement being unused tax credits that are carried forward by the Company for a specified period, is grouped under Deferred Tax.
- (iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.
- (iv) Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- (vi) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right to set off current tax assets against current tax liabilities.
- (vii) Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.

E. Property, Plant and Equipments (PPE)

- (i) PPEs are stated at cost of acquisition or construction less accumulated depreciation, amortisation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The directly attributable costs include cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition.
- (ii) Government grants related to assets have been deducted in arriving at the carrying amount of the respective assets.
- (iii) 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.
- (iv) 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.
- (v) 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. 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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (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 best estimate basis upon technical advice, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	2 to 15 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years

- (ix) 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.
- (x) PPEs are eliminated from the financial statements on disposal or when no further benefit is expected from its use. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the Statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (xi) 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.
- (xii) 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.
- (xiii) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed periodically including at each reporting date and adjusted prospectively, if appropriate.

F. Capital Work in progress / Capital Advances

- (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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

G. Leases

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

Company as a Lessee

- (i) The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- (ii) The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
- (iii) The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.
- (iv) The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and Equipment' and Lease liabilities in 'Borrowings' in the Balance sheet.
- (v) The Company has opted not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Company as a Lessor

The lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease. Operating lease receipts are recognised in the Statement of Profit and Loss on straight line basis over the lease terms except where the payments are structured to increase in line with the general inflation to compensate for the expected inflationary cost increases. The Company do not have any finance leases arrangements.

H. Revenue Recognition

(i) Revenue from Operations

a) Sale of products

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. The financing component with regard to sale of products are excluded from Revenue from operations and recognized as Interest Receipts over the credit periods as per Ind AS 115. The Company does not have any non-cash consideration.

b) Power generated from Windmills

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

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

c) Scrap sale

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

(ii) Other Income

- a) Interest income is 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) Dividend income is recognised when the Company's right to receive dividend is established.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- c) Rental income from operating lease on investment properties is recognised on a straight line basis over the term of the relevant lease.

I. Employee Benefits

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

J. Government Grants

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

K. Foreign currency transactions

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

L. Borrowing Costs

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

M. Earnings per Share

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

N. Impairment of Non-Financial Assets

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

O. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.
- (ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- (iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are not recognised.
- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

P. Intangible Assets

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) The cost incurred for right to un-restricted usage of power transmission system for drawal of power from State grid to its Mills were capitalized as it is expected to yield future economic benefits.
- (iii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

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

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

Q. Investment Properties

- (i) An investment in land or buildings both furnished and unfurnished, which are held for earning rentals or capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, are classified as investment properties.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and impairment loss, if any except freehold land which is carried at cost.
- (iii) The company identifies the significant parts of investment properties separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives determined on best estimate basis upon technical advice. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. Other expenses including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant parts as detailed below:

Asset type	Useful life
Buildings under Investment properties	60 years



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

R. Operating Segments

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

S. Financial Instruments

- (i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (ii) Financial assets and liabilities are offset and the net amount is presented in the Balance sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- (iii) The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Company does not restate any previously recognised gains, losses including impairment gains or losses or interest.

(iv) Fair Value Hedges

Changes in the fair value of forwards contracts that are designated and qualify as fair value hedges are recognized in the income statement, together with the changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, changes in the fair value of the hedged item attributable to the hedged risk are no longer recognized in the income statement.

When a hedged item in a fair value hedge is a firm commitment (or a component thereof) to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability that results from the entity meeting the firm commitment is adjusted to include the cumulative change in the fair value of the hedged item that was recognised in the balance sheet, with a corresponding gain or loss recognized in Profit or Loss.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

T. Financial Assets

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

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

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

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

- (iv) The Company has accounted for its investments in associates at cost. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (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 continues to recognise the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset.

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U. Financial Liabilities

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

Measurement basis	Name of Financial liabilities
Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.
FVTPL	Foreign exchange Forward contracts and other financial liabilities held 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 guarantee 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 derecognition 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.

V. Fair value measurement

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

a) Investments in Equity

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

b) Trade and other receivables

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

c) Forward exchange contracts

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

d) Non-derivative financial liabilities

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

e) Financial guarantee obligation

The fair value of financial guarantee obligation with reference to loan availed by associates is determined on the basis of estimated cost involved in securing equivalent size of the guarantees from bank.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

f) Investment Properties

The fair value is determined for disclosure purposes based on an annual evaluation performed by an internal technical team measured using the technique of quoted prices for similar assets in the active markets and further moderated by market corroborated inputs.

6. Significant Estimates and Judgements

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

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

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

(i) Revenue Recognition

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

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

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team periodically including at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation / amortization. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

**(iii) Current Taxes**

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

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

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

(v) Provisions

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

(vi) Segment Reporting

Management's judgment is exercised to aggregate two or more business segments as single operating segment, based on economic characteristics, products, production process and types of customer, which are similar in nature.

(vii) Contingent Liabilities

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

(viii) Impairment of Trade receivables

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

(ix) 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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(x) Impairment of Investments in Associates

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

(xi) 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.

(xii) 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 / Net Asset Value Method, 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.

In case of unrecognised firm commitments denominated in foreign currency, which also qualify as a hedged item, the fair value of such firm commitments outstanding at the reporting date are measured at functional currency based on the quoted price in the active market prevailing on the reporting date.

(xiii) Interests in other entities

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



NOTE NO. 7

PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Year	Gross Block			Depreciation			Net Block	
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 38)	Withdrawn during the year	As at the end of the year
Land - Free hold	2019-20	825.28	365.07	-	1,190.35	-	-	-	1,190.35
	2018-19	825.28	-	-	825.28	-	-	-	825.28
Land - Lease hold	2019-20	722.03	-	-	722.03	6.35	6.94	-	708.74
	2018-19	-	722.03	-	722.03	-	6.35	-	715.68
Buildings	2019-20	5,182.95	5,494.97	-	10,677.92	2,127.63	150.47	-	8,399.82
	2018-19	4,824.90	358.05	-	5,182.95	1,978.12	149.51	-	3,055.32
Plant and Machinery	2019-20	61,039.11	22,436.59	2,366.06	81,109.64	35,632.26	3,027.24	1,841.59	44,291.73
	2018-19	56,662.12	5,742.32	1,365.33	61,039.11	33,747.34	2,845.94	961.02	25,406.85
Electrical Machinery	2019-20	3,074.97	1,629.55	1.01	4,703.51	2,357.99	87.89	0.96	2,258.59
	2018-19	2,746.04	342.58	13.65	3,074.97	2,291.17	79.80	12.98	716.98
Furniture & Office Equipments	2019-20	756.34	189.61	2.39	943.56	550.20	60.24	2.04	335.16
	2018-19	676.67	87.82	8.15	756.34	510.16	47.77	7.73	206.14
Vehicles	2019-20	467.94	98.59	45.56	520.97	242.13	40.46	37.06	275.44
	2018-19	375.45	115.07	22.58	467.94	223.77	36.19	17.83	225.81
Total - Tangible Assets	2019-20	72,068.62	30,214.38	2,415.02	99,867.98	40,916.56	3,373.24	1,881.65	57,459.83
	2018-19	66,110.46	7,367.87	1,409.71	72,068.62	38,750.56	3,165.56	999.56	31,152.06

Notes: (i) Borrowings cost of ₹ 2,547.09 Lakhs have been capitalised for current Year (PY: ₹ 74.22 Lakhs).

(ii) All the moveable fixed assets have been pledged as security for borrowings.

(iii) The Company has opted to present the government grants related to assets as deduction from the carrying value of eligible assets in accordance with Ind AS 20. An amount of ₹ 986.69 Lakhs has been deducted from the carrying value of respective assets during the financial year 2019-20 (PY: NIL).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2020

As at
31-03-2019

NOTE NO. 8

INVESTMENT PROPERTY

Land

As at the beginning of the year	55.17	55.17
Addition / Sale	—	—
As at the end of the year	55.17	55.17

Building

As at the beginning of the year	126.05	126.05
Addition / Sale	—	—
As at the end of the year	126.05	126.05
Less:		
Accumulated depreciation as at the beginning of the year	36.27	36.04
Depreciation for the year (Refer to Note No. 38)	0.24	0.23
Accumulated depreciation as at the end of the year	36.51	36.27
Net Block	89.54	89.78

Total Investment Property	144.71	144.95
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Information regarding income and expenditure of Investment Property

Rental Income from Investment Properties	0.68	0.68
Direct Operating Expenses	—	—
Profit arising from Investment Properties before Depreciation and indirect expenses	0.68	0.68
Less: Depreciation	0.24	0.23
Profit arising from Investment Properties before indirect expenses	0.44	0.45
Fair Value of Investment Property	1,348.68	1,476.81

Notes:

- The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.
- The fair valuation of these investment property are determined by an internal technical team, who are specialists in valuing these types of investment properties by using the technic of quoted prices for similar assets in active markets or recent price of similar properties in less active markets and adjusted to reflect those differences.
- The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- Fair value hierarchy disclosures for investment properties have been provided in Note No. 50.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



NOTE NO. 9 INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Year	Gross Block			Amortisation				Net Block	
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 38)	Withdrawn during the year	As at the end of the year	As at the beginning of the year
Computer software	2019-20	191.22	234.43	—	425.65	185.32	2.58	—	187.90	5.90
	2018-19	189.71	1.51	—	191.22	179.80	5.52	—	185.32	9.91
Power Transmission System	2019-20	123.88	67.92	—	191.80	78.41	8.59	—	87.00	45.47
	2018-19	79.37	44.51	—	123.88	71.67	6.74	—	78.41	7.70
Total - Intangible assets	2019-20	315.10	302.35	—	617.45	263.73	11.17	—	274.90	51.37
	2018-19	269.08	46.02	—	315.10	251.47	12.26	—	263.73	17.61



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

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

NOTE NO. 10

INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Name of the Company	Face Value ₹ per share	No. of Shares	No. of Shares	Amount	Amount
Investment in Equity Instruments					
1) Quoted					
The Ramco Cements Limited	1	3,30,65,000	3,30,65,000	1,38,939.43	1,31,280.58
Ramco Industries Limited	1	84,01,680	84,01,680	12,294.96	11,647.31
Ramco System Limited	10	7,33,531	7,33,531	4,947.82	4,882.33
Total				1,56,182.21	1,47,810.22
Quoted Investments - Carrying Value				1,56,182.21	1,47,810.22
Market Value				1,80,025.85	2,63,084.78

Note:

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

NOTE NO. 11

OTHER INVESTMENT

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
I. Investment in Equity Instruments					
1) Quoted					
The Ramaraju Surgical Cotton Mills Limited	10	4,000	4,000	7.60	6.40
Lakshmi Automatic Loom Works Limited	10	2,500	2,500	0.64	1.08
Tamilnadu Jai Bharath Mills Limited	10	1,200	1,200	0.05	0.04
Total Quoted Investments (A)				8.29	7.52
2) Unquoted					
Sri Vishnu Shankar Mills Limited	10	38,400	38,400	76.80	38.40
Ramco Industrial and Technology Services Limited	10	50,000	50,000	13.00	10.00
Ramco Windfarms Limited	1	832,000	832,000	8.32	8.32
Miot Hospitals Limited	10	2,500	2,500	0.25	0.25
ARS Energy Private Limited	10	280	—	0.77	—
Total Unquoted Investments (B)				99.14	56.97

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

Thanjavur Spinning Mill Limited (C)	10	2,50,00,000	2,50,00,000	2,500.00	2,500.00
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Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

		As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
Name of the Company	Face Value ₹ per share	No. of Shares	No. of Shares	Amount	Amount
III. Other Non-Current Investments, Non-Trade - Unquoted					
Ramco Group Employees' Co-operative Stores Limited	1	500	500	0.01	0.01
Total other investments	(D)			0.01	0.01
Total (A+B+C+D)				2,607.44	2,564.50
Aggregate Market Value of Quoted Investments				NA	NA

Notes: (i) Refer to Note No. 50 for information about fair value hierarchy under Disclosure of Fair Value Measurement.
(ii) Market Value of quoted investments for some equity instruments were not available due to no trading activities in stock market.

NOTE NO. 12

FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES

Unsecured, considered good

Loans and Advances to Related Parties [Refer to Note No.48 b (i)]	950.00	950.00
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NOTE NO. 13

OTHER FINANCIAL ASSETS - (NON CURRENT)

Unsecured, considered good

Security Deposits with Electricity Board / Others	990.67	924.32
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NOTE NO. 14

OTHER NON CURRENT-ASSETS

Unsecured, considered good

Capital Advances	819.76	6,939.62
Deposits under protest, in Appeals	-	11.21
Income Tax Refund Receivable	85.74	158.70
Prepaid Expenses - Non-Current	56.85	53.97
	962.35	7,163.50

NOTE NO. 15

INVENTORIES

(Valued at lower of cost or net realisable value)

Finished Goods (Yarn and Fabrics)	4,423.23	3,166.14
Raw materials - Cotton, Cotton Waste & Yarn	7,599.42	9,637.41
Stores and Spares	413.09	245.94
Works-in-progress (Cotton and Yarn)	2,248.50	1,856.29
	14,684.24	14,905.78

Notes: (i) Raw materials includes Goods-in-transit of ₹ 881.86 Lakhs (PY: ₹ 647.34 Lakhs).
(ii) The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.
(iii) Provision for Mark to Market losses of ₹ 218.34 Lakhs has been made in the value of inventories of Raw materials (PY: NIL).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2020

As at
31-03-2019

NOTE NO. 16

TRADE RECEIVABLES

Secured, considered good	1,138.00	1,004.32
Unsecured, considered good	3,924.68	5,204.59
	<u>5,062.68</u>	<u>6,208.91</u>

Notes: (i) Trade receivables are generally non-interest bearing.

(ii) No trade receivable are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any Director is a partner, a Director or a Member.

(iii) The total carrying amount of trade receivables has been pledged as security for Borrowings.

NOTE NO. 17

CASH AND CASH EQUIVALENTS

Cash on Hand	1.26	2.12
Balance with Bank		
In Current Account	108.29	151.50
	<u>109.55</u>	<u>153.62</u>

NOTE NO. 18

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Deposits with Banks held as security against Borrowings	475.00	150.00
Earmarked balances with Banks for Unclaimed Dividend	54.93	64.68
	<u>529.93</u>	<u>214.68</u>

NOTE NO. 19

OTHER FINANCIAL ASSETS (CURRENT)

Government Grants Receivable	400.82	415.63
Security Deposit	–	13.00
Insurance Claim receivable	–	0.45
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	233.98	448.18
	<u>634.80</u>	<u>877.26</u>

NOTE NO. 20

OTHER CURRENT ASSETS

Unsecured, considered good

Advance to Suppliers / Others	192.86	88.96
Tax Credit - Indirect Taxes	1,657.12	1,295.18
Accrued Income	58.82	64.27
Prepaid Expenses	151.81	165.66
Other Current Assets	38.58	30.67
	<u>2,099.19</u>	<u>1,644.74</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

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

NOTE NO. 21

EQUITY SHARE CAPITAL

Authorised

1,50,00,000 Equity Shares of ₹ 10/- each 1,500.00 1,500.00
(PY: 1,50,00,000 Equity Shares of ₹ 10/- each)

Issued, Subscribed and Fully paid-up

73,76,160 Equity Shares of ₹ 10/- each 736.01 736.01
(PY: 73,76,160 Equity Shares of ₹ 10/- each)

a. Issued, Subscribed and fully paid-up Shares includes 62,13,850 Equity Shares (PY: 62,13,850 Equity Shares) of ₹ 10/- each, which were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. Reconciliation of the number of shares outstanding

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	73,76,160	737.62	73,76,160	737.62
Issued during the year - Bonus Issue	—	—	—	—
Issued during the year - Preferential Issue	—	—	—	—
Number of Shares at the end	73,76,160	737.62	73,76,160	737.62

c. Rights / Restrictions attached to Equity Shares

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

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Shri P.R. Venketrama Raja	14,66,080	19.88%	14,66,080	19.88%
Shri P.V. Abinav Ramasubramaniam Raja	19,51,952	26.47%	19,51,952	26.47%



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	(₹ in Lakhs)	
	As at 31-03-2020	As at 31-03-2019
NOTE NO. 22		
OTHER EQUITY		
Capital Reserve	3.75	3.75
Capital Reserve on Consolidation	1,05,407.59	1,05,407.59
Securities Premium Reserve	1,490.48	1,490.48
General Reserve	68,037.16	59,521.96
FVTOCI Reserve	5.02	(37.15)
Retained Earnings	3,200.00	3,000.00
	<u>1,78,144.00</u>	<u>1,69,386.63</u>

Capital Reserve

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

Capital Reserve on Consolidation

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

Securities Premium Reserve

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

FVTOCI Reserve

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

General reserve

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

Retained earnings

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

The Board of Directors have recommended the payment of Final Dividend ₹1/- per share for the year 2019-20 (PY ₹4/- per Share). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.

NOTE NO. 23

NON CURRENT BORROWINGS

Secured

Term Loan from Banks	27,505.64	18,844.13
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Unsecured

Term Loan from Banks	3,500.00	741.18
	<u>31,005.64</u>	<u>19,585.31</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

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

- a) Term Loan from Banks of ₹ 23,199.39 Lakhs (PY: ₹ 15,244.13 Lakhs) are secured by pari-passu first charge on moveable Fixed Assets of the Company and pari-passu second charge on the Current Assets of the Company.
- b) Term Loan of ₹ 4,306.25 Lakhs (PY: ₹ 3,600 Lakhs) are secured by residual charge on moveable Fixed Assets of the Company.
- c) The Long Term Borrowings from Banks are repayable in quarterly installments. The year wise repayment is as follows:

Year	Amount	Amount
2020-21	–	4,285.02
2021-22	7,108.19	3,530.82
2022-23	6,828.85	3,240.38
2023-24	4,692.74	1,896.17
2024-25	3,545.56	1,907.21
2025-26	2,778.88	1,442.13
2026-27	2,607.60	1,490.21
2027-28	3,074.00	1,793.37
2028-29	369.82	–
	<u>31,005.64</u>	<u>19,585.31</u>

NOTE NO. 24

PROVISION (NON - CURRENT)

Provision for Employee Benefits [Refer to Note No. 44]	<u>400.30</u>	<u>347.83</u>
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NOTE NO. 25

DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	6,974.48	5,819.45
Tax effect on Fair Value Measurement	11.46	(6.49)

Deferred Tax Asset

Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,708.50)	–
Tax impact on Provision for Bonus and Leave Encashment	(235.08)	(261.93)
Unused Tax Credits (MAT Credit Entitlement)	(3,273.11)	(3,273.11)
	<u>1,769.25</u>	<u>2,277.92</u>

Reconciliation of Deferred Tax Liabilities (net)

Opening balance as on 1 st April	2,277.92	2,442.97
Tax (Savings) / Expense during the period recognised in Profit and Loss	(508.67)	(188.84)
Deferred Tax recognised in OCI	–	23.79
Closing balance as on 31 st March	<u>1,769.25</u>	<u>2,277.92</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2020

As at
31-03-2019

NOTE NO. 26

DEFERRED INCOME

Deferred Income Government Grants

– 28.58

NOTE NO. 27

CURRENT BORROWINGS

Secured

Loan from Banks

12,152.75 12,099.18

Unsecured

Loan from Banks

5,273.15 5,000.00

Loans and Advances from Related Party [Refer to Note No.48 (b) (ii)]

2,574.98 2,935.56

20,000.88 20,034.74

Borrowings are secured by *pari-passu* first charge on the current assets of the Company and *pari-passu* second charge on the fixed assets of the Company.

NOTE NO. 28

TRADE PAYABLES

(i) Total outstanding dues of micro enterprises and small enterprises

40.97 –

(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises

1,792.92 1,940.64

1,833.89 1,940.64

Notes: 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:

(a) (i) The principal amount remaining unpaid to any supplier at the end of the financial year included in Trade payables

40.97 –

(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

– –

Refer to Note No. 52 for information about risk profile of Trade payables under Financial Risk Management.

NOTE NO. 29

OTHER CURRENT FINANCIAL LIABILITIES

Current Maturities of Long Term Loans

7,289.29 6,228.43

Interest Accrued

253.50 137.05

Unpaid Dividends

54.93 64.68

PACR Memorial Fund

28.40 67.45

Liabilities for Other Finance

1,027.97 1,209.75

Financial Guarantee Contracts

30.32 180.38

Derivatives Designated as Hedges - Foreign Exchange Forward Contract

– 448.18

8,684.41 8,335.92

NOTE NO. 30

PROVISIONS, CURRENT

Provision for Employee Benefits

550.03 647.29

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

2019-20

2018-19

NOTE NO. 31

REVENUE FROM OPERATION

Sale of Products

Yarn	34,719.03	40,191.56
Waste Cotton	513.66	434.11
	35,232.69	40,625.67

Other Operating Revenues

Export Incentive	97.40	113.46
Jobwork Charges Received	452.13	522.70
	35,782.22	41,261.83

Note: Revenue from operation does not include an amount of ₹ 887.22 Lakhs, being sale value of fabric, which has been produced during trial run and netted-off with trial run expenses and capitalised during the financial year 2019-20 in accordance with Ind AS -16 (PY: NIL).

NOTE NO. 32

FINANCE INCOME

Interest Receipts	290.52	320.69
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NOTE NO. 33

OTHER INCOME

Rent Receipts	41.40	36.14
Dividend Income	225.00	1,059.06
Profit on Sale of Property, Plant and Equipment	12.21	—
Exchange Gain on Foreign Currency Transactions (Net)	12.88	21.63
Government Grants	2.01	1.91
Miscellaneous Income	268.46	139.51
	561.96	1,258.25

NOTE NO. 34

COST OF MATERIALS CONSUMED

Rawmaterials Consumed

Cotton & Cotton Waste	19,589.62	22,840.20
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Note: Raw material consumed does not include an amount of ₹ 451.20 Lakhs, being value of yarn consumed at fabric unit, during trial run and capitalised during the financial year 2019-20 in accordance with Ind AS-16 (PY: NIL).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

2019-20

2018-19

NOTE NO. 35

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

Opening Stock

Finished Goods	3,166.14		1,743.57	
Work-in-Progress	1,856.29	5,022.43	1,585.39	3,328.96
Less: Value of Stock transferred to Trial Run		611.09		
Add: Value of Stock transferred from Trial Run		405.11		
		<u>4,816.45</u>		

Closing Stock

Finished Goods	4,423.23		3,166.14	
Work-in-Progress	2,248.50	6,671.73	1,856.29	5,022.43
Net Increase in Stock		<u>(1,855.28)</u>		<u>(1,693.47)</u>

NOTE NO. 36

EMPLOYEE BENEFITS

Salaries, Wages and Bonus	4,844.98	4,979.72
Contribution to Provident and Other Funds	622.79	621.15
Staff and Labour Welfare & Training Expenses	250.74	285.74
	<u>5,718.51</u>	<u>5,886.61</u>

NOTE NO. 37

FINANCE COSTS

Interest on Debts and Borrowings	2,398.77	2,106.00
Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing cost	187.80	92.07
	<u>2,586.57</u>	<u>2,198.07</u>

NOTE NO. 38

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of Plant, Property and Equipment [Refer to Note No. 7]	3,373.24	3,165.56
Depreciation on Investment Properties [Refer to Note No. 8]	0.24	0.23
Amortization of intangible assets [Refer to Note No. 9]	11.17	12.26
	<u>3,384.65</u>	<u>3,178.05</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

	2019-20	2018-19
NOTE NO. 39		
OTHER EXPENSES		
Manufacturing Expenses		
Power and Fuel	2,786.70	3,697.55
Packing Materials Consumption	605.51	636.89
Repairs to Buildings	126.75	122.79
Repairs to Plant and Machinery	1,070.45	944.14
Repairs - Wind Mills & Others	886.63	880.00
Mercerising Expenses	154.92	97.12
Job-work Charges Paid	312.00	215.57
	<u>5,942.96</u>	<u>6,594.06</u>
Establishment Expenses		
Managing Director's Remuneration	270.30	270.30
Rates and Taxes	113.92	94.16
Insurance	254.64	115.25
Postage and Telephone	18.70	18.02
Printing and Stationery	34.68	37.03
Travelling Expenses	90.97	86.62
Vehicle Maintenance	83.06	92.68
Loss on Sale of Property, Plant and Equipment	—	19.55
Directors' Sitting Fees	21.30	26.40
Rent	13.21	7.97
Audit Fees and Legal Expenses	30.70	20.04
Corporate Social Responsibility Expenses	18.40	72.91
Mark to Market Loss on Cotton	218.34	—
Miscellaneous Expenses	130.14	173.27
	<u>1,298.36</u>	<u>1,034.20</u>
Selling Expenses		
Sales Commission	384.59	410.56
Export Expenses	176.28	189.28
Other Selling Expenses	201.52	148.82
	<u>762.39</u>	<u>749.66</u>
	<u><u>8,003.71</u></u>	<u><u>8,377.92</u></u>

Note: The details of CSR Expenditure are furnished in Annexure - II to the Directors' Report.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

	2019-20	2018-19
NOTE NO. 40		
AUDITOR'S REMUNERATION		
As Auditor:		
Audit fee	5.00	4.40
Tax audit fee	0.60	0.60
In other capacity:		
Taxation matters	0.60	0.60
Other services (Certification fees)	0.70	1.54
Reimbursement of Expenses	0.53	0.66
	<u>7.43</u>	<u>7.80</u>
NOTE NO. 41		
INCOME TAX		
Components of Tax Expenses		
(i) Current Tax		
Charged in Profit or Loss section	–	102.47
Charged in Other Comprehensive Income section	–	(23.79)
	<u>–</u>	<u>78.68</u>
(ii) Deferred Tax		
Charged in Profit or Loss section	(508.67)	(188.84)
Charged in Other Comprehensive Income section	–	23.79
	<u>(508.67)</u>	<u>(165.05)</u>
Reconciliation Tax Expenses and Accounting Profit		
Accounting Profit before Tax including OCI	(1,670.18)	1,282.25
Corporate Tax Rate	31.20%	34.944%
Computed Tax Expenses at India's statutory Income Tax Rate	–	449.47
Increase / (Reduction) in taxes on account of:		
Tax adjustment of earlier years.		
Income exempt / eligible for deduction Under Chapter VI-A	–	(686.61)
Non-deductible expenses	–	284.00
Other exempted Items	–	(46.86)
Net effective income tax under Regular method (A)	<u>–</u>	<u>–</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

	2019-20	2018-19
Income Tax under MAT		
Accounting Profit before Tax including OCI	(1,670.18)	1,286.25
Tax rate under MAT	15.60%	21.549%
Computed Tax Expenses at India's statutory Income Tax Rate	–	277.17
Adjustment for Income exempt / items eligible for deduction Under MAT provision	–	(198.49)
Net effective Income Tax (B)	<u>–</u>	<u>78.68</u>
 Tax applicable higher of (A) or (B)	 <u>–</u>	 <u>78.68</u>
Deferred Tax Recognised in the Statement of Profit and Loss		
Tax impact on difference between book depreciation and depreciation under the Income Tax Act, 1961	1,155.03	(85.41)
Tax effect on Fair Value Measurement	17.95	0.96
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,708.50)	–
Tax effect on Provision for Bonus and Leave Encashment	26.85	(1.92)
Unused Tax Credit i.e. MAT Credit Entitlement	–	(78.68)
	<u>(508.67)</u>	<u>(165.05)</u>

NOTE NO. 42

CONTINGENT LIABILITIES

Guarantees given by the bankers on behalf of Group	233.45	155.05
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to -		
- Parent	704.50	595.45
- Parent's share in Associates	15,497.98	15,949.77

NOTE NO. 43

FINANCIAL GUARANTEE GIVEN TO BANKS TO AVAIL LOAN FACILITIES BY RELATED PARTIES

Sri Vishnu Shankar Mill Limited	2,800	2,800
Sandhya Spinning Mill Limited	3,500	3,500
Actual amount of loan outstanding against above Financial Guarantees		
Sri Vishnu Shankar Mill Limited	957	1,871
Sandhya Spinning Mill Limited	1,036	2,057



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

31-03-2020 31-03-2019

NOTE NO. 44

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

Defined Contribution Plan:

Employer's Contribution to Provident Fund	379.95	364.34
Employer's Contribution to Superannuation Fund	42.88	36.91

Defined Benefit Plan - Gratuity

The Gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company read with Payment of Gratuity Act, 1972. This is a defined benefit plan in nature. The Company makes annual contributions to "Rajapalayam Mills Limited Employees' Gratuity Fund" administered by the Trustees and managed by LIC of India, based on the Actuarial Valuation by an Independent external actuary as at the Balance Sheet date using Projected Unit Credit method. The Company has the exposure of actuarial risk such as adverse salary growth, change in demography experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

Defined Benefit Plan (Gratuity):

Reconciliation of Opening and Closing balances of Present Value of Obligation:

As at the beginning of the year	1,067.72	937.58
Current Service Cost	85.50	74.14
Interest Cost	78.30	69.28
Actuarial Loss	75.19	67.15
Benefits paid	(-) 96.46	(-) 80.43
As at the end of the year	1,210.25	1,067.72

Reconciliation of Opening and Closing Balances of Fair Value of Plan

Assets

As at the beginning of the year	923.94	844.41
Expected return on plan assets	72.87	65.76
Actuarial gain / (loss)	1.98	(-) 0.94
Employer Contribution	146.15	95.14
Benefits paid	(-) 96.46	(-) 80.43
As at the end of the year	1,048.48	923.94

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

31-03-2020 31-03-2019

Actual Return on Plan Assets:

Expected Return on Plan Assets	72.87	65.76
Actuarial Gain / (Loss) on Plan Assets	1.98	(-) 0.94
Actual Return on Plan Assets	74.85	64.82

Reconciliation of Fair Value of Assets and Obligations:

Fair value of plan assets	1,210.25	1,067.72
Present value of obligation	1,048.48	923.94
Difference, Amount recognized in Balance Sheet	161.77	143.78

Expenses recognized during the year:

Current Service Cost	85.50	74.14
Net Interest on Obligations	5.43	3.52
Expenses recognized in Statement of Profit and Loss	90.93	77.66

Amount recognized in the Other Comprehensive Income:

Actuarial changes arising from:		
Experience adjustments on Plan Liabilities	2.88	62.55
Experience adjustments on Plan Assets	1.98	0.94
Changes in financial assumptions	(-) 78.07	4.60
Changes in demographic assumptions	-	-
Amount recognized in OCI during the year	73.21	68.09

Investment Details

Funds with LIC	1,042.41	920.03
Bank Balance	6.07	3.91
Total	1,048.48	923.94

Actuarial assumptions:

LIC 2012-14 Table applied for service mortality rate	Yes	Yes
Discount rate p.a	6.67%	7.68%
Expected rate of Return on Plan Assets p.a.	6.67%	7.68%
Rate of escalation in salary p.a	3.75%	4.00%
Rate of Employee Turnover	0.05%	0.50%

Estimate of Expected Benefit payments

Year 1	32.95	13.53
Year 2	39.90	122.08
Year 3	29.96	52.79
Year 4	55.59	38.14
Year 5	50.88	62.15
Next 5 Years	696.50	589.27



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

31-03-2020 31-03-2019

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Discount Rate	90.15	80.01
0.50% Decrease in Discount Rate	104.76	91.55
0.50% Increase in Salary Growth Rate	104.97	91.78
0.50% Decrease in Salary Growth Rate	89.91	79.77

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

Defined Benefit Plan (Leave encashment plan):

Reconciliation of Opening and Closing balances of Present Value of Obligation:

As at the beginning of the year	391.64	315.97
Current Service Cost	28.88	22.96
Interest Cost	27.15	23.23
Actuarial Loss	43.84	59.51
Benefits paid	(-) 76.25	(-) 30.03
As at the end of the year	415.26	391.64

Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:

As at the beginning of the year	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	76.25	30.03
Benefits paid	(-) 76.25	(-) 30.03
As at the end of the year	NIL	NIL

Actual Return of plan assets:

Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL

Reconciliation of Fair Value of Assets and Obligations:

Fair value of plan assets	NIL	NIL
Present value of obligation	415.26	391.64
Difference, Amount Recognized in Balance Sheet	415.26	391.64

Expenses recognized during the year:

Current Service Cost	28.88	22.96
Net Interest on obligations	27.15	23.23
Actuarial Gain recognized during the year	43.84	59.51
Expenses recognized in the Statement of Profit and Loss	99.87	105.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

31-03-2020 31-03-2019

Amount recognized in the Other Comprehensive Income:

Actuarial changes arising from :

Experience adjustments on Plan Liabilities	NIL	NIL
Experience adjustments on Plan Assets	NIL	NIL
Changes in financial assumptions	NIL	NIL
Changes in demographic assumptions	NIL	NIL
Amount recognized in OCI during the year	NIL	NIL

Investment Details

Funds with LIC	NIL	NIL
Bank Balance	NIL	NIL
Total	NIL	NIL

Actuarial assumptions:

LIC 2012-14 Table applied for service mortality rate	Yes	Yes
Discount rate p.a	6.67%	7.68%
Expected rate of Return on Plan Assets p.a.	NIL	NIL
Rate of escalation in salary p.a	3.75%	4.00%
Rate of Employee Turnover	0.05%	0.50%

Estimate of Expected Benefit payments

Year 1	12.28	29.62
Year 2	11.57	32.71
Year 3	17.80	14.92
Year 4	25.51	12.32
Year 5	8.21	24.42
Next 5 Years	264.97	204.10

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Discount Rate	29.22	27.26
0.50% Decrease in Discount Rate	33.83	30.66
0.50% Increase in Salary Growth Rate	33.89	30.71
0.50% Decrease in Salary Growth Rate	29.15	27.20

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 45

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

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

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

COMPANY AS A LESSEE

Nature of leasing activities

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

Other disclosures as required by Ind AS 116:

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Depreciation charge for Right-of-use asset	6.94	6.35
Interest on lease liabilities	NIL	NIL
Expenses relating to short-term leases	13.21	7.97
Total cash outflow for leases including principal and interest	NIL	NIL
Additions to Right-of-use assets upon transition to Ind AS 116	NIL	722.03
Carrying amount of Right-of-use assets at 31 st March	708.74	715.68

Notes:

- The Company has capitalized one time non-refundable upfront charge for Right-to-Use of Land during the year NIL (PY: ₹ 722.03 Lakhs).
- Expenses relating to Short-term lease include leases whose lease term ends within 12 months from date of initial application and leases whose non-cancellable period is less than 12 months, irrespective of the actual tenure agreed as per the arrangement.

COMPANY AS A LESSOR

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

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Not later than one year	1.05	0.88
One to five years	5.85	5.58
More than five years	12.25	13.57



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 46

Disclosure of Interests in Associates under equity method

Name of the Company	Location	Principal activities of Business
The Ramco Cements Limited (TRCL)	India	Manufacture of Cement and Cementitious materials
Ramco Industries Limited (RIL)	India	Manufacture of Building materials and Textiles
Ramco Systems Limited (RSL)	India	Software development

Name of the Company	% Shareholding as at	
	31-03-2020	31-03-2019
The Ramco Cements Limited	14.04%	14.04%
Ramco Industries Limited	9.69%	9.69%
Ramco Systems Limited	2.40%	2.40%

Summarised financial information for Associates:

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

(₹ in Lakhs)

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
As at 31-03-2020						
The Ramco Cements Limited	8,30,716.00	24,989.00	1,57,571.00	2,78,945.00	2,33,632.00	5,00,699.00
Ramco Industries Limited	53,158.00	2,57,109.00	61,056.00	5,228.00	45,154.00	3,20,941.00
Ramco Systems Limited	53,665.30	149.90	43,989.50	8,979.30	28,035.30	60,790.10
As at 31-03-2019						
The Ramco Cements Limited	6,59,129.00	23,199.00	1,38,051.00	1,59,454.00	2,06,755.00	4,54,170.00
Ramco Industries Limited	49,360.97	2,44,027.90	57,222.81	8,281.78	37,112.76	3,05,217.14
Ramco Systems Limited	47,720.80	129.40	36,424.70	1,840.40	24,544.50	57,890.00

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

Profit and Loss	TRCL		RIL		RSL	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Total Revenue	5,42,280.00	5,18,730.00	1,01,493.00	1,06,057.11	57,808.70	55,179.80
Profit before tax	79,224.00	71,807.00	10,335.00	10,718.82	3,350.90	4,232.80
Tax expenses	18,785.00	21,061.00	3,442.00	3,267.64	2,279.70	2,546.10
Profit after Tax	60,439.00	50,746.00	6,893.00	7,451.18	1,071.20	1,686.70
Share of profit in Associate	68.00	397.00	10,060.00	9,783.87	20.60	4.40
Other Comprehensive Income	(495.00)	(108.00)	(361.00)	308.30	1,715.00	610.20
Total Comprehensive Income	60,012.00	51,035.00	16,592.00	17,543.35	2,806.80	2,301.30



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value of Investments

(₹ in Lakhs)

Name of the Associates	31-03-2020	31-03-2019
The Ramco Cements Limited	1,70,086.36	2,43,457.60
Ramco Industries Limited	9,409.88	17,870.37
Ramco Systems Limited	529.61	1,756.81

Share of Contingent Liabilities in respect of associates

Name of the Associates	31-03-2020	31-03-2019
The Ramco Cements Limited	14,613.66	15,252.50
Ramco Industries Limited	643.45	480.87
Ramco Systems Limited	240.87	216.39

Reconciliation to the carrying amount of investment in associates:

Profit and Loss	TRCL		RIL		RSL	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Entity's TCI	60,012.00	51,035.00	16,592.00	17,543.35	2,806.80	2,301.30
Entity's Adjusted TCI	58,952.00	49,725.00	6,168.97	7,892.63	2,732.00	2,251.00
Effective shareholding %	16.08%	16.08%	11.86%	11.86%	2.40%	2.40%
Associates share of profit / OCI	9,477.42	7,952.00	731.67	913.78	65.49	53.98
Less: Unrealised profit on inter-company transactions (net of tax)	—	—	—	—	—	—
Amount recognized in P & L	9,477.42	7,952.00	731.67	913.78	65.49	53.98
Reconciliation						
Opening Carrying amount	1,31,280.58	1,23,230.76	11,647.31	9,764.71	4,882.33	4,828.91
Less: Adjustment on Deemed Disposal	—	—	—	—	—	0.56
Add: Acquisition during the year	—	1,084.97	—	1,008.42	—	—
Add: Associate's share of Profit / OCI	9,477.42	7,952.00	731.67	913.78	65.49	53.98
Less: Dividend received	1,818.57	987.15	84.02	39.60	—	—
Net Carrying amount	1,38,939.43	1,31,280.58	12,294.96	11,647.31	4,947.82	4,882.33

Notes:

- Adjusted TCI represents total comprehensive income of the entity after eliminating effects of reciprocal interests and unrealized profits.
- Effective shareholdings represent the aggregate of direct holding and indirect holding through fellow associates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



NOTE NO. 47

EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Net profit after tax (₹ in Lakhs) (A)	9,206.16	10,447.49
Weighted average number of Equity shares after deducting treasury shares [In Lakhs] (B)	73.60	73.60
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A) / (B) (in ₹)	125.08	141.95

NOTE NO. 48

RELATED PARTY TRANSACTIONS

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March, 2020:

a) Associates

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2020	31-03-2019
The Ramco Cements Limited	India	14.04%	14.04%
Ramco Industries Limited	India	9.69%	9.69%
Ramco Systems Limited	India	2.40%	2.40%

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

Name of the Key Management Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt. R. Sudarsanam	Managing Director
Smt. P.V. Nirmala Raju	Non-Executive Director
Shri S.S. Ramachandra Raja	Non-Executive Director
Shri N.K. Ramasuwami Raja	Independent Director
Shri A.V. Dharmakrishnan	Non-Executive Director
Justice Shri P.P.S. Janarthana Raja	Independent Director
Shri V. Santhana Raman	Independent Director
Shri K.B. Nagendra Murthy	Independent Director
Smt. Soundara Kumar	Independent Director
Shri P.V. Abinav Ramasubramniam Raja	Non-Executive Director
Shri P.A.S Alaghar Raja	Independent Director
Shri B. Gnanagurusamy	Chief Financial Officer
Shri A. Arulpranavam	Secretary



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

c) Relatives of Key Managerial Personnel

Name of the Relative of KMP	Relationship
Smt. R. Chittammal	Spouse of Shri S.S. Ramachandra Raja
Smt. R. Nalina Ramalakshmi	Sister of Shri P.R. Venketrama Raja
Smt. S. Sharada Deepa	Sister of Shri P.R. Venketrama Raja
Smt. B. Sri Sandhya Raju	Daughter of Shri P.R. Venketrama Raja

d) Companies over which KMP / Relatives of KMP exercise significant influence or control

The Ramaraju Surgical Cotton Mills Limited	Ramco Industrial and Technology Services Limited
Sri Vishnu Shankar Mill Limited	
Thanjavur Spinning Mill Limited	Ramco Wind farms Limited
Sandhya Spinning Mill Limited	Ramco Management Private Limited
Sri Harini Textiles Limited	RCDC Securities & Investments Private Limited
Shri Harini Media Limited	Rajapalayam Textile Limited

e) Employee Benefit Funds where control exists

Rajapalayam Mills Limited Officers' Superannuation Fund
Rajapalayam Mills Limited Employees' Gratuity Fund

f) Other entities over which there is a significant influence

Smt. Lingammal Ramaraju Shastra Prathishta Trust	PACR Sethurammam Charity Trust
Ramco Welfare Trust	PACR Sethurammam Charities
Raja Charity Trust	PAC Ramasamy Raja Education Charity Trust
Gowri Metal Works LLP	Ramco Organic Farming Centre
PACR Centenary Trust	

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

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

Name of the Related party	(₹ in Lakhs)	
	Value	
	2019-20	2018-19
i. Good Supplied / Services rendered		
Associates		
Ramco Industries Limited	686.55	745.87
Ramco Systems Limited	0.81	0.81

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



Name of the Related party	(₹ in Lakhs)	
	Value	
	2019-20	2018-19
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	1,087.88	727.57
Sri Vishnu Shankar Mill Limited	502.01	1,065.29
Sandhya Spinning Mill Limited	539.04	761.32
Rajapalayam Textile Limited	567.77	845.88
Sri Harini Textiles Limited	13.07	188.42
ii. Sale of Fixed Assets		
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	0.15	18.63
Sri Vishnu Shankar Mill Limited	NIL	47.23
Sandhya Spinning Mill Limited	9.06	1.98
Rajapalayam Textile Limited	159.13	44.98
Sri Harini Textiles Limited	6.66	NIL
iii. Cost of Goods & Services purchased / availed		
Associates		
The Ramco Cements Limited	10.31	6.54
Ramco Industries Limited	761.51	496.07
Ramco Systems Limited	154.14	28.35
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	223.12	4.03
Sri Vishnu Shankar Mill Limited	1,072.27	1,039.06
Ramco Windfarms Limited	418.82	440.27
Sandhya Spinning Mill Limited	497.84	356.97
Rajapalayam Textile Limited	448.37	0.46
Sri Harini Textiles Limited	NIL	43.35
Shri Harini Media Limited	0.74	0.74
Other entities over which there is a significant influence		
PACR Sethurammam Charity Trust	152.97	153.73
Gowrihouse Metal Works LLP	0.35	NIL
Ramco Organic Farming Centre	0.24	NIL



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Name of the Related party	(₹ in Lakhs)	
	Value	
	2019-20	2018-19
iv. Purchase of Fixed Assets		
Associates		
The Ramco Cements Limited	0.22	NIL
Ramco Industries Limited	252.05	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	62.60	66.01
Sri Vishnu Shankar Mill Limited	120.02	278.95
Sandhya Spinning Mill Limited	35.12	316.09
Thanjavur Spinning Mill Limited	NIL	31.17
Rajapalayam Textile Limited	21.48	4.53
v. Purchase of Equity Shares		
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Vishnu Shankar Mill Limited	NIL	1,081.60
Relative of Key Managerial Personnel		
Smt. Saradha Deepa	NIL	1,008.42
vi. Leasing Arrangements - Rent Paid		
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	NIL	813.53
Relative of Key Managerial Personnel		
Smt. Saradha Deepa	1.68	1.50
vii. Dividend Paid		
Key Managerial Personnel		
Shri P.R. Venketrama Raja	58.64	58.64
Smt. R. Sudarsanam	2.55	2.55
Smt. P.V. Nirmala Raju	0.11	0.11
Shri P.V. Abinav Ramasubramaniam Raja	78.08	78.08
Associates		
The Ramco Cements Limited	1.02	1.02
Ramco Industries Limited	5.09	5.09
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	5.41	5.41
Sri Vishnu Shankar Mill Limited	1.19	1.19
Sandhya Spinning Mill Limited	0.02	0.02
Ramco Management Private Limited	0.08	0.08
Relative of Key Managerial Personnel		
Smt. R. Chittammal	3.31	3.31
Smt. R. Nalina Ramalakshmi	0.27	0.27
Smt. S.Sharada Deepa	0.44	0.44
Smt. B. Sri Sandhya Raju	0.66	0.66

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



		(₹ in Lakhs)	
		Value	
	Name of the Related party	2019-20	2018-19
viii. Dividend Received			
	Associates		
	The Ramco Cements Limited	1,818.58	987.15
	Ramco Industries Limited	84.02	39.60
	Companies over which KMP / Relative of KMP exercise significant Influence		
	The Ramaraju Surgical Cotton Mills Limited	NIL	0.02
	Thanjavur Spinning Mill Limited	225.00	1,059.04
ix. Interest Paid / (Received)			
	Key Managerial Personnel		
	Shri P.R. Venketrama Raja	3.12	NIL
	Smt. R. Sudarsanam	13.16	27.42
	Smt. P.V. Nirmala Raju	2.96	NIL
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sri Harini Textiles Limited	(104.79)	(104.50)
	Thanjavur Spinning Mill Limited	241.25	113.20
x. Director's Sitting Fees			
	Key Managerial Personnel		
	Shri P.R. Venketrama Raja	1.50	2.10
	Smt. R. Sudarsanam	1.20	1.50
	Smt. P.V. Nirmala Raju	1.20	NIL
	Shri S.S. Ramachandra Raja	1.50	1.80
	Shri N.K. Ramasuwami Raja	3.00	3.60
	Shri A.V. Dharmakrishnan	2.70	3.30
	Justice Shri P.P.S. Janarthana Raja	3.60	4.20
	Shri V. Santhanaraman	1.50	1.80
	Shri K.B. Nagendra Murthy	1.80	3.30
	Smt Soundara Kumar	1.20	1.20
	Shri P.V. Abinav Ramasubramaniam Raja	0.90	1.80
	Shri P.A.S Alaghar Raja	1.20	1.80
xi. Remuneration to Key Managerial Personnel (Other than Sitting Fees)			
	Key Managerial Personnel		
	Smt. R. Sudarsanam, Managing Director	270.30	270.30
	Shri B. Gnanagurusamy, Chief Financial Officer	42.96	39.31
	Shri A. Arulpranavam, Secretary	11.00	10.89



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Name of the Related party	Value	
	2019-20	2018-19
xii. CSR / Donation given		
Other entities over which there is a significant influence		
PACR Sethurammam Charities	NIL	3.50
PAC Ramasamy Raja Education Charity Trust	9.00	37.05
PACR Centenary Trust	1.74	2.00
Raja Charity Trust	35.05	NIL
xiii. Contribution to Superannuation Fund / Gratuity Fund		
Other entities over which there is a significant influence		
Rajapalayam Mills Limited Officers' Superannuation Fund	42.88	36.91
Rajapalayam Mills Limited Employees' Gratuity Fund	162.56	145.75
xiv. Maximum amount of loans and advance / (borrowings) outstanding during the year		
Key Managerial Personnel		
Shri P.R. Venketrama Raja	(72.81)	NIL
Smt. R. Sudarsanam	(443.38)	(435.56)
Smt. P.V. Nirmala Raja	(100.95)	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	950.00	950.00
Thanjavur Spinning Mill Limited	(2,864.00)	(2,500.00)
xv. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL		
Associates		
The Ramco Cements Limited	0.26	3.43
b. Outstanding balance including commitments		
i. Loans and advances		
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	950.00	950.00
ii. Borrowings:		
Key Managerial Personnel		
Shri P.R. Venketrama Raja	72.81	NIL
Smt. R. Sudarsanam	29.51	435.56
Smt. P.V. Nirmala Raja	12.66	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
Thanjavur Spinning Mill Limited	2,460.00	2,500.00
iii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL		
Associates		
The Ramco Cements Limited	NIL	13.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Name of the Related party	Value	
	2019-20	2018-19
iv. Corporate Guarantee given to lender of Related parties		
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Vishnu Shankar Mill Limited	2,800.00	2,800.00
Sandhya Spinning Mill Limited	3,500.00	3,500.00
v. Trade Payables		
Associates		
Ramco Industries Limited	31.84	NIL

Notes: (a) The above outstanding balances at the respective reporting dates are unsecured and settlement occurs in cash or through provision of goods / services, in case of unadjusted advances.

(b) The loan balance with Banks by the related parties, on the strength of the above Corporate Guarantees given by the Company are furnished below:

Particulars	As at 31-03-2020	As at 31-03-2019
Sri Vishnu Shankar Mill Limited	957.00	1,871.00
Sandhya Spinning Mill Limited	1,036.00	2,057.00

c. Disclosure of Key Managerial Personnel compensation in total and for each of the following categories:

Particulars	31-03-2020	31-03-2019
Short - Term Benefits ^[1]	289.63	287.51
Defined Contribution Plan ^[2]	34.63	34.49
Defined Benefit Plan / Other Long-Term Benefits ^[3]	—	—
Total	<u>324.26</u>	<u>322.00</u>

1. It includes bonus, sitting fees, and value of perquisites.

2. It includes contribution to Provident fund and Superannuation fund.

3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 49

Segment Information for the year ended 31-03-2020

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
REVENUE						
External Sales / Other Operating Income	35,782.22	41,261.83	—	—	35,782.22	41,261.83
Inter Segment Sale	—	—	3,975.99	4,146.18	3,975.99	4,146.18
Total	35,782.22	41,261.83	3,975.99	4,146.18	39,758.21	45,408.01
Other Income	304.64	363.97	—	—	304.64	363.97
Total Revenue	36,086.86	41,625.80	3,975.99	4,146.18	40,062.85	45,771.80
RESULT						
Segment Profit	(1,878.98)	32.16	2,278.56	2,343.66	399.58	2,375.82
Unallocated Income	—	—	—	—	355.88	1,059.07
Unallocated Expenses	—	—	—	—	—	—
Operating Profit	—	—	—	—	755.46	3,434.89
Interest Expenses	—	—	—	—	2,586.57	2,198.07
Interest Income	—	—	—	—	191.97	155.91
Provision for Taxation	—	—	—	—	—	—
Current Tax	—	—	—	—	—	102.47
Income Tax related to earlier years	—	—	—	—	—	(77.58)
Deferred Tax	—	—	—	—	(508.67)	(188.84)
Profit from ordinary activities	—	—	—	—	(1,130.47)	1,556.68
Other Comprehensive Income after Tax	—	—	—	—	(31.04)	(106.48)
Exceptional Items	—	—	—	—	—	—
Share of TCI from Associates	—	—	—	—	10,274.58	8,919.76
Total Comprehensive Income (TCI) after Tax	—	—	—	—	9,113.07	10,369.96
OTHER INFORMATION						
Segment Assets	77,439.31	65,632.86	5,945.45	6,363.28	83,384.76	71,996.14
Unallocated Assets	—	—	—	—	1,59,739.65	1,51,324.73
Total Assets	—	—	—	—	2,43,124.41	2,23,320.87
Segment Liabilities	4,179.31	4,912.35	—	—	4,179.31	4,912.35
Unallocated Liabilities	—	—	—	—	60,065.09	48,285.88
Total Liabilities	—	—	—	—	64,244.40	53,198.23
Capital Expenditure	17,192.86	21,611.30	—	17.86	17,192.86	21,629.16
Unallocated Capital Expenditure	—	—	—	—	—	—
Depreciation	2,966.81	2,762.12	417.84	415.93	3,384.65	3,178.05
Unallocated Depreciation Expenditure	—	—	—	—	—	—
Non-Cash expenses other than Depreciation	—	—	—	—	—	—



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 50

Disclosure of Fair value measurements

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

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
As at 31-03-2020					
Financial Assets					
Investments - Preference Shares	2,500.00	—	—	2,500.00	2,500.00
Other Investments	—	—	107.44	107.44	107.44
Loans and Advances	950.00	—	—	950.00	950.00
Trade Receivables	5,062.68	—	—	5,062.68	5,062.68
Cash and Bank Balances	639.48	—	—	639.48	639.48
Other Financial Assets	1,625.47	—	—	1,625.47	1,625.47
Financial Liabilities					
Borrowings	58,295.81	—	—	58,295.81	58,295.81
Trade Payables	1,833.89	—	—	1,833.89	1,833.89
Other Financial Liabilities	1,395.12	—	—	1,395.12	1,395.12
As at 31-03-2019					
Financial Assets					
Investments - Preference Shares	2,500.00	—	—	2,500.00	2,500.00
Other Investments	—	—	64.50	64.50	64.50
Loans and Advances	950.00	—	—	950.00	950.00
Trade Receivables	6,208.91	—	—	6,208.91	6,208.91
Cash and Bank Balances	368.30	—	—	368.30	368.30
Other Financial Assets	1,801.58	—	—	1,801.58	1,801.58
Financial Liabilities					
Borrowings	45,848.48	—	—	45,848.48	45,848.48
Trade Payables	1,940.64	—	—	1,940.64	1,940.64
Other Financial Liabilities	2,107.49	—	—	2,107.49	2,107.49

Fair value hierarchy

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

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

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Instruments at FVTOCI				
Investments in listed equity securities				
As at 31-03-2020	8.29	—	—	8.29
As at 31-03-2019	7.52	—	—	7.52
Investment in unlisted securities				
As at 31-03-2020	—	—	99.14	99.14
As at 31-03-2019	—	—	56.97	56.97
Financial Instruments at FVTPL				
Foreign exchange forward contracts				
As at 31-03-2020 (Asset)	—	233.98	—	233.98
As at 31-03-2019 (Liability)	—	448.18	—	448.18

Valuation techniques used to determine the fair value

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

Nature of Financial Instrument	Valuation Technique	Remarks
Investment in Listed securities / Mutual Funds	Market Value	Closing Price as at reporting date in Stock Exchange
Investment in Unlisted securities	Adjusted Net Assets	Net Assets value as per Balance Sheet of respective Companies as at reporting date.
Foreign exchange forward contracts	Mark to Market	Based on MTM valuations provided by the Banker
Financial Guarantee Obligation	Differential Interest Rate	Interest rates quote have been obtained from the Banker

NOTE NO. 51

Impact of COVID - 19:

- Due to outbreak of Covid-19 in India and consequent implementation of lockdown of industries during the month of March, 2020, the market price of Cotton had fallen by 5% due to poor market demand. The Company has made a provision for diminution in stock value of cotton to the extent of ₹ 218.34 Lakhs. Starting from April, 2020, the Cotton Corporation of India (CCI) has started selling the cotton by offering huge discount due to extended lockdown announced by Government of India and the market price of cotton had fallen further by another 10% and there was a further loss due to mark to market value of cotton inventory of ₹ 242.61 Lakhs after 31-03-2020.
- In view of the lock-down declared across the country by the Central / State Governments due to COVID-19 pandemic during second half of March 2020, the company's operations were adversely impacted. The operations have since resumed in a phased manner during April / May 2020 in accordance with the guidelines issued by the relevant regulatory authorities with regard to adhering of social distancing and following prescribed hygiene standards. The Company continues to comply with such guidelines from time to time.

The Company has sufficient liquidity / financing arrangements for the continuity of business operations. The lock-down due to COVID-19 is continuing with certain relaxations in FY 2020-21 and the Company is continuing its operations with lower demand. The Company expects the demand for yarn to get back to its normal levels, based on further relaxations that would be announced by the Central and State Governments, in the course of time.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company has assessed the potential impact of COVID-19 based on the current circumstances and expects no significant impact on the continuity of operations of the business on long-term basis. The Company does not have any material risk of non-fulfilment of obligations by any party arising out of existing contracts / agreements.

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

NOTE NO. 52

Financial Risk Management

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

The Company has the following financial risks:

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

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

Credit Risk

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

Receivables

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(₹ in Lakhs)

Particulars	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
As at 31-03-2020					
Gross carrying amount	3,154.71	1,474.57	160.15	273.25	5,062.68
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	3,154.71	1,474.57	160.15	273.25	5,062.68
As at 31-03-2019					
Gross carrying amount	4,461.06	813.22	933.31	1.32	6,208.91
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	4,461.06	813.22	933.31	1.32	6,208.91

Financial Instruments and Cash deposits

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

Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

Fund Management

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

Financial arrangements

The Company has access to the following undrawn borrowing facilities:

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Expiring within one year		
Bank Overdraft and other facilities	38,378.79	10,381.00
Term Loans	392.04	11,682.00
Expiring beyond year		
Term Loans	—	—



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Maturities of Financial Liabilities

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	> 5 years	Total
As at 31-03-2020				
Borrowings from Banks	27,290.17	24,954.23	6,051.41	58,295.81
Trade payables	1,833.89	—	—	1,833.89
Other Financial Liabilities (Incl. Interest)	1,395.12	—	—	1,395.12
As at 31-03-2019				
Borrowings from Banks	26,263.17	14,859.60	4,725.71	45,848.48
Trade payables	1,940.64	—	—	1,940.64
Other Financial Liabilities (Incl. Interest)	2,107.49	—	—	2,107.49

Foreign Currency Risk

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

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

Decisions regarding borrowing in Foreign Currency and hedging thereof, (both interest and exchange rate risk) and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contracts / packing credit in foreign currency which acts as natural hedge against export receivable. The Company enters the above transactions, after taking into consideration the anticipated Foreign exchange inflows/outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

The Company uses derivative financial instruments viz. Foreign Exchange Forward Contracts exclusively for hedging currency risks that arise from imports / exports transactions. The Company measures the risk by forecasting foreign currency cash flows and manages its currency risks by appropriately hedging the transactions. When a forward contract is entered into for the purpose of being a hedge, the Company finalizes the terms of those forward contracts to match the terms of the hedged exposure i.e. receivables / payables / Firm Commitments. All identified exposures are managed as per the policy duly approved by the Board of Directors.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities / Firm Commitments as at the end of reporting periods are given below:

As at 31-03-2020

In Millions

Type	Particulars	USD
Hedged Items	Financial Assets / Firm commitments related to Financial Assets	
	(a) Trade Receivables	1.45
	(b) Export Sale Contracts	4.30
	Financial Liabilities / Firm Commitments related to Financial Liabilities	
	(a) Buyers Credit Loan	4.05
	(b) Contracts for import of materials	1.12
Hedging Instruments (Forward contracts)	Instruments for hedging the currency risk on Financial Assets	
	(a) PCFC Loan	4.70
	(b) Bill discount - Export	0.30
	Instruments for hedging the currency risk on Financial Liabilities	
	(a) Forward contracts for Buyers Credit Loan	4.05
	(b) Forward contract for Imports	1.12

As at 31-03-2019

In Millions

Type	Particulars	USD	EURO	CHF	JPY
Hedged Items	Financial Assets / Firm commitments related to Financial Assets				
	(a) Trade Receivables	1.42			
	(b) Export Sale Contracts	3.00			
	Financial Liabilities / Firm Commitments related to Financial Liabilities				
	(a) Contracts for import of materials	1.29	3.30	1.12	1.04
Hedging Instruments (Forward contracts)	Instruments for hedging the currency risk on Financial Assets				
	(a) PCFC Loan	4.41			
	Instruments for hedging the currency risk on Financial Liabilities				
	(a) Forward contract for Imports	1.29	3.30	1.12	1.04

The details of foreign currency forward contracts outstanding at the end of the reporting period is given below:

Nature of Financial Liability	Foreign currency (in Lakhs)		Nominal Amount (₹ in Lakhs)	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
USD / INR buy forward	52.16	12.88	3,946.51	890.66
EURO / INR buy forward	—	32.97	—	2,561.12
CHF / INR buy forward	—	11.20	—	777.64
JYP / INR buy forward	—	10.40	—	649.14
Fair value liabilities	—	—	(132.47)	306.79

The above forward contracts are having maturity of less than 12 months.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash flow and fair value interest rate risk

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

Interest rate risk exposure (₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Variable rate borrowings	58,295.81	45,848.48
Fixed rate borrowings	—	—

The Company does not have any interest rate swap contracts

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-03-2020	31-03-2019
1% Increase in Interest Rate	582.96	458.49

NOTE NO. 53

Events after the reporting period - Distribution made and proposed

Particulars	31-03-2020	31-03-2019
Cash Dividends on Equity Shares declared and paid		
Final dividend for the year ended 31 st March, 2019: ₹ 4/- per share (PY: ₹ 4/- per share)	295.05	295.05
Dividend Distribution Tax on Dividend Paid	60.65	60.06
Proposed Dividends on Equity Shares		
Final dividend for the year ended 31 st March, 2020: ₹1/- per share (PY: ₹ 4/- per share)	73.76	295.05
Dividend Distribution Tax on Proposed Dividend	—	60.65

As per our report annexed

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

R. PALANIAPPAN
Partner
Membership No. 205112

Chennai,
24th June, 2020.

For SRSV & ASSOCIATES
Chartered Accountants
Firm Registration No. 015041S

P. SANTHANAM
Partner
Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

A. ARULPRANAVAM
Secretary



ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTERPRISES CONSOLIDATED AS ASSOCIATES FOR THE YEAR 2019-20

Name of the Entity	Net Assets i.e. total assets minus total liabilities		Share in Profit / (Loss)		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As % of Consolidated net assets	₹ in Lakhs	As % of Consolidated profit / (loss)	₹ in Lakhs	As % of Consolidated OCI	₹ in Lakhs	As % of Consolidated TCI	₹ in Lakhs
Parent								
Rajapalayam Mills Limited	16.66%	29,803.47	(12.28%)	(1,130.47)	33.12%	(31.04)	(12.75%)	(1,161.51)
Associates (Investments as per the Equity Method)								
Indian								
The Ramco Cements Limited	74.95%	1,34,074.87	103.73%	9,550.57	78.05%	(73.15)	104.00%	9,477.42
Ramco Industries Limited	6.26%	11,195.29	8.28%	762.31	32.69%	(30.64)	8.03%	731.67
Ramco Systems Limited	2.13%	3,806.38	0.26%	24.38	(43.86%)	41.11	0.72%	65.49

As per our report annexed

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

R. PALANIAPPAN
Partner
Membership No. 205112
Chennai,
24th June, 2020.

For SRSV & ASSOCIATES
Chartered Accountants
Firm Registration No. 015041S

P. SANTHANAM
Partner
Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

B. GNANAGURUSAMY
Chief Financial Officer

Smt. R. SUDARSANAM
Managing Director

A. ARULPRANAVAM
Secretary



Our Executives meeting the customers during their visit to Japan.



A view of most modern Ring Spinning Frames with link-coners installed at our Mills by replacing old machineries as a part of modernisation programme.



Our Chairman Shri P.R. Venketrama Raja inaugurating the TQM activities at our Mills.



A view of Jacquard Looms installed in our Newly established Fabric Unit.



Superior Quality Fabrics produced in our Newly established Fabric Unit.

