

**RAJAPALAYAM MILLS LIMITED**

**RAJAPALAYAM**

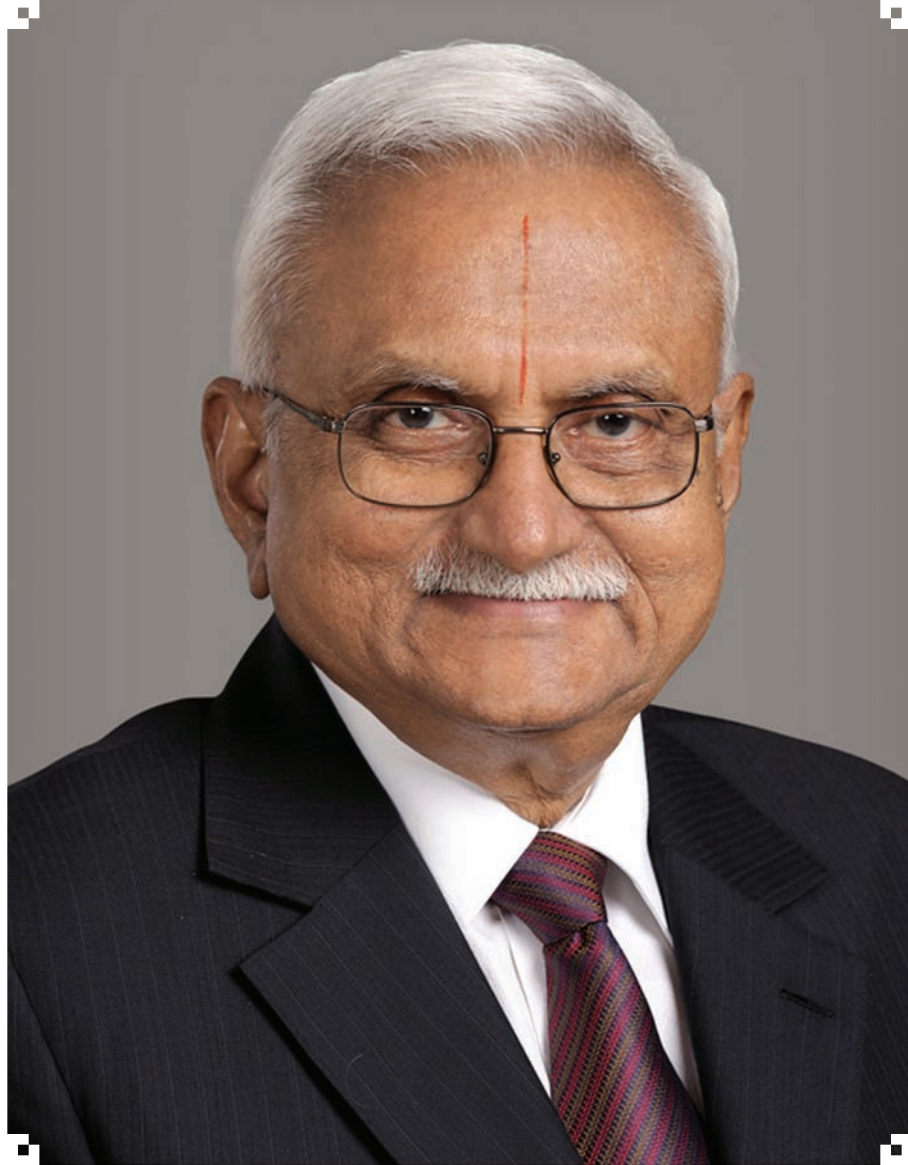


**Annual Report and Accounts for the year ended 31st March 2023**

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. P.V. NIRMALA RAJU, B.E., M.A.,  
*Managing Director*

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](mailto:rajacot@ramcotex.com)

Phone No.: 04563-235666

Fax No.: 04563-236520

### **Website**

[www.rajapalayammills.co.in](http://www.rajapalayammills.co.in)

### **Corporate Identification Number**

L17111TN1936PLC002298

## **Bankers**

Axis Bank Limited

Bank of Bahrain & Kuwait

CTBC Bank Limited

Export Import Bank of India

HDFC Bank Limited

ICICI Bank Limited

IDBI Bank Limited

IDFC First Bank Limited

IndusInd Bank Limited

Kotak Mahindra Bank Limited

RBL Bank Limited

Tamilnad Mercantile Bank Limited

The Federal Bank Limited

Yes Bank Limited

## **Auditors**

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

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

## **Secretarial Auditor**

Shri M.R.L. Narasimha,  
Lotus 370 - A,  
Alagesan Road,  
SB Mission Post,  
Coimbatore - 641 011.

## **Cost Auditor**

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



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## NOTICE

### NOTICE TO THE MEMBERS

Notice is hereby given that the 87<sup>th</sup> Annual General Meeting of the Company will be held at 11:00 A.M. on Friday, the 18<sup>th</sup> August, 2023. This Annual General Meeting is being conducted through Video Conferencing / Other Audio Visual Means, 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 31<sup>st</sup> March 2023, 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 31<sup>st</sup> March, 2023 and the same be paid to those Shareholders whose name appear in the Register of Members and Register of Beneficial Owners maintained by the Depositories as on 11<sup>th</sup> August, 2023."
3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:  
"RESOLVED THAT Shri P.R. Venketrama Raja (DIN: 00331406), who retires by rotation, be and is hereby re-appointed as Director of the Company."
4. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:  
"RESOLVED THAT Shri P.V. Abinav Ramasubramaniam Raja (DIN: 07273249), who retires by rotation, be and is hereby re-appointed as a Director of the Company."

### SPECIAL BUSINESS - ORDINARY RESOLUTION

5. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:  
"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 2,25,000/- (Rupees Two Lakh Twenty Five Thousand Only) plus applicable taxes and Out-of-pocket expenses payable to Shri M. Kannan, Cost Accountant (Firm Registration No. 102185) appointed as the Cost Auditor of the Company by the Board of Directors, for the financial year 2023-24 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**  
(DIN: 00331406)

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.



## NOTICE

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### 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. The Annual General Meeting would be conducted in accordance with the -
  - (i) General Circular No: 10/2022 dated 28<sup>th</sup> December, 2022, issued by Ministry of Corporate Affairs, Government of India
  - (ii) Circular No: SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5<sup>th</sup> January, 2023, issued by Securities and Exchange Board of India (SEBI) and
  - (iii) such other instructions that may be issued by Statutory Authorities.
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.
4. Proxies are not being sent to Shareholders, as the meeting is being conducted through Video Conference.
5. 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 **<http://www.evotingindia.com>**
  - Refernce to the link of the Company's website, providing assess to the full annual report.
  - Requesting the Members who have not registered their E-Mail addresses with the Company, to get the same registered with the Company.
6. The cut-off date will be Friday the 11<sup>th</sup> August, 2023 for determining the eligibility to vote by remote e-Voting or in the Annual General Meeting.
7. 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](http://www.rajapalayammills.co.in)**), as





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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 IEPF FUND
31-03-2017 Dividend	10-08-2017	09-08-2024	08-09-2024
31-03-2018 Dividend	10-08-2018	09-08-2025	08-09-2025
31-03-2019 Dividend	14-08-2019	13-08-2026	12-09-2026
31-03-2020 Dividend	15-09-2020	14-09-2027	14-10-2027
31-03-2021 Dividend	25-08-2021	24-08-2028	23-09-2028
31-03-2022 Dividend	20-08-2022	19-08-2029	18-09-2029

8. 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.
9. 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 in Form No. IEPF-5 to the IEPF authorities. The procedure is available at [www.iepf.gov.in](http://www.iepf.gov.in) and the website of the Company viz, [www.rajapalayammills.co.in](http://www.rajapalayammills.co.in) and the Form is available at [www.iepf.gov.in](http://www.iepf.gov.in)
10. Despatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), has been dispensed with. Such statements are being sent only by email to the Members and to all other persons so entitled. The Annual Report will also be made available on the Company's Website - [www.rajapalayammills.co.in](http://www.rajapalayammills.co.in) and at the websites of the BSE Limited, where the Company's shares are listed.



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11. The Company has fixed Friday, 11<sup>th</sup> August, 2023 as the 'Record Date' for determining entitlement of Members to dividend for the financial year ended 31<sup>st</sup> March, 2023, if approved at the AGM.
12. As per Income Tax Act, 1961, dividend income is taxable in the hands of Shareholders w.e.f. 1<sup>st</sup> April, 2020 and the Company is required to deduct tax at source from dividend payable to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Income Tax Act, 1961 and amendments thereof. The Shareholders are requested to update their PAN with the Company (in case of shares held in physical mode) with the 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 3<sup>rd</sup> August, 2023. 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 3<sup>rd</sup> August, 2023.

13. 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 (LODR) Regulations, 2015, the Company is providing Members remote e-Voting facility to exercise their right to vote at the 87<sup>th</sup> Annual General Meeting (AGM) and the business may be transacted through such 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 AM on Tuesday, the 15<sup>th</sup> August, 2023 to 5.00 PM on Thursday, the 17<sup>th</sup> August, 2023. 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. Friday, the 11<sup>th</sup> August, 2023, may opt for remote e-Voting. Remote e-Voting shall not be allowed beyond 5.00 PM on Thursday, the 17<sup>th</sup> August, 2023.



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- C. In terms of SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9<sup>th</sup> December, 2020 on e-Voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants (DP). Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- D. Pursuant to said SEBI Circular, Login method for e-Voting and joining the AGM through VC for Individual Shareholders holding securities in Demat mode are given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"><li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <b><a href="https://web.cdslindia.com/myeasinew/home/login">https://web.cdslindia.com/myeasinew/home/login</a></b> or visit <b><a href="https://www.cdslindia.com/">https://www.cdslindia.com/</a></b> and click on Login icon and select New System Myeasi.</li><li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting the vote during the remote e-Voting period or joining the AGM through VC &amp; voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e. CDSL / NSDL, so that the user can visit the e-Voting service providers' website directly.</li><li>3) If the user is not registered for Easi / Easiest, option to register is available at <b><a href="https://web.cdslindia.com/myeasinew/Registration/EasiRegistration">https://web.cdslindia.com/myeasinew/Registration/EasiRegistration</a></b></li><li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <b><a href="https://www.cdslindia.com/">https://www.cdslindia.com/</a></b> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.</li></ol>



## NOTICE

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with <b>NSDL</b> Depository	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <b><a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></b> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on Company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining the AGM through VC &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <b><a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></b>. Select "Register Online for IDeAS "Portal or click at <b><a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></b></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <b><a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></b> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number holding with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining the AGM through VC &amp; voting during the meeting.</p>



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Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their DPs	You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining the AGM through VC & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

- E. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at Toll free no.: 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 22 44 30

- F. Access through CDSL e-Voting system in case of Shareholders holding share in Physical mode and non-individual Shareholder in demat mode.

Login method for e-Voting and joining the AGM through VC for shareholders holding shares in physical form and for shareholders other than individual shareholders holding in Demat form.

1. The shareholders should log on to the e-Voting website [www.evotingindia.com](http://www.evotingindia.com)
2. To Click on "Shareholders" tab.



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3. 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,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier e-Voting of any company, then your existing password is to be used.
6. If you are a first-time user follow the steps given below:

For Shareholders holding shares in Physical form and Shareholders holding shares in Demat Form other than individual holders.

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### PAN

Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company / DP are requested to use the first two letters of their name and the 8 digits of the Folio number 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 GUHAN.S with folio number 1 then enter GU00000001 in the PAN Field.

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### Dividend Bank Details or Date of Birth (DOB)

Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the depository or Company, please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction F.

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After entering these details appropriately, click on "Submit" tab.



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- G. Shareholders 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.
- H. For Shareholders holding Shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- I. Click on the relevant EVSN for RAJAPALAYAM MILLS LIMITED on which you choose to vote.
- J. 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.
- K. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- L. 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.
- M. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- N. You can also take out print of the votes cast by clicking on "Click here to Print" option on the Voting page.
- O. If demat account holder has forgotten the login password then Enter the User ID and Captcha Code and click on Forgot Password & enter the details as prompted by the system.
- P. There is also an optional provision to upload Board Resolution / Power of Attorney if any uploaded, which will be made available to scrutinizer for verification.
- Q. Facility for Non-Individual Shareholders and Custodians - Remote Voting
  - i. 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.
  - ii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.





## NOTICE

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- iii. 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.
  - iv. The list of accounts linked in the login will be mapped automatically and can be delinked in case of any wrong mapping.
  - v. It is mandatory that 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.
  - vi. 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 at **canajco@gmail.com** and to the Company at the email address viz. **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.
- R. If you have any queries or issues regarding attending the meeting and e-Voting from CDSL e-Voting system, you can write to **helpdesk.evoting@cdslindia.com** or contact at toll free number 1800 22 55 33.
14. Instructions for Shareholders attending the AGM through VC & e-Voting during meeting are as under:
- A. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-Voting.
  - B. The Members can join the AGM in the VC mode upto 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC will be made available to at least 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, Risk Management Committee, Auditors, etc. who are allowed to attend the AGM.
  - C. Members are requested to join the AGM through Laptops / IPads for better experience and will be required to have webcam and use Internet with a good speed to avoid any disturbance during the meeting.





## NOTICE

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- D. 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.
- E. 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 (DP) / 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.
- F. Members who do not wish to speak during the AGM but have queries may send your queries at least 3 days prior to meeting 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.
- G. Non-Individual members intending to authorize their representatives to attend the Meeting are requested to send a scanned certified copy of the board resolution authorizing their representative to attend on their behalf at the meeting. The said Resolution / Authorization shall be sent to the Scrutinizer by email through its registered email address with a copy marked to **helpdesk.evoting@cdslindia.com**.
- H. The attendance of the Members attending the AGM through VC will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- I. The link for VC to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-Voting.
- J. Shareholders who have voted through remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- K. Only those Shareholders, who are present in the AGM through VC and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- L. In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.



## NOTICE

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15. As an on-going measure to enhance the ease doing of business for investors in securities market, SEBI has issued Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16<sup>th</sup> March, 2023 prescribed Common and Simplified Norms for processing investor's service request by RTAs and forms for furnishing PAN, KYC details and Nomination of the Shareholders w.e.f. 01-04-2023, in supersession of Circular No: SEBI / HO / MIRSD / MIRSD \_ RTAMB / P / CIR / 2021 / 655 dated 3<sup>rd</sup> November 2021 and SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated 14<sup>th</sup> December, 2021. The Company has sent a communication in this regard on 23-12-2021 and 31-05-2023 to all the Shareholders holding Physical Share certificates advised them to furnish the following details to the Company:

- a. PAN
- b. Nomination
- c. Contact details
- d. Bank account details
- e. Specimen signature

The Company will freeze the folios, which are not having PAN, Nomination and KYC details on or after 01-10-2023. The shares in the frozen folios shall be -

- a) eligible to lodge grievance or avail service request from the RTA only after furnishing the complete documents / details as aforesaid
- b) eligible for any payment including dividend only through electronic mode w.e.f. 01-04-2023 and upon complying with the requirements of the above.
- c) referred by the RTA / Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on 31<sup>st</sup> December, 2025.

All Shareholders are advised update the details as prescribed in the above said Circular with M/s. Cameo Corporate Services Limited, our Registrar to an Issue and Share Transfer Agent.

16. Process for those Shareholders whose E-mail / Mobile No. are not registered with the Company / DP.

- A. For Physical Shareholders, please submit form ISR-1 duly filled to M/s. Cameo Corporate Services Limited, our Registrar to an Issue and Share Transfer Agent.
- B. For Individual Demat Shareholders, please update your E-Mail ID & Mobile Number with your respective DP which is mandatory while e-Voting & joining the AGM through VC through Depository.



## NOTICE

17. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 11-08-2023 may obtain the Login ID and Password by following the procedures mentioned in Point No: 13 (D) or (F), as the case may be.
18. 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 Friday, the 11<sup>th</sup> August, 2023.
19. 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.
20. The scrutiner shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through e-Voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 2 working days of conclusion of the meeting, a consolidated scrutiner's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.
21. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at and on the website of CDSL immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the BSE Limited.
22. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free No. 1800 22 55 33.

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

**P.R. VENKETRAMA RAJA**  
**CHAIRMAN**  
(DIN: 00331406)

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.



## NOTICE

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

#### Item No. 5

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules"), the Company is required to appoint a cost auditor to audit the cost records of Company, relating to manufacture of Textile Products for the financial year 2023-24.

On the recommendation of the Audit Committee at its meeting held on 24-05-2023, 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 ₹ 2,25,000/- plus applicable taxes and out-of-pocket expenses for the financial year 2023-24.

Shri M. Kannan is a Cost Accountant and Chartered Accountant, started his practice as Cost Accountant in the year 1990. He has rich experience in Industry, Consulting and Cost Management System, Cost Audits etc. He is a Cost Auditor for many Companies across several Industries engaged in Chemical, Textile, Steel, Base Metal, Salt and Power apart from Engineering Industries. His area of specialization includes providing specific solutions to his clients in Cost Management System and performance review system.

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**  
(DIN: 00331406)

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.



## NOTICE

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

Details of Director Seeking Re-appointment at the 87<sup>th</sup> Annual General Meeting Pursuant to Secretarial Standards on General Meetings:

Name of the Director	Shri P.R. Venketrama Raja
Director Identification Number (DIN)	00331406
Age	64 years
Qualification & Experience	Shri P.R. Venketrama Raja 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.
Terms and conditions of re-appointment	Director liable to retire by rotation, under Section 152(6) of the Companies Act, 2013.
Date of First Appointment to the Board	25-04-1986
Shareholding in the Company as on 31-03-2023	18,36,826 Equity Shares of ₹ 10/- each
Remuneration	He is eligible for sitting fees for attending Board / Committee meetings as applicable to the Directors from time to time.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is the husband of Smt. P.V. Nirmala Raju, Managing Director of the Company and he is the father of Shri P.V. Abinav Ramasubramaniam Raja, Director of the Company.
No. of Meetings of the Board attended during the year	4
Other Directorships as on 31-03-2023	<ol style="list-style-type: none"><li>1. The Ramco Cements Limited</li><li>2. Ramco Systems Limited</li><li>3. Ramco Industries Limited</li><li>4. The Ramaraju Surgical Cotton Mills Limited</li><li>5. Sri Vishnu Shankar Mill Limited</li><li>6. Sandhya Spinning Mill Limited</li><li>7. Rajapalayam Textile Limited</li><li>8. Lynks Logistics Limited</li></ol>



## NOTICE

Other Directorships as on  
31-03-2023 - *(continued)*

9. Ramamandiram Agricultural Estate Private Limited
10. Ramco Management Private Limited
11. Ramamandiram Management Consultancy Private Limited
12. RCDC Securities and Investments Private Limited
13. Ram Sandhya Farms Private Limited
14. Nirmala Shankar Farms & Estates Private Limited
15. Sri Sandhya Farms (India) Private Limited
16. Rajapalayam Chamber of Commerce and Industry
17. Ramco Systems Corporation, USA
18. Ramco Systems Limited, Switzerland
19. Ramco Systems Sdn Bhd., Malaysia
20. Ramco Systems Pte. Limited, Singapore
21. Sri Ramco Lanka (Private) Limited, Sri Lanka
22. Sri Ramco Roofings Lanka Private Limited - Sri Lanka
23. RSL Enterprise Solutions (Pty) Limited, South Africa
24. Ramco Systems Canada Inc., Canada
25. Ramco Systems FZ-LLC
26. Ramco Systems Australia Pty Limited, Australia
27. Ramco Software Japan Limited

Listed entity from which the  
person has resigned in the  
past three years

Nil

Memberships and  
Chairmanships of Committees  
of other Board

Details given below

S.No.	Name of the Company	Name of the Committee	Position held (Chairman / Member)
1.	Rajapalayam Mills Limited	Stakeholders Relationship Committee	Chairman
2.	Rajapalayam Mills Limited	Corporate Social Responsibility Committee	Chairman
3.	Rajapalayam Mills Limited	Risk Management Committee	Chairman
4.	Rajapalayam Mills Limited	Rights Issue Committee	Chairman



## NOTICE

S.No.	Name of the Company	Name of the Committee	Position held (Chairman / Member)
5.	The Ramco Cements Limited	Audit Committee	Member
6.	The Ramco Cements Limited	Stakeholders Relationship Committee	Member
7.	The Ramco Cements Limited	Corporate Social Responsibility Committee	Member
8.	The Ramco Cements Limited	Risk Management Committee	Member
9.	Ramco Industries Limited	Audit Committee	Member
10.	Ramco Industries Limited	Corporate Social Responsibility Committee	Chairman
11.	Ramco Industries Limited	Stakeholders Relationship Committee	Chairman
12.	Ramco Industries Limited	Risk Management Committee	Chairman
13.	Ramco Systems Limited	Corporate Social Responsibility Committee	Chairman
14.	Ramco Systems Limited	Stakeholders Relationship Committee	Chairman
15.	Ramco Systems Limited	Risk Management Committee	Chairman
16.	Ramco Systems Limited	Fund Raising Committee	Member
17.	Ramco Systems Limited	Allotment Committee	Member
18.	The Ramaraju Surgical Cotton Mills Limited	Corporate Social Responsibility Committee	Chairman
19.	The Ramaraju Surgical Cotton Mills Limited	Stakeholders Relationship Committee	Chairman
20.	Sri Vishnu Shankar Mill Limited	Corporate Social Responsibility Committee	Chairman
21.	Sandhya Spinning Mill Limited	Corporate Social Responsibility Committee	Chairman

Name of the Director	Shri P.V. Abinav Ramasubramaniam Raja
Director Identification Number (DIN)	07273249
Age	29 years
Qualification & Experience	Shri P.V. Abinav Ramasubramaniam Raja 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.
Terms and conditions of re-appointment	Director liable to retire by rotation, under Section 152(6) of the Companies Act, 2013.



## NOTICE

Date of First Appointment to the Board	11-02-2017
Shareholding in the Company as on 31-03-2023	24,39,939 Equity Shares of ₹ 10/- each
Remuneration	He is eligible for sitting fees for attending Board / Committee meetings as applicable to the Directors from time to time.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	He is the son of Shri P.R. Venketrama Raja, Chairman and Smt. P.V. Nirmala Raju, Managing Director of the Company.
No. of Meetings of the Board attended during the year	4
Other Directorships as on 31-03-2023	<ol style="list-style-type: none"> <li>1. Ramco Systems Limited</li> <li>2. Ramco Industries Limited</li> <li>3. LYNKS Logistics Limited</li> <li>4. L3 Enterprises Private Limited</li> <li>5. Ramamandiram Management Consultancy Private Limited</li> <li>6. RCDC Securities and Investments Private Limited</li> </ol>
Listed entity from which the person has resigned in the past three years	Nil
Memberships and Chairmanships of Committees of other Board	Details given below

S.No.	Name of the Company	Name of the Committee	Position held (Chairman / Member)
1.	Rajapalayam Mills Limited	Corporate Social Responsibility Committee	Member
2.	Rajapalayam Mills Limited	Risk Management Committee	Member
3.	Ramco Industries Limited	Corporate Social Responsibility Committee	Member
4.	Ramco Systems Limited	Stakeholders Relationship Committee	Member
5.	Ramco Systems Limited	Allotment Committee	Member
6.	Ramco Systems Limited	Fund Raising Committee	Member
7.	Lynks Logistics Limited	Audit Committee	Chairman



## DIRECTORS' REPORT



### TO THE MEMBERS

Your Directors have pleasure in presenting their 87<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2023.

### 1. FINANCIAL RESULTS

The financial results for the year ended 31<sup>st</sup> March, 2023 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of ₹ 15,253.40 Lakhs against ₹ 14,423.04 Lakhs for the previous financial year 2021-22. Summary of Separate Financial Results of the Company is furnished below:

(₹ in Lakhs)

Financial Results - Separate	Year ended 31-03-2023	Year ended 31-03-2022
Revenue	88,231.85	70,525.97
Operating Profit : Profit before Interest, Depreciation and Tax (PBIDTA)	15,253.40	14,423.04
Less: Interest	5,505.72	4,295.82
<b>Profit before Depreciation and Tax (PBDT)</b>	<b>9,747.68</b>	10,127.22
Less: Depreciation	5,661.90	5,048.43
<b>Profit before Exceptional Items</b>	<b>4,085.78</b>	5,078.79
Exceptional Items	742.49	2,586.77
<b>Profit Before Tax</b>	<b>4,828.27</b>	7,665.56
Less: Tax Expenses		
Current Tax	155.00	15.20
Excess Income Tax provisions related to earlier years withdrawn	(15.56)	—
Withdrawal of MAT Credit relating to earlier years	—	3,273.11
Deferred Tax Expenses	450.60	549.33
<b>Profit after Tax</b>	<b>4,238.23</b>	3,827.92
Other Comprehensive Income for the Year (Net of Tax)	(23.31)	16.36
<b>Total Comprehensive Income for the Year (TCI)</b>	<b>4,214.92</b>	3,844.28

### 2. SHARE CAPITAL

The Paid-up Capital of the Company is ₹ 922.02 Lakhs (PY: ₹ 860.55 Lakhs) consisting of 92,20,200 Shares of ₹ 10/- each.

### 3. RIGHTS ISSUE

In order to fund the margin money for various capex proposals, the Company raised Equity Shares for an amount of ₹ 34.98 Crores by way of Rights Issue in the ratio of 1 :14 (1 Rights Share for every 14 Equity Shares held by Shareholders). The issue was opened on 18-01-2023 and closed



## DIRECTORS' REPORT

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on 07-02-2023 with 127% subscription. The Company made allotment of Equity Shares raised through Rights Issue on 15-02-2023 and the Shares have been approved for trading by BSE Limited with effect from 21-02-2023. There is no deviation or variation in the use of proceeds of the Rights Issue from the objects stated in the Letter of Offer dated 06-01-2023 and the proceeds have been fully utilized for the objects as stated in the Offer Document.

The Board of Directors are grateful to the Shareholders of the Company for showing their overwhelming response to the Rights Issue and for reposing their faith and confidence in the Management.

### 4. DIVIDEND

Your Directors have pleasure in recommending a Dividend of ₹ 1/- per share (PY: ₹ 1/- per share). The total amount of Dividend outgo for the year will be ₹ 92.20 Lakhs (PY: ₹ 86.06 Lakhs). As per Income Tax, 1961, the dividend will be taxable in the hands of the Shareholders and the Company will make the payment of dividend after deducting applicable TDS. The distribution of dividend works out to 2% of Net Profit after tax for the financial year 2022-23.

As per the "Dividend Distribution Policy" of the Company, it shall strive to distribute atleast 5% of the post-tax profit as Dividend in each financial year. However, the Company proposes a Dividend payout at 2% of the Net Profit after tax in order to conserve cash for meeting margin money for its ongoing projects, for repayment of its term loan and to fund the incremental working capital requirements caused by wide fluctuation in the cotton and yarn prices. The Dividend Distribution Policy is available on the website of the Company under web link

<http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/dividend-distribution-policy.pdf>

### 5. TRANSFER TO GENERAL RESERVE

After appropriations, a sum of ₹ 2,500.00 Lakhs (PY: ₹ 631.79 Lakhs) has been transferred to General Reserve for the financial year 2022-23. As on 31-03-2023, the General Reserve stands at ₹ 27,500.00 Lakhs (PY: ₹ 25,000.00 Lakhs).

### 6. TAXATION

The Company has opted to pay tax under Section 115BAA of the Income Tax Act. The Company has provided an amount of ₹ 139.44 Lakhs (net of withdrawal of excess provision of taxes of ₹ 15.56 Lakhs) towards Current Tax under Section 115BAA (PY: ₹ 15.20 Lakhs) and Deferred Tax of ₹ 450.60 Lakhs has been provided for the financial year 2022-23 (PY: ₹ 549.33 Lakhs & withdrawal of MAT credit of ₹ 3,273.11 Lakhs).



## **7. MANAGEMENT DISCUSSION AND ANALYSIS**

### **TRADE CONDITIONS**

#### **7.1 COTTON**

The cotton production in India for the cotton season 2021-22 (October to September) dropped to 307 Lakh bales (170 Kgs) as against 360 Lakh bales produced in the previous cotton season, resulted in a 14% lower production. This is the lowest cotton production in India in the last 14 years. The major reason for lower crop size was due to low yield of cotton in main cotton growing centres due to unseasonal rainfall and an extended monsoon. As a result, the cotton prices were pushed to an 11 year high and prevailed at an elevated level throughout the cotton season that ended on 30-09-2022.

Spinning Mills were expecting the cotton prices to come down during the new cotton season 2022-23 as the Cotton Association of India (CAI), the apex cotton body in India, has estimated a higher sowing area for cotton at 128.35 Lakh hectares, an increase of about 10 Lakh hectares as compared to the last season. At the beginning of the cotton season, the CAI estimated that the cotton crop for the new season will be higher at 344 Lakh bales (PY: 307 Lakh bales). However, cotton arrivals in the market were very slow during the first 6 months of the new cotton season as the cotton growers held back the kappas, expecting better prices. The arrivals of cotton from October, 2022 to March, 2023 were lower by 30% as compared to the last season due to the holding of stocks by the farmers. The CAI also revised the cotton crop size for the season 2022-23 from its earlier estimate of 344 Lakh bales to 313 Lakh bales. All these factors triggered speculation over cotton prices and it did not come down to the expected level. Though there was some price correction in the cotton, the fall in yarn prices was much sharper than that of cotton, leading to wider disparity that affected the margins of yarn spinners across India.

The Company strategically shifted its focus on more value added counts and more volume high quality cotton was imported when the prices were at a reasonable level. The volume of imported cotton consumption for the financial year 2022-23 has increased by 10% (60% in value terms) as compared to the last financial year. This strategy has helped the Company to procure diversified varieties of cotton across the globe and to quote competitive prices for our yarn, which helped the Company to protect the operating margin in the financial year 2022-23.

#### **7.2 YARN PRODUCTION**

The Company has maintained its yarn production volume at 137.60 Lakhs Kgs during the financial year 2022-23, which is the same level of 136.36 Lakhs Kgs of last year, despite producing more volume of finer counts.



## DIRECTORS' REPORT

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### 7.3 SALE OF YARN

During FY 2022-23, the Company's sale volume was 127.51 Lakh Kgs, a slight decrease from the 133.75 Lakh Kgs sold in the previous year. However, the sale value of yarn increased to ₹ 678.64 Crores, up 23% from ₹ 550.10 Crores of last year. The Company achieved the growth in sales value primarily by increasing production of value-added items and expanding its spindles / looms capacity.

The recovery of demand for textile products during the last year could not be sustained for long due to various factors like an increase in the cotton prices, geopolitical conditions and high inflation across the globe. However, the Company's focus on producing a flexible and wide range products helped it to protect its sales volume during this sluggish period. The Company has established its position in fine / super fine counts in both domestic and export markets and it consumed more imported cotton to achieve consistent quality. India's yarn export recorded robust growth during the previous FY 2021-22 of USD 5.2 billion, a 92% increase. However, the exports volume of yarn started to moderate during the current fiscal year, with yarn exports from India only reaching USD 2.6 billion, a 51% decrease. The main reason for lower exports in the current year was India's loss of competitive advantage due to higher domestic cotton prices compared to International prices, coupled with global slowdown in the major advanced economies. This situation forced many spinning mills across India to operate at lower capacity, with many spinning mills cutting down their production due to huge losses in yarn production.

The Company's focus on strengthening its infrastructure to produce diverse products, including various high-quality value-added yarn and collaborating with customers to manufacturer innovative products helped it maintain an optimum level of capacity utilization and grow sales volume in export market. Although India imposed a duty on imported cotton during the last fiscal year, the Company was able to mitigate this by using the Advanced License Scheme available to it under Foreign Trade Policy of the Government of India. Sales volume of value-added yarn such as Elitwist, Gassing, High twist, Melange, Core yarn and Mercerized yarn increased to 2,650 Tonnes during the FY 2022-23, a 12% growth from 2,362 Tonnes during the previous year. This growth rate is achieved on the top of strong growth rate posted during the previous year of 91%.

### 7.4 EXPORTS

The Company achieved its highest export of Cotton Yarn (including merchant exports) during the financial year 2022-23 with a value of ₹ 325.99 Crores compared to ₹ 187.55 Crores in the previous year, registering a growth of 74%. The Company's focus on Product enhancement through technology advancement, traceability of entire production process, continuous customer-centricity and production of unmatched quality helped it to achieve this export growth.

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 towards promoting exports to Japan.



## **7.5 FABRIC DIVISION**

The Fabric Unit is successfully running with the capacity of 154 Looms. The division maintained an optimum utilization level throughout the Financial Year 2022-23.

The order flow for special value added fabric, especially Jacquard Fabrics, is very much encouraging and all our Jacquard Loom capacity, including the newly commissioned 32 Looms is fully booked for the calendar year 2023. The Fabric unit produced 96 Lakhs Meters of Fabric (PY: 79 Lakhs Meters) and sold 95 Lakhs Meters of Fabrics (PY: 91 Lakhs Meters), registering a growth of 4%. The total revenue generated by the Fabric unit for the financial year 2022-23 was ₹ 170.93 Crores (PY: ₹ 121.95 Crores), registering a growth of 39%. The export turnover of Fabric for the financial year 2022-23 was ₹ 64.45 Crores (PY: ₹ 33.80 Crores), registering a growth of 91%. The fabric division achieved an export growth rate of more than 90% for two consecutive years.

## **7.6 POWER COST**

During the financial year 2022-23, the Company was able to consume power from its own wind farms to the extent of 55% (PY: 58%) of the total power requirement. The power cost increased during the financial year 2022-23 to ₹ 50.95 Crores, compared to ₹ 39.79 Crores in the previous year, due to increase in the production capacity and a steep increase in the power tariff by Tamil Nadu Electricity Board (TNEB), by more than 15% during the financial year 2022-23. Additionally, TNERC, the regulatory authority for approving the power tariff in Tamil Nadu, has also approved to increase the power tariff for charges related to windmills by 6% for the financial year 2022-23 and also for next 5 years. In order to mitigate the higher power cost, the Company made arrangements with Solar Power developers for supplying the power on long term basis at a fixed cost under group captive arrangement, which is cheaper as compared to TNEB's Rate.

## **7.7 FINANCE COST**

The finance cost of the Company increased to ₹ 55.06 Crores during the financial year 2022-23 from ₹ 42.96 Crores in the previous financial year. The increase is attributed to additional borrowings for expansion and modernization programs and general trend of increasing interest rates. The Reserve Bank of India (RBI) increased monetary policy rates continuously during the financial year 2022-23 and the Repo rate, which was at 4% p.a. as on 01-04-2022 was increased 6.50% p.a, resulting in higher borrowing costs. A similar trend was observed globally, which made the cost of foreign currency-denominated borrowings equal to working capital loans availed in Indian Rupee.



## DIRECTORS' REPORT

In addition to the increase in interest rates, additional working capital requirements due to increased commodity prices, enhanced Spinning / Fabric capacity and additional term loan borrowings had resulted in an increased outflow of finance costs during the FY 2022-23 compared to FY 2021-22.

### 7.8 DIVIDEND INCOME

During the financial year 2022-23, the Company received dividend income of ₹ 11.56 Crores (PY: ₹ 2.25 Crores) and the particulars of dividend received are provided under Note No.50(a) (ix).

### 7.9 KEY FINANCIAL RATIOS

Pursuant to Schedule V(B) of SEBI (LODR) Regulations, 2015, the Key Financial Ratios for the financial year 2022-23 are given below:

S.No.	Particulars	31-03-2023	31-03-2022	Formula adopted
1	Debtors Turnover Ratio (Days)	56	48	365 Days / (Net Revenue / Average Trade Receivables)
2	Inventory Turnover Ratio (Days)	130	100	365 Days / (Net Revenue / Average Inventories)
3	Interest Coverage Ratio	2.36	2.66	(Profit Before Tax + Interest)/ (Interest + Interest Capitalised)
4	Current Ratio	1.08	1.08	Current Assets / (Total Current Liabilities - Other Financial Liabilities - Current maturities of Long Term Debt)
5	Debt - Equity Ratio	2.44	1.96	Total Debt / Total Equity
6	Operating Profit Margin	19%	20%	EBITDA / Net Revenue
7	Net Profit Margin	5%	5%	Net Profit / Net Revenue
8	Return on Networth	10%	12%	Total Comprehensive Income / Average Net worth
9	Total Debt / EBITDA	7.33	4.86	Total Debt / EBITDA
10	Return on Capital Employed	6%	8%	(TCI + Interest)/ (Average of Equity plus Total Debt)
11	Price Earnings Ratio	12	21	Market Price per share as at 31 <sup>st</sup> March / Earning per share

Notes: a) For serial no. 2,3,9,10 & 11, there have been significant change (ie., 25% or more) in the ratios as compared to the previous financial year. The increase in the inventory turnover ratio during the current year is due to accumulation of stock and high value imported cotton, which has resulted in a high average inventory value. The interest



## DIRECTORS' REPORT



coverage has decreased due to higher interest costs, which is explained in para 7.7 above. The increase in Total debt to EBITDA and decrease in Return on Capital are due to additional borrowings for ongoing projects; however, there is no corresponding revenue or margins earned for the FY 2022-23. The decrease in Price earnings ratio is due to low market price of the Company's Shares as on 31-03-2023 compared to the price as on 31-03-2022.

b) EBITDA denotes Profit Before Tax + Interest + Depreciation

### 8. MODERNISATION / EXPANSION

As part of Company's continuous modernization programme, it has invested in 28 TFO Machines, Gassing and Soft Package Winding Machines to increase the volume of value added products. The Company has also modernized other back process machines to improve the quality of yarn. Moreover, the third line of yarn mercerizing machinery was installed and commissioned in September, 2022.

Additionally, the Company has added 8 Nos. of Airjet Jacquard Looms, which resulted in increasing the existing looms capacity from 146 Looms to 154 Looms in the existing loom-shed without incurring any additional construction cost.

The total capital expenditure spent by the Company during the FY 2022-23 for these projects was ₹ 66.17 Crores (PY: ₹ 155.14 Crores), which was funded from internal accruals and term loan from Banks.

### 9. EXPANSION OF FABRIC DIVISION

As previously reported, the Company is implementing looms expansion / establishment of new fabric processing unit and both projects are expected to be commissioned during Q2 of current fiscal year 2023-24. The quality of fabric produced by the Company has been well accepted both in domestic and export markets and the Company receives a lot of enquiries from leading brands across the globe for supply of processed fabric. Given the encouraging demand for the Company's quality fabric, the Company is confident of running the new expansion with full utilization of machineries within a short period of time. In order to strengthen the electrical infrastructure, the Company has commissioned its own 110 KV / 11 KV substation inside its Mills premises at Rajapalayam.

Total outlay for all the above capex proposals is ₹ 400 Crores, which are being funded from proceeds of Rights Issue, internal accruals and term loan from Banks.

### 10. PROSPECTS FOR THE CURRENT YEAR

The volatility in cotton prices are continuing and the prices of cotton and yarn are widely fluctuating. Although there was an improved arrival of cotton in the market during later part of the current cotton season, prices continue to rule higher due to improved domestic demand for cotton.



## DIRECTORS' REPORT

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The ongoing unfavorable weather conditions in the cotton growing regions of the USA is a matter of concern, as the Company imports a large volume of long staple cotton from the USA for its value-added production.

The higher than expected inflation rate across the globe has resulted in the tightening of monetary policy rates by Central Banks, leading to reduced consumer spending. Demand for textile products remains stagnant due to global macroeconomic factors such as rising interest rates, fallout of major banks and fears of recession. Large volume orders are not being placed by buyers due to uncertainty and high inflation all over the world. Additionally, the rise in the raw material prices has resulted in high priced textile items, which are not absorbed in the retail value chain.

To combat these challenges, the Company is continuously monitoring various process parameters and implementing various system controls to deliver consistent quality of yarn and fabric to the end customers and leading brands. The Company has also strengthened its the product lines with more automation like fully automatic contamination removal system at blow room stage, 100% ring spindle monitoring system, installation of link cones, which has resulted in overall improvement in the operating efficiency of the Company. Strengthening of its product lines with more value-added customized yarn counts such as Mercerized Yarn, Melange Yarn, Core Yarn etc., will help the Company to isolate against the headwinds of falling demand for commodity count.

The Company's modernisation of spinning mills and forward integration by setting up fabric manufacturing / fabric processing are expected to help the Company to grow its top line and protect the margins during the current year. The Company's efforts to adopt sustainable manufacturing processes, which includes reuse of water, zero-liquid-discharge system, bio treatment of waste water in recycling, ensuring environmental sustainability has put the Company among the top-rated textile Companies in the world. The Company's spinning and fabric capacities are expected to complement each other in the coming years and enable the Company to offer wide range of textile products in a quick turnaround time. Many brands in domestic and international markets are approaching the Company for sourcing yarn and fabric. The Company is confident that these measures will help to post a decent growth in its top line and enable sustainable profitability in the years to come.

### 11. WIND MILL

The Company has windmills with installed capacity of 35.15 MW for its captive power consumption. During the financial year 2022-23, the wind farm generated 578 Lakhs Kwh, which is lower than the 589 Lakhs Kwh generated in the previous year. This was due to lower wind availability / velocity during the peak wind season. All the units generated by the windmills were adjusted for captive consumption at the Company's Spinning / Fabric Division. The income generated by the windmill division during the year was ₹ 39.09 Crores, as compared to ₹ 39.27 Crores in the previous year.



**12. ASSOCIATE COMPANY**

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

As per 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.

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, form part of this Annual Report. As per Section 136 (1) of the Companies Act, 2013, the Financial Statements including Consolidated Financial Statements are available on the Company's website at the following link: <http://www.rajapalayammills.co.in>.

The consolidated profit of the Company amounted to ₹ 8,188.36 Lakhs for the year ended 31<sup>st</sup> March, 2023 as compared to ₹ 16,657.61 Lakhs of the previous year.

The Consolidated Total Comprehensive Income for the year under review is ₹ 8,253.23 Lakhs as compared to ₹ 16,628.50 Lakhs of the previous year.

**13. 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. The 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 make timely decisions.

**14. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In compliance 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 Whistle Blower Policy. The Policy provides a mechanism for the receipt, retention and treatment of complaints and to protect the confidentiality and anonymity of the stakeholders. The complaints can be made in writing and dropped into Whistle Blower Drop Boxes or sent through e-mail to dedicated e-mail addresses accessible only by the Corporate Ombudsman. The Policy also provides complainants with access to the Chairman of the Audit Committee. The web link for the Vigil Mechanism is disclosed in the Corporate Governance Report.



## DIRECTORS' REPORT

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### 15. DIRECTORS

Smt. P.V. Nirmala Raju (DIN:00474960) was appointed as Managing Director of the Company for a period of five years starting from 01-06-2022 at the AGM held on 20-08-2022.

According to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association of the Company, the following Directors will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment:

1. Shri P.R. Venketrama Raja (DIN: 00331406),
2. Shri P.V. Abinav Ramasubramaniam Raja (DIN: 07273249)

Smt. R Sudarsanam (DIN:00433926) resigned from the position of Managing Director and Directorship position of the Company with effect from 31-05-2022.

Pursuant to Rule 8(5)(iii) of Companies (Accounts) Rules, 2014, there have been no changes in the Directors or Key Managerial Personnel during the year, except as mentioned above.

The Independent Directors hold office for a fixed term of 5 years from the date of their appointment 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, stating that they meet the independence criteria 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 has formulated a Code of Conduct for the Directors and Senior Management personnel, which has been complied with.

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

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

As per Provision 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;

## DIRECTORS' REPORT



- (b) the relationship of remuneration to performance is clear and meets the appropriate performance benchmarks;
- (c) remuneration to directors, key managerial personnel and senior management involves balance between fixed and incentive pay reflecting short and long term performance objectives shall be appropriated to the working of the Company and its goals.

The Nomination and Remuneration Committee and this Policy are in compliance with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The web address of the Policy is <http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/nomination-and-remuneration-policy.pdf>.

As required under Regulation 25(7) of LODR, the Company has programmes for familiarisation for the Independent Directors about the nature of the industry, business model, roles, rights and responsibilities of Independent Directors and other relevant information. As required under Regulation 46(2)(i) of LODR, the details of the Familiarisation Programme for Independent Directors are available at the Company's website, at the following link -

<http://www.rajapalayammills.co.in/wp-content/uploads/2023/03/Familiarisation-Programme-for-Independent-Directors1.pdf>

The details of familiarization programme are explained in the Corporate Governance Report also.

### 16. 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 Meeting, which shall be taken into account at the time of re-appointment 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.

As per Section 178(2) of the Companies Act, 2013, the Board of Directors have evaluated the performance of the Committees of the Board.

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.



## DIRECTORS' REPORT

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The Board's observations on the evaluations for the year were under review 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.

### 17. MEETINGS

During the year, four Board Meetings were held. The details of the Meetings of the Board and its various Committees held during the financial year including the number of meetings attended by each Director are given in Corporate Governance Report.

### 18. 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.

### 19. 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 31-03-2023 (Previous year: NIL). The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

### 20. 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.

### 21. 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. 50 (b) (i).
- (b) the particulars of the guarantees and investments are provided under Note No.46 and Note No. 12 & 13 respectively of Notes forming part of financial statements. The guarantees are provided to secure the loans from Banks / Financial Institutions at a competitive pricing by the borrowers.

### 22. 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."



## DIRECTORS' REPORT

The Company has undertaken various projects in the areas of eradication of hunger, promotion of healthcare including preventive healthcare, education, water and sanitation, promotion and development of traditional arts, protection of national heritage, livelihood enhancement projects, environmental sustainability, 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 2022-23 is ₹ 2.03 Lakhs as against the statutory requirement of ₹ 2.03 Lakhs, the Company has spent an amount of ₹ 11.17 Lakhs (PY: ₹ 42.88 Lakhs) on CSR activities during the FY 2022-23. The Company had also spent a sum of ₹ 5.53 Lakhs (PY: ₹ 20.05 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.

The CSR policy is available at the Company's website at the following link:

<http://www.rajapalayammills.co.in/wp-content/uploads/2022/07/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.

### 23. 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 for second term of five consecutive years at the 86<sup>th</sup> Annual General Meeting, would be the Auditors of the Company till the conclusion of 91<sup>st</sup> Annual General Meeting to be held in the year 2027.

As required under Regulation 33(1)(d) of SEBI (LODR) Regulations, 2015, the Auditors have 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 31<sup>st</sup> March, 2023 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 31<sup>st</sup> March, 2023 is attached as Annexure - III. The report does not contain any qualification, reservation or adverse remark.



## DIRECTORS' REPORT

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### **COST AUDIT**

As per Section 148(1) of the Companies Act, 2013 read with Rule 3 of Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records and accordingly such records and accounts are made and maintained.

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 2023-24 at a remuneration of ₹ 2,25,000/- (Rupees Two Lakhs Twenty Five Thousand only) exclusive of GST 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.

The Cost Audit Report for the financial year 2021-22 due to be filed with Ministry of Corporate Affairs by 27-08-2022, had been filed on 25-08-2022. The Cost Audit Report for the financial year 2022-23 due to be submitted by the Cost Auditor within 180 days from the closure of the financial year will be filed with the Ministry of Corporate Affairs, within 30 days thereof.

### **24. 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.

### **25. ANNUAL RETURN**

In Accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12 of Companies (Management and Administration) Rules, 2014, the copy of the Annual Return for the year ended 31-03-2022 has been placed on the website of the Company and web link of such Annual Return is- <http://www.rajapalayammills.co.in/wp-content/uploads/2023/01/Annual-Return-31-03-2022.pdf>.

### **26. 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 - V.

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 - VI to this Report.





## DIRECTORS' 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 - VIA.

During the year under review, no complaints had been received regarding sexual harassment. The relevant statutory disclosure related to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, are available at Point No.10(I) of Corporate Governance Report.

### 27. 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- VII.

### 28. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 4,713 employees as on 31-03-2023 (PY: 4,173). Industrial relations with employees remained cordial during the year. The Company focused more on Human Resources Development activities and imparted training to develop 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.

### 29. 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: 50 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/wp-content/themes/ramco/pdf/related-party-transaction-policy-2022.pdf>.



## DIRECTORS' REPORT

### 30. 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 web link-

<http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/risk-management-policy.pdf>.

### 31. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Dividend amount remaining unclaimed/unpaid for a period of over 7 years was transferred to IEPF as detailed below:

Dividend Details	Amount Transferred (in ₹)	Date of Transfer to IEPF
Dividend 2014-2015	6,47,625	02-09-2022
Interim Dividend 2015-2016	8,43,564	10-04-2023

Shares corresponding to the said dividend were transferred to IEPF, as detailed below:

No. of Shares	Date of Transfer to IEPF
44,520	21-09-2022
534	27-09-2022
2,300	13-04-2023

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 31-03-2023 - ₹
2016-2017	Dividend	10-08-2017	09-08-2024	08-09-2024	2,80,517	11,22,068
2017-2018	Dividend	10-08-2018	09-08-2025	08-09-2025	1,17,307	4,69,228
2018-2019	Dividend	14-08-2019	13-08-2026	12-09-2026	1,17,840	4,71,360
2019-2020	Dividend	15-09-2020	14-09-2027	14-10-2027	1,38,177	1,37,351*
2020-2021	Dividend	25-08-2021	24-08-2028	23-09-2028	2,55,369	1,26,839*
2021-2022	Dividend	20-08-2022	19-08-2029	18-09-2029	2,38,588	2,34,873*

\* Net of TDS

### 32. APPOINTMENT OF REGISTRAR AND SHARE TRANSFER AGENT

Share transfer and other related matters had been handled by the Company in-house till 19-04-2022. The Company has appointed M/s. Cameo Corporate Services Limited as its Registrar and Share Transfer Agent. The shifting of electronic connectivity to M/s. Cameo Corporate Services Limited has been made effective 20-04-2022. The Contact details of M/s. Cameo Corporate Services Limited is given in the Corporate Governance report.





## DIRECTORS' REPORT

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### 33. MATERIAL CHANGES SINCE 1<sup>ST</sup> APRIL, 2023

There have been no changes affecting the financial position of the Company between the end of the financial year (31-03-2023) and till the date of this report (24-05-2023).

### 34. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2023;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2023 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;
- (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.

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

**P.R. VENKETRAMA RAJA**  
**CHAIRMAN**  
(DIN: 00331406)

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.



## 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	2022-23		
Name of the Associate Company	The Ramco Cements Limited	Ramco Industries Limited	Ramco Systems Limited
Last Audited Balance Sheet date	31-03-2023	31-03-2023	31-03-2023
Date on which the Associate was associated / acquired	01-04-2016	01-04-2016	01-04-2016
No. of Shares held as on 31 <sup>st</sup> March, 2023	3,26,25,264	84,01,680	7,33,531
Amount of Investment in Associate as on 31-03-2023 (₹ in Lakhs)	4,800.21	1,100.81	1,141.55
Extent of Shareholding % as on 31-03-2023	13.81%	9.68%	2.08%
Description of how there is significant influence	Note (1)	Note (1)	Note (1)
Reason why Associate is not consolidated	Not applicable	Not applicable	Not applicable
Net worth attributable to Shareholding (₹ in Lakhs)	6,86,806.00	3,88,219.88	53,654.80
Profit / Loss for the Year (Consolidated) (₹ in Lakhs)	31,343.00	12,936.50	(19,760.10)
a) Considered in Consolidation (₹ in Lakhs)	4,813.73	698.76	(411.41)
b) Not considered in Consolidation (₹ in Lakhs)	26,529.27	12,237.74	(19,348.69)

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

As per our report annexed

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

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

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
(DIN: 00331406)  
Rajapalayam

**Smt. P.V. NIRMALA RAJU**  
Managing Director  
(DIN: 00474960)  
Rajapalayam

**R. PALANIAPPAN**  
Partner  
Membership No. 205112  
Chennai  
24<sup>th</sup> May, 2023

**P. SANTHANAM**  
Partner  
Membership No. 018697  
Chennai

**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam

## 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 wellbeing 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.

2. The Composition of the CSR Committee:

S.No	Name of the Director	Designation / Nature of Directorship	No.of meetings of CSR held during the year	No.of meetings of CSR attended during the year
1.	Shri P.R. Venketrama Raja	Chairman of the Committee Non-executive & Non-Independent Director	1	1
2.	Smt. P.V. Nirmala Raju	Managing Director & Non- Independent Director	1	1
3.	Justice Shri P.P.S. Janarthana Raja	Non-executive & Independent Director	1	1
4.	Shri P.V. Abinav Ramasubramaniam Raja	Non-executive & Non-Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

<http://www.rajapalayammills.co.in/investors/share-holders-information/>

<http://www.rajapalayammills.co.in/wp-content/uploads/2022/07/corporate-social-responsibility-policy.pdf>

<http://www.rajapalayammills.co.in/wp-content/themes/ramco/pdf/csr-expenditure-approved-by-the-board-for-the-year-2023-24.pdf>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable - Not Applicable



## ANNEXURE II TO DIRECTORS' REPORT

5. a. Average net profit of the company as per Section 135(5) - ₹ 101.19 Lakhs
  - b. Two percent of average net profit of the company as per sub-section (5) of Section 135 - ₹ 2.03 Lakhs
  - c. Surplus arising out of the CSR Projects or programmes or activities of the previous financial years - NIL
  - d. Amount required to be set-off for the financial year, if any - NIL
  - e. Total CSR obligation for the financial year [(b) + (c) - (d)] - ₹ 2.03 Lakhs
6. a. Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) - ₹ 11.17 Lakhs
  - b. Amount spent in Administrative Overheads - NIL
  - c. Amount spent on Impact Assessment, if applicable - Not applicable
  - d. Total amount spent for the Financial Year (a + b + c) - ₹ 11.17 Lakhs
  - e. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in Lakhs)	Amount Unspent (₹ in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
11.17	NIL	NIL	NIL	NIL	NIL

- f. Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ in Lakhs)
i.	Two per cent of average net profit of the Company as per Section 135(5)	2.03
ii.	Total amount spent for the Financial year	11.17
iii.	Excess amount spent for the Financial year [(ii)-(i)]	9.14
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
v.	Amount available for set-off in succeeding financial years [(iii)-(iv)]	9.14

Including the excess amount spent under CSR in earlier years, the Company has an amount of ₹ 52.02 Lakhs available for set-off against future CSR obligations.



## ANNEXURE II TO DIRECTORS' REPORT

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (₹ in Lakhs)	Balance amount in unspent CSR Account under sub-section (6) of Section 135 (₹ in Lakhs)	Amount spent in the reporting Financial Year (₹ in Lakhs)	Amount transferred to any fund specified under Schedule VII as per second proviso to subsection (5) of Section 135, if any			Amount remaining to be spent in succeeding financial years (₹ in Lakhs)
					Name of the Fund	(₹ in Lakhs)	Date of transfer	
1.	2021-22	NIL	NIL	42.88	NA	NA	NIL	NIL
2.	2020-21	NIL	NIL	20.44	NA	NA	NIL	NIL
3.	2019-20	NIL	NIL	57.30	NA	NA	NIL	NIL
Total				120.62				

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No.

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) - Not applicable

The Company has complied with the provision of Section 135(5) of the Companies Act, 2013.

**SHRI P.R. VENKETRAMA RAJA**

CHAIRMAN

(DIN: 00331406)

RAJAPALAYAM

24<sup>th</sup> May, 2023

**SMT. P.V. NIRMALA RAJU**

MANAGING DIRECTOR

(DIN:00474960)



## ANNEXURE III TO DIRECTORS' REPORT

### Form MR - 3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2023

*[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, Rajapalayam - 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 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023** ("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 there on.

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 31<sup>st</sup> March, 2023 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 31<sup>st</sup> March, 2023**, 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.



### ANNEXURE III TO DIRECTORS' REPORT

- (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Regulations):-
- (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and
  - (d) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- (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 17<sup>th</sup> 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 31<sup>st</sup> March 2023 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 and Sweat Equity) Regulations, 2021;





### ANNEXURE III TO DIRECTORS' REPORT

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- (c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (d) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- (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 and
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (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 two Women Directors as on 31-03-2023. 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.

### ANNEXURE III TO DIRECTORS' REPORT



#### 4. I further report that:

- 4.1 The Board of Directors at their meeting held on 27-01-2022 had approved raising of funds upto ₹ 60 Crores on Rights basis to the existing shareholders of the Company. Rights Issue Committee at its meeting held on 15-02-2023 had allotted 6,14,680 Equity Shares of face value of ₹ 10/- each at an issue price of ₹ 569/- per share (including a premium of ₹ 559 per share) for the aggregate amount of ₹ 34.975 Crores. Consequent to the above allotment, the paid up capital has increased from ₹ 861 Lakhs to ₹ 922 Lakhs.

Coimbatore,  
24<sup>th</sup> May, 2023.

M.R.L. Narasimha  
Practising Company Secretary  
Membership No: 2851  
Certificate of Practice: 799  
PR No.1420/2021  
Lotus 370-A, Alagesan Road,  
SB Mission Post, Coimbatore - 641011  
UDIN: F002851E000363442



## 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 31<sup>st</sup> March, 2023 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 31<sup>st</sup> March, 2023 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,  
24<sup>th</sup> May, 2023.

M.R.L. Narasimha  
Practising Company Secretary  
Membership No: 2851  
Certificate of Practice: 799  
PR No.1420/2021  
Lotus 370-A, Alagesan Road,  
SB Mission Post, Coimbatore - 641011  
UDIN: F002851E000363442



## 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  | : | Installation of Energy Efficient Nylon fans in Humidification plants.<br>Fan speed optimization in Blow room carding waste collection.<br>Installation of IE3 Motors in humidification plants.<br>Installing energy efficient compressors.<br>Installation of inverters in Blow room machineries.<br>Installation of 110 KV substation. |
| Impact on conservation of energy  | : | The above steps have resulted in power saving of 13.80 Lakhs units per annum.   |
| (ii) the steps taken by the Company for utilising alternate sources of energy | : | The Company proposes to purchase 'Solar' energy by entering into a group captive arrangement to the extent of 17 MW during the FY 2023-24.  |
| (iii) the capital investment on energy conservation equipments                | : | NIL   |

#### B. TECHNOLOGY ABSORPTION

- |   |   |   |
|---|---|---|
| (i) the efforts made towards technology absorption  | : | Installation of latest Technology TFO Machines. |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution                | : | Cost reduction, quality improvement.            |
| (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  | : | NA  |
| (d) if not fully absorbed, areas where absorption has not taken place and the reasons thereof; and                            | : | NA  |
| (iv) the expenditure incurred on Research and Development   | : | NA  |



## ANNEXURE IV TO DIRECTORS' REPORT

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### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of : ₹ 29,796.62 Lakhs  
actual inflows during the year and

The Foreign Exchange outgo during the: ₹ 52,299.68 Lakhs  
year in terms of actual outflows.

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

**P.R. VENKETRAMA RAJA**  
**CHAIRMAN**  
(DIN: 00331406)

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.



## **ANNEXURE V 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 self-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 11 Directors as on 31-03-2023. Except Smt. P.V. Nirmala Raju, 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 V 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 64, 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 as on 31-03-2023
The Ramco Cements Limited	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 V TO DIRECTORS' REPORT



### SMT. P.V. NIRMALA RAJU

Smt. P.V. Nirmala Raju aged 57, 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 87, 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 as on 31-03-2023
Ramco Industries Limited	Non-Executive & Non-Independent

### SHRI N.K. RAMASUWAMI RAJA

Shri N.K. Ramasuwami Raja, aged 79, holds a Degree in Science and he has been on the Board of Rajapalayam Mills Limited since 1980. 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 66, a Chartered Accountant, started his career in 1982 at The Ramco Cements Limited. He is presently holding the position of Chief Executive Officer in



## ANNEXURE V TO DIRECTORS' REPORT

M/s. 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.
--------------------------------	---

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 as on 31-03-2023
Ramco Systems Limited	Non-Executive & Non-Independent

### JUSTICE SHRI P.P.S. JANARTHANA RAJA

Justice Shri P.P.S. Janarthana Raja aged 72, 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.
--------------------------------	--

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 as on 31-03-2023
Ramco Systems Limited	Non-Executive & Independent
The Ramaraju Surgical Cotton Mills Limited	Non-Executive & Independent

### SHRI V. SANTHANARAMAN

Shri. V. Santhanaraman aged 73 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.

## ANNEXURE V TO DIRECTORS' REPORT



Skill / Expertise / Competency

Banking and Financial Management, Risk Management including Foreign Exchange Management

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 as on 31-03-2023
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 72 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 and Financial Management, Risk Management including Foreign Exchange Management

Other than M/s. Rajapalayam Mills Limited Shri K.B. Nagendra Murthy does not hold Directorship in any other listed entity.

### SMT. SOUNDARA KUMAR

Smt. Soundara Kumar aged 68 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 and Financial Management, Risk Management including Foreign Exchange Management



## ANNEXURE V TO DIRECTORS' REPORT

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 as on 31-03-2023
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 29, 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.
--------------------------------	--

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 as on 31-03-2023
Ramco Industries Limited	Managing Director & Non-Independent
Ramco Systems Limited	Whole Time Director & Non-Independent

### SHRI P.A.S. ALAGHAR RAJA

Shri P.A.S. Alaghar Raja aged 47 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, General Administration Business Management
--------------------------------	---

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

Name of the Company	Category of Directorship as on 31-03-2023
The Ramaraju Surgical Cotton Mills Limited	Non-Executive & Independent



## ANNEXURE V TO DIRECTORS' REPORT

The Board of Directors have confirmed at the Meeting held on 24-05-2023 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.

All the Independent Directors have registered themselves with the Independent Directors Data Bank, as required under Rule 6 of Companies (Appointment & Qualification of Directors) Rules, 2014. All the Independent Directors have been exempted from passing the online proficiency self-assessment test, conducted by The Indian Institute of Corporate Affairs. However, Smt. Soundara Kumar has opted and cleared the on-line proficiency Self-Assessment test conducted by the Indian Institute of Corporate Affairs by securing 72% of marks.

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 20-08-2022
		25-05-2022	29-07-2022	31-10-2022	31-01-2023	
1.	Shri P.R. Venketrama Raja Chairman DIN: 00331406, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes
2.	Smt. R. Sudarsanam Managing Director (upto 31-05-2022) DIN:00433926, Directorship: P & E	Yes	NA	NA	NA	NA
3.	Smt. P.V. Nirmala Raju Managing Director (from 01-06-2022) DIN No:00474960, Directorship: P & E	Yes	Yes	Yes	Yes	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
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	Yes	Yes
10.	Smt. Soundara Kumar DIN: 01974515, Directorship: NE & ID	Yes	Yes	Yes	Leave	Leave
11.	Shri P.V. Abinav Ramasubramaniam Raja DIN: 07273249, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes
12.	Shri P.A.S. Alaghar Raja DIN: 00487312, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes

P- Promoter      E - Executive      NE - Non Executive      ID - Independent



## ANNEXURE V TO DIRECTORS' REPORT

### Other Directorships

The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on 31-03-2023 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. P.V. Nirmala Raju	1	–	–
3.	Shri S.S. Ramachandra Raja	3	–	–
4.	Shri N.K. Ramasuwami Raja	2	–	–
5.	Shri A.V.Dharmakrishnan	6	–	3
6.	Justice Shri P.P.S. Janarthana Raja	3	1	3
7.	Shri V. Santhanaraman	2	–	2
8.	Shri K.B. Nagendra Murthy	2	1	1
9.	Smt. Soundara Kumar	6	2	4
10.	Shri P.V. Abinav Ramasubramaniam Raja	3	1	1
11.	Shri P.A.S. Alaghar Raja	3	–	2

\* Public Limited Companies other than Rajapalayam Mills Limited.

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

During the year, a separate meeting of the Independent Directors was held on 23-01-2023 and all the Independent Directors were present at the meeting.

### Disclosure of relationships between Directors inter-se

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/uploads/2023/03/Familiarisation-Programme-for-Independent-Directors1.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.

## ANNEXURE V TO DIRECTORS' REPORT



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.
- viii) To review the financial statements and any investment made by the Company

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

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			
		25-05-2022	29-07-2022	31-10-2022	31-01-2023
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	Yes

The Statutory Auditors, Chief Financial Officer, President 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.

3/4<sup>th</sup> of the members of the Audit Committee are Independent Directors as against the minimum requirements of 2/3<sup>rd</sup> as stipulated in Regulation 18(1) (b) of SEBI (LODR) Regulations, 2015.





## ANNEXURE V TO DIRECTORS' REPORT

### 4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee discharges the functions as envisaged for it by the Companies Act, 2013, SEBI(LODR) Regulations, 2015 and functions as mandated by the Board of Directors from time to time. 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/wp-content/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 25-05-2022
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

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. 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:

No.	Name of the Director	SRC Meeting held on 23-01-2023
1.	Shri P.R.Venketrama Raja, Chairman of the Committee	Yes
2.	Smt. P.V. Nirmala Raju	Yes
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

## ANNEXURE V TO DIRECTORS' REPORT



### 6. RISK MANAGEMENT COMMITTEE

The terms of reference of the Risk Management Committee include:

1. To formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, atleast once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

The Composition of Risk Management Committee and the details of the attendance of its members at Risk Management Committee Meeting are as follows:

Sl. No.	Name of the Director	RMC Meeting held on 29-07-2022	RMC Meeting held on 23-01-2023
1.	Shri P.R. Venketrama Raja, Chairman of the Committee	Yes	Yes
2.	Justice Shri P.P.S. Janarthana Raja	Yes	Yes
3.	Shri A.V. Dharmakrishnan	Yes	Yes
4.	Shri P.V. Abinav Ramsubramaniam Raja	Leave	Yes

The Company has a Risk Management Policy and Foreign Exchange Risk Management Policy and the same are disclosed in the Company's website and their web link is <http://www.rajapalayammills.co.in/investors/policies/>



## ANNEXURE V TO DIRECTORS' REPORT

### 7. REMUNERATION TO DIRECTORS

The Directors are paid Sitting Fee of ₹ 30,000/- per Meeting for attending the meetings of the Board and Committees thereof, till 25-05-2022. At the Board Meeting held on 25-05-2022, the Board approved a Sitting Fee of ₹ 40,000/- per Meeting for attending the Board and Committees thereof and since then, the Directors are paid Sitting Fee of ₹ 40,000/- per Meeting for attending meeting of 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.50

The appointment and remuneration to Managing Director is governed by the Special Resolution passed by the Shareholders at the Annual General Meeting held on 20-08-2022 and the remuneration is equivalent to 5% of the Net Profits of the Company and in case of no profits or in adequate profits the minimum remuneration will be ₹ 240 Lakhs plus perquisites prescribed under Section IV of Schedule V to the Companies Act, 2013 and sitting fees.

The details of remuneration paid for the financial year 2022-23 are as follows:

#### A. REMUNERATION TO MANAGING DIRECTOR:

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Smt. R. Sudarsanam Managing Director (upto 31-05-2022)	Smt. P.V. Nirmala Raju Managing Director (from 01-06-2022)	Total Amount
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	40.00	200.00	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	0.40	2.30	2.70
6	Contribution to Provident Fund	1.00	5.00	6.00
7	Contribution to Superannuation Fund	0.25	1.50	1.75
	Total (A)	41.65	208.80	250.45
	No. of Shares held by Director as on 31-03-2023	NA	1,75,526	—
	Ceiling as per Act	5% of the net profits of the Company and in case, no profits or inadequacy of profits, the Managing Director shall be paid minimum yearly remuneration of ₹ 240 Lakhs plus perquisites as prescribed under Section IV of Schedule V to the Companies Act, 2013. In addition the Managing Director is eligible for 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. Santhana Raman	Shri K.B. Nagendra Murthy	Smt. Soundara Kumar	Shri P.A.S. Alaghar Raja	
Fee for attending board / committee meetings	3.80	5.30	2.00	3.50	1.60	2.00	18.20
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
<b>Total (1)</b>	<b>3.80</b>	<b>5.30</b>	<b>2.00</b>	<b>3.50</b>	<b>1.60</b>	<b>2.00</b>	<b>18.20</b>
<b>No. of Shares held by Director as on 31-03-2023</b>	<b>19,249</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>6,157</b>	

#### 2. Other Non-Executive Director

(₹ in Lakhs)

Particulars of Remuneration	Name of the Directors				Total Amount
	Shri P.R. Venketrama Raja	Shri A.V. Dharmakrishnan	Shri S.S. Ramachandra Raja	Shri P.V. Abinav Ramasubramaniam Raja	
Fee for attending board / committee meetings	3.10	4.20	2.00	2.30	11.60
Commission	–	–	–	–	–
Others	–	–	–	–	–
<b>Total (2)</b>	<b>3.10</b>	<b>4.20</b>	<b>2.00</b>	<b>2.30</b>	<b>11.60</b>
<b>No. of Shares held by Director as on 31-03-2023</b>	<b>18,36,826</b>	<b>1,809</b>	<b>29,460</b>	<b>24,39,939</b>	<b>–</b>
<b>Total B (1) + (2)</b>					<b>29.80</b>
Overall Ceiling as per the Act	1% of the Net Profits of the Company, calculated as per Section 198 of the Companies Act, 2013.				
<b>Total Managerial Remuneration (A+B)</b>					<b>280.25</b>



## ANNEXURE V TO DIRECTORS' REPORT

### 8. GENERAL MEETINGS

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

Year ended	Date	Time	Venue
31-03-2022	20-08-2022	11.00 A.M.	
31-03-2021	25-08-2021	10.00 A.M.	Held through Video conferencing
31-03-2020	15-09-2020	10.15 A.M.	

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

Date of the AGM	Subject Matter of the Special Resolution
20-08-2022	1. Re-appointment of Shri S.S. Ramachandra Raja (DIN: 00331491), who retires by rotation and to continue the Directorship of Shri S.S. Ramachandra Raja as Non-Executive Director who has attained the age of 75 years. 2. Appointment of Smt. P.V. Nirmala Raju (DIN:00474960) as the Managing Director for a period of 5 years w.e.f. 01-06-2022
25-08-2021	1. Re-appointment of Shri P.A.S. Alaghar Raja (DIN: 00487312) as an Independent Director for the second term of 5 years w.e.f. 11-02-2022 to 10-02-2027
15-09-2020	1. Re-appointment of Smt. Soundara Kumar (DIN: 01974515) as an Independent Director for the second term of 5 years w.e.f. 27-08-2020 to 26-08-2025

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.

### 9. MEANS OF COMMUNICATION

The Unaudited Quarterly and Half yearly Financial results and Audited Annual Results are published in English in Business Line (All editions) and in Tamil in Dinamani (Madurai edition). The results were also displayed on the Company's website at [www.rajapalayammills.co.in](http://www.rajapalayammills.co.in)  
All the financial results are provided to Stock Exchange.



## ANNEXURE V TO DIRECTORS' REPORT

### 10. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting	On 18-08-2023 at 11.00 AM through Video conference / Other Audio Visual Means
ii. Financial Year	1 <sup>st</sup> April, 2022 to 31 <sup>st</sup> March, 2023.
iii. Dividend Payment date	18-08-2023 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 listing fee to the Stock Exchange for the financial year 2023-24.
v. Stock Code - BSE Limited	532503
vi. Market Price Data	
vii. Performance in comparison to broad based indices	Enclosed as Annexure - A
viii. Whether the securities are suspended from trading	No
ix. Registrar and Transfer Agents	M/s. Cameo Corporate Services Limited w.e.f. 20-04-2022. Address: Ms. Sreepriya Subramanian Building #1, Club House Road Chennai 600 002 - India.
x. Share Transfer System	<p>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 31-03-2019.</p> <p>Vide Press Release No: 49/2018 dated 03-12-2018 of SEBI, transmission or transposition of securities were effected in physical form till 23-01-2022.</p> <p>SEBI vide Gazette Notification no. SEBI/LAD-NRO/GN/2022/66 dated January 24, 2022, has mandated that the shares that are issued pursuant to investor service request shall henceforth be issued in demat mode only and hence the share certificates (wherever applicable) will be retained at Company's end.</p>



## ANNEXURE V TO DIRECTORS' REPORT

xi.	Distribution of Shareholding	Enclosed as Annexure - B.
xii.	Dematerialisation of Shares & liquidity	As on 31 <sup>st</sup> March, 2023, 96.12% 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, date and likely impact on equity	NIL
xiv.	Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	With respect to future payment commitments in foreign currencies, forward contracts are booked taking into 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 (A, B and C Units)	
	Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu.	
	b. Rajapalaiyam Spintext,	
	P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu.	
	c. Rajapalaiyam Textiles,	
	Perumalpatti Village - 627 753, Tirunelveli District, Tamil Nadu.	
	d. Rajapalayam Mills - D Unit	
	Andalpuram, K.R. Nagar Post, Rajapalayam - 626 108, Tamil Nadu.	
	e. Rajapalayam Mills - Fabric Unit (Unit I and Unit II),	
	P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu.	
	f. Rajapalayam Mills - G Unit	
	Chatrapatti Road, Pillayarkulam, Srivilliputtur - 626 137, 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),	
	Rajapalayam Mills Limited,	
	Rajapalayam Mills Premises,	
	Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu.	
	Phone: 04563-235666; Fax : 04563-236520; E-mail: <a href="mailto:rajacot@ramcotex.com">rajacot@ramcotex.com</a>	



## ANNEXURE V TO DIRECTORS' REPORT



### xvii. Credit Rating

CRISIL, the Company's credit rating agency vide its letter dated 28-04-2023 had enhanced the rating of borrowing facilities from "A/positive" to "A+/Stable" and re-affirmed the short term ratings as "A1" as follows:

Debt Instruments	Amount ₹ in Crores	Rating
Cash Credit / Letter of Credit & Bank Guarantee / Long Term Loan / Proposed Long Term Bank Loan Facility / Working Capital Demand Loan / Working Capital Term Loan	1,286.46	A+ / Stable
Foreign Exchange Forward / Short Term Loan	61.00	A1
Total	1,347.46	

## 11. OTHER DISCLOSURES

- 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.
- 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.
- The Company has a Whistle Blower Policy, available at the Company's web site 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>

- 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:
  - The Company's financial statements are with unmodified opinion for the year 2022-23.
  - The Company has appointed separate persons to the post of Chairperson and Managing Director.
- The Company has no Subsidiary. Hence, disclosure about "Material Subsidiary Policy" is not applicable.
- 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-2022.pdf>
- Commodity price risks and commodity hedging activities:

For details on Commodity price risk, please refer to Board's Report.

The Company has Foreign exchange exposure for both revenue and capex items. However, the Company has in place a Board approved Foreign Exchange Risk Management Policy to deal with such exposures. The updates are provided to Audit Committee / Board on a quarterly basis.



## ANNEXURE V TO DIRECTORS' REPORT

- viii. The Company has not raised any funds through Preferential Allotment or Qualified Institutions Placement.
- ix. M.R.L. Narasimha, Practicing Company Secretary, have 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 - VI A)
- x. There has not been an occasion, where the Board had not accepted any recommendation of any Committees of the Board.
- xi. The total fees for all the services paid by the Company on a consolidated basis to the Statutory Auditor is ₹ 14.85 Lakhs.

No other entity in the network firm or network entity of which the Statutory Auditor is a part has been hired for any services by the Company.

- xii. Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

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

- xiii. Loans and advances given to Firms / Companies in which Directors are interested:

(₹ in Lakhs)

Name of the Company	Amount given during the year	Amount outstanding as on 31-03-2023
Shri Harini Textiles Limited	—	950
Lynks Logistics Limited	720	1,420
<b>Total</b>	<b>720</b>	<b>2,370</b>

12. The Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of Schedule V of SEBI (LODR) Regulations, 2015.
13. The extent to which the discretionary requirements specified in Part E of Schedule II have been adopted, is given against Clause 10(iv) above.
14. 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) and (t) 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 Programme imparted to Independent Directors
- Secretarial Compliance Report

15. Senior Management Personnel discloses to the Board of Directors all material, financial and commercial transactions where they have personal interest that may have a potential conflict with the Company's interest, if any.
16. The Company submits quarterly compliance report on Corporate Governance to the Stock Exchange, in the prescribed format within 21 days from the close of the quarter duly signed by the Compliance Officer.
17. The various disclosures made in the Directors' Report, may be considered as disclosures made under this report.
18. The Company also have the following Committees of the Board of Directors:
  - i) 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 25-05-2022
1.	Shri P.R. Venketrama Raja, Chairman of the Committee	Yes
2.	Smt. P.V. Nirmala Raju	Yes
3.	Justice Shri P.P.S. Janarthana Raja	Yes
4.	Shri P.V. Abinav Ramasubramaniam Raja	Yes

- ii) The Composition of Rights Issue Committee and the details of the attendance of its members at Rights Issue Committee Meeting are as follows:

Sl. No.	Name of the Director	RIC Meeting held on			
		25-11-2022	20-12-2022	06-01-2023	15-02-2023
1.	Shri P.R. Venketrama Raja, Chairman of the Committee	Yes	Leave	Yes	Leave
2.	Justice Shri P.P.S. Janarthana Raja	Yes	Yes	Yes	Yes
3.	Shri A.V. Dharmakrishnan	Yes	Yes	Yes	Yes
4.	Shri P.A.S. Alaghar Raja	Leave	Yes	Leave	Yes



## ANNEXURE V TO DIRECTORS' REPORT

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### 19. DISCLOSURES WITH RESPECT TO UNCLAIMED SUSPENSE ACCOUNT

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

There were 5,030 Shares of ₹ 10/- each belonging to 20 Shareholders at the beginning of the year lying at the "Rajapalayam Mills Limited Unclaimed Suspense Account" in dematerialised form. In accordance with Section 124(6) of the Companies Act, 2013, the Company has transferred 340 Shares which belongs to 2 Shareholder, who have not claimed dividend for 7 consecutive years, from Rajapalayam Mills Limited Unclaimed Suspense Account to Investor Education and Protection Fund (IEPF). 4,690 Shares belonging to 18 Shareholders are lying with unclaimed suspense account as on 31-03-2023. The voting rights of these Shares shall remain frozen till the rightful owner of such Shares claims the Shares.

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

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

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

**P.R. VENKETRAMA RAJA**  
**CHAIRMAN**  
(DIN: 00331406)

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.

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### 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 31<sup>st</sup> March, 2023.

For **RAJAPALAYAM MILLS LIMITED,**

**Smt. P.V. NIRMALA RAJU**  
**MANAGING DIRECTOR**  
(DIN: 00474960)

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.

## ANNEXURE V 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 2022-23 and 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**

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.

**Smt. P.V. NIRMALA RAJU**  
**MANAGING DIRECTOR**  
(DIN: 00474960)



## ANNEXURE V TO DIRECTORS' REPORT

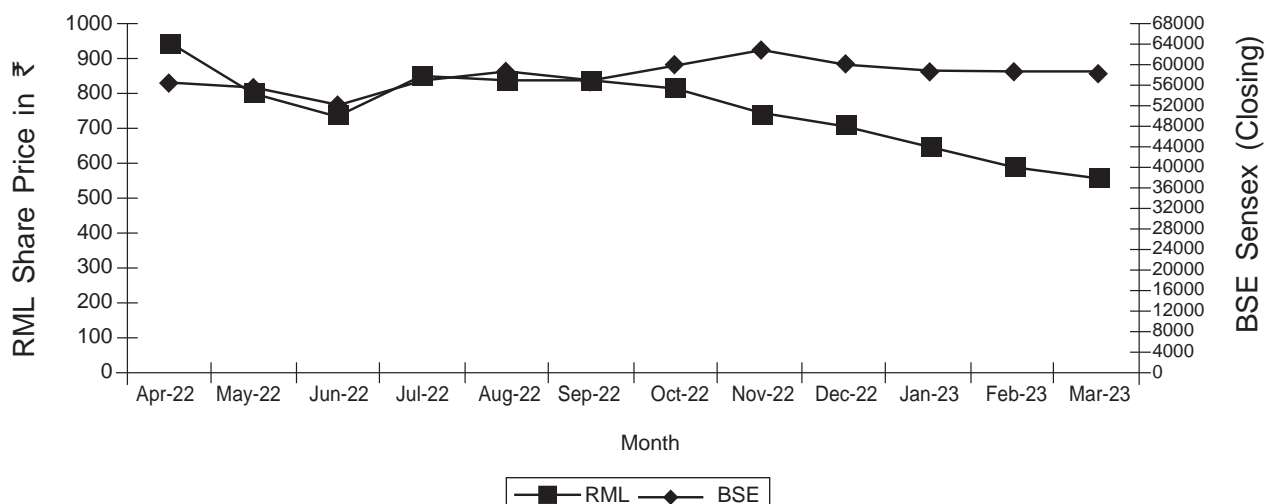
### ANNEXURE - A

#### STATISTICAL DATA

Share Price - High & Low / Volume (During April, 2022 to March, 2023 in BSE)

Month	BSE Limited, Mumbai		
	High ₹	Low ₹	No. of Shares Traded
April, 2022	1020	900	50,565
May	954	765	40,093
June	840	700	29,484
July	887	720	27,291
August	970	834	64,734
September	931	815	36,960
October	870	712	22,355
November	825	732	44,073
December	775	694	1,06,112
January, 2023	731	648	51,235
February	668	580	64,559
March	610	551	1,16,710

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





## ANNEXURE V TO DIRECTORS' REPORT

### ANNEXURE - B Pattern of Shareholding as on 31-03-2023

Description	Total Shareholders	%	Total Shares	%
<b>A. PROMOTERS HOLDING</b>				
1. Promoters	14	0.18	51,09,966	55.42
<b>Sub-total</b>	14	0.18	51,09,966	55.42
<b>B. NON - PROMOTERS HOLDING</b>				
1. Directors and their relatives	11	0.14	2,37,212	2.57
2. Bank & Financial Institutions	2	0.03	1,860	0.02
3. Clearing Member	6	0.08	338	0.01
4. Body Corporate	98	1.23	1,42,575	1.54
5. Foreign Portfolio Investors (Corporate)	1	0.01	6,295	0.07
6. Foreign Portfolio Investors (Individual)	1	0.01	308	0.01
7. HUF	354	4.45	1,31,365	1.42
8. IEPF	1	0.01	2,27,676	2.47
9. Resident Individual	7323	92.11	30,94,511	33.56
10. Mutual Funds	1	0.01	81,037	0.88
11. NRIs	136	1.71	33,457	0.36
12. Trust	2	0.03	1,53,600	1.67
<b>Sub-total</b>	7,936	99.82	41,10,234	44.58
<b>Total</b>	<b>7,950</b>	<b>100.00</b>	<b>92,20,200</b>	<b>100.00</b>

### Distribution of Shareholding as on 31-03-2023

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	7,079	89.04	5,45,961	5.92
501 - 1000	379	4.77	2,75,455	2.99
1001 - 2000	207	2.60	2,97,754	3.23
2001 - 3000	89	1.12	2,20,216	2.39
3001 - 4000	40	0.50	1,42,720	1.55
4001 - 5000	38	0.48	1,71,285	1.86
5001 - 10000	61	0.77	4,21,987	4.58
10001 & above	57	0.72	71,44,822	77.48
<b>Grand Total</b>	<b>7,950</b>	<b>100</b>	<b>92,20,200</b>	<b>100</b>

### Category of Shareholding as on 31-03-2023

Category	No. of Shareholders	No. of Equity shares held	% of total no. of shares	No. of equity shares held in dematerialized form	% of total no. of shares under dematerialized form
Dematerialized Form: (CDSL & NSDL)					
Promoter & Promoter Group	14	51,09,966	55.42	51,09,966	55.42
Public	7,936	41,10,234	44.58	37,52,733	40.70
<b>Grand Total</b>	<b>7,950</b>	<b>92,20,200</b>	<b>100.00</b>	<b>88,62,699</b>	<b>96.12</b>





## ANNEXURE VI 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, Rajapalayam - 626 117.

We have examined the compliance of the conditions of Corporate Governance by Rajapalayam Mills Limited ("the Company") for the financial year ended 31<sup>st</sup> March, 2023, as stipulated under Regulation numbers 17 to 27, 46(2)(b) to (i) and (t), 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 for listing its Equity Shares.

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 31<sup>st</sup> March, 2023, 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  
UDIN: 23205112BGTQVH4386

P. SANTHANAM  
Partner  
Membership No. 018697  
UDIN: 23018697BGVDML1345

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.

## ANNEXURE VI 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, Rajapalayam - 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 31<sup>st</sup> March, 2023, 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.	Poosapadi Venketrama Raja Nirmala Raju	Managing Director (KMP)	00474960
3.	Sinthalapadi Srirenga Raja Ramachandra Raja	Non Independent Director	00331491
4.	Nambur Krishnama Raja Ramasamy Raja	Independent Director	00432698
5.	Arrakundal Velayutha Raja Dharmakrishnan	Non Independent Director	00693181
6.	Posapadi Perumal Subba Raja Janarthana Raja	Independent Director	06702871
7.	Vaidyanathan Santhanaraman	Independent Director	00212334
8.	Kokku Bhaskara Nagendra Murthy	Independent Director	00359864
9.	Poosapadi Venketrama Raja Abinav Ramasubramaniam Raja	Non Independent Director	07273249
10.	Soundara Kumar	Independent Director	01974515
11.	Poosapadi Sankarraja Alagharaja	Independent Director	00487312



## ANNEXURE VI A TO DIRECTORS' REPORT

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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,  
24<sup>th</sup> May, 2023.

M.R.L. Narasimha  
Practising Company Secretary  
Membership No: 2851  
Certificate of Practice: 799  
PR No.1420/2021  
Lotus 370-A, Alagesan Road, SB Mission Post  
Coimbatore - 641 011.  
UDIN: F002851E000363431

## ANNEXURE VII 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 2022-23:

Name of the Director / KMP and Designation	Remuneration of Director / KMP for financial year 2022-23 (₹ in lakhs)	% increase in remuneration in the financial year 2022-23	Ratio of remuneration of each Director / to median remuneration of employees
Shri P.R.Venketrana Raja, Chairman	3.10	15	2
Smt. R. Sudarsanam, Managing Director (upto 31-05-2022)	41.65	–	30
Smt. P.V. Nirmala Raju, Managing Director (from 01-06-2022)	208.80	–	150
Shri S.S.Ramachandra Raja	2.00	11	1
Shri N.K.Ramasuwami Raja	3.80	–	3
Shri A.V.Dharmakrishnan	4.20	–	3
Justice Shri P.P.S. Janarthana Raja	5.30	4	4
Shri V. Santhana Raman	2.00	11	1
Shri K.B. Nagendra Murthy	3.50	–	3
Smt. Soundara Kumar	1.60	–	1
Shri P.V. Abinav Ramasubramaniam Raja	2.30	–	2
Shri P.A.S. Alaghar Raja	2.00	11	1
Shri B. Gnanagurusamy, (Chief Financial Officer)	75.13	9	54
Shri A. Arulpranavam, (Company Secretary)	18.19	19	13

**Note:** Non-Executive Directors are eligible only for sitting fees for attending Board / Committee Meetings and hence remuneration of Non-Executive Directors are un-comparable

- iii. The median remuneration of the employees during the financial year was ₹ 1,39,003 and the percentage of increase in the median remuneration was 8.64%.
- iv. There were 4,713 Permanent employees on the rolls of the Company, as on 31<sup>st</sup> March, 2023.
- v. Average percentage increase made in the salaries of the employees other than the managerial personnel in the financial year i.e. 2022-23 was 12.67% whereas the increase in the managerial remuneration for the same financial year was 3%.
- vi. It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other employees.



## ANNEXURE VII 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

1. Particulars of Top 10 Employees in terms of remuneration drawn and the particulars of Employees employed throughout the financial year 2022-23 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	N. Mohanarengan	54	President	81.37	D.T.T., AMIE (35)	01-04-1991	Lakshmi Spinners
2	B. Gnanagurusamy	45	Chief Financial Officer	75.13	FCA (23)	11-09-2000	The Ramco Cements Limited
3	K. Murugesapillai	53	SVP-Fabrics	72.48	D.T.T (35)	03-10-2017	Santhi Processing Unit (P) Ltd
4	N. Nagarajan	59	VP - HR	39.74	M.Com, MHRM, MBA, BGL (37)	19-10-2018	Sri Cheran Synthetics India (P) Ltd
5	M. Balachandar	56	CGM - QA - Fabrics	37.85	DTD Designing & Weaving (36)	14-11-2018	Raymond Luxury Cotton Limited
6	B. Velvendan	55	VP - Electrical	37.69	B.E. (EEE) (30)	01-12-1995	The Janakiram Mills Limited
7	R.V. Muthuvenkatesan	55	VP - Raw material	34.02	M.Com, MBA (35)	25-01-2021	Sintex Industries Limited
8	K. Narayanan	60	VP - Marketing and Sales	32.14	B.Sc (35)	05-10-2022	Raymond Luxury Cotton Limited
9	P. Ponrajan	50	AVP - Civil	30.05	B.E.(Civil) (27)	01-12-2006	Thiyagarajar Mills Limited
10	A. Balamurugan	53	Chief General Manager - Works	28.29	D.T.T., B.Com (35)	12-09-1988	—



## ANNEXURE VII TO DIRECTORS' REPORT

2. Employed for part of the financial year 2022-23 and was in receipt of remuneration in the aggregate of not less than ₹ 8.50 Lakhs per month.

Sl. No.	Name of Employee	Age (Yrs)	Designation	Remuneration Paid / Payable (₹ in lakhs)	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. R. Sudarsanam (ceased to be a Managing Director w.e.f. 31-05-2022)	81	Managing Director	41.25	55 Years	01-07-2002	–
2	Smt. P.V. Nirmala Raju (appointed as Managing Director w.e.f. 01-06-2022)	57	Managing Director	206.50	27 Years	01-06-2022	Sandhya Spinning Mills Limited

NOTE: 1. All appointments are contractual.

2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund but does not include Provision for Gratuity and Leave salary. However, leave salary will be included in the year in which actual payment has been made by the Company to the employees on surrendering of accumulated leave balances.
3. None of the employees mentioned above are related to any Director of the Company except Smt. R. Sudarsanam and Smt. P.V. Nirmala Raju who are related to Shri P.R. Venketrama Raja, Chairman and Shri P.V. Abinav Ramasubramaniam Raja, Director

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

**P.R. VENKETRAMA RAJA**  
**CHAIRMAN**  
(DIN: 00331406)

RAJAPALAYAM,  
24<sup>th</sup> May, 2023.



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## 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 Separate Balance Sheet as at March 31, 2023, and the Separate Statement of Profit and Loss, the Separate Statement of changes in Equity and the Separate Statement of cash flows for the year ended on that date, and notes to the Separate Financial Statements, including a summary of significant accounting policies and other explanatory information (herein after 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, 2023, 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.

#### **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.



## AUDITORS' REPORT TO SHAREHOLDERS

S.No.	Key Audit Matter	Auditor's Response
1	<p><b>Recognition and measurement of deferred taxes</b></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>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><b>(Refer to Note No. 5D(iv), (v), (vi) &amp; 7(iv) to the Separate Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></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> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the separate financial statements.</p>
2	<p><b>Evaluation of uncertain Tax Position/ Other contingent liabilities</b></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><b>(Refer to Note No. 45 to the Separate Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></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>We also reviewed to relevant judgments and the opinions given by the company's advisers, which were relied on by the management for such claims.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the separate financial statements.</p>

## AUDITORS' REPORT TO SHAREHOLDERS



S.No.	Key Audit Matter	Auditor's Response
3	<p><b>Existence and impairment of Trade Receivables</b></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 terms are in place, there is a risk that the carrying values may not reflective of their recoverable amounts as at the reporting date, which would require an impairment provision. Where there are indicators of impairment, the company undertakes assessment of the recoverability of the amounts. Given the magnitude and inherent uncertainty involved in the judgment, involved in estimating impairment assessment of trade receivables, we have identified this as a key audit matter.</p> <p><b>(Refer to Note no. 18 to the Separate Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></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 judgment and we evaluated management's assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.</p> <p>We also reviewed the system of obtaining periodical confirmation from the customers. 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, Corporate Governance and Report on CSR activities, and Share holders information but does not include the Separate Financial Statements and our auditor's report thereon.



## AUDITORS' REPORT TO SHAREHOLDERS

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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 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Separate 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

## AUDITORS' REPORT TO SHAREHOLDERS



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 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.



## AUDITORS' REPORT TO SHAREHOLDERS

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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.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, (herein after referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, 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 Separate Balance Sheet, the Separate Statement of Profit and Loss including Other Comprehensive Income, the Separate Statement of changes in equity and the Separate 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Separate Report in Annexure B. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.





## AUDITORS' REPORT TO SHAREHOLDERS

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

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

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

- i. The Company has disclosed the details of the pending litigations and its impact on the financial position in its Separate Financial Statements have been disclosed in Note No.45 of the Disclosures forming part of the Separate Financial Statements for the year ended March 31, 2023;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of Companies (Audit and Auditors) Rules, 2014, as provide under (a) and (b) above, contain any material mis-statement.





## AUDITORS' REPORT TO SHAREHOLDERS

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- v. The dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act.

As stated in Note No. 57 to the Separate Financial Statements, the Board of Directors of the Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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: 23205112BGTQVD3099

P. SANTHANAM  
Partner  
Membership No. 018697  
UDIN: 23018697BGVDMJ1013

Chennai,  
24<sup>th</sup> May, 2023.

## AUDITORS' REPORT TO SHAREHOLDERS



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

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of Company on the Separate Financial Statements for the year ended March 31, 2023, we report the following:

- (i) (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) As explained to us, all the Property, Plant and Equipment 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 the verification of the 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.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (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. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with the books of account.
- (c) The Company has been sanctioned working capital limits in excess of Five Crores rupees from bankers on the basis of security of current assets and the quarterly statements filed with such banks are in agreement with the books of account of the Company.



## AUDITORS' REPORT TO SHAREHOLDERS

- (iii) (a) The Company has made investments in / provided guarantee / granted loans / advances in the nature of loans during the year details of which are given below: (₹ in Lakhs)

Particulars	Investments	Guarantees	Loans
Aggregate amount granted during the year			
(i) Associates	NIL	NIL	NIL
(ii) Other Companies	80.00	NIL	720.00
(iii) Others	NIL	NIL	26.00
Balance outstanding as at Balance Sheet date			
(i) Associates	7,042.57	NIL	NIL
(ii) Other Companies	247.89	4,500.00	2,370.00
(iii) Others	NIL	NIL	41.78

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in nature of loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, in respect of loans and advances in the nature of loans, where the schedule of repayment of principal and payment of interest has been stipulated, the repayments or receipts are regular.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the Balance Sheet date.
- (e) No loan or advance in the nature of loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Accordingly, Clause 3(iii)(f) of the order is not applicable to the Company.
- (iv) According to information and explanations give to us, the Company has complied with the provisions of Section 185 and 186 of the Act in relation to loans, guarantees provided and investments made.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year. Accordingly, reporting under this Clause 3 (v) of the Order does not arise.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respects of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

## AUDITORS' REPORT TO SHAREHOLDERS



- (vii) 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, duty of excise, 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 March 31, 2023 for a period of more than six months from the date they become payable.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under Income Tax Act, 1961 as income during the year.
- (ix) (a) 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 or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not a declared wilful defaulter by any bank or financial institution or other lender or Government or any Government Authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have not been used for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the Separate Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associate companies as defined in the Act.
- (f) According to the information and explanations given to us and the procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its associate companies as defined under the Act.
- (x) (a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company has raised moneys by way of



## AUDITORS' REPORT TO SHAREHOLDERS

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Rights Issue during the year and were applied for the purposes for which those are raised.

- (b) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not raised funds by way of preferential allotment or private placement of shares during the year.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) No whistle blower complaints received by the Company during the year. Accordingly, clause 3 (xi) (c) of the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of the Order 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) (a) Based on information and explanations given to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company till date for the period under audit.
- (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 to its Directors. Accordingly, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) 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 3 (xvi)(a) of the Order is not applicable to the Company
- (b) The Company has not conducted non-banking financial activities or housing finance activities during the year. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

## AUDITORS' REPORT TO SHAREHOLDERS



- (d) According to the information and explanations provided to us during the course of our audit, the Group does not have any CICs.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the Statutory Auditors during the year.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, (also refer to Note No.55 (i) to the separate financial statements) ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Separate Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report, that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the date of the balance sheet, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project under CSR. Accordingly, clauses 3 (xx) (a) and 3 (xx)(b) of the Order are not applicable (Refer Note No. 55(j) to the Separate Financial Statements) .
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Separate Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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: 23205112BGTQVD3099

P. SANTHANAM  
Partner  
Membership No. 018697  
UDIN: 23018697BGVDMJ1013

Chennai,  
24<sup>th</sup> May, 2023.



## AUDITORS' REPORT TO SHAREHOLDERS

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### **"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, 2023 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 31, 2023, 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: 23205112BGTQVD3099

P. SANTHANAM  
Partner  
Membership No. 018697  
UDIN: 23018697BGVDMJ1013

Chennai,  
24<sup>th</sup> May, 2023.



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2023

(₹ in Lakhs)

	Note No.	As at 31-03-2023	As at 31-03-2022
<b>I ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	8	67,651.97	65,329.18
(b) Capital Work-in-progress	9	26,165.79	3,707.86
(c) Investment Property	10	7.29	88.75
(d) Intangible Assets	11	517.43	620.27
(e) Financial Assets			
Investment in Associates	12	7,042.57	7,042.57
Other Investment	13	247.89	2,661.42
Loans	14	2,370.00	1,650.00
Other Financial Assets	15	2,125.03	773.28
(f) Other Non-Current Assets	16	3,794.62	2,415.45
		1,09,922.59	84,288.78
<b>(2) Current Assets</b>			
(a) Inventories	17	36,353.00	24,909.33
(b) Financial Assets			
Trade Receivables	18	15,919.50	10,335.98
Cash and Cash Equivalents	19	113.65	147.99
Bank Balance other than Cash and Cash Equivalents	20	509.13	513.44
Other Financial Assets	21	1,049.70	723.85
(c) Current Tax Asset (Net)	22	49.10	240.25
(d) Other Current Assets	23	4,550.76	3,901.13
		58,544.84	40,771.97
<b>TOTAL ASSETS</b>		<b>1,68,467.43</b>	<b>1,25,060.75</b>
<b>II EQUITY &amp; LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	24	922.02	860.55
(b) Other Equity	25	44,544.70	37,027.15
<b>Total Equity</b>		<b>45,466.72</b>	<b>37,887.70</b>
<b>(2) Liabilities</b>			
A) Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	26	48,110.75	31,162.79
(ii) Lease Liabilities	27	495.82	499.39
(b) Deferred Tax Liabilities (Net)	28	4,873.81	4,423.21
		53,480.38	36,085.39
B) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	29	62,748.62	43,025.97
(ii) Lease Liabilities	30	3.57	3.40
(iii) Trade Payables	31		
(a) Total outstanding dues of micro enterprises and small enterprises		185.00	261.25
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,302.62	1,552.41
(iv) Other Financial Liabilities	32	2,609.01	3,836.27
(b) Provisions	33	2,671.51	2,408.36
		69,520.33	51,087.66
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,68,467.43</b>	<b>1,25,060.75</b>
Significant Accounting Policies, Judgements and Estimates	1-7		
See accompanying notes to the financial statements	8-58		

As per our report annexed

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

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

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
(DIN: 00331406)  
Rajapalayam

**Smt. P.V. NIRMALA RAJU**  
Managing Director  
(DIN: 00474960)  
Rajapalayam

**R. PALANIAPPAN**  
Partner  
Membership No. 205112  
Chennai  
24<sup>th</sup> May, 2023

**P. SANTHANAM**  
Partner  
Membership No. 018697  
Chennai

**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023

(₹ in Lakhs)

	Note No.	For the year ended 31-03-2023	For the year ended 31-03-2022
<b>INCOME</b>			
I Revenue from Operations	34	86,189.43	68,965.47
II Other Income	35	2,042.42	1,560.50
III <b>Total Income (I + II)</b>		<b>88,231.85</b>	<b>70,525.97</b>
<b>IV EXPENSES</b>			
Cost of Materials Consumed	36	49,061.25	36,101.32
Purchases of Stock-in-Trade	37	3,577.62	2,478.83
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress	38	(6,328.85)	(4,186.54)
Employee Benefit Expenses	39	10,225.25	8,678.77
Finance Costs	40	5,505.72	4,295.82
Depreciation and Amortisation Expenses	41	5,661.90	5,048.43
Other Expenses	42	16,443.18	13,030.55
Total Expenses		<b>84,146.07</b>	<b>65,447.18</b>
V <b>Profit Before Exceptional items and Tax (III - IV)</b>		<b>4,085.78</b>	<b>5,078.79</b>
VI <b>Exceptional Items [Refer to Note No. 56]</b>			
Profit on Sale of Investment		—	3,382.19
Loss on Sale of Property, Plant & Equipment and Investment Property		742.49	(795.42)
VII <b>Profit Before Tax (V + VI)</b>		<b>4,828.27</b>	<b>7,665.56</b>
VIII <b>Tax Expenses / (Savings)</b>	28		
Current Tax		155.00	15.20
Excess Income Tax Provision related to earlier years withdrawn		(15.56)	—
Withdrawal of MAT Credit relating to earlier years due to adoption of New Tax Regime		—	3,273.11
Deferred Tax Expenses		450.60	549.33
Total Tax Expenses		<b>590.04</b>	<b>3,837.64</b>
IX <b>Profit for the year (VII-VIII)</b>		<b>4,238.23</b>	<b>3,827.92</b>
X <b>Other Comprehensive Income</b>			
<i>Item that will not be reclassified to Profit or Loss:</i>			
Remeasurement Gain / (Losses) on defined benefit obligations (net)		(29.78)	(4.57)
Fair Value gain on Equity Instruments through OCI (net)		6.47	20.93
Current Tax		—	—
Deferred Tax Expenses / (Savings)		—	—
<b>Other Comprehensive Income / (Loss) for the year, net of tax</b>		<b>(23.31)</b>	<b>16.36</b>
XI <b>Total Comprehensive Income for the year, net of tax (IX + X)</b>		<b>4,214.92</b>	<b>3,844.28</b>
XII <b>Earnings per Equity Share of face value of ₹ 10/- each</b>			
Basic & Diluted (in Rupees) [Refer to Note No. 49]		49	44
Significant Accounting Policies, Judgments and Estimates	1-7		
See accompanying notes to the financial statements	8-58		

As per our report annexed

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

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

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
(DIN: 00331406)  
Rajapalayam

**Smt. P.V. NIRMALA RAJU**  
Managing Director  
(DIN: 00474960)  
Rajapalayam

**R. PALANIAPPAN**  
Partner  
Membership No. 205112  
Chennai  
24<sup>th</sup> May, 2023

**P. SANTHANAM**  
Partner  
Membership No. 018697  
Chennai

**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023

### A. Equity Share Capital [Refer to Note No. 24] (₹ in Lakhs)

#### (1) For the year ended 31-03-2023

Balance as at 01-04-2022	860.55
Add: Shares allotted pursuant to Rights Issue	61.47
Balance as at 31-03-2023	922.02

#### (2) For the year ended 31-03-2022

Balance as at 01-04-2021	737.62
Add: Shares allotted pursuant to Rights Issue	122.93
Balance as at 31-03-2022	860.55

### B. Other Equity [Refer to Note No. 25]

#### (1) For the year ended 31-03-2023

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Capital Reserve	Security Premium	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
<b>Other Equity as at 01-04-2022</b>	3.75	8,313.35	25,000.00	3,650.28	59.77	-	37,027.15
Financial year 2022-23							
Add: Profit for the year	-	-	-	4,238.23	-	-	4,238.23
Add: Other Comprehensive Income	-	-	-	-	6.47	(29.78)	(23.31)
<b>Total Comprehensive Income</b>	-	-	-	4,238.23	6.47	(29.78)	4,214.92
Add: Rights Issue Allotment during the year	-	3,436.06	-	-	-	-	3,436.06
Less: Rights Issue Expenses	-	(47.39)	-	-	-	-	(47.39)
Less: Dividend Distribution to Shareholders	-	-	-	(86.04)	-	-	(86.04)
Less: Transfer to Retained Earnings	-	-	-	-	-	29.78	29.78
Add: Transfer from OCI	-	-	-	(29.78)	-	-	(29.78)
Less: Transfer to General Reserve	-	-	-	(2,500.00)	-	-	(2,500.00)
Add: Transfer from Retained Earnings	-	-	2,500.00	-	-	-	2,500.00
<b>Balance as at 31<sup>st</sup> March, 2023</b>	3.75	11,702.02	27,500.00	5,272.69	66.24	-	44,544.70

#### (2) For the year ended 31-03-2022

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Capital Reserve	Security Premium	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
<b>Other Equity as at 01-04-2021</b>	3.75	1,490.48	24,368.21	501.75	38.84	-	26,403.03
Financial year 2021-22							
Add: Profit for the year	-	-	-	3,827.92	-	-	3,827.92
Add: Other Comprehensive Income	-	-	-	-	20.93	(4.57)	16.36
<b>Total Comprehensive Income</b>	-	-	-	3,827.92	20.93	(4.57)	3,844.28
Add: Rights Issue Allotment during the year	-	6,872.13	-	-	-	-	6,872.13
Less: Rights Issue Expenses	-	(49.26)	-	-	-	-	(49.26)
Less: Dividend Distribution to Shareholders	-	-	-	(43.03)	-	-	(43.03)
Less: Transfer to Retained Earnings	-	-	-	-	-	4.57	4.57
Add: Transfer from OCI	-	-	-	(4.57)	-	-	(4.57)
Less: Transfer to General Reserve	-	-	-	(631.79)	-	-	(631.79)
Add: Transfer from Retained Earnings	-	-	631.79	-	-	-	631.79
<b>Balance as at 31<sup>st</sup> March 2022</b>	3.75	8,313.35	25,000.00	3,650.28	59.77	-	37,027.15

As per our report annexed

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

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

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
(DIN: 00331406)  
Rajapalayam

**Smt. P.V. NIRMALA RAJU**  
Managing Director  
(DIN: 00474960)  
Rajapalayam

**R. PALANIAPPAN**  
Partner  
Membership No. 205112  
Chennai  
24<sup>th</sup> May, 2023

**P. SANTHANAM**  
Partner  
Membership No. 018697  
Chennai

**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023**



**(₹ in Lakhs)**

Particulars	31-03-2023	31-03-2022
<b>A. Cash Flow from Operating Activities</b>		
Profit before Exceptional items and Tax	4,085.78	5,078.79
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & Amortisation	5,661.90	5,048.43
Finance Costs	5,505.72	4,295.82
Interest Income	(525.84)	(266.71)
Dividend Income	(1,155.69)	(225.02)
Rent Receipts from Investment Properties	(0.68)	(0.68)
Impairment allowance for trade receivables / (withdrawn)	(36.05)	36.05
Fair Value movement and Financial Guarantee obligation	(98.57)	266.25
Operating Profit before Working capital Changes	13,436.57	14,232.93
Movements in Working Capital		
Trade Receivables	(5,547.47)	(2,690.99)
Loans and Advances	(97.35)	(213.00)
Unutilised Tax Credit - Indirect Tax	(922.83)	(1,298.01)
Inventories	(11,443.67)	(11,922.59)
Trade Payables & Current Liabilities	(206.99)	2,514.21
Cash generated from Operations	(4,781.74)	622.55
Direct Taxes Paid (Net)	217.22	(255.89)
<b>Net Cash generated from Operating Activities</b>	<b>A (4,564.52)</b>	<b>366.66</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment, Intangible Asset & Investment property (Including Capital work-in-progress, Capital Advance and payable for Capital Goods) [including interest capitalised for ₹ 1,272.75 Lakhs (PY: ₹ 199.16 Lakhs)].	(35,545.89)	(18,867.90)
Government Grants received - related to acquisition of fixed assets	1,050.00	—
Inter-Corporate Loans Given	(720.00)	(700.00)
Proceeds from Sales of Equity Shares of Associates	—	3,446.89
Proceeds from Redemption of Preference Shares	2,500.00	—
Acquisition of Preference Shares - Related Party	(80.00)	—
Share Application money - Subscribed for Equity Shares for purchase of solar power under Group Captive Arrangement	(299.25)	—
Proceeds from Sale of Assets / Investment Properties	1,020.03	446.10
Interest Received	564.33	246.79
Dividend Received	1,155.69	225.02
Rent Receipts from Investment Properties	0.68	0.68
<b>Net Cash used in Investing Activities</b>	<b>B (30,354.41)</b>	<b>(15,202.42)</b>



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Right Issue, net of issue expenses	3,450.15	6,945.80
Proceeds from Long Term Borrowings	24,363.42	11,004.17
Proceeds from / (Repayment) of Loan - Related Parties	(2,694.94)	130.89
Repayment of Long Term Borrowings	(9,542.00)	(7,922.66)
Availment of Short Term Borrowings (Net)	24,682.23	9,117.35
Payment of Principal portion of Lease Liabilities	(3.40)	(10.44)
Payment of Dividend including TDS on Dividend	(86.06)	(43.03)
Interest Paid	(5,289.12)	(4,290.91)
<b>Net cash Generated from Financing Activities</b>	<b>C 34,880.28</b>	<b>14,931.17</b>
<b>Net Increase in Cash and Cash Equivalent</b>	<b>D = (A+B+C) (38.65)</b>	<b>95.41</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E 661.43</b>	<b>566.02</b>
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D + E 622.78</b>	<b>661.43</b>

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	31-03-2023	31-03-2022
Cash and Cash Equivalents [Refer to Note No.19]	113.65	147.99
Bank Balances other than Cash and Cash Equivalents [Refer to Note No. 20]	509.13	513.44
Cash and Bank Balances for Statement of Cash Flow	622.78	661.43

(iv) Reconciliation of changes in liabilities arising from Financing Activities pertaining to Borrowings:

Particulars	31-03-2023	31-03-2022
Balance at the beginning of the year		
Long Term Borrowings	31,162.79	30,182.87
Short Term Borrowings	43,025.97	31,663.08
Long Term Lease Liabilities	499.39	—
Short Term Lease Liabilities	3.40	—
Interest accrued	206.03	201.12
<b>Sub-Total Balance at the beginning of the year</b>	<b>74,897.58</b>	<b>62,047.07</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023**



**(₹ in Lakhs)**

Particulars	31-03-2023	31-03-2022
<b>Cash flows during the year</b>		
Proceeds from Long Term Borrowings	24,363.42	11,004.17
Repayment of Long Term Borrowings	(9,542.00)	(7,922.66)
Proceeds from / (Repayment) of Loan from Related Parties, Net	(2,694.94)	130.89
Proceeds from / (Repayment) of Short Term Borrowings, Net	24,682.23	9,117.35
Payment of Principal portion of Lease Liabilities	(3.40)	(10.44)
Interest Paid including interest on lease liabilities	(5,289.12)	(4,290.91)
<b>Sub-Total Cash flows during the year</b>	<b>31,516.19</b>	<b>8,028.40</b>
<b>Non-cash changes</b>		
Interest accrual for the year	5,505.72	4,295.82
Fair Value Movement	(138.10)	13.06
Initial Recognition of Lease Liabilities for Right-of-use asset	—	513.23
<b>Sub-Total Non-cash changes during the year</b>	<b>5,367.62</b>	<b>4,822.11</b>
<b>Balance at the end of the year</b>		
Long Term Borrowings	48,110.75	31,162.79
Short Term Borrowings	62,748.62	43,025.97
Long Term Lease Liabilities	495.82	499.39
Short Term Lease Liabilities	3.57	3.40
Interest accrued	422.63	206.03
<b>Balance at the end of the year</b>	<b>1,11,781.39</b>	<b>74,897.58</b>

See accompanying notes to the financial statements [Refer to Note Nos. 8-58]

As per our report annexed

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

**R. PALANIAPPAN**  
Partner  
Membership No. 205112  
Chennai  
24<sup>th</sup> May, 2023

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

**P. SANTHANAM**  
Partner  
Membership No. 018697  
Chennai

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
(DIN: 00331406)  
Rajapalayam

**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**Smt. P.V. NIRMALA RAJU**  
Managing Director  
(DIN: 00474960)  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam





## NOTES TO SEPARATE FINANCIAL STATEMENTS

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### 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 31-03-2023 were approved and adopted by Board of Directors of the Company in their meeting dated 24-05-2023.

### 2. Statement of Ind AS Compliance

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and presentation requirements of Division II of Ind AS compliant Schedule III to the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India, wherever applicable.

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

- (i) The significant accounting policies used in preparing the financial statements are set out in Note No.5.
- (ii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iii) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period, or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (iv) A liability is classified as current when it is expected to be settled in normal operating cycle, or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.
- (v) The financial statements are presented in Indian Rupees, which is the Company's functional currency, rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as ₹ 0.00 Lakhs.
- (vi) Previous year figures have been regrouped / restated, wherever necessary and appropriate.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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### 4. 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.5(S) - Accounting Policy for Financial Instruments) and defined benefit plan assets which are measured at fair value.

### 5. Significant Accounting Policies

#### A. Inventories

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

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

#### B. Statement of Cash Flows

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before exceptional item and 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.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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- (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 TDS are recognised directly in Equity.

### D. Income Taxes

- (i) The Company has an irrevocable option of shifting to a lower tax rate and simultaneously forgo certain tax incentives, deductions and accumulated MAT credit as per Section 115BAA in the Income Tax Act, 1961. In view of the overall tax benefits available under Section 115BAA, the Company has opted for shifting to lower tax regime from AY 2021-22 (FY 2020-21) onwards.
- (ii) 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.
- (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. The Company has restated the net deferred tax liability as at 01-04-2021 in accordance with the reduced tax rates, in view of adoption of new tax regime.
- (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.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### 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. 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



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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 20 years
Wind Mills	22 to 30 years
HFO / DG Set	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 or disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the Statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (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 right-of-use asset 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'.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### G. Leases

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 (RoU) and a lease liability at the lease commencement date for all leases where non-cancellable leases is more than 12 months. 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, as follows:

Nature of RoU	Useful life ranging from
Land	99 years
Building	20 years

- (iii) The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset and lease improvements are periodically reduced by impairment losses, if any and adjusted for certain re-measurements of these liability.
- (iv) The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.
- (v) Lease payments included in the measurement of the lease liability comprise the following:
  - (a) Fixed payments;
  - (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
  - (c) Amount expected to be payable under a residual value guarantee; and
  - (d) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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- (vi) The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.
- (vii) When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Statement of Profit or Loss if the carrying amount of the right-of-use asset has been reduced to zero.
- (viii) The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and Equipment' and Lease liabilities as a separate line item on face of the Balance sheet.
- (ix) 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.
- (x) Lease Improvements**
  - (a) Lease improvements on a right-of-use asset (RoU) made by the Company, which enhance the value, functionality, or extend the useful life of the leased asset, shall be recognized as assets and capitalized in the same category of RoU asset under 'Property, Plant and Equipment', if capitalization criteria are met.
  - (b) Lease improvements recognized as assets shall be initially measured at cost, which includes all directly attributable costs incurred to bring the improvements to their present condition and location.
  - (c) The lease improvements on RoU assets are depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of lease improvement or the end of 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.





## NOTES TO SEPARATE FINANCIAL STATEMENTS

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### 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.

c) Rental income from operating lease on investment properties is recognised on a straight line basis over the term of the relevant lease.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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### I. Employee Benefits

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's basic salary and dearness allowance. The Company has no further obligations.
- (iv) The Company also contributes for superannuation fund on an annual basis, 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. The Company presents the entire compensated absences as 'Short-term provisions' since employee has an unconditional right to avail the leave at any time during the year.
- (vii) 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 SEPARATE FINANCIAL STATEMENTS

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### **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 Income" 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 all 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 spot exchange rates prevailing on that date of transaction.
- (iii) Monetary assets and liabilities in foreign currencies outstanding at the reporting date are translated to the functional currency spot 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. The date of transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from advance consideration. If there are multiple receipts of payments in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

### **L. Borrowing Costs**

- (i) Borrowing cost include interest computed using Effective Interest Rate method, Interest on Lease Liabilities, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings 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.

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

- (i) The carrying values of assets include property, plant and equipment, including right-of-use asset, 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.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### O. Provisions, Contingent Liabilities and Contingent Assets

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

### P. Intangible Assets

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) 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 carried at cost less accumulated amortisation and impairment losses, if any and are amortised over their estimated useful life based 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



## NOTES TO SEPARATE FINANCIAL STATEMENTS

- (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, that are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013:

Asset type	Useful life
Buildings under Investment properties	60 years

- (v) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use or disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such investment properties, are recognised in the Statement of Profit and Loss. Amount 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.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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### **R. Operating Segments**

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

### **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 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 SEPARATE 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 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:
- 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 SEPARATE FINANCIAL STATEMENTS

### U. Financial Liabilities

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Lease Liabilities, 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, Lease Liabilities, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading,
FVTPL	Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109 and other financial liabilities held for trading.

- (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

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- (iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorized 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.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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### **d) Non-derivative financial liabilities**

The fair value of non-derivative financial liabilities viz, borrowings and lease liabilities 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.

## **6. Amendments to the existing accounting standards effective from 01-04-2022 onwards**

The details of amendment to the existing standards that are relevant to the Company with effect from 01-04-2022 are given below:

The amendment to Ind AS 16 on Property, Plant & Equipment has clarified that excess of net sale proceeds of items produced over the cost of testing (while bringing the asset to that location and condition) shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of Property, Plant and Equipment.

## **7. Significant Estimates and Judgements**

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

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



**(i) Revenue Recognition**

Significant management 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**

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.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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### **(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) Classification of Investment**

Management judgement is exercised in determining the following criteria while making classification of investments:

- the intention of the Company to sell the investment immediately;
- the sale is highly probable;
- it is unlikely that significant change to the sale plan will be made and;
- that plan will not be withdrawn.

Based on this judgement, the investments are classified as "Investment held for sale", if all the above criteria are met and continue to classify the investment as "Non-current investment", if any one of the above criteria are not met.

### **(ix) 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.

### **(x) 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.

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

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

### **(xii) 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





## NOTES TO SEPARATE FINANCIAL STATEMENTS

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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.

### **(xiii) Determination of lease term of contracts as non-cancellable term**

Significant management judgement is exercised in determining the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised, by considering all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

### **(xiv) 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.

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.

### **(xv) 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. 8

#### PROPERTY, PLANT AND EQUIPMENT

Particulars	Year	Gross Block			Depreciation			Net Block	
		As at the beginning of the year	Additions	Deductions / Adjustments	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 41)	As at the end of the year	As at the beginning of the year
Land - Free hold	2022-23	1,190.35	125.71	-	1,316.06	-	-	1,316.06	1,190.35
	2021-22	1,190.35	-	-	1,190.35	-	-	1,190.35	1,190.35
Land - Right-of-Use Asset	2022-23	779.68	-	-	779.68	27.18	7.49	745.01	752.50
	2021-22	722.03	57.65	-	779.68	20.21	6.97	752.50	701.82
Own Buildings	2022-23	12,454.74	1,650.16	280.96	13,823.94	3,004.23	430.17	10,389.54	9,450.51
	2021-22	11,634.24	820.50	-	12,454.74	2,620.11	384.12	9,450.51	9,014.13
Buildings - Right-of-Use Asset	2022-23	513.23	171.07	-	684.30	10.08	24.39	649.83	503.15
	2021-22	-	513.23	-	513.23	-	10.08	503.15	-
Plant and Machinery	2022-23	93,176.46	5,879.64	2,534.12	96,521.98	42,628.11	4,625.44	49,870.43	50,548.35
	2021-22	82,412.05	13,796.96	3,032.55	93,176.46	40,258.28	4,244.19	50,548.35	42,153.77
Electrical Machinery	2022-23	5,012.50	2,041.64	81.77	6,972.37	2,826.85	255.35	3,895.08	2,185.65
	2021-22	4,737.18	275.32	-	5,012.50	2,633.07	193.78	2,185.65	2,104.11
Furniture & Office Equipments	2022-23	1,198.06	158.94	12.48	1,344.52	788.50	120.82	447.01	409.56
	2021-22	1,047.43	155.51	4.88	1,198.06	698.18	94.83	409.56	349.25
Vehicles	2022-23	577.94	107.86	30.02	655.78	288.83	52.24	339.01	289.11
	2021-22	508.46	74.57	5.09	577.94	246.53	45.97	289.11	261.93
Total	2022-23	1,14,902.96	10,135.02	2,939.35	1,22,098.63	49,573.78	5,515.90	67,651.97	65,329.18
	2021-22	1,02,251.74	15,693.74	3,042.52	1,14,902.96	46,476.38	4,979.94	65,329.18	55,775.36

Notes: (i) Borrowings cost of ₹ 1,272.75 Lakhs have been capitalised in Property, Plant and Equipment / Capital work-in-progress for current year (PY: ₹ 199.16 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 AS20. An amount of ₹ 2,100.00 Lakhs has been deducted from the carrying value of respective assets during the financial year 2022-23 (PY: NIL).

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

(v) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Asset) since the Company has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with Ind AS 16.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

(vi) Deductions / Adjustments in Gross Block comprises of:

Particulars	2022-23				2021-22			
	Sale of Assets	Scrap of Assets	Government Grants	Total	Sale of Assets	Scrap of Assets	Government Grants	Total
Land - Free hold	-	-	-	-	-	-	-	-
Land - Right-of-Use Asset	-	-	-	-	-	-	-	-
Own Buildings	-	-	280.96	280.96	-	-	-	-
Plant and Machinery	765.59	23.95	1,744.58	2,534.12	3,032.55	-	-	3,032.55
Electrical Machinery	7.31	-	74.46	81.77	-	-	-	-
Furniture & Office Equipments	10.57	1.91	-	12.48	4.88	-	-	4.88
Vehicles	29.56	0.46	-	30.02	5.09	-	-	5.09
<b>Total</b>	<b>813.03</b>	<b>26.32</b>	<b>2,100.00</b>	<b>2,939.35</b>	<b>3,042.52</b>	<b>-</b>	<b>-</b>	<b>3,042.52</b>

(vii) Scrap of assets represent components of assets that were derecognised due to wear and tear and damages, since no future benefits is expected from those components and thus replaced by new components.

### NOTE NO. 9

#### CAPITAL WORK IN PROGRESS

Particulars	Year	As at the beginning of the year	Additions	Capitalised	As at the end of the year
Capital Work in Progress	2022-23	3,707.86	32,635.86	10,177.93	26,165.79
	2021-22	1,013.69	18,810.70	16,116.53	3,707.86

Note: (i) Refer to Note No. 55(b) for information relating to Ageing Schedule.

### NOTE NO. 10

#### INVESTMENT PROPERTY

Particulars	Year	Gross Block			Amortisation			Net Block	
		As at the beginning of the year	Additions	Sold	As at the end of the year	For the year (Refer to Note No. 41)	Withdrawn during the year	As at the end of the year	As at the beginning of the year
Land	2022-23	81.21	-	81.21	-	-	-	-	81.21
	2021-22	55.17	26.04	-	81.21	-	-	81.21	55.17
Building	2022-23	15.12	-	-	15.12	0.25	-	7.29	7.54
	2021-22	126.05	-	110.93	15.12	0.23	29.39	7.54	89.31
Total	2022-23	96.33	-	81.21	15.12	0.25	-	7.29	88.75
	2021-22	181.22	26.04	110.93	96.33	0.23	29.39	88.75	144.48



## NOTES TO SEPARATE FINANCIAL STATEMENTS

Notes: (i) The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.

(ii) The fair valuation of these investment property are determined by an 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. Since the valuation is done by internal technical team, the fair value of investment property as disclosed above is not based on valuation by a register valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. All resulting fair value estimates for investment properties as given below:

Particulars	(₹ in Lakhs)	
	31-03-2023	31-03-2022
Fair value of Investment Properties	166.68	1,001.72

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

(iv) Fair value hierarchy disclosures for investment properties have been provided in Note No. 52.

(v) Information regarding income and expenditure of Investment property.

Particulars	(₹ in Lakhs)	
	31-03-2023	31-03-2022
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	0.25	0.23
Profit arising from Investment Properties before indirect expenses	0.43	0.45



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 11 INTANGIBLE ASSETS

Particulars	Year	Gross Block		Amortisation		Net Block	
		As at the beginning of the year	Additions	Deductions / Adjustments	As at the end of the year	As at the beginning of the year	As at the end of the year
Computer software	2022-23	822.49	42.91	-	865.40	261.14	95.48
	2021-22	425.74	396.75	-	822.49	214.35	46.79
Power Transmission System	2022-23	191.76	-	124.59	67.17	132.84	50.27
	2021-22	191.76	-	-	191.76	111.37	21.47
Total - Intangible Assets	2022-23	1,014.25	42.91	124.59	932.57	393.98	145.75
	2021-22	617.50	396.75	-	1,014.25	325.72	68.26
						517.43	393.98
						620.27	291.78

Notes: (i) Deductions / adjustments represents intangible assets derecognised from the financial statements since no future economic benefit is expected.

(ii) The Company has not revalued its Intangible Asset since the Company has adopted cost model as its accounting policy to an entire class of Intangible Asset in accordance with Ind AS 38.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 12

#### INVESTMENT IN ASSOCIATES

(₹ in Lakhs)

Particulars	Face Value	31-03-2023		31-03-2022	
	₹ per share	Numbers	Amount	Numbers	Amount
Investment in Equity Instruments					
Quoted					
The Ramco Cements Limited	1	3,26,25,264	4,800.21	3,26,25,264	4,800.21
Ramco Industries Limited	1	84,01,680	1,100.81	84,01,680	1,100.81
Ramco System Limited	10	7,33,531	1,141.55	7,33,531	1,141.55
Total			7,042.57		7,042.57
Quoted Investments - Cost			7,042.57		7,042.57
Market Value			2,58,682.76		2,70,227.44

- Notes: (i) The Company has accounted for Investment in Associates at cost. Refer to Note No. 50(A) for information on principal place of business / country of incorporation and the Company's interest / percentage of shareholding in the above associates.
- (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.
- (iii) The Board of Directors have approved to sell the investments in the Shares of The Ramco Cements Limited upto a total value of ₹ 90 Crores for part funding of its capital expenditure towards fabric capacity expansion. Out of this, the Company has sold 4,39,736 Shares of The Ramco Cements Limited for a sale consideration of ₹ 34.56 Crores during the FY 2021-22. Considering the uncertainty in stock market and highly fluctuating share price, time period within which the balance quantity of shares may be sold could not be ascertained as at the reporting date and hence the investments are continued to be classified as Non-current investment.

### NOTE NO. 13

#### OTHER INVESTMENT (DESIGNATED AT FVTOCI)

(₹ in Lakhs)

Particulars	Face Value ₹ per share	31-03-2023		31-03-2022		
		Numbers	Amount	Numbers	Amount	
I. Investment in Equity Instruments						
1) Quoted						
The Ramaraju Surgical Cotton Mills Limited	10	4,000	8.56	4,000	11.88	
Lakshmi Automatic Loom Works Limited	10	2,500	1.93	2,500	1.65	
Tamilnadu Jai Bharath Mills Limited	10	1,200	0.05	1,200	0.05	
Total Quoted Investments	(A)		10.54		13.58	
2) Unquoted						
Sri Vishnu Shankar Mills Limited	10	38,400	144.77	38,400	128.26	
Ramco Industrial and Technology Services Limited	10	50,000	4.00	50,000	11.00	
Ramco Windfarms Limited	1	8,32,000	8.32	8,32,000	8.32	
Miot Hospitals Limited	10	2,500	0.25	2,500	0.25	
Total Unquoted Investments	(B)		157.34		147.83	



## NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	Face Value ₹ per share	31-03-2023		31-03-2022	
		Numbers	Amount	Numbers	Amount
II. Investment in Preference Shares, Non-Trade - Unquoted					
Lynks Logistics Limited	1	80,00,000	80.00	—	—
Thanjavur Spinning Mill Limited	10	—	—	2,50,00,000	2,500.00
Total Unquoted Investments	(C)		80.00		2,500.00

*Note: The investment in the preference shares of Thanjavur Spinning Mill Limited were redeemed at par on 29-08-2022, after receipt of dividend on such shares till the date of redemption.*

<b>III. Other Non-Current Investments, Non-Trade - Unquoted</b>					
Ramco Group Employees' Co-operative Stores Limited	1	500	0.01	500	0.01
<b>Total other Investments</b>	<b>(D)</b>		<b>0.01</b>		<b>0.01</b>
<b>Total</b>	<b>(A+B+C+D)</b>		<b>247.89</b>		<b>2,661.42</b>
Aggregate Market Value of Quoted Investments			<b>NA</b>		<b>NA</b>

Notes: (i) Refer to Note No. 52 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. 14

FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Unsecured, considered good</b>		
Loans and Advances to Related Parties [Refer to Note No.50(b)(i)]	2,370.00	1,650.00
<b>Total</b>	<b>2,370.00</b>	<b>1,650.00</b>

Notes: (i) Loans are non-derivative financial assets and are carried at amortized cost, which generate fixed or variable interest income for the Company.  
(ii) Loans to Related parties had been granted towards working capital in the normal course of business.  
(iii) The Company has not granted any loan or advance in the nature of loan to promoters, directors and KMPs that are repayable on demand or without specifying any terms or period of repayment.





## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 15

#### OTHER FINANCIAL ASSETS - (NON CURRENT)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Unsecured, considered good</b>		
Security Deposits with Electricity Board / Others	1,125.78	773.28
Government Grants Receivable	700.00	—
Application Money for Securities Subscription	299.25	—
<b>Total</b>	<b>2,125.03</b>	<b>773.28</b>

- Notes: (i) The Company is eligible to receive capital subsidy of ₹ 2,100.00 Lakhs from Government of Tamil Nadu and the same has been reduced from cost of qualifying Property, Plant and Equipment. Out of the eligible subsidy amount, the Company has received ₹ 1,050.00 Lakhs during the FY 2022-23. The balance amount of ₹ 1,050.00 Lakhs will be received in 3 annual installments from FY 2023-24. Out of this, an amount of ₹ 700.00 Lakhs has been reported under "Other Financial Assets (Non-Current)" and the balance amount of ₹ 350 Lakhs, which is receivable within 12 months of the balance sheet date has been classified under "Other Financial Assets (Current)".
- (ii) The Company has made application for subscription of 29,92,500 Nos. of equity share of M/s. Green Infra Clean Wind Generation Ltd for purchase of solar power under Group Captive mode and the equity shares has been allotted to the Company during May, 2023.

### NOTE NO. 16

#### OTHER NON CURRENT-ASSETS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Unsecured, Considered Good</b>		
Capital Advances	3,688.02	2,130.13
Income Tax Refund Receivable	47.49	213.00
Prepaid Expenses - Non-Current	59.11	72.32
<b>Total</b>	<b>3,794.62</b>	<b>2,415.45</b>

### NOTE NO. 17

#### INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Finished Goods (Yarn and Fabrics)	6,294.03	2,010.64
Raw materials - Cotton, Cotton Waste & Yarn	21,956.54	16,805.99
Stores and Spares	566.52	602.25
Works-in-progress (Cotton,Yarn and Fabric)	7,535.91	5,490.45
<b>Total</b>	<b>36,353.00</b>	<b>24,909.33</b>

- Notes: (i) Raw materials includes Goods-in-transit of ₹ 770.12 Lakhs (As at 31-03-2022 ₹ 1,710.45 Lakhs).
- (ii) The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.
- (iii) Raw materials stock value is after making provision for Mark to Market on Cotton Stock of ₹ 42.30 Lakhs as at 31-03-2023 (PY: NIL).
- (iv) The mode of valuation of inventories has been stated in the Note No. 5A.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 18

#### TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Secured, Considered good	2,157.01	2,481.77
Unsecured, Considered good	13,762.49	7,854.21
Unsecured and which have significant increase in credit risk	–	36.05
Less: Allowance for expected credit loss	–	(36.05)
<b>Total</b>	<b>15,919.50</b>	<b>10,335.98</b>

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.

(iv) Trade Receivables aging schedule have been provided in Note No. 55(c).

### NOTE NO. 19

#### CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Cash on Hand	0.87	0.64
Balance with Bank		
In Current Account	112.78	147.35
<b>Total</b>	<b>113.65</b>	<b>147.99</b>

### NOTE NO. 20

#### BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Balances with Banks held as security against Borrowings	475.00	475.00
Earmarked balances with Banks for Unclaimed Dividend	34.13	38.44
<b>Total</b>	<b>509.13</b>	<b>513.44</b>

### NOTE NO. 21

#### OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Government Grants Receivable	756.43	406.39
Security Deposit	17.49	–
Insurance Claim receivable	30.46	75.85
Exchange difference on Firm Commitment	245.32	241.61
<b>Total</b>	<b>1,049.70</b>	<b>723.85</b>



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 22

#### CURRENT TAX ASSETS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Advance Income Tax, Self Assessment Tax and Tax deducted at source	49.10	240.25
<b>Total</b>	<b>49.10</b>	<b>240.25</b>

Note: Advance Income Tax, Self Assessment Tax and Tax deducted at source is net of provision for tax of ₹ 155.00 Lakhs (PY: ₹ 15.20 Lakhs).

### NOTE NO. 23

#### OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Unsecured, considered good</b>		
Advance to Suppliers / Others	292.67	488.79
Tax Credit and Refund due - Indirect Taxes	3,935.66	3,012.83
Accrued Income	76.30	114.79
Prepaid Expenses	195.10	195.93
Other Current Assets	51.03	88.79
<b>Total</b>	<b>4,550.76</b>	<b>3,901.13</b>

### NOTE NO. 24

#### EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Authorised</b>		
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
<b>Issued, Subscribed and Fully paid-up</b>		
92,20,200 Equity Shares of ₹ 10/- each (PY: 86,05,520 Equity Shares of ₹ 10/- each)	922.02	860.55

Notes:

(i) 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.

(ii) Reconciliation of the number of shares outstanding (₹ in Lakhs)

Particulars	As at 31-03-2023		As at 31-03-2022	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	86,05,520	860.55	73,76,160	737.62
Shares allotted pursuant to Rights Issue	6,14,680	61.47	12,29,360	122.93
Number of Shares at the end	92,20,200	922.02	86,05,520	860.55



## NOTES TO SEPARATE FINANCIAL STATEMENTS

(iii) 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.

(iv) List of Shareholders holding more than 5 percent in the Company. (₹ in Lakhs)

Name of the Shareholder	As at 31-03-2023		As at 31-03-2022	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Venketrama Raja	18,36,826	19.92%	18,36,826	21.34%
P.V. Abinav Ramasubramaniam Raja	24,39,939	26.46%	22,77,277	26.47%
Govindlal M Parikh	5,37,426	5.83%	4,93,300	5.73%

(v) Shareholders holding of Promoters as at 31-03-2023

S.No.	Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1	P.R. Venketrama Raja	18,36,826	19.92%	-1.42%
2	P V Abinav Ramasubramaniam Raja	24,39,939	26.46%	-0.01%
3	R Sudarsanam	1,00,786	1.09%	0.23%
4	Ramachandra Raja Chittammal	1,03,284	1.12%	—
5	P.V. Nirmala	1,75,526	1.90%	1.42%
6	Nalina Ramalakshmi	8,400	0.09%	—
7	Saradha Deepa	13,699	0.15%	—
8	P V Srisandhya	20,700	0.22%	—
9	Ramco Industries Limited	1,59,200	1.73%	—
10	The Ramaraju Surgical Cotton Mills Limited	1,68,999	1.83%	—
11	Sri Vishnu Shankar Mill Limited	37,174	0.40%	—
12	Sandhya Spinning Mill Limited	624	0.01%	—
13	Ramco Management Private Limited	2,550	0.03%	—
14	The Ramco Cements Limited	42,259	0.46%	0.07%
<b>TOTAL</b>		<b>51,09,966</b>	<b>55.42%</b>	



## NOTES TO SEPARATE FINANCIAL STATEMENTS

(vi) Shareholders holding of Promoters as at 31-03-2022

S.No.	Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1	P.R. Venketrama Raja	18,36,826	21.34%	1.47%
2	P V Abinav Ramasubramaniam Raja	22,77,277	26.47%	–
3	R Sudarsanam	74,386	0.86%	–
4	Ramachandra Raja Chittammal	96,399	1.12%	–
5	P.V. Nirmala	41,370	0.48%	0.29%
6	Nalina Ramalakshmi	7,840	0.09%	–
7	Saradha Deepa	12,786	0.15%	–
8	P V Srisandhya	19,320	0.22%	–
9	Ramco Industries Limited	1,48,587	1.73%	–
10	The Ramaraju Surgical Cotton Mills Limited	1,57,733	1.83%	–
11	Sri Vishnu Shankar Mill Limited	34,696	0.40%	–
12	Sandhya Spinning Mill Limited	583	0.01%	–
13	Ramco Management Private Limited	2,380	0.03%	–
14	The Ramco Cements Limited	33,150	0.39%	0.04%
<b>TOTAL</b>		<b>47,43,333</b>	<b>55.12%</b>	

### NOTE NO. 25

#### OTHER EQUITY

(₹ in Lakhs)

#### Capital Reserve

Particulars	31-03-2023	31-03-2022
Balance as per Last Financial Statement	3.75	3.75
<b>Total</b>	<b>3.75</b>	<b>3.75</b>

#### Nature of Reserve

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.

(₹ in Lakhs)

#### Securities Premium

Particulars	31-03-2023	31-03-2022
Balance as per Last Financial Statement	8,313.35	1,490.48
Add: Security Premium on Rights Issue	3,436.06	6,872.13
Less: Rights Issue Expenses	(47.39)	(49.26)
<b>Total</b>	<b>11,702.02</b>	<b>8,313.35</b>

#### Nature of Reserve

Securities Premium was credited when shares are issued at a Premium. The Company can use this reserve to issue bonus shares, to provide for preliminary expenses, the commission paid or discount allowed and expenses related to any issue of shares of the Company.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

<b>General Reserve</b>		(₹ in Lakhs)
<b>Particulars</b>	<b>31-03-2023</b>	<b>31-03-2022</b>
Balance as per Last Financial Statement	25,000.00	24,368.21
Add: Amount transferred from Retained Earnings	2,500.00	631.79
<b>Total</b>	<b>27,500.00</b>	<b>25,000.00</b>

### Nature of Reserve

General Reserve represents the statutory reserve in accordance with Companies Act, 2013 wherein a portion of profit is apportioned to general reserve. Under Companies Act, 1956 it was mandatory to transfer amount before a Company can declare dividend, however under Companies Act, 2013 transfer of any amount to General reserve is at the discretion of the Company.

<b>FVTOCI Reserve</b>		(₹ in Lakhs)
<b>Particulars</b>	<b>31-03-2023</b>	<b>31-03-2022</b>
Balance as per Last Financial Statement	59.77	38.84
Add: Other Comprehensive Income for the year	(23.31)	16.36
<b>Sub-Total</b>	<b>36.46</b>	<b>55.20</b>
Transfer from Retained Earnings	29.78	4.57
<b>Total</b>	<b>66.24</b>	<b>59.77</b>

### Nature of Reserve

Fair Value Through Other Comprehensive Income (FVTOCI) 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.

<b>Retained Earnings</b>		(₹ in Lakhs)
<b>Particulars</b>	<b>31-03-2023</b>	<b>31-03-2022</b>
Balance as per Last Financial Statement	3,650.28	501.75
Profit / (Loss) for the year	4,238.23	3,827.92
Transfer from FVTOCI Reserve	(29.78)	(4.57)
<b>Sub-Total</b>	<b>7,858.73</b>	<b>4,325.10</b>
Less: Appropriations		
Dividend Distribution to Shareholders	(86.04)	(43.03)
Transfer to General Reserve	(2,500.00)	(631.79)
<b>Total</b>	<b>5,272.69</b>	<b>3,650.28</b>

### Nature of Reserve

Retained Earning represents that portion of the net income of the Company that has been retained by the Company.

Note: The Board of Directors have recommended the payment of Final Dividend ₹ 1/- per share for the year 2022-23 (PY: ₹ 1 per Share). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.

<b>Total Other Equity</b>	<b>44,544.70</b>	<b>37,027.15</b>
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## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 26

#### NON CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Secured</b>		
Term Loan from Banks	47,849.04	29,854.22
<b>Unsecured</b>		
Term Loan from Banks	261.71	1,308.57
<b>Total</b>	<b>48,110.75</b>	<b>31,162.79</b>

Notes: (i) Term Loan from Banks of ₹ 47,849.04 Lakhs (PY: ₹ 29,854.22 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.

(ii) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.

(iii) Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the ROC, within the prescribed time.

(iv) Refer to Note No. 53 for information about risk profile of borrowings under Financial Risk Management.

(v) The Long Term Borrowings from Banks are repayable in quarterly installments. The year wise repayment is as follows:

(₹ in Lakhs)

Year	31-03-2023	31-03-2022
2023-24	–	7,833.45
2024-25	9,582.98	6,693.48
2025-26	9,137.90	5,652.90
2026-27	7,826.03	4,341.03
2027-28	7,721.12	4,236.12
2028-29	6,373.60	2,405.81
2029-30	4,664.00	–
2030-31	2,805.12	–
<b>Total</b>	<b>48,110.75</b>	<b>31,162.79</b>

### NOTE NO. 27

#### LEASE LIABILITIES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Lease Liabilities [Refer to Note No. 48]	495.82	499.39
<b>Total</b>	<b>495.82</b>	<b>499.39</b>





## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 28

#### DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 01-04-2021	MAT Credit withdrawn and recognised in Profit and Loss	Recognised in Profit and Loss	As at 31-03-2022	Recognised in Profit and Loss	As at 31-03-2023
Tax Impact on difference in written down value of Property, Plant & Equipment as per books and as per Income Tax Act, 1961	7,991.43	–	(2,543.81)	5,447.62	323.61	<b>5,771.23</b>
Tax impact on provision for compensated absences & Bonus	(187.90)	–	(16.04)	(203.94)	(27.04)	<b>(230.98)</b>
Tax impact on allowance for expected credit losses	5.97	–	(15.04)	(9.07)	9.07	–
Tax Impact on lease accounting as per Ind AS 116	–	–	0.09	0.09	(5.27)	<b>(5.18)</b>
Tax Impact on Fairvalue of forward contracts	3.84	–	3.79	7.63	6.17	<b>13.80</b>
Unused tax credits (i.e) MAT Credit Entitlement	(3,273.11)	3,273.11	–	–	–	–
Tax Impact on unabsorbed Depreciation / unadjusted losses	(3,939.46)	–	3,120.34	(819.12)	144.06	<b>(675.06)</b>
<b>Total</b>	<b>600.77</b>	<b>3,273.11</b>	<b>549.33</b>	<b>4,423.21</b>	<b>450.60</b>	<b>4,873.81</b>

#### Reconciliation of Deferred tax Liabilities (Net)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Balance at the beginning of the year</b>	<b>4,423.21</b>	600.77
Deferred Tax recognised in Statement of Profit and Loss - Expense / (Savings)	<b>450.60</b>	549.33
MAT Credit withdrawn and recognised in Profit and Loss	–	3,273.11
<b>Balance at the end of the year</b>	<b>4,873.81</b>	4,423.21

#### Components of Tax Expenses

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>(i) Profit or Loss Section</b>		
<b>Current Tax</b>		
Current Income Tax charge	<b>155.00</b>	15.20
Current Tax adjustments of earlier years	<b>(15.56)</b>	–
<b>Deferred Tax</b>		
Relating to the origination and reversal of temporary differences	<b>450.60</b>	549.33
MAT Credit withdrawn and recognised in Profit and Loss	–	3,273.11
Deferred Tax adjustments of earlier years	–	–
<b>Total Tax Expenses recognised in Profit or Loss section</b>	<b>590.04</b>	3,837.64
<b>(ii) Other Comprehensive Income Section</b>		
Current Tax credit on remeasurement losses on defined benefit obligations, net	–	–
Total Tax Credit to OCI	–	–
<b>(iii) Total Tax Expenses recognised in Statement of Profit and Loss (i) + (ii)</b>	<b>590.04</b>	3,837.64



## NOTES TO SEPARATE FINANCIAL STATEMENTS

Reconciliation of the Income tax provision to the amount computed by applying the statutory Income tax rate to the Income before taxes is summarised below:

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Accounting Profit before Tax (including OCI)	4,804.96	7,681.92
Corporate Tax Rate %	25.168%	25.168%
<b>Computed Tax Expense</b>	<b>1,209.31</b>	<b>1,933.39</b>
Increase/(reduction) in taxes on account of:		
Non-deductible expenses	21.83	3.79
Change in Tax Rate	–	(1,133.82)
MAT Credit reversed during the year	–	3,273.11
Change in carried forward unabsorbed Depreciation	(651.90)	939.06
Income chargeable to tax under different tax rates (Capital Gains)	(202.30)	(851.23)
Tax Expenses related to Capital Gains	155.00	15.20
Others	58.10	(341.86)
<b>Tax Expenses recognised in the Statement of Profit and Loss</b>	<b>590.04</b>	<b>3,837.64</b>

*Note: As per Section 115BAA of the Income Tax Act, 1961, the Company has an irrecoverable option of shifting to a lower tax rate (new tax regime) and simultaneously to forgo certain tax incentives, deductions and accumulated MAT Credit. In view of the overall tax benefits available under Section 115BAA, the Company had opted for shifting of new tax regime with effect from the AY 2021-22 (FY 2020-21). Consequently, the Company has charged off the accumulated MAT Credit entitlement of ₹ 3,273.11 Lakhs to Statement of Profit and Loss during the financial year 2021-22. The net deferred tax liability as at 01-04-2021 has been recomputed in accordance with reduced rate and thus reversed ₹ 1,133.82 Lakhs from deferred tax liability during the financial year 2021-22. The deferred tax provision of ₹ 549.33 Lakhs for the year ended 31-03-2022 is after netting-off this reversal.*

### NOTE NO. 29

#### CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Secured</b>		
Loan from Banks	24,063.71	19,967.83
Current Maturities of Long Term Loans	6,324.79	8,428.62
<b>Unsecured</b>		
Loan from Banks	30,765.29	10,339.75
Loans and Advances from Related Parties [Refer to Note No.50 (b) (ii)]	547.97	3,242.91
Current Maturities of Long Term Loans	1,046.86	1,046.86
<b>Total</b>	<b>62,748.62</b>	<b>43,025.97</b>

*Notes: (i) Short term Borrowings from banks (other than Current maturities of Long term Borrowings) of ₹ 18,563.71 Lakhs (PY : ₹ 19,967.83 Lakhs) are secured by way of first pari passu hypothecation charge on trade receivables and inventories of the Company, present and future.*

*(ii) Short term Borrowings from banks (other than Current maturities of Long term Borrowings) of ₹ 5,500 Lakhs (PY : NIL) are secured by way of sub-servient charge on the Current Assets of the Company.*



## NOTES TO SEPARATE FINANCIAL STATEMENTS

- (iii) The quarterly returns or statements filed by the Company with the banks or financial institutions are in agreement with the books of accounts.
- (iv) The Company has used the borrowings from banks for the specific purpose for which it was taken as at the reporting date.
- (v) Refer to Note No. 53 for information about risk profile of borrowings under Financial Risk Management.

### NOTE NO. 30

LEASE LIABILITIES		(₹ in Lakhs)
Particulars	31-03-2023	31-03-2022
Lease Liabilities [Refer to Note No. 48]	3.57	3.40
<b>Total</b>	<b>3.57</b>	<b>3.40</b>

### NOTE NO. 31

TRADE PAYABLES		(₹ in Lakhs)
Particulars	31-03-2023	31-03-2022
Dues of Micro Enterprises and Small Enterprises	185.00	261.25
Dues of Creditors other than Micro Enterprises and Small Enterprises	1,302.62	1,552.41
<b>Total</b>	<b>1,487.62</b>	<b>1,813.66</b>

- Notes: (i) The disclosures as per the requirements of The Micro, Small and Medium Enterprises Development Act, 2006 are furnished in Note No. 54.
- (ii) Refer to Note No. 53 for information about risk profile of Trade payables under Financial Risk Management.
- (iii) Trade Payables aging schedule given in Note No. 55 (a).

### NOTE NO. 32

OTHER CURRENT FINANCIAL LIABILITIES		(₹ in Lakhs)
Particulars	31-03-2023	31-03-2022
Interest Accrued	422.63	206.03
Unclaimed Dividends	34.13	38.44
PACR Memorial Fund	133.40	128.40
Advance received from Customers	103.01	140.69
Payables for Capital Goods	514.57	1,866.71
Advance against Sale of Assets	—	159.88
Statutory Liabilities Payable	948.99	868.59
Financial Guarantee Contracts	52.52	72.86
Derivatives Designated as Hedges - Foreign Exchange Forward Contracts	319.73	263.57
Other payables	80.03	91.10
<b>Total</b>	<b>2,609.01</b>	<b>3,836.27</b>

- Notes: (i) Unclaimed dividends represents amount not due for transfer to Investor Education and Protection Fund.
- (ii) The Company has recognised financial guarantee obligation at fair value towards the corporate guarantees issued to the bankers on behalf of Related Parties, and the same is recognised as Other Income over the tenure of the corporate guarantee.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 33

#### PROVISIONS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Provision for Employee Benefits	1,415.09	1,251.47
Provision for Compensated absences [Refer to Note No. 47]	282.31	283.44
Other Provision for		
- Sales and Administrative Expenses	318.34	361.82
- Electricity Charges	591.57	506.52
- Other Expenses	64.20	5.11
<b>Total</b>	<b>2,671.51</b>	<b>2,408.36</b>

Notes: (i) 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.

(ii) Movement in Provisions for compensated absences.

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Carrying amount as the beginning of the year	283.44	284.95
Add: Current Service Cost	43.96	30.39
Add: Interest Cost	16.46	15.21
Add: Actuarial Loss	57.85	85.77
Less: Benefits paid	(119.40)	(132.88)
Carrying amount as the end of the year	282.31	283.44

### NOTE NO. 34

#### REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Sale of Products</b>		
Yarn	67,863.50	55,009.71
Fabrics	17,092.95	12,195.44
Waste Cotton	757.52	672.30
	<b>85,713.97</b>	<b>67,877.45</b>
<b>Other Operating Revenue</b>		
Export Incentive	215.35	213.59
Scrap Sales	57.98	149.73
Job Work Charges Received	202.13	724.70
<b>Total</b>	<b>86,189.43</b>	<b>68,965.47</b>



## NOTES TO SEPARATE FINANCIAL STATEMENTS

Notes: (i) The disaggregation of revenue as required under Ind AS 115 is given below: (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Gross Revenue from Operations	89,091.63	71,407.61
Less: Rebates & Discounts	100.16	80.34
Less: GST	2,394.97	2,361.80
Sub-Total	86,596.50	68,965.47
Less: Revenue netted off with Trail run expenses	407.07	–
Revenue from Operations (net of GST)	86,189.43	68,965.47

(ii) Revenue from operation does not include an amount of ₹ 407.07 Lakhs (PY: NIL), being sale value of fabric, which has been produced during trial run of new fabric unit expansion and net-off with trial run expenses and accounted under "Capital work-in-progress" during the financial year 2022-23 in accordance with Ind AS 16.

### NOTE NO. 35

#### OTHER INCOME

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Interest Receipts	525.84	266.71
Rent Receipts	32.83	38.22
Dividend Income	1,155.69	225.02
Exchange Gain on Foreign Currency Transactions (Net)	–	101.05
Carbon Credit Sale	–	25.75
Profit on Sale of Cotton	144.74	712.41
Miscellaneous Income	183.32	191.34
<b>Total</b>	<b>2,042.42</b>	<b>1,560.50</b>

### NOTE NO. 36

#### COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Rawmaterials Consumed</b>		
Cotton & Cotton Waste Consumed for Yarn Production	42,951.56	30,383.98
Yarn Consumed for Fabric Production	6,109.69	5,717.34
<b>Total</b>	<b>49,061.25</b>	<b>36,101.32</b>

Note: Raw material consumed does not include an amount of ₹ 309.94 Lakhs (PY: Nil), being value of yarn consumed at new fabric unit expansion, during trail run and accounted under "Capital work-in-progress" during the financial year 2022-23 in accordance with Ind AS 16.

### NOTE NO. 37

#### PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Purchases of Stock-in-Trade	3,577.62	2,478.83
<b>Total</b>	<b>3,577.62</b>	<b>2,478.83</b>



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 38

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

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Opening stock</b>		
Finished Goods	2,010.64	744.63
Work-in-Progress	5,490.45	2,569.92
	7,501.09	3,314.55
<b>Closing Stock</b>		
Finished Goods	6,294.03	2,010.64
Work-in-Progress	7,535.91	5,490.45
	13,829.94	7,501.09
<b>Net (Increase) / Decrease in Stock</b>	<b>(6,328.85)</b>	<b>(4,186.54)</b>

### NOTE NO. 39

#### EMPLOYEE BENEFITS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>For Employees Other than Managing Director</b>		
Salaries, Wages and Bonus	8,346.26	7,211.49
Contribution to Provident and Other Funds	912.66	776.06
Staff and Labour Welfare & Training Expenses	715.88	442.22
	9,974.80	8,429.77
<b>For Managing Director</b>		
Managing Director Remuneration	240.00	240.00
Contribution to Provident and Other Funds	7.75	7.50
Sitting Fees	2.70	1.50
	250.45	249.00
<b>Total</b>	<b>10,225.25</b>	<b>8,678.77</b>

Note: Refer to Note No.47 for disclosures pertaining to defined contribution plan and defined benefit obligations under Ind AS 19.

### NOTE NO. 40

#### FINANCE COSTS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Interest on Debts and Borrowings	5,140.36	3,856.32
Interest expense on lease liabilities [Refer to Note No. 48]	25.06	10.49
Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing cost	340.30	429.01
<b>Total</b>	<b>5,505.72</b>	<b>4,295.82</b>

Notes: (i) Interest on Term Loans represent interest calculated using the effective interest rate method.

(ii) The above Finance Costs is net of capitalised portion of ₹ 1,272.75 Lakhs (PY: ₹ 199.16 Lakhs) attributable to the qualifying assets / Capital work-in-progress.

(iii) Refer to Note No. 53 for information about interest rate risk exposure under Financial Risk Management.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 41

#### DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Depreciation of Plant, Property and Equipment [Refer to Note No. 8]	5,515.90	4,979.94
Depreciation on Investment Properties [Refer to Note No. 10]	0.25	0.23
Amortization of Intangible Assets [Refer to Note No. 11]	145.75	68.26
<b>Total</b>	<b>5,661.90</b>	<b>5,048.43</b>

### NOTE NO. 42

#### OTHER EXPENSES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Manufacturing Expenses</b>		
Power and Fuel	5,094.89	3,979.09
Packing Materials Consumption	1,063.72	875.03
Repairs to Buildings	264.54	342.25
Repairs to Plant and Machinery	1,905.93	1,664.49
Repairs - Wind Mills & Others	1,489.96	1,401.28
Mercerising expenses - Yarn Processing	728.04	520.18
Chemical Consumption - Fabric	913.15	688.85
Job work Charges Paid	620.26	500.22
	<b>12,080.49</b>	<b>9,971.39</b>
<b>Establishment Expenses</b>		
Rates and Taxes	234.45	154.42
Insurance	469.21	347.96
Postage and Telephone	37.86	36.85
Printing and Stationery	47.72	39.10
Travelling Expenses	157.96	73.75
Vehicle Maintenance	140.80	134.03
Exchange Loss on Foreign Currency Transactions	902.15	—
Directors Sitting Fees to Non-Executive Directors	29.80	31.20
Lease Rent [Refer to Note (ii) below]	53.70	23.51
Audit Fees and Legal Expenses	31.63	32.11
Provision for PACR Memorial Fund	5.00	100.00
Corporate Social Responsibility Expenses	11.17	42.88
Mark to Market Loss on Cotton	42.30	—
Miscellaneous Expenses	230.59	253.31
	<b>2,394.34</b>	<b>1,269.12</b>





## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 42

OTHER EXPENSES - (Contd.)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Selling Expenses</b>		
Sales Commission	939.69	655.81
Export Expenses	717.26	779.46
Other Selling Expenses	347.45	318.72
Impairment allowance for trade receivables / (withdrawn)	(36.05)	36.05
	<b>1,968.35</b>	<b>1,790.04</b>
<b>Total</b>	<b>16,443.18</b>	<b>13,030.55</b>

Note: (i) The details of CSR Expenditure are disclosed in Note No. 55(j).

(ii) The disclosures pertaining to Lease Rent as required under Ind AS 116 are given in Note No. 48.

### NOTE NO. 43

AUDIT FEES AND EXPENSES (NET OF TAX CREDITS)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Statutory Auditors</b>		
Statutory Audit fee	7.00	6.00
Other Certification Work	4.37	1.63
Reimbursement of Expenses	0.63	0.05
<b>Tax Auditors</b>		
Tax Audit fee	1.25	0.75
<b>Cost Auditors</b>		
Cost Audit fee	1.75	1.50
Reimbursement of Expenses	0.12	–
<b>Secretarial Auditors</b>		
Secretarial Audit fee	0.65	0.65
Other Certification Work	0.27	0.40
Reimbursement of Expenses	–	0.09
<b>Total</b>	<b>16.04</b>	<b>11.07</b>



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 44

#### COMMITMENTS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	7,310.51	30,001.04
(ii) Other Commitments		
Liability on Letter of Credit opened for Capital Goods	408.63	12,469.65
Liability on Letter of Credit opened for Cotton / Spares	39.56	36.49
(iii). Export Promotion Scheme		
(a) Export obligations (over and above base average export to be maintained at ₹ 6,975.79 Lakhs per year) against the import licenses taken for import of capital goods under the Export Promotion on Capital Goods Scheme and Advance License Scheme for import of raw material.	38,915.85	26,789.56
(b) Duty amount involved under EPCG Scheme	6,485.97	4,464.93
(c) Duty amount involved under Advance License Scheme	1,492.86	2,050.91

Note: Company is availing benefit under EPCG Scheme for import of capital goods and spare parts against obligation to export value equivalent to six times of the duty saved. The export obligations under the EPCG Scheme are to be fulfilled on or before the financial year 2028-29. The Company is also importing cotton under Advance License Scheme against obligation to export the yarn / fabrics within 18 months from the date of license. The export obligation under the Advance License Scheme are to be fulfilled on or before 30<sup>th</sup> September, 2024.

### NOTE NO. 45

#### CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Guarantees given by the bankers on behalf of company	355.19	247.32
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to -		
Income Tax	NIL	82.49
Other demands	474.39	469.71

- i. Income Tax Assessment have been completed upto the Accounting Year ended 31<sup>st</sup> March, 2021 i.e. AY 2021-22.
- ii. Sales Tax / VAT Assessment has been completed upto the Accounting year 2016-17. The Assessment under CST Act was completed upto the Accounting year 2017-18.
- iii. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of ₹ 474.39 Lakhs (PY: ₹ 469.71 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.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 46

#### FINANCIAL GUARANTEE

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Financial Guarantee given to banks to avail loan facilities by Related parties:</b>		
Sri Vishnu Shankar Mill Limited	1,000	1,000
Sandhya Spinning Mill Limited	3,500	4,500
<b>Actual amount of loan outstanding against above Financial Guarantees</b>		
Sri Vishnu Shankar Mill Limited	100	300
Sandhya Spinning Mill Limited	2,547	3,450

### NOTE NO. 47

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

(₹ in Lakhs)

Particulars	2022-23	2021-22
<b>Defined Contribution Plan:</b>		
Employer's Contribution to Provident Fund	584.64	498.64
Employer's Contribution to Superannuation Fund	64.45	53.00

#### 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):

(₹ in Lakhs)

Particulars	2022-23	2021-22
<b>Reconciliation of Opening and Closing balances of Present Value of Obligation:</b>		
As at the beginning of the year	1,322.23	1,223.07
Current Service Cost	107.75	95.12
Interest Cost	92.59	82.12
Actuarial Loss/ (Gain)	29.48	8.30
Benefits paid	(-) 128.44	(-) 86.38
As at the end of the year	1,423.61	1,322.23

## NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

Particulars	2022-23	2021-22
<b>Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets</b>		
As at the beginning of the year	1,222.62	1,162.23
Expected return on plan assets	88.99	80.08
Actuarial gain / (loss)	(-) 0.29	3.74
Employer Contribution	101.51	62.95
Benefits paid	(-) 128.44	(-) 86.38
As at the end of the year	1,284.39	1,222.62
<b>Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	88.99	80.08
Actuarial Gain / (Loss) on Plan Assets	(-) 0.29	3.74
Actual Return on Plan Assets	88.70	83.82
<b>Reconciliation of Fair Value of Assets and Obligations:</b>		
Present value of obligation	1,423.61	1,322.23
Fair value of plan assets	1,284.39	1,222.62
Difference, Amount recognized in Balance Sheet	139.22	99.61
<b>Expenses recognized during the year:</b>		
Current Service Cost	107.75	95.12
Net Interest on Obligations	3.59	2.04
Expenses recognized in Statement of Profit and Loss	111.34	97.16
<b>Amount recognized in the Other Comprehensive Income:</b>		
Actuarial changes arising from:		
Experience adjustments on Plan Liabilities	(-) 18.01	(-) 65.34
Experience adjustments on Plan Assets	(-) 0.29	3.74
Changes in financial assumptions	(-) 11.48	57.03
Changes in demographic assumptions	—	—
Amount recognized in OCI during the year	(-) 29.78	(-) 4.57
<b>Investment Details</b>		
Funds with LIC	1,278.04	1,216.47
Bank Balance	6.35	6.15
Total	1,284.39	1,222.62
<b>Actuarial assumptions:</b>		
LIC 2012-14 Table applied for service mortality rate	Yes	Yes
Discount rate p.a	7.28%	7.36%
Expected rate of Return on Plan Assets p.a.	7.28%	7.36%
Rate of escalation in salary p.a	3.75%	3.75%
Rate of Employee Turnover	0.05%	0.05%



## NOTES TO SEPARATE FINANCIAL STATEMENTS

Estimate of Expected Benefit payments		(₹ in Lakhs)
Particulars	31-03-2023	31-03-2022
Year 1	40.21	26.12
Year 2	87.34	89.25
Year 3	104.25	59.92
Year 4	136.73	108.32
Year 5	198.52	129.86
Next 5 Years	591.67	679.38

Quantitative Sensitivity Analysis for Significant Assumptions		(₹ in Lakhs)
Particulars	31-03-2023	31-03-2022
0.50% Increase in Discount Rate	114.22	100.45
0.50% Decrease in Discount Rate	132.15	115.85
0.50% Increase in Salary Growth Rate	132.47	116.13
0.50% Decrease in Salary Growth Rate	113.88	100.15

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

Defined Benefit Plan (Leave encashment plan):		(₹ in Lakhs)
Particulars	2022-23	2021-22
<b>Reconciliation of Opening and Closing balances of Present Value of Obligation:</b>		
As at the beginning of the year	283.44	284.95
Current Service Cost	43.96	30.39
Interest Cost	16.46	15.21
Actuarial Loss	57.85	85.77
Benefits paid	(-) 119.40	(-) 132.88
As at the end of the year	282.31	283.44
<b>Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:</b>		
As at the beginning of the year	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial Gain / (Loss)	NIL	NIL
Employer Contribution	119.40	132.88
Benefits paid	(-) 119.40	(-) 132.88
As at the end of the year	NIL	NIL
<b>Actual Return of plan assets:</b>		
Expected Return on Plan Assets	NIL	NIL
Actuarial Gain / (Loss) on Plan Assets	NIL	NIL
Actual Return on Plan Assets	NIL	NIL
<b>Reconciliation of Fair Value of Assets and Obligations:</b>		
Fair value of plan assets	NIL	NIL
Present value of obligation	282.31	283.44
Difference, Amount Recognized in Balance Sheet	282.31	283.44
<b>Expenses recognized during the year:</b>		
Current Service Cost	43.96	30.39
Net Interest on obligations	16.47	15.21
Actuarial Gain recognized during the year	57.85	85.77
Expenses recognized in the Statement of Profit & Loss	118.28	131.37
<b>Amount recognized in the Other Comprehensive Income:</b>		
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



## NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	2022-23	2021-22
<b>Investment Details</b>		
Funds with LIC	NIL	NIL
Bank Balance	NIL	NIL
Total	NIL	NIL
<b>Actuarial assumptions:</b>		
LIC 2012-14 Table applied for service mortality rate		
Discount rate p.a	7.28%	7.36 %
Expected rate of Return on Plan Assets p.a.	NIL	NIL
Rate of escalation in salary p.a	3.75%	3.75%
Rate of Employee Turnover	0.05%	0.05%

### Estimate of Expected Benefit payments (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Year 1	11.50	3.99
Year 2	16.67	26.06
Year 3	17.42	15.36
Year 4	25.07	19.10
Year 5	45.99	26.52
Next 5 Years	103.39	149.33

### Quantitative Sensitivity Analysis for Significant Assumptions (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
0.50% Increase in Discount Rate	48.22	41.23
0.50% Decrease in Discount Rate	55.28	46.99
0.50% Increase in Salary Growth Rate	55.41	47.09
0.50% Decrease in Salary Growth Rate	48.09	41.11

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. 48

#### DISCLOSURES PERTAINING TO IND AS 116 - 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.

Maturity analysis of Lease Liabilities: (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Not later than one year	30.53	28.46
One to five years	179.10	161.32
More than five years	573.70	650.48
Total Undiscounted lease liabilities as at 31 <sup>st</sup> March	783.33	840.26

Other disclosures as required by Ind AS 116: (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Depreciation charge for Right-of-use asset	31.88	17.05
Interest on lease liabilities	25.06	10.49
Expenses relating to short-term leases	53.70	23.51
Total cash outflow for leases including principal and interest	199.53	78.59
Additions to Right-of-use assets	171.07	570.88
Carrying amount of Right-of-use assets at 31 <sup>st</sup> March	1,394.84	1,255.65

Note: 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	31-03-2023	31-03-2022
Not later than one year	1.10	1.05
One to five years	6.65	6.40
More than five years	7.97	9.37



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 49

#### EARNINGS PER SHARE

(₹ in Lakhs)

Particulars		31-03-2023	31-03-2022
Net profit / (loss) after tax (₹ in Lakhs)	(A)	4,238.23	3,827.92
Weighted average number of Equity shares after deducting treasury shares [In Lakhs]	(B)	86.81	86.06
Nominal value per equity share (in ₹)		10	10
Basic & Diluted Earnings per share (A) / (B) (in ₹)		49	44

#### Reconciliation of Weighted average number of Equity Shares

(Nos. in Lakhs)

Particulars		31-03-2023	31-03-2022
No. of Shares at the beginning of the year	(A)	86.06	73.76
Equity Shares allotted pursuant to Rights issue on 15 <sup>th</sup> February, 2023 / (PY: April, 2022)	(B)	6.14	12.30
Weighted average number of Equity Shares [CY: (A) + (B/365 x 45)] / (PY: A+ B)		86.81	86.06

### NOTE NO. 50

#### RELATED PARTY TRANSACTIONS

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31<sup>st</sup> March, 2023:

#### A) Associates

Name of the Company	Place of Business / Country of Incorporation	% of Shareholding as at	
		31-03-2023	31-03-2022
The Ramco Cements Limited	India	13.81%	13.81%
Ramco Industries Limited	India	9.68%	9.69%
Ramco Systems Limited	India	2.08%	2.38%

#### B) Key Managerial Personnel (including KMP under Companies Act, 2013)

Name of the Key Management Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt. P.V. Nirmala Raju	Managing Director (From 01-06-2022)
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 Ramasubramaniam 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. Sudarsanam	KMP (Upto 31-05-2022) - Managing Director Mother of Shri P.R. Venketrama Raja
Smt. R. Chittammal	Spouse of Shri S.S. Ramachandra Raja
Smt. Nalina Ramalakshmi	Sister of Shri P.R. Venketrama Raja
Smt. Sharadha 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	Ramco Wind farms Limited
Thanjavur Spinning Mill Limited	Ramco Management Private Limited
Sandhya Spinning Mill Limited	RCDC Securities & Investments Private Limited
Sri Harini Textiles Limited	Shri Harini Media Limited
Rajapalayam Textile Limited	Lynks Logistics 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
Gowrihouse Metal Works LLP	PACR Centenary Trust
Ramco Organic Farming Centre	PACR Rotary Blood Bank



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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

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

		(₹ in Lakhs)	
	Name of the Related party	2022-23	2021-22
<b>i. Goods Supplied / Services rendered</b>			
<b>Associates</b>			
	The Ramco Cements Limited	42.15	71.86
	Ramco Industries Limited	1,195.80	708.60
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>			
	The Ramaraju Surgical Cotton Mills Limited	592.78	1,798.70
	Sri Vishnu Shankar Mill Limited	1,090.77	3,910.71
	Sandhya Spinning Mill Limited	820.39	1,090.32
	Rajapalayam Textile Limited	186.38	406.02
	Sri Harini Textiles Limited	NIL	8.09
<b>Other entities over which there is a significant influence</b>			
	PACR Sethurammam Charity Trust	NIL	0.01
<b>ii. Sale of Fixed Assets</b>			
<b>Associates</b>			
	Ramco Industries Limited	NIL	0.21
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>			
	Sri Vishnu Shankar Mill Limited	10.74	NIL
	Sandhya Spinning Mill Limited	38.66	NIL
	Rajapalayam Textile Limited	NIL	119.35
<b>iii. Cost of Goods &amp; Services purchased / availed</b>			
<b>Associates</b>			
	The Ramco Cements Limited	12.42	20.20
	Ramco Industries Limited	3,135.79	725.99
	Ramco Systems Limited	38.81	33.10
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>			
	The Ramaraju Surgical Cotton Mills Limited	970.08	1,874.17
	Sri Vishnu Shankar Mill Limited	4,078.38	2,247.93
	Ramco Windfarms Limited	390.78	386.90
	Sandhya Spinning Mill Limited	1,283.43	853.19
	Rajapalayam Textile Limited	1,284.25	509.11
	Shri Harini Media Limited	1.84	0.74
	Ramco Industrial and Technology Services Limited	9.88	13.72
<b>Other entities over which there is a significant influence</b>			
	PACR Sethurammam Charity Trust	301.50	205.66
	PACR Centenary Trust	13.89	10.24
	Gowrihouse Metal Works LLP	0.16	0.48
	Ramco Organic Farming Centre	0.10	0.32

## NOTES TO SEPARATE FINANCIAL STATEMENTS



		(₹ in Lakhs)	
	Name of the Related party	2022-23	2021-22
<b>iv. Purchase of Fixed Assets</b>			
	<b>Associates</b>		
	The Ramco Cements Limited	NIL	5.34
	Ramco Industries Limited	17.70	0.98
	Ramco Systems Limited	NIL	468.17
	<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
	The Ramaraju Surgical Cotton Mills Limited	NIL	1.48
	Sri Vishnu Shankar Mill Limited	135.89	NIL
	Rajapalayam Textile Limited	NIL	6.58
<b>v. Leasing Arrangements - Rent Received</b>			
	<b>Associates</b>		
	Ramco Industries Limited	8.92	8.25
	Ramco Systems Limited	0.72	0.81
	<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
	The Ramaraju Surgical Cotton Mills Limited	0.50	0.12
	Sri Vishnu Shankar Mill Limited	0.33	1.88
	Sandhya Spinning Mill Limited	16.95	20.01
	Rajapalayam Textile Limited	4.57	6.50
	<b>Other entities over which there is a significant influence</b>		
	PACR Educational Charity Trust	0.35	0.35
	PACR Rotary Blood Bank	NIL	0.35
<b>vi. Leasing Arrangements - Rent Paid</b>			
	<b>Associates</b>		
	The Ramco Cements Limited	0.08	0.08
	Ramco Industries Limited	3.54	1.18
	<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
	The Ramaraju Surgical Cotton Mills Limited	0.03	NIL
	Sri Vishnu Shankar Mill Limited	2.81	0.78
	Sandhya Spinning Mill Limited	0.25	68.23
	Rajapalayam Textile Limited	NIL	9.31
	<b>Key Managerial Personnel</b>		
	Shri P.V. Abinav Ramasubramaniam Raja	7.31	3.65
	<b>Relative of Key Managerial Personnel</b>		
	Smt. Sharadha Deepa	1.63	1.51



## NOTES TO SEPARATE FINANCIAL STATEMENTS

			(₹ in Lakhs)
	Name of the Related party	2022-23	2021-22
<b>vii. Reimbursement of Expenses Paid / (Received)</b>			
<b>Associates</b>			
	The Ramco Cements Limited	61.93	14.94
	Ramco Industries Limited	(84.62)	(66.26)
	Ramco Systems Limited	NIL	(0.54)
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>			
	The Ramaraju Surgical Cotton Mills Limited	(89.61)	(71.52)
	Sri Vishnu Shankar Mill Limited	(29.53)	(34.94)
	Sandhya Spinning Mill Limited	(45.74)	(50.20)
	Rajapalayam Textile Limited	(9.56)	(8.42)
	Sri Harini Textiles Limited	(4.99)	(5.56)
<b>viii. Dividend Paid</b>			
<b>Key Managerial Personnel</b>			
	Shri P.R. Venketrama Raja	18.37	9.18
	Smt. P.V. Nirmala Raju	0.41	0.08
	Shri P.V. Abinav Ramasubramaniam Raja	22.77	11.39
	Shri S.S. Ramachandra Raja	0.29	0.14
	Shri N.K. Ramasuwami Raja	0.18	0.09
	Shri A.V. Dharmakrishnan	0.01	0.01
	Shri P.A.S. Alaghar Raja	0.08	0.04
<b>Associates</b>			
	The Ramco Cements Limited	0.33	0.17
	Ramco Industries Limited	1.49	0.74
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>			
	The Ramaraju Surgical Cotton Mills Limited	1.58	0.79
	Sri Vishnu Shankar Mill Limited	0.35	0.17
	Sandhya Spinning Mill Limited	0.01	NIL
	Ramco Management Private Limited	0.02	0.01
<b>Relative of Key Managerial Personnel</b>			
	Smt. R. Sudarsanam	0.74	0.37
	Smt. R. Chittammal	0.96	0.48
	Smt. R. Nalina Ramalakshmi	0.08	0.04
	Smt. S. Sharadha Deepa	0.13	0.06
	Smt. B. Sri Sandhya Raju	0.19	0.10



## NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

Name of the Related party	2022-23	2021-22
<b>ix. Dividend Received</b>		
<b>Associates</b>		
The Ramco Cements Limited	978.76	NIL
Ramco Industries Limited	84.02	NIL
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	0.04	0.02
Sri Vishnu Shankar Mill Limited	0.38	NIL
Thanjavur Spinning Mill Limited	92.47	225.00
<b>x. Right Issue Amount Received</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	746.53	2,109.54
Smt. P.V. Nirmala Raju	16.81	13.20
Shri P.V. Abinav Ramasubramaniam Raja	925.55	1,851.10
Shri S.S. Ramachandra Raja	5.12	23.22
Shri N.K. Ramasuwami Raja	7.30	14.60
Shri A.V. Dharmakrishnan	2.21	1.82
Shri P.A.S. Alaghar Raja	3.06	5.69
<b>Associates</b>		
The Ramco Cements Limited	51.83	42.96
Ramco Industries Limited	60.39	120.78
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	64.10	128.21
Sri Vishnu Shankar Mill Limited	14.10	28.20
Sandhya Spinning Mill Limited	0.23	0.47
Ramco Management Private Limited	0.97	1.93
<b>Relative of Key Management Personnel</b>		
Smt. R. Sudarsanam	150.22	60.46
Smt. R. Chittammal	39.18	78.36
Smt. R. Nalina Ramalakshmi	3.19	6.37
Smt. S.Sharadha Deepa	5.19	10.39
Smt. B. Sri Sandhya Raju	7.85	15.70





## NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

Name of the Related party		2022-23	2021-22
<b>xi. Redemption of Preference Shares over which KMP / Relative of KMP exercise significant Influence</b>	<b>Key Managerial Personnel</b>		
Thanjavur Spinning Mill Limited		2,500.00	NIL
<b>xii. Investment in Preference Shares</b>	<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Lynks Logistics Limited		80.00	NIL
<b>xiii. Interest Paid / (Received)</b>	<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja		12.31	3.21
Smt. R. Sudarsanam		0.04	21.10
Smt. P.V. Nirmala Raju		7.70	0.51
Shri P.V. Abinav Ramasubramaniam Raja		0.30	3.53
	<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Sri Harini Textiles Limited		(87.88)	(87.88)
Lynks Logistics Limited		(115.99)	(3.89)
Thanjavur Spinning Mill Limited		101.55	194.55
<b>xiv. Director's Sitting Fees</b>	<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja		3.10	2.70
Smt. R. Sudarsanam		0.40	1.50
Smt. P.V. Nirmala Raju		2.30	2.10
Shri S.S. Ramachandra Raja		2.00	1.80
Shri N.K. Ramasuwami Raja		3.80	3.90
Shri A.V. Dharmakrishnan		4.20	4.20
Justice Shri P.P.S. Janarthana Raja		5.30	5.10
Shri V. Santhanaraman		2.00	1.80
Shri K.B. Nagendra Murthy		3.50	3.60
Smt Soundara Kumar		1.60	1.80
Shri P.V. Abinav Ramasubramaniam Raja		2.30	2.40
Shri P.A.S Alaghar Raja		2.00	1.80

## NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

Name of the Related party	2022-23	2021-22
<b>xv. Remuneration to Key Managerial Personnel (Other than Sitting Fees)</b>		
<b>Key Managerial Personnel</b>		
Smt. R. Sudarsanam, Managing Director (upto 31-05-2022)	41.25	247.50
Smt. P.V. Nirmala Raju, Managing Director (from 01-06-2022)	206.50	NIL
Shri B. Gnanagurusamy, Chief Financial Officer	75.13	68.67
Shri A. Arulpranavam, Secretary	18.19	15.23
<b>xvi. CSR / Donation given</b>		
<b>Other entities over which there is a significant influence</b>		
PACR Education Charity Trust	1.02	0.50
PACR Rotary Blood Bank	NIL	1.00
<b>xvii. Contribution to Superannuation Fund / Gratuity Fund</b>		
<b>Other entities over which there is a significant influence</b>		
Rajapalayam Mills Limited Officers' Superannuation Fund	64.45	53.00
Rajapalayam Mills Limited Employees' Gratuity Fund	141.13	101.73
<b>xviii. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	(501.70)	(501.70)
Smt. R. Sudarsanam	(303.66)	(551.35)
Smt. P.V. Nirmala Raju	(207.02)	(13.76)
Shri P.V. Abinav Ramasubramaniam Raja	(4.27)	(53.92)
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Sri Harini Textiles Limited	950.00	950.00
Lynks Logistics Limited	1,420.00	700.00
Thanjavur Spinning Mill Limited	(3,363.16)	(3,183.53)



## NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

Name of the Related party	2022-23	2021-22
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**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
Lynks Logistics Limited	1,420.00	700.00

**ii. Borrowings:**

**Key Managerial Personnel**

Shri P.R. Venketrama Raja	43.77	501.70
Smt. R. Sudarsanam	NIL	3.62
Smt. P.V. Nirmala Raju	7.93	0.99
Shri P.V. Abinav Ramasubramaniam Raja	4.27	3.99

**Companies over which KMP / Relative of KMP exercise significant Influence**

Thanjavur Spinning Mill Limited	492.00	2,732.60
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**iii. Corporate Guarantee given to lender of Related parties**

**Companies over which KMP / Relative of KMP exercise significant Influence**

Sri Vishnu Shankar Mill Limited	1,000	1,000
Sandhya Spinning Mill Limited	3,500	4,500

Notes: (a) These Guarantees have been given as an additional security to secure the borrowings of the above Companies for their modernization / expansion.

(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:

Sri Vishnu Shankar Mill Limited	100	300
Sandhya Spinning Mill Limited	2,546.95	3,450.00

**c. Disclosure of Key Managerial Personnel compensation in total and for each of the following categories:**

Particulars	31-03-2023	31-03-2022
Short - Term Benefits <sup>[1]</sup>	329.87	309.10
Defined Contribution Plan <sup>[2]</sup>	13.08	12.59
Defined Benefit Plan / Other Long-Term Benefits <sup>[3]</sup>	0.82	11.21
<b>Total</b>	<b>343.77</b>	<b>332.90</b>

1. It includes bonus, sitting fees, and value of perquisites.

2. It includes contribution to Provident fund and Superannuation fund.

3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above. However, amount paid towards compensated absence is included whenever Company makes such payment to KMPs.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 51

SEGMENT INFORMATION FOR THE YEAR ENDED 31-03-2023

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022
<b>REVENUE</b>						
External Sales / Other Operating Income	86,189.43	68,965.47	–	–	86,189.43	68,965.47
Inter Segment Sale	–	–	3,917.79	3,927.23	3,917.79	3,927.23
Total	86,189.43	68,965.47	3,917.79	3,927.23	90,107.22	72,892.70
Other Income	579.87	1,173.05	–	–	579.87	1,173.05
<b>Total Revenue</b>	<b>86,769.30</b>	<b>70,138.52</b>	<b>3,917.79</b>	<b>3,927.23</b>	<b>90,687.09</b>	<b>74,065.75</b>
<b>RESULT</b>						
Segment Profit	6,082.43	6,832.71	2,046.53	2,154.45	8,128.96	8,987.16
Unallocated Income	–	–	–	–	1,155.69	225.02
Unallocated Expenses	–	–	–	–	–	–
Operating Profit	–	–	–	–	9,284.65	9,212.18
Interest Expenses	–	–	–	–	5,505.73	4,295.82
Interest Income	–	–	–	–	306.86	162.43
Provision for Taxation						
Current Tax	–	–	–	–	155.00	15.20
Excess Income Tax Provision related to earlier years withdrawn	–	–	–	–	(15.56)	–
Withdrawal of MAT Credit relating to earlier years due to adoption of New Tax Regime	–	–	–	–	–	3,273.11
Deferred Tax	–	–	–	–	450.60	549.33
Profit from ordinary activities	–	–	–	–	3,495.74	1,241.15
Other Comprehensive Income after Tax	–	–	–	–	(23.31)	16.36
Exceptional Items	–	–	–	–	742.49	2,586.77
<b>Net Profit after Tax</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,214.92</b>	<b>3,844.28</b>
<b>OTHER INFORMATION</b>						
Segment Assets	1,54,172.06	1,08,594.65	4,714.90	5,112.05	1,58,886.96	1,13,706.70
Unallocated Assets	–	–	–	–	9,580.47	11,354.05
<b>Total Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,68,467.43</b>	<b>1,25,060.75</b>
Segment Liabilities	6,771.70	8,061.61	–	–	6,771.70	8,061.61
Unallocated Liabilities	–	–	–	–	1,16,229.01	79,111.44
<b>Total Liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,23,000.71</b>	<b>87,173.05</b>
Capital Expenditure	35,545.89	18,867.90	–	–	35,545.89	18,867.90
Unallocated Capital Expenditure	–	–	–	–	–	–
Depreciation	5,244.47	4,631.73	417.43	416.70	5,661.90	5,048.43
Unallocated Depreciation Expenditure	–	–	–	–	–	–
Non-Cash expenses other than Depreciation	–	–	–	–	–	–



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 52

#### 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
<b>As at 31-03-2023</b>					
<b>Financial Assets</b>					
Investments - Preference Shares	80.00	–	–	80.00	80.00
Other Investments	–	–	167.88	167.88	167.88
Loans and Advances	2,370.00	–	–	2,370.00	2,370.00
Trade Receivables	15,919.50	–	–	15,919.50	15,919.50
Cash and Bank Balances	622.78	–	–	622.78	622.78
Other Financial Assets	3,174.73	–	–	3,174.73	3,174.73
<b>Financial Liabilities</b>					
Borrowings	1,10,859.37	–	–	1,10,859.37	1,10,859.37
Lease Liabilities	499.39	–	–	499.39	499.39
Trade Payables	1,487.62	–	–	1,487.62	1,487.62
Other Financial Liabilities	2,609.01	–	–	2,609.01	2,609.01
<b>As at 31-03-2022</b>					
<b>Financial Assets</b>					
Investments - Preference Shares	2,500.00	–	–	2,500.00	2,500.00
Other Investments	–	–	161.42	161.42	161.42
Loans and Advances	1,650.00	–	–	1,650.00	1,650.00
Trade Receivables	10,335.98	–	–	10,335.98	10,335.98
Cash and Bank Balances	661.43	–	–	661.43	661.43
Other Financial Assets	1,497.13	–	–	1,497.13	1,497.13
<b>Financial Liabilities</b>					
Borrowings	74,188.76	–	–	74,188.76	74,188.76
Lease Liabilities	502.79	–	–	502.79	502.79
Trade Payables	1,813.66	–	–	1,813.66	1,813.66
Other Financial Liabilities	3,836.27	–	–	3,836.27	3,836.27

#### 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
<b>Financial Instruments at FVTOCI</b>				
<b>Investments in listed equity securities</b>				
As at 31-03-2023	10.54	–	–	10.54
As at 31-03-2022	13.58	–	–	13.58
<b>Investment in unlisted securities</b>				
As at 31-03-2023	–	–	157.34	157.34
As at 31-03-2022	–	–	147.84	147.84
<b>Financial Instruments at FVTPL</b>				
Foreign exchange forward contracts				
As at 31-03-2023 (Liability)	–	319.73	–	319.73
As at 31-03-2022 (Liability)	–	263.57	–	263.57

### 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. 53

#### FINANCIAL RISK MANAGEMENT

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

#### The Company has the following financial risks:

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



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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

### Credit Risk

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

### Receivables

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

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

(₹ in Lakhs)

Particulars	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
<b>As at 31-03-2023</b>					
Gross carrying amount	10,596.34	1,845.41	3,371.13	106.62	15,919.50
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	—	—	—	—	—
Carrying amount of trade receivables net of impairment	10,596.34	1,845.41	3,371.13	106.62	15,919.50
<b>As at 31-03-2022</b>					
Gross carrying amount	8,981.09	764.92	277.76	348.26	10,372.03
Expected Loss Rate	0%	0%	0%	10.35%	0.35%
Expected Credit Losses	—	—	—	36.05	36.05
Carrying amount of trade receivables net of impairment	8,981.09	764.92	277.76	312.21	10,335.98

### 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.





## NOTES TO SEPARATE FINANCIAL STATEMENTS

### Fund Management

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

### Financial arrangements

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

Particulars	31-03-2023	31-03-2022
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	12,610.83	14,499.01
Term Loans	4,632.00	28,995.83
<b>Expiring beyond year</b>		
Term Loans	—	—

### Maturities of Financial Liabilities

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	> 5 years	Total
<b>As at 31-03-2023</b>				
Borrowings from Banks / Relates parties	62,748.62	40,641.63	7,469.12	1,10,859.37
Trade payables	1,487.62	—	—	1,487.62
Other Financial Liabilities (Incl. Interest)	2,609.01	—	—	2,609.01
<b>As at 31-03-2022</b>				
Borrowings from Banks	43,025.97	28,756.99	2,405.80	74,188.76
Trade payables	1,813.66	—	—	1,813.66
Other Financial Liabilities (Incl. Interest)	3,836.27	—	—	3,836.27

### 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.



## NOTES TO SEPARATE 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 31-03-2023**

**In Millions**

Type	Particulars	USD	Euro	JPY
	<b>Financial Assets / Firm commitments related to Financial Assets</b>			
	(a) Trade Receivables	11.95	1.13	–
<b>Hedged Items</b>	<b>Financial Liabilities / Firm Commitments related to Financial Liabilities</b>			
	(a) Buyers Credit Loan	15.84	–	–
	(b) Contracts for import of materials	0.96	2.09	47.75
	(c) Forward for Exports	12.96	4.77	–
	<b>Instruments for hedging the currency risk on Financial Assets</b>			
	(a) PCFC Loan	4.11	–	–
<b>Hedging Instruments (Forward contracts)</b>	<b>Instruments for hedging the currency risk on Financial Liabilities</b>			
	(a) Forward contracts for Buyers Credit Loan	15.84	–	–
	(b) Forward contract for imports	0.96	2.09	47.75
	(c) Forward Contracts for Exports	20.79	10.66	–

**As at 31-03-2022**

**In Millions**

Type	Particulars	USD	Euro	CHF	JPY
	<b>Financial Assets / Firm commitments related to Financial Assets</b>				
	(a) Trade Receivables	3.84	0.98	–	–
<b>Hedged Items</b>	<b>Financial Liabilities / Firm Commitments related to Financial Liabilities</b>				
	(a) Buyers Credit Loan	14.44	–	–	–
	(b) Contracts for import of materials	14.86	8.54	0.83	440.28
	<b>Instruments for hedging the currency risk on Financial Assets</b>				
	(a) PCFC Loan	3.84	0.98	–	–
<b>Hedging Instruments (Forward contracts)</b>	<b>Instruments for hedging the currency risk on Financial Liabilities</b>				
	(a) Forward contracts for Buyers Credit Loan	14.44	–	–	–
	(b) Forward contract for Imports	14.86	8.54	0.83	440.28
	(c) Forward Contracts for Exports	9.73	2.00	–	–



## NOTES TO SEPARATE FINANCIAL STATEMENTS

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)	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
USD / INR buy forward	167.92	293.04	13,797.85	22,210.35
USD / INR sell forward	207.93	97.29	17,085.40	7,373.67
EURO / INR buy forward	20.94	85.44	1,872.93	7,195.49
EURO / INR sell forward	106.58	20.01	9,532.83	1,685.24
CHF / INR buy forward	NIL	8.34	NIL	683.72
JPY / INR buy forward	477.50	4,402.80	294.14	2,736.45

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	31-03-2023	31-03-2022
Variable rate borrowings	1,01,173.87	74,138.76
Fixed rate borrowings	9,685.50	50.00

The Company does not have any interest rate swap contracts

### Sensitivity on Interest rate fluctuation (₹ in Lakhs)

Incremental Interest Cost works out to	31-03-2023	31-03-2022
1% Increase in Interest Rate	1,011.74	741.39



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 54

DISCLOSURE AS REQUIRED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

The categorization of supplier as MSME registered under the Act under new definition, has been determined based on the information available with the Company as at the reporting date. The Company has also considered suppliers as MSME who possess the erstwhile MSME certificate for the period upto the reporting date, for the purpose of categorization and disclosures. The disclosures as required under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
(a) (i) The Principal amount remaining unpaid to any supplier at the end of the financial year included in -		
Trade Payables	185.00	261.25
Other Current Financial Liabilities	17.37	—
(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 the 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	—	—

### NOTE NO. 55

ADDITIONAL REGULATORY INFORMATION AS REQUIRED UNDER COMPANIES ACT, 2013 / INDIAN ACCOUNTING STANDARDS:

#### a) Trade Payables Ageing Schedule

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					
	Not due	< 1 Year	1 – 2 Years	2 - 3 years	> 3 years	Total
As at 31-03-2023						
MSME	185.00	—	—	—	—	185.00
Others	1,065.25	218.52	0.95	0.11	—	1,284.83
Disputed Dues - MSME	—	—	—	—	—	—
Disputed Dues - Others	—	—	—	1.25	16.54	17.79
Unbilled dues	—	—	—	—	—	—
Total	1,250.25	218.52	0.95	1.36	16.54	1,487.62
As at 31-03-2022						
MSME	261.25	—	—	—	—	261.25
Others	1,071.82	422.66	1.93	0.92	—	1,497.33
Disputed Dues - MSME	—	—	—	—	—	—
Disputed Dues - Others	—	17.52	20.99	13.20	3.37	55.08
Unbilled dues	—	—	—	—	—	—
Total	1,333.07	440.18	22.92	14.12	3.37	1,813.66



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### b) Capital Work-in-Progress Ageing Schedule

(₹ in Lakhs)

Particulars	Amount in CWIP for a period of				Total
	< 1 Year	1 – 2 Years	2 - 3 years	> 3 years	
As at 31-03-2023	26,022.63	143.16	–	–	26,165.79
As at 31-03-2022	3,663.27	44.59	–	–	3,707.86

Notes: (i) None of the capital-work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.

(ii) The Company did not have any projects whose activity has been suspended.

(iii) The Company has no intangible assets under development.

### c) Trade Receivables Ageing Schedule

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	> 3 years	
<b>As at 31-03-2023</b>							
Undisputed Trade receivables - considered good	14,656.18	1,158.78	0.13	0.04	0.86	103.51	15,919.50
Undisputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade receivables - considered good	–	–	–	–	–	–	–
Disputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
<b>Total</b>	<b>14,656.18</b>	<b>1,158.78</b>	<b>0.13</b>	<b>0.04</b>	<b>0.86</b>	<b>103.51</b>	<b>15,919.50</b>
<b>As at 31-03-2022</b>							
Undisputed Trade receivables - considered good	9,340.75	686.53	0.02	205.17	103.51	–	10,335.98
Undisputed Trade receivables - which have significant increase in credit risk	–	–	–	36.05	–	–	36.05
Disputed Trade receivables - considered good	–	–	–	–	–	–	–
Disputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
<b>Total</b>	<b>9,340.75</b>	<b>686.53</b>	<b>0.02</b>	<b>241.22</b>	<b>103.51</b>	<b>–</b>	<b>10,372.03</b>

### d) Details of Loans Granted to Promoters, Directors, KMPs and related parties:

Type of the Borrower	Amount of Loan outstanding as on 31-03-2023	% to the Total Loans and advances in the nature of Loans
Sri Harini Textiles Limited [a related party refer to Note No. 50(b)(i)]	950	40%
Lynks Logistics Limited [a related party refer to Note No. 50(b)(i)]	1,420	60%



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### e) Undisclosed Income

The Company did not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.

### f) Relationship with Struck off Companies

The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.

### g) Details of Crypto Currency or Virtual Currency

The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence disclosure relating to it are not applicable.

### h) The Company has neither advanced or loaned or invested, nor received any fund, to or from, any other persons or entities (intermediaries) with the understanding that the intermediary shall:

- i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or
- ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

### i) Key Financial Ratios

Particulars	UOM	31-03-2023	31-03-2022	Variation in %
(a) Current Ratio	In multiple	1.08	1.08	(-) 9%
(b) Debt-Equity Ratio	In multiple	2.44	1.96	24%
(c) Debt Service Coverage Ratio	In multiple	1.09	1.08	(-) 22%
(d) Return on Equity Ratio	In %	9%	10%	(-) 9%
(e) Inventory Turnover Ratio	In Days	162	100	62%
(f) Trade receivables Turnover Ratio	In Days	70	48	46%
(g) Trade payables Turnover Ratio	In Days	9	13	(-) 34%
(h) Net Capital Turnover Ratio	In Days	223	135	65%
(i) Net Profit Ratio	In %	6%	11%	(-) 50%
(j) Return on Capital Employed	In %	13%	21%	(-) 41%
(k) Return on Investment (Assets)	In %	3%	4%	(-) 28%



## NOTES TO SEPARATE FINANCIAL STATEMENTS

Formula adopted for above Ratios:

- (a) Current Ratio = Current Assets / (Total Current Liabilities - Security Deposits payable on Demand - Current maturities of Long Term Debt)
- (b) Debt-Equity Ratio = Total Debt / Total Equity
- (c) Debt Service Coverage Ratio = (EBITDA - Current Tax) / (Principal Repayment + Gross Interest)
- (d) Return on Equity Ratio = Total Comprehensive Income / Average Total Equity
- (e) Inventory Turnover Ratio (Average Inventory days) = 365 / (Net Revenue / Average Inventories)
- (f) Trade receivables Turnover Ratio (Average Receivables days) = 365 / (Net Revenue / Average Trade receivables)
- (g) Trade Payables Turnover Ratio (Average Payable days) = 365 / (Net Revenue / Average Trade payables)
- (h) Net Capital Turnover Ratio = (Inventory Turnover Ratio + Trade receivables turnover ratio - Trade payables turnover ratio)
- (i) Net Profit Ratio = Net Profit / Net Revenue
- (j) Return on Capital employed = (Total Comprehensive Income + Interest) / (Average of (Equity + Total Debt))
- (k) Return on Investment (Assets) = Total Comprehensive Income / Average Total Assets.

### *Inventory Turnover Ratio:*

Raw material stock quantity increased due to additional volume of imported cotton and Raw material rate as on 31-03-2023 increased due to more volume of imported cotton / fluctuation in the Cotton price. Accumulation of finished goods and work-in-progress stock has also contributed for higher inventory turnover ratio.

### *Trade Receivable Turnover Ratio:*

The Trade receivables as on 31-03-2023 has increased due to outstanding of invoices which are related to sale value of more value added yarn / fabric.

### *Net Capital Turnover Ratio:*

Net Capital Turnover Ratio has increased due to increase in inventory turnover ratio and trade receivable turnover ratio.

### *Net Profit Ratio, Return on Capital Employed and Return on Investment Ratio :*

Net profit for the previous financial year 2021-22 includes exceptional item viz. profit on sale of investment of ₹ 33.82 Crores, which resulted in higher Net Profit Ratio, Return on Capital Employed and Return on Investment Ratios during the previous financial year. The average value of assets has increased for the financial year 2022-23 due to implementation of fabric expansion and other modernisation; however there is no matching revenue / profit during the FY 2022-23 since the projects are expected to be commissioned during the FY 2023-24.





## NOTES TO SEPARATE FINANCIAL STATEMENTS

### j) Disclosures related to CSR activities

Particulars	Amount ₹ in Lakhs
Amount required to be spent by the company during the year	2.03
Amount of expenditure incurred	11.17
Shortfall at the end of the year	NIL
Total of previous years shortfall	NIL
Reason for shortfall	NA
Nature of CSR activities	Please refer to Table-A below
Details of related party transactions	Please refer to Table-B below

Note : The Company has not made any provision related to CSR activities for the financial years 2022-23 and 2021-22.

Table – A Nature of CSR activities:

Nature	Amount ₹ in Lakhs
Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare	7.24
Promotion of Education including Special Education and Livelihood Enhancement Projects	1.27
Ensuring Environmental Sustainability	2.41
Restoration of Building and Sites of Historical Importance and Works of Art	0.25
<b>Total</b>	<b>11.17</b>

Table – B Details of related party transactions:

Name of the related party	Nature of CSR activities	Amount ₹ in Lakhs
P.A.C. Ramasamy Raja Education Charity Trust	Promotion of Education	5.00



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 56

#### EXCEPTIONAL ITEMS

#### Profit on Sale of Property, Plant & Equipment and Investment Property

The Company has sold 14.49 Acres of Land located at Nelamangala Taluk, Bangalore for a sale consideration of ₹ 885.00 Lakhs and after adjusting the cost of acquisition of land & land development expenses of ₹ 81.20 Lakhs, the net profit on sale of land was ₹ 803.80 Lakhs (PY: NIL).

The Company has modernized the old textile machineries during FY 2022-23 and sold the old machineries for a sale consideration of ₹ 134.98 Lakhs. The WDV of old machineries was ₹ 196.29 Lakhs. The Company has incurred loss on sale of the above old machineries to the extent of ₹ 61.31 Lakhs (PY: ₹ 795.42 Lakhs).

The aggregate net profit of ₹ 742.49 Lakhs (PY Loss of ₹ 795.42 Lakhs) of above transactions is shown as an Exceptional Items in the Statement of Profit and Loss under the item "Profit on Sale of Property, Plant & Equipment and Investment Property".

### NOTE NO. 57

#### EVENTS AFTER THE REPORTING PERIOD – DISTRIBUTION MADE AND PROPOSED (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Cash Dividends on Equity Shares declared and paid</b>		
Final dividend for the year ended 31 <sup>st</sup> March 2022: ₹ 1/- per share (PY: ₹ 0.50/- per share)	86.06	43.03
<b>Proposed Dividends on Equity Shares</b>		
Final dividend for the year ended 31 <sup>st</sup> March 2023: ₹ 1/- per share (PY: ₹ 1 /- per share)	92.20	86.06

### NOTE NO. 58

#### 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.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

		(₹ in Lakhs)	
Particulars		31-03-2023	31-03-2022
Long Term Borrowings		48,110.75	31,162.79
Short Term Borrowings		62,748.62	43,025.97
Less: Cash and Cash Equivalents		113.65	147.99
<b>Net Debt</b>	<b>(A)</b>	<b>1,10,745.72</b>	<b>74,040.77</b>
Equity Share Capital		922.02	860.55
Other Equity		44,544.70	37,027.15
<b>Total Equity</b>	<b>(B)</b>	<b>45,466.72</b>	<b>37,887.70</b>
Total Capital Employed	<b>(C) = (A) + (B)</b>	<b>1,56,212.44</b>	<b>1,11,928.47</b>
<b>Capital Gearing Ratio</b>	<b>(A) / (C)</b>	<b>71%</b>	<b>66%</b>

The increase in capital gearing ratio as at 31-03-2023 was due to availment of Long term loans for the Fabric expansion projects (Looms expansion and Fabric processing Unit) and additional Working Capital Borrowings due to higher cotton and yarn prices. The Capital Gearing Ratio is expected to come down in the forthcoming years, once the Fabric expansion of projects start generating revenue / profits.

There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31-03-2023 and 31-03-2022.

As per our report annexed

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

**R. PALANIAPPAN**  
Partner  
Membership No. 205112  
Chennai  
24<sup>th</sup> May, 2023

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

**P. SANTHANAM**  
Partner  
Membership No. 018697  
Chennai

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
(DIN: 00331406)  
Rajapalayam

**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**Smt. P.V. NIRMALA RAJU**  
Managing Director  
(DIN: 00474960)  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam



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## CONSOLIDATED FINANCIAL STATEMENTS



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## 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 March 31, 2023, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2023, 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.

#### **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.



## AUDITORS' REPORT TO SHAREHOLDERS

S.No.	Key Audit Matter	Auditor's Response
1	<p><b>Recognition and measurement of deferred taxes</b></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>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><b>(Refer to Note No. 6D(iv), (v), (vii) &amp; 8(iv) to the Consolidated Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></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 assessment of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable financial reporting standards.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the Consolidated Financial Statements.</p>
2	<p><b>Evaluation of uncertain Tax Position / Other contingent liabilities</b></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><b>(Refer to Note No. 45 to the Consolidated Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></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. 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>We also reviewed to relevant judgments and the opinions given by the company's advisers, which were relied on by the management for such claims.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the Consolidated Financial Statements.</p>



## AUDITORS' REPORT TO SHAREHOLDERS



S.No.	Key Audit Matter	Auditor's Response
3.	<p><b>Existence and impairment of Trade Receivables</b></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, the requirements of customers and various contract terms are in place, there is a risk that the carrying values may not reflect of their recoverable amounts as at the reporting date, which would require an impairment provision. Where there are indicators of impairment, the company undertakes assessment of the recoverability of the amounts. Given the magnitude and inherent uncertainty involved in the judgement, in estimating impairment assessment of trade receivables, we have identified this as a key audit matter.</p> <p><b>(Refer to Note No. 19 to the Consolidated Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></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 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.



## AUDITORS' REPORT TO SHAREHOLDERS

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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 terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated state of affairs, consolidated profit / loss including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the Company including its Associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the each entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Company, as aforesaid.

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

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

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

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of



## AUDITORS' REPORT TO SHAREHOLDERS

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assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013 we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness this assumptions. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Company and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.



## AUDITORS' REPORT TO SHAREHOLDERS

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

**Other Matters**

The Consolidated Financial Statements include the Company's share of profit after tax of ₹ 5,012.90 Lakhs and total comprehensive income of ₹ 5,101.08 Lakhs for the year ended March 31, 2023 as considered in the Consolidated Audited Financial Statements in respect of all the three 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.

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 matter with respect to our reliance on the work done and the reports of the other auditor and the financial statements and other financial information certified by the management.

**Report on Other Legal and Regulatory Requirements**

With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its associates included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

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), Consolidated Statement of Changes in Equity, 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.



## AUDITORS' REPORT TO SHAREHOLDERS

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- (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 March 31, 2023 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 companies and its associates incorporated in India is disqualified as on March 31, 2023 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure", which is based on the auditor's reports of the company and its associate companies 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 Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) 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.

## AUDITORS' REPORT TO SHAREHOLDERS



- 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 March 31, 2023.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of Companies (Audit and Auditors) Rules, 2014, as provide under (a) and (b) above, contain any material mis-statement.
- v. The dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act.

As stated in Note No. 58 to the Consolidated Financial Statements, the Board of Directors of the Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log)





## AUDITORS' REPORT TO SHAREHOLDERS

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facility is applicable with effect from April 1, 2023 to the Company and its associates, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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: 23205112BGTQVE3452

P. SANTHANAM  
Partner  
Membership No. : 018697  
UDIN: 232018697BGVDMK1363

CHENNAI,  
24<sup>th</sup> May, 2023.



**"ANNEXURE" 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 March 31, 2023, we have audited the internal financial controls over financial reporting of the Company and its Associate Companies 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



## AUDITORS' REPORT TO SHAREHOLDERS

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

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

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, based on the test checks conducted by us, the Company and its Associate Companies which are companies incorporated in India, have, in all material respects, reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were prima facie operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the respective Companies considering

## AUDITORS' REPORT TO SHAREHOLDERS



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.

### Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements, in so far as it relates to the Associate Companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

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: 23205112BGTQVE3452

P. SANTHANAM  
Partner  
Membership No. : 018697  
UDIN: 232018697BGVDMK1363

CHENNAI,  
24<sup>th</sup> May, 2023.



## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2023

(₹ in Lakhs)

	Note No.	As at 31-03-2023	As at 31-03-2022
<b>I ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	9	67,651.97	65,329.18
(b) Capital Work-in-progress	10	26,165.79	3,707.86
(c) Investment Property	11	7.29	88.75
(d) Intangible Assets	12	517.43	620.27
(e) Investment in Associates	13	1,85,747.37	1,81,709.06
(f) Financial Assets			
Other Investment	14	247.89	2,661.42
Loans	15	2,370.00	1,650.00
Other Financial Assets	16	2,125.03	773.28
(g) Other Non-Current Assets	17	3,794.62	2,415.45
		<b>2,88,627.39</b>	<b>2,58,955.27</b>
<b>(2) Current Assets</b>			
(a) Inventories	18	36,353.00	24,909.33
(b) Financial Assets			
Trade Receivables	19	15,919.50	10,335.98
Cash and Cash Equivalents	20	113.65	147.99
Bank Balance other than Cash and Cash Equivalents	21	509.13	513.44
Other Financial Assets	22	1,049.70	723.85
(c) Current Tax Asset (Net)	23	49.10	240.25
(d) Other Current Assets	24	4,550.76	3,901.13
		<b>58,544.84</b>	<b>40,771.97</b>
<b>TOTAL ASSETS</b>		<b>3,47,172.23</b>	<b>2,99,727.24</b>
<b>II EQUITY &amp; LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	25	920.41	858.94
(b) Other Equity	26	2,23,251.11	2,11,695.25
<b>Total Equity</b>		<b>2,24,171.52</b>	<b>2,12,554.19</b>
<b>(2) Liabilities</b>			
A) Non Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	27	48,110.75	31,162.79
(ii) Lease Liabilities	28	495.82	499.39
(b) Deferred Tax Liabilities (Net)	29	4,873.81	4,423.21
		<b>53,480.38</b>	<b>36,085.39</b>
B) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	30	62,748.62	43,025.97
(ii) Lease Liabilities	31	3.57	3.40
(iii) Trade Payables	32		
(a) Total outstanding dues of micro enterprises and small enterprises		185.00	261.25
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,302.62	1,552.41
(iv) Other Financial Liabilities	33	2,609.01	3,836.27
(b) Provisions	34	2,671.51	2,408.36
		<b>69,520.33</b>	<b>51,087.66</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,47,172.23</b>	<b>2,99,727.24</b>
Significant Accounting Policies, Judgments and Estimates	1 - 8		
See accompanying notes to the financial statements.	9 - 58		

As per our report annexed

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

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

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
(DIN: 00331406)  
Rajapalayam

**Smt. P.V. NIRMALA RAJU**  
Managing Director  
(DIN: 00474960)  
Rajapalayam

**R. PALANIAPPAN**  
Partner  
Membership No. 205112  
Chennai  
24<sup>th</sup> May, 2023

**P. SANTHANAM**  
Partner  
Membership No. 018697  
Chennai

**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023



(₹ in Lakhs)

	Note No.	For the year ended 31-03-2023	For the year ended 31-03-2022
<b>INCOME</b>			
I Revenue from Operations	35	86,189.43	68,965.47
II Other Income	36	979.65	1,560.50
<b>III Total Income (I+II)</b>		<b>87,169.08</b>	<b>70,525.97</b>
<b>IV EXPENSES</b>			
Cost of Materials Consumed	37	49,061.25	36,101.32
Purchases of Stock-in-Trade	38	3,577.62	2,478.83
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress	39	(6,328.85)	(4,186.54)
Employee Benefit Expenses	40	10,225.25	8,678.77
Finance Costs	41	5,505.72	4,295.82
Depreciation and Amortization Expense	42	5,661.90	5,048.43
Other Expenses	43	16,443.18	13,030.55
<b>Total Expenses</b>		<b>84,146.07</b>	<b>65,447.18</b>
<b>V Profit Before Exceptional items and Tax (III - IV)</b>		<b>3,023.01</b>	<b>5,078.79</b>
<b>VI Exceptional Items [Refer to Note No. 57]</b>			
Profit on Sale of Investment in Associates		-	1,437.81
Loss on Sale of Property, Plant & Equipment and Investment Property		742.49	(795.42)
<b>VII Profit Before Tax (V+VI)</b>		<b>3,765.50</b>	<b>5,721.18</b>
<b>VIII Tax Expenses / (Savings)</b>	29		
Current Tax		155.00	15.20
Excess Income Tax Provision related to earlier years withdrawn		(15.56)	-
Withdrawal of MAT Credit relating to earlier years due to adoption of New Tax Regime		-	3,273.11
Deferred Tax Expenses		450.60	549.33
<b>Total Tax Expenses</b>		<b>590.04</b>	<b>3,837.64</b>
<b>IX Profit for the year before share of Profit / (Loss) of Associates (VII - VIII)</b>		<b>3,175.46</b>	<b>1,883.54</b>
<b>X Share of Net Profit After Tax (PAT) of Associates accounted for using the equity method</b>		<b>5,012.90</b>	<b>14,774.07</b>
<b>XI Profit for the period (IX + X)</b>		<b>8,188.36</b>	<b>16,657.61</b>
<b>XII Other Comprehensive Income</b>			
Item that will not be reclassified to Profit or Loss:			
Remeasurement Losses on defined benefit obligations (net)		(29.78)	(4.57)
Fair Value gain / (loss) on Equity Instruments through OCI (net)		6.47	20.93
Current Tax		-	-
Deferred Tax Expenses / (Savings)		-	-
Other Comprehensive Income / (Loss) for the year, net of tax		(23.31)	16.36
Share of OCI of Associates accounted for using the equity method		88.18	(45.47)
<b>Total Other Comprehensive Income / (Loss) for the year, net of tax</b>		<b>64.87</b>	<b>(29.11)</b>
<b>XIII Total Comprehensive Income for the year, net of tax (XI + XII)</b>		<b>8,253.23</b>	<b>16,628.50</b>
<b>XIV Earnings per Equity Share of face value of ₹ 10/- each</b>			
Basic & Diluted (in Rupees) [Refer to Note No. 50]		94	194
Significant Accounting Policies, Judgements and Estimates	1 - 8		
See accompanying notes to the financial statements.	9 - 58		

As per our report annexed

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

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

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(DIN: 00331406)  
Rajapalayam

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Managing Director  
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24<sup>th</sup> May, 2023

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Chief Financial Officer  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023

### A. Equity Share Capital [Refer to Note No. 25]

(₹ in Lakhs)

<b>(1) For the year ended 31-03-2023</b>	
Balance as at 01-04-2022	858.94
Add: Shares allotted pursuant to Rights Issue	61.47
Less: Treasury Shares adjustment	–
Balance as at 31-03-2023	920.41
<b>(2) For the year ended 31-03-2022</b>	
Balance as at 01-04-2021	736.01
Add: Shares allotted pursuant to Right Issue	122.93
Less: Treasury Shares adjustment	–
Balance as at 31-03-2022	858.94

Note: Treasury Shares adjustment computed based on holding through fellow associates.

### B. Other Equity [Refer to Note No. 26]

#### (1) For the year ended 31-03-2023

Particulars	Reserves and Surplus					Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserve on Consolidation	Security Premium	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	Share of OCI of Associates	
Other Equity as at 01-04-2022	3.75	1,03,952.21	8,313.35	81,476.29	17,935.35	59.77	–	(45.47)	2,11,695.25
Financial year 2022-23									
Add: Profit for the year	–	–	–	–	8,188.36	–	–	–	8,188.36
Add: Other Comprehensive Income	–	–	–	–	–	6.47	(29.78)	88.18	64.87
<b>Total Comprehensive Income</b>	–	–	–	–	8,188.36	6.47	(29.78)	88.18	8,253.23
Add: Rights Issue Allotment during the year	–	–	3,436.06	–	–	–	–	–	3,436.06
Less: Rights Issue Expenses	–	–	(47.39)	–	–	–	–	–	(47.39)
Less: Dividend Distribution to Shareholders	–	–	–	–	(86.04)	–	–	–	(86.04)
Less: Transfer to Retained Earnings	–	–	–	–	–	–	29.78	–	29.78
Add: Transfer from OCI	–	–	–	–	(29.78)	–	–	–	(29.78)
Add: Transfer to General Reserve	–	–	–	–	(2,500.00)	–	–	–	(2,500.00)
Add: Transfer from Retained Earnings	–	–	–	2,500.00	–	–	–	–	2,500.00
<b>Balance as at 31<sup>st</sup> March, 2023</b>	<b>3.75</b>	<b>1,03,952.21</b>	<b>11,702.02</b>	<b>83,976.29</b>	<b>23,507.89</b>	<b>66.24</b>	<b>–</b>	<b>42.71</b>	<b>2,23,251.11</b>

#### (2) For the year ended 31-03-2022

Particulars	Reserves and Surplus					Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserve on Consolidation	Security Premium	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	Share of OCI of Associates	
Other Equity as at 01-04-2021	3.75	1,05,407.59	1,490.48	80,844.50	501.75	38.84	–	–	1,88,286.91
Financial year 2021-22									
Add: Profit for the year	–	–	–	–	16,657.61	–	–	–	16,657.61
Add: Other Comprehensive Income	–	–	–	–	–	20.93	(4.57)	(45.47)	(29.11)
<b>Total Comprehensive Income</b>	–	–	–	–	16,657.61	20.93	(4.57)	(45.47)	16,628.50
Add: Rights Issue Allotment during the year	–	–	6,872.13	–	–	–	–	–	6,872.13
Less: Rights Issue Expenses	–	–	(49.26)	–	–	–	–	–	(49.26)
Less: Transfer to Retained Earnings - sale / deemed sale of investments in Associates	–	(1,455.38)	–	–	1,455.38	–	–	–	–
Less: Dividend Distribution to Shareholders	–	–	–	–	(43.03)	–	–	–	(43.03)
Less: Transfer to Retained Earnings	–	–	–	–	–	–	4.57	–	4.57
Add: Transfer from OCI	–	–	–	–	(4.57)	–	–	–	(4.57)
Add: Transfer to General Reserve	–	–	–	–	(631.79)	–	–	–	(631.79)
Add: Transfer from Retained Earnings	–	–	–	631.79	–	–	–	–	631.79
<b>Balance as at 31<sup>st</sup> March, 2022</b>	<b>3.75</b>	<b>1,03,952.21</b>	<b>8,313.35</b>	<b>81,476.29</b>	<b>17,935.35</b>	<b>59.77</b>	<b>–</b>	<b>(45.47)</b>	<b>2,11,695.25</b>

As per our report annexed

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

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

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
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Managing Director  
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**R. PALANIAPPAN**  
Partner  
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Chennai  
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**P. SANTHANAM**  
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**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam



**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023**



(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>A. Cash Flow from Operating Activities</b>		
Profit before Exceptional items and Tax	3,023.01	5,078.79
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & Amortisation	5,661.90	5,048.43
Finance Costs	5,505.72	4,295.82
Interest Income	(525.84)	(266.71)
Dividend Income	(92.92)	(225.02)
Rent Receipts from Investment Properties	(0.68)	(0.68)
Impairment allowance for trade receivables	(36.05)	36.05
Fair Value movement and Financial Guarantee obligation	(98.57)	266.25
Operating Profit before Working capital Changes	13,436.57	14,232.93
Movements in Working Capital		
Trade Receivables	(5,547.47)	(2,690.99)
Loans and Advances	(97.35)	(213.00)
Unutilised Tax Credit - Indirect Tax	(922.83)	(1,298.01)
Inventories	(11,443.67)	(11,922.59)
Trade Payables & Current Liabilities	(206.99)	2,514.21
Cash generated from Operations	(4,781.74)	622.55
Direct Taxes Paid (Net)	217.22	(255.89)
<b>Net Cash generated from Operating Activities</b>	A (4,564.52)	366.66
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment, Intangible Asset & Investment property (Including Capital work-in-progress, Capital Advance and payable for Capital Goods), [including interest capitalised for ₹ 1,272.75 Lakhs (PY: ₹ 199.16 Lakhs)].	(35,545.89)	(18,867.90)
Government Grants received - related to acquisition of fixed assets	1,050.00	—
Inter-Corporate Loans Given	(720.00)	(700.00)
Proceeds from Sales of Equity Shares of Associates	—	3,446.89
Proceeds from Redemption of Preference Shares	2,500.00	—
Acquisition of Preference Shares - Related Party	(80.00)	—
Share Application money - Subscribed for Equity Shares for purchase of solar power under Group Captive Arrangement	(299.25)	—
Proceeds from Sale of Assets / Investment Property	1,020.03	446.10
Interest Received	564.33	246.79
Dividend Received	1,155.69	225.02
Rent Receipts from Investment Properties	0.68	0.68
<b>Net Cash used in Investing Activities</b>	B (30,354.41)	(15,202.42)





## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023

(₹ in Lakhs)

Particulars		31-03-2023	31-03-2022
<b>C. Cash Flow from Financing Activities</b>			
Proceeds from Right Issue, net of issue expenses		3,450.15	6,945.80
Proceeds from Long Term Borrowings		24,363.42	11,004.17
Proceeds from / (Repayment) of Loan - Related Parties		(2,694.94)	130.89
Repayment of Long Term Borrowings		(9,542.00)	(7,922.66)
Availment of Short Term Borrowings (Net)		24,682.23	9,117.35
Payment of Principal portion of Lease Liabilities		(3.40)	(10.44)
Payment of Dividend including TDS on Dividend		(86.06)	(43.03)
Interest Paid		(5,289.12)	(4,290.91)
<b>Net Cash Generated from Financing Activities</b>	<b>C</b>	<b>34,880.28</b>	<b>14,931.17</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalent</b>	<b>D = (A + B + C)</b>	<b>(38.65)</b>	<b>95.41</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>661.43</b>	<b>566.02</b>
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D + E</b>	<b>622.78</b>	<b>661.43</b>

Notes:

(i) The above Statement of Cash Flow has been prepared under 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flow.

(ii) Bank Borrowings including Cash Credits are considered as Financing Activities.

(iii) For the purpose of Statement of Cash Flow, Cash and Cash Equivalents comprise the following:

Particulars	31-03-2023	31-03-2022
Cash and Cash Equivalents [Refer to Note No.20]	113.65	147.99
Bank Balances other than Cash and Cash Equivalents [Refer to Note No. 21]	509.13	513.44
<b>Cash and Bank Balance for Statement of Cash Flow</b>	<b>622.78</b>	<b>661.43</b>

(iv) Reconciliation of changes in liabilities arising from Financing Activities pertaining to Borrowings:

Particulars	31-03-2023	31-03-2022
Balance at the beginning of the year		
Long Term Borrowings	31,162.79	30,182.87
Short Term Borrowings	43,025.97	31,663.08
Long Term Lease Liabilities	499.39	—
Short Term Lease Liabilities	3.40	—
Interest accrued	206.03	201.12
<b>Sub-Total Balance at the beginning of the year</b>	<b>74,897.58</b>	<b>62,047.07</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2023**



	(₹ in Lakhs)	
Particulars	31-03-2023	31-03-2022
Cash flows during the year		
Proceeds from Long Term Borrowings	24,363.42	11,004.17
Repayment of Long Term Borrowings	(9,542.00)	(7,922.66)
Proceeds from / (Repayment) of Loan from Related Parties, Net	(2,694.94)	130.89
Proceeds from / (Repayment) of Short Term Borrowings, Net	24,682.23	9,117.35
Payment of Principal portion of Lease Liabilities	(3.40)	(10.44)
Interest Paid including interest on lease liabilities	(5,289.12)	(4,290.91)
<b>Sub-Total Cash flows during the year</b>	<b>31,516.19</b>	<b>8,028.40</b>
Non-cash changes		
Interest accrual for the year	5,505.72	4,295.82
Fair Value Movement	(138.10)	13.06
Initial Recognition of Lease Liabilities for Right-of-use asset	–	513.23
<b>Sub-Total Non-cash changes during the year</b>	<b>5,367.62</b>	<b>4,822.11</b>
Balance at the end of the year		
Long Term Borrowings	48,110.75	31,162.79
Short Term Borrowings	62,748.62	43,025.97
Long Term Lease Liabilities	495.82	499.39
Short Term Lease Liabilities	3.57	3.40
Interest accrued	422.63	206.03
<b>Balance at the end of the year</b>	<b>1,11,781.39</b>	<b>74,897.58</b>

See accompanying notes to the financial statements [Refer to Note No. 9 to 58]

As per our report annexed

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

**For SRSV & ASSOCIATES**  
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Chief Financial Officer  
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Secretary  
Rajapalayam



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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 (CFS) of the Company for the year ended 31-03-2023 were approved and adopted by Board of Directors of the Company in their meeting dated 24-05-2023.

### 2. Statement of Ind AS Compliance

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, and presentation requirements of Division II of Ind AS compliant Schedule III to the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India, wherever applicable.

### 3. Basis of Preparation of Consolidated Financial Statements

- (i) The significant accounting policies used in preparing the financial statements are set out in Note No.6.
- (ii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iii) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (iv) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.
- (v) 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



- (vi) 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.
- (vii) 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:

Name of the Company	% of Holding & Voting Rights	
	2022-23	2021-22
The Ramco Cements Limited	13.81%	13.81%
Ramco Industries Limited	9.68%	9.69%
Ramco Systems Limited	2.08%	2.38%

- (viii) The above Companies are incorporated in India and financial statements of the respective Companies are drawn upto the same reporting date as that of the Company (i.e) 31-03-2023.
- (ix) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

### 4. Principles of Consolidation

- 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.
- 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.
- 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:
  - 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.
  - 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

### 5. 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.6(S) - Accounting Policy for Financial Instruments) and defined benefit plan assets which are measured at fair value.

### 6. Significant Accounting Policies

#### A. Inventories

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. Inventories are usually written down to net realisable value, if the finished products, in which they will be used, are expected to be sold below cost. However, the inventories are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.



- (ii) Process stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities but excluding borrowing cost or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities and other costs but excluding borrowing cost incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a moving weighted average basis.

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

#### **B. Statement of Cash Flows**

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before exceptional item and 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 tax i.e.TDS are recognised directly in Equity.

#### **D. Income Taxes**

- (i) The Company has an irrevocable option of shifting to a lower tax rate and simultaneously forgo certain tax incentives, deductions and accumulated MAT credit as per Section 115BAA in the Income Tax Act, 1961. In view of the overall tax benefits available under



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Section 115BAA, the parent company has opted for shifting to lower tax regime from AY 2021-22 (FY 2020-21) onwards. However, the subsidiary companies included in the Group continue to provide for income tax at the old rates, in view of benefits available under old tax regime.

- (ii) 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.
- (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. The Company has restated the net deferred tax liability as at 01-04-2021 in accordance with the reduced tax rates, in view of adoption of new tax regime.
- (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. 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.





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (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:

Asset Type	Useful life ranging from
Textile Machines / Equipment	2 to 20 years
Wind Mills	22 to 30 years
HFO / DG Set	12 to 25 years
Electrical Machineries	3 to 25 years





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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- (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 or disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the Statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (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 right-of-use asset 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**

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 (RoU) asset and a lease liability at the lease commencement date for all leases whose non-cancellable leases is more than 12 months. 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. as follows.

Nature of RoU	Useful life ranging from
Land	99 years
Building	20 years

- (iii) The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurements of these liability.
- (iv) The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.
- (v) Lease payments included in the measurement of the lease liability comprise the following:
  - (a) Fixed payments;
  - (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
  - (c) Amount expected to be payable under a residual value guarantee; and
  - (d) The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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- (vi) The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.
- (vii) When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Statement of Profit or Loss if the carrying amount of the right-of-use asset has been reduced to zero.
- (viii) The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and Equipment' and Lease liabilities as a separate line item on face of the Balance sheet.
- (ix) 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.
- (x) Lease Improvements
  - (a) Lease improvements on a right-of-use asset (RoU) made by the Company, which enhance the value, functionality, or extend the useful life of the leased asset, shall be recognized as assets and capitalized in the same category of RoU asset under 'Property, Plant and Equipment', if capitalization criteria are met.
  - (b) Lease improvements recognized as assets shall be initially measured at cost, which includes all directly attributable costs incurred to bring the improvements to their present condition and location.
  - (c) The lease improvements on RoU assets are depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of lease improvement or the end of the lease term.

### **Company as a Lessor**

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



## H. Revenue Recognition

### (i) Revenue from Operations

#### a) Sale of products

Revenue from product sales is recognized when the Company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. The financing component with regard to sale of products are excluded from Revenue from operations and recognized as Interest Receipts 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### I. Employee Benefits

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's basic salary and dearness allowance. The Company has no further obligations.
- (iv) The Company also contributes for superannuation fund on an annual basis, 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. The Company presents the entire compensated absences as 'Short-term provisions' since employee has an unconditional right to avail the leave at any time during the year.
- (vii) 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 Income" 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 all 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 spot exchange rates prevailing on that date of transaction.
- (iii) Monetary assets and liabilities in foreign currencies outstanding at the reporting date are translated to the functional currency spot 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. The date of transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from advance consideration. If there are multiple receipts of payments in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

**L. Borrowing Costs**

- (i) Borrowing cost include interest computed using Effective Interest Rate method, interest on lease liabilities, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings 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.

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

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





**O. Provisions, Contingent Liabilities and Contingent Assets**

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

**P. Intangible Assets**

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) 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 carried at cost less accumulated amortisation and impairment losses, if any and are amortised over their estimated useful life based 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





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (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 property as detailed below, that are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013:

Asset type	Useful life
Buildings under Investment properties	60 years

- (v) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use or disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such investment properties, are recognised in the Statement of Profit and Loss. Amount 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

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

## 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 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 & Firm commitment contracts in Foreign Currency.

## 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:

- 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 CONSOLIDATED FINANCIAL STATEMENTS

### U. Financial Liabilities

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Lease Liabilities, 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, Lease Liabilities, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.
FVTPL	Foreign exchange Forward contracts & Firm commitment contracts in Foreign Currency.

- (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.

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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### **d) Non-derivative financial liabilities**

The fair value of non-derivative financial liabilities viz, borrowings and lease liabilities 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.

## **7. Amendments to the existing accounting standards effective from 01-04-2022 onwards**

The details of amendment to the existing standards that are relevant to the Company with effect from 01-04-2022 is given below:

The amendment to Ind AS 16 on Property, Plant & Equipment has clarified that excess of net sale proceeds of items produced over the cost of testing (while bringing the asset to that location and condition) shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of Property, Plant and Equipment.

## **8. Significant Estimates and Judgements**

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





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

**(i) Revenue Recognition**

Significant management 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**

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**

In the management opinion, the Company is engaged in the activity of manufacturing of textile products and generation of electricity through wind mills. Management's judgment





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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) Classification of Investment**

Management judgement is exercised in determining the following criteria while making classification of investments:

- the intention of the Company to sell the investment immediately;
- the sale is highly probable;
- it is unlikely that significant change to the sale plan will be made; and
- that plan will not be withdrawn.

Based on this judgement, the investments are classified as "Investment held for sale", if all the above criteria are met and continue to classify the investment as "Non-current investment", if any one of the above criteria are not met.

### **(ix) 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.

### **(x) 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.

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

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

**(xii) 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.

**(xiii) Determination of lease term of contracts as non-cancellable term**

Significant management judgement is exercised in determining the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised, by considering all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

**(xiv) 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.

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.

**(xv) 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. 9

#### PROPERTY, PLANT AND EQUIPMENT

Particulars	Year	Gross Block			Depreciation			Net Block	
		As at the beginning of the year	Additions	Deductions / Adjustments	As at the end of the year	As at the beginning of the year (Refer to Note No. 42)	Deductions / Adjustments	As at the end of the year	As at the beginning of the year
Land - Free hold	2022-23	1,190.35	125.71	-	1,316.06	-	-	1,316.06	1,190.35
	2021-22	1,190.35	-	-	1,190.35	-	-	1,190.35	1,190.35
Land - Right-of-Use Asset	2022-23	779.68	-	-	779.68	27.18	7.49	745.01	752.50
	2021-22	722.03	57.65	-	779.68	20.21	6.97	752.50	701.82
Own Buildings	2022-23	12,454.74	1,650.16	280.96	13,823.94	3,004.23	430.17	10,389.54	9,450.51
	2021-22	11,634.24	820.50	-	12,454.74	2,620.11	384.12	9,450.51	9,014.13
Buildings - Right-of-Use Asset	2022-23	513.23	171.07	-	684.30	10.08	24.39	649.83	503.15
	2021-22	-	513.23	-	513.23	-	10.08	503.15	-
Plant and Machinery	2022-23	93,176.46	5,879.64	2,534.12	96,521.98	42,628.11	4,625.44	49,870.43	50,548.35
	2021-22	82,412.05	13,796.96	3,032.55	93,176.46	40,258.28	4,244.19	50,548.35	42,153.77
Electrical Machinery	2022-23	5,012.50	2,041.64	81.77	6,972.37	2,826.85	255.35	3,895.08	2,185.65
	2021-22	4,737.18	275.32	-	5,012.50	2,633.07	193.78	2,185.65	2,104.11
Furniture & Office Equipments	2022-23	1,198.06	158.94	12.48	1,344.52	788.50	120.82	447.01	409.56
	2021-22	1,047.43	155.51	4.88	1,198.06	698.18	94.83	409.56	349.25
Vehicles	2022-23	577.94	107.86	30.02	655.78	288.83	52.24	339.01	289.11
	2021-22	508.46	74.57	5.09	577.94	246.53	45.97	289.11	261.93
<b>Total</b>	2022-23	1,14,902.96	10,135.02	2,939.35	1,22,098.63	49,573.78	5,515.90	67,651.97	65,329.18
	2021-22	1,02,251.74	15,693.74	3,042.52	1,14,902.96	46,476.38	4,979.94	65,329.18	55,775.36

- Notes:
- (i) Borrowings cost of ₹ 1,272.75 Lakhs have been capitalised in Property, Plant and Equipment / Capital work-in-progress for current year (PY: ₹ 199.16 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 AS20. An amount of ₹ 2,100.00 Lakhs has been deducted from the carrying value of respective assets during the financial year 2022-23 (PY: NIL).
  - (iv) All the title deeds of immovable properties are held in the name of the Company.
  - (v) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Asset) since the Company has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with Ind AS 16.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(vi) Deductions / Adjustments in Gross Block comprises of:

Particulars	2022-23				2021-22			
	Sale of Assets	Scrap of Assets	Government Grants	Total	Sale of Assets	Scrap of Assets	Government Grants	Total
Land - Free hold	-	-	-	-	-	-	-	-
Land - Right-of-Use Asset	-	-	-	-	-	-	-	-
Own Buildings	-	-	280.96	280.96	-	-	-	-
Plant and Machinery	765.59	23.95	1,744.58	2,534.12	3,032.55	-	-	3,032.55
Electrical Machinery	7.31	-	74.46	81.77	-	-	-	-
Furniture & Office Equipments	10.57	1.91	-	12.48	4.88	-	-	4.88
Vehicles	29.56	0.46	-	30.02	5.09	-	-	5.09
<b>Total</b>	<b>813.03</b>	<b>26.32</b>	<b>2,100.00</b>	<b>2,939.35</b>	<b>3,042.52</b>	<b>-</b>	<b>-</b>	<b>3,042.52</b>

(vii) Scrap of assets represent components of assets that were derecognised due to wear and tear and damages, since no future benefits is expected from those components and thus replaced by new components.

### NOTE NO. 10 CAPITAL WORK IN PROGRESS

Particulars	Year	As at the beginning of the year	Additions	Capitalised	As at the end of the year
Capital Work in Progress	2022-23	3,707.86	32,635.86	10,177.93	26,165.79
	2021-22	1,013.69	18,810.70	16,116.53	3,707.86

Note: (i) Refer to Note No. 56(b) for information relating to Ageing Schedule.

### NOTE NO. 11 INVESTMENT PROPERTY

Particulars	Year	Gross Block			Amortisation			Net Block	
		As at the beginning of the year	Additions	Sold	As at the beginning of the year	For the year (Refer to Note No. 42)	Sold	As at the end of the year	As at the beginning of the year
Land	2022-23	81.21	-	81.21	-	-	-	-	81.21
	2021-22	55.17	26.04	-	81.21	-	-	81.21	55.17
Building	2022-23	15.12	-	-	15.12	0.25	-	7.83	7.54
	2021-22	126.05	-	110.93	15.12	0.23	29.39	7.54	89.31
Total	2022-23	96.33	-	81.21	15.12	0.25	29.39	7.83	88.75
	2021-22	181.22	26.04	110.93	96.33	0.23	29.39	88.75	144.48



## NOTES TO SEPARATE FINANCIAL STATEMENTS

Note: (i) The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.

(ii) The fair valuation of these investment property are determined by an internal technical team, who are specialists in valuing these types of investment properties by using the technique 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. Since the valuation is done by internal technical team, the fair value of investment property as disclosed above is not based on valuation by a register valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. All resulting fair value estimates for investment properties as given below :

Particulars	(₹ in Lakhs)	
	31-03-2023	31-03-2022
Fair value of Investment Properties	166.68	1,001.72

(v) 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.

(vi) Fair value hierarchy disclosures for investment properties have been provided in Note No. 53.

(vii) Information regarding income and expenditure of Investment property

Particulars	(₹ in Lakhs)	
	31-03-2023	31-03-2022
Rental Income from Investment Properties	0.68	0.68
Direct Operating Expenses	–	–
Profit arising from Investment Properties before Deprecation and indirect expenses	0.68	0.68
Less: Depreciation	0.25	0.23
Profit arising from Investment Properties before indirect expenses	0.43	0.45



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 12 INTANGIBLE ASSETS

Particulars	Year	Gross Block			Amortisation			Net Block	
		As at the beginning of the year	Additions	Deductions / Adjustments	As at the end of the year	As at the beginning of the year (Refer to Note No. 42)	Deductions / Adjustments	As at the end of the year	As at the beginning of the year
Computer software	2022-23	822.49	42.91	-	865.40	261.14	95.48	508.78	561.35
	2021-22	425.74	396.75	-	822.49	214.35	46.79	561.35	211.39
Power Transmission System	2022-23	191.76	-	124.59	67.17	132.84	50.27	8.65	58.92
	2021-22	191.76	-	-	191.76	111.37	21.47	58.92	80.39
Total - Intangible Assets	2022-23	1,014.25	42.91	124.59	932.57	393.98	145.75	517.43	620.27
	2021-22	617.50	396.75	-	1,014.25	325.72	68.26	620.27	291.78

Notes: (i) Deductions / adjustments represents intangible assets derecognised from the financial statements since no future economic benefit is expected.

(ii) The Company has not revalued its Intangible Asset since the Company has adopted cost model as its accounting policy to an entire class of Intangible Asset in accordance with Ind AS 38.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 13

#### INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

(₹ in Lakhs)

Particulars	Face Value ₹ per share	31-03-2023		31-03-2022	
		Numbers	Amount	Numbers	Amount
Investment in Equity Instruments					
Quoted					
The Ramco Cements Limited	1	3,26,25,264	1,65,651.19	3,26,25,264	1,61,816.21
Ramco Industries Limited	1	84,01,680	15,632.04	84,01,680	15,017.30
Ramco Systems Limited	10	7,33,531	4,464.14	7,33,531	4,875.55
Total			1,85,747.37		1,81,709.06
Quoted Investments - Carrying Value			1,85,747.37		1,81,709.06
Market Value			2,58,682.76		2,70,227.44

- Notes: (i) The Company has accounted for Investment in Associates at cost. Refer to Note No. 51(A) for information on principal place of business / country of incorporation and the Company's interest / percentage of shareholding in the above associates.
- (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.
- (iii) The Board of Directors have approved to sell the investments in the Shares of The Ramco Cements Limited upto a total value of ₹ 90 Crores for part funding of its capital expenditure towards fabric capacity expansion. Out of this, the Company has sold 4,39,736 Shares of The Ramco Cements Limited for a sale consideration of ₹ 34.56 Crores during the FY 2021-22. Considering the uncertainty in stock market and highly fluctuating share price, time period within which the balance quantity of shares may be sold could not be ascertained as at the reporting date and hence the investments are continued to be classified as Non-current investment.

### NOTE NO. 14

#### OTHER INVESTMENT

(₹ in Lakhs)

Particulars	Face Value ₹ per share	31-03-2023		31-03-2022	
		Numbers	Amount	Numbers	Amount
I. Investment in Equity Instruments					
1) Quoted					
The Ramaraju Surgical Cotton Mills Limited	10	4,000	8.56	4,000	11.88
Lakshmi Automatic Loom Works Limited	10	2,500	1.93	2,500	1.65
Tamilnadu Jai Bharath Mills Limited	10	1,200	0.05	1,200	0.05
Total Quoted Investments	(A)		10.54		13.58
2) Unquoted					
Sri Vishnu Shankar Mills Limited	10	38,400	144.77	38,400	128.26
Ramco Industrial and Technology Services Limited	10	50,000	4.00	50,000	11.00
Ramco Windfarms Limited	1	8,32,000	8.32	8,32,000	8.32
Miot Hospitals Limited	10	2,500	0.25	2,500	0.25
Total Unquoted Investments	(B)		157.34		147.83



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Particulars	Face Value ₹ per share	31-03-2023		31-03-2022	
		Numbers	Amount	Numbers	Amount
II. Investment in Preference Shares, Non-Trade - Unquoted					
Lynks Logistics Limited	1	80,00,000	80.00	—	—
Thanjavur Spinning Mill Limited	10	—	—	2,50,00,000	2,500.00
Total Investments in Preference Shares (C)			80.00		2,500.00

*Note: (i) The investment in the preference shares of Thanjavur Spinning Mill Limited were redeemed at par on 29-08-2022, after receipt of dividend on such shares till the date of redemption.*

<b>III. Other Non-Current Investments, Non-Trade - Unquoted</b>					
Ramco Group Employees' Co-operative Stores Limited	1	500	0.01	500	0.01
<b>Total other Investments (D)</b>			<b>0.01</b>		<b>0.01</b>
<b>Total (A+B+C+D)</b>			<b>247.89</b>		<b>2,661.42</b>
Aggregate Market Value of Quoted Investments			<b>NA</b>		<b>NA</b>

*Notes: (i) Refer to Note No. 53 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. 15

#### FINANCIAL ASSETS (NON-CURRENT) LOANS AND ADVANCES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Unsecured, considered good</b>		
Loans and Advances to Related Parties [Refer to Note No.51 (b) (i)]	<b>2,370.00</b>	1,650.00
<b>Total</b>	<b>2,370.00</b>	<b>1,650.00</b>

*Notes: (i) Loans are non-derivative financial assets and are carried at amortized cost, which generate fixed or variable interest income for the Company.*

*(ii) Loans to Related parties had been granted towards working capital in the normal course of business.*

*(iii) The Company has not granted any loan or advance in the nature of loan to promoters, directors and KMPs that are repayable on demand or without specifying any terms or period of repayment.*





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 16

#### OTHER FINANCIAL ASSETS - (NON CURRENT)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Unsecured, considered good</b>		
Security Deposits with Electricity Board / Others	1,125.78	773.28
Government Grants Receivable	700.00	—
Application Money for Securities Subscription	299.25	—
<b>Total</b>	<b>2,125.03</b>	<b>773.28</b>

Notes:

- (i) The Company is eligible to receive capital subsidy of ₹ 2,100.00 Lakhs from Government of Tamil Nadu and the same has been reduced from cost of qualifying Property, Plant and Equipment. Out of the eligible subsidy amount, the Company has received ₹ 1,050.00 Lakhs during the FY 2022-23. The balance amount of ₹ 1,050.00 Lakhs will be received in 3 annual installments from FY 2023-24. Out of this, an amount of ₹ 700.00 Lakhs has been reported under "Other Financial Assets (Non-Current)" and the balance amount of ₹ 350 Lakhs, which is receivable within 12 months of the balance sheet date has been classified under "Other Financial Assets (Current)".
- (ii) The Company has made application for subscription of 29,92,500 Nos. of equity share of M/s. Green Infra Clean Wind Generation Ltd for purchase of solar power under Group Captive mode and the equity shares has been allotted to the Company during May, 2023.

### NOTE NO. 17

#### OTHER NON CURRENT-ASSETS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Unsecured, Considered Good</b>		
Capital Advances	3,688.02	2,130.13
Income Tax Refund Receivable	47.49	213.00
Prepaid Expenses - Non-Current	59.11	72.32
<b>Total</b>	<b>3,794.62</b>	<b>2,415.45</b>

### NOTE NO. 18

#### INVENTORIES (VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Finished Goods (Yarn and Fabrics)	6,294.03	2,010.64
Raw materials - Cotton, Cotton Waste & Yarn	21,956.54	16,805.99
Stores and Spares	566.52	602.25
Works-in-progress (Cotton, Yarn and Fabric)	7,535.91	5,490.45
<b>Total</b>	<b>36,353.00</b>	<b>24,909.33</b>

Notes:

- (i) Raw materials includes Goods-in-transit of ₹ 770.12 Lakhs (As at 31-03-2022 ₹ 1,710.45 Lakhs).
- (ii) The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.
- (iii) Raw materials stock value is after making provision for Mark to Market on Cotton Stock of ₹ 42.30 Lakhs as at 31-03-2023 (PY: NIL).
- (iv) The mode of valuation of inventories has been stated in the Note No. 6A.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 19

#### TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Secured, Considered good	2,157.01	2,481.77
Unsecured, considered good	13,762.49	7,854.21
Unsecured and which have significant increase in credit risk	–	36.05
Less: Allowance for expected credit loss	–	(36.05)
<b>Total</b>	<b>15,919.50</b>	<b>10,335.98</b>

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.
- (iv) Trade Receivables aging schedule have been provided in Note No. 56 (c).

### NOTE NO. 20

#### CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Cash on Hand	0.87	0.64
Balance with Bank		
In Current Account	112.78	147.35
<b>Total</b>	<b>113.65</b>	<b>147.99</b>

### NOTE NO. 21

#### BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Balances with Banks held as security against Borrowings	475.00	475.00
Earmarked balances with Banks for Unclaimed Dividend	34.13	38.44
<b>Total</b>	<b>509.13</b>	<b>513.44</b>

### NOTE NO. 22

#### OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Government Grants Receivable	756.43	406.39
Security Deposit	17.49	–
Insurance Claim receivable	30.46	75.85
Exchange difference on Firm Commitment	245.32	241.61
<b>Total</b>	<b>1,049.70</b>	<b>723.85</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 23

#### CURRENT TAX ASSETS (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Advance Income Tax, Self Assessment Tax and Tax deducted at source	49.10	240.25
<b>Total</b>	<b>49.10</b>	<b>240.25</b>

Note: (i) Advance Income Tax, Self Assessment Tax and Tax deducted at source is net of provision for tax of ₹ 155.00 Lakhs (PY: ₹ 15.20 Lakhs) .

### NOTE NO. 24

#### OTHER CURRENT ASSETS (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Unsecured, considered good</b>		
Advance to Suppliers / Others	292.67	488.79
Tax Credit and Refund due - Indirect Taxes	3,935.66	3,012.83
Accrued Income	76.30	114.79
Prepaid Expenses	195.10	195.93
Other Current Assets	51.03	88.79
<b>Total</b>	<b>4,550.76</b>	<b>3,901.13</b>

### NOTE NO. 25

#### EQUITY SHARE CAPITAL (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Authorised</b>		
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
<b>Issued, Subscribed and Fully paid-up</b>		
92,20,200 Equity Shares of ₹ 10/- each (PY: 86,05,520 Equity Shares of ₹ 10/- each)	920.41	858.94

Notes:

(i) 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..

(ii) Reconciliation of the number of shares outstanding: (₹ in Lakhs)

Particulars	As at 31-03-2023		As at 31-03-2022	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	86,05,520	860.55	73,76,160	737.62
Shares allotted pursuant to Rights Issue	6,14,680	61.47	12,29,360	122.93
Number of Shares at the end	92,20,200	922.02	86,05,520	860.55



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(iii) *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.

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

Particulars	As at 31-03-2023		As at 31-03-2022	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Venketrama Raja	18,36,826	19.92%	18,36,826	21.34%
P.V. Abinav Ramasubramaniam Raja	24,39,939	26.46%	22,77,277	26.47%
Govindlal M Parikh	5,37,426	5.83%	4,93,300	5.73%

(v) *Shareholders holding of Promoters as at 31-03-2023:*

S. No.	Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1	P.R. Venketrama Raja	18,36,826	19.92%	-1.42%
2	P V Abinav Ramasubramaniam Raja	24,39,939	26.46%	-0.01%
3	R Sudarsanam	1,00,786	1.09%	0.23%
4	Ramachandra Raja Chittammal	1,03,284	1.12%	-
5	P.V. Nirmala	1,75,526	1.90%	1.42%
6	Nalina Ramalakshmi	8,400	0.09%	-
7	Saradha Deepa	13,699	0.15%	-
8	P V Srisandhya	20,700	0.22%	-
9	Ramco Industries Limited	1,59,200	1.73%	-
10	The Ramaraju Surgical Cotton Mills Limited	1,68,999	1.83%	-
11	Sri Vishnu Shankar Mill Limited	37,174	0.40%	-
12	Sandhya Spinning Mill Limited	624	0.01%	-
13	Ramco Management Private Limited	2,550	0.03%	-
14	The Ramco Cements Limited	42,259	0.46%	0.07%
<b>TOTAL</b>		<b>51,09,966</b>	<b>55.42%</b>	



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(v) Shareholders holding of Promoters as at 31-03-2022:

S. No.	Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1	P.R. Venketrama Raja	18,36,826	21.34%	1.47%
2	P V Abinav Ramasubramaniam Raja	22,77,277	26.47%	-
3	R Sudarsanam	74,386	0.86%	-
4	Ramachandra Raja Chittammal	96,399	1.12%	-
5	P.V. Nirmala	41,370	0.48%	0.29%
6	Nalina Ramalakshmi	7,840	0.09%	-
7	Saradha Deepa	12,786	0.15%	-
8	P V Srisandhya	19,320	0.22%	-
9	Ramco Industries Limited	1,48,587	1.73%	-
10	The Ramaraju Surgical Cotton Mills Limited	1,57,733	1.83%	-
11	Sri Vishnu Shankar Mill Limited	34,696	0.40%	-
12	Sandhya Spinning Mill Limited	583	0.01%	-
13	Ramco Management Private Limited	2,380	0.03%	-
14	The Ramco Cements Limited	33,150	0.39%	0.04%
<b>TOTAL</b>		<b>47,43,333</b>	<b>55.12%</b>	

### NOTE NO. 26

#### OTHER EQUITY

##### Capital Reserve

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Balance as per Last Financial Statement	3.75	3.75
Total	3.75	3.75

#### Nature of Reserve

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

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Balance as per Last Financial Statement	1,03,952.21	1,05,407.59
Less: Transfer to Retained earnings	—	(1,455.38)
<b>Total</b>	<b>1,03,952.21</b>	<b>1,03,952.21</b>

#### Nature of Reserve

Capital Reserve on Consolidation represent excess of the Parents's Share of the net fair value of the investment in Associates over the cost of the investment which is recognised directly in equity as capital reserve upon transition to Ind AS.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



### Securities Premium

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Balance as per Last Financial Statement	8,313.35	1,490.48
Add: Security Premium on Rights Issue	3,436.06	6,872.13
Less: Rights Issue Expenses	(47.39)	(49.26)
<b>Total</b>	<b>11,702.02</b>	<b>8,313.35</b>

### Nature of Reserve

Securities Premium was credited when shares are issued at a Premium. The Company can use this reserve to issue bonus shares, to provide for preliminary expenses and the commission paid or discount allowed on, any issue of shares of the Company.

### General Reserve

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Balance as per Last Financial Statement	81,476.29	80,844.50
Add: Amount transferred from Retained Earnings	2,500.00	631.79
<b>Total</b>	<b>83,976.29</b>	<b>81,476.29</b>

### Nature of Reserve

General Reserve represents the statutory reserve in accordance with Companies Act, 2013 wherein a portion of profit is apportioned to general reserve. Under Companies Act, 1956 it was mandatory to transfer amount before a Company can declare dividend, however under Companies Act, 2013 transfer of any amount to General reserve is at the discretion of the Company.

### FVTOCI Reserve

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Balance as per Last Financial Statement	14.30	38.84
Add: Other Comprehensive Income / (Loss) for the year	64.87	(29.11)
<b>Sub-Total</b>	<b>79.17</b>	<b>9.73</b>
Transfer from Retained Earnings	29.78	4.57
<b>Total</b>	<b>108.95</b>	<b>14.30</b>

### Nature of Reserve

Fair Value Through Other Comprehensive Income (FVTOCI) 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Retained Earnings

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Balance as per Last Financial Statement	17,935.35	501.75
Add: Profit for the year	8,188.36	16,657.61
Add: Transfer from FVTOCI Reserve	(29.78)	(4.57)
Add: Transfer from Capital Reserve on Consolidation	–	1,455.38
<b>Sub-Total</b>	<b>26,093.93</b>	<b>18,610.17</b>
Less: Appropriations		
Dividend Distribution to Shareholders	(86.04)	(43.03)
Transfer to General Reserve	(2,500.00)	(631.79)
<b>Total</b>	<b>23,507.89</b>	<b>17,935.35</b>

### Nature of Reserve

Retained earnings represents that portion of the net income of the Company that has been retained by the Company.

*Note: The Board of Directors have recommended the payment of Final Dividend ₹ 1/- per share for the year 2022-23 (PY: ₹ 1 per Share). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.*

<b>Total Other Equity</b>	<b>2,23,251.11</b>	<b>2,11,695.25</b>
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### NOTE NO. 27

#### NON CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Secured</b>		
Term Loan from Banks	47,849.04	29,854.22
<b>Unsecured</b>		
Term Loan from Banks	261.71	1,308.57
<b>Total</b>	<b>48,110.75</b>	<b>31,162.79</b>

*Notes: (i) Term Loan from Banks of ₹ 47,849.04 Lakhs (PY: ₹ 29,854.22 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.*

*(ii) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.*

*(iii) Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the ROC, within the prescribed time.*

*(iv) Refer to Note No. 54 for information about risk profile of borrowings under Financial Risk Management.*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(v) The Long Term Borrowings from Banks are repayable in quarterly instalments. The year wise repayment is as follows: (₹ in Lakhs)

Year	31-03-2023	31-03-2022
2023-24	–	7,833.45
2024-25	9,582.98	6,693.48
2025-26	9,137.90	5,652.90
2026-27	7,826.03	4,341.03
2027-28	7,721.12	4,236.12
2028-29	6,373.60	2,405.81
2029-30	4,664.00	–
2030-31	2,805.12	–
<b>Total</b>	<b>48,110.75</b>	<b>31,162.79</b>

### NOTE NO. 28

#### LEASE LIABILITIES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Lease Liabilities [Refer to Note No. 48]	495.82	499.39
<b>Total</b>	<b>495.82</b>	<b>499.39</b>

### NOTE NO. 29

#### DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 01-04-2021	MAT Credit withdrawn and recognised in Profit and Loss	Recognised in Profit and Loss	As at 31-03-2022	Recognised in Profit and Loss	As at 31-03-2023
Tax Impact on difference in written down value of Property, Plant & Equipment as per books and as per Income Tax Act, 1961	7,991.43	–	(2,543.81)	5,447.62	323.61	5,771.23
Tax impact on provision for compensated absences & Bonus	(187.90)	–	(16.04)	(203.94)	(27.04)	(230.98)
Tax impact on allowance for expected credit losses	5.97	–	(15.04)	(9.07)	9.07	–
Tax Impact on lease accounting as per Ind AS 116	–	–	0.09	0.09	(5.27)	(5.18)
Tax Impact on Fairvalue of forward contracts	3.84	–	3.79	7.63	6.17	13.80
Unused tax credits (i.e) MAT Credit Entitlement	(3,273.11)	3,273.11	–	–	–	–
Tax Impact on unabsorbed Depreciation / unadjusted losses	(3,939.46)	–	3,120.34	(819.12)	144.06	(675.06)
<b>Total</b>	<b>600.77</b>	<b>3,273.11</b>	<b>549.33</b>	<b>4,423.21</b>	<b>450.60</b>	<b>4,873.81</b>

#### Reconciliation of Deferred tax Liabilities (Net)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Balance at the beginning of the year</b>	<b>4,423.21</b>	<b>600.77</b>
Deferred Tax recognised in Statement of Profit and Loss - Expense / (Gain)	450.60	549.33
MAT Credit withdrawn and recognised in Profit and Loss	–	3,273.11
<b>Balance at the end of the year</b>	<b>4,873.81</b>	<b>4,423.21</b>





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Components of Tax Expenses		(₹ in Lakhs)
Particulars	31-03-2023	31-03-2022
<b>(i) Profit or Loss Section</b>		
<b>Current Tax</b>		
Current Income Tax charge	155.00	15.20
Current Tax adjustments of earlier years	(15.56)	–
<b>Deferred Tax</b>		
Relating to the origination and reversal of temporary differences	450.60	549.33
MAT Credit reversed during the year	–	3,273.11
Deferred Tax adjustments of earlier years	–	–
Total Tax Expenses recognised in Profit or Loss section	590.04	3,837.64
<b>(ii) Other Comprehensive Income Section</b>		
Current Tax credit on remeasurement losses on defined benefit obligations, net	–	–
<b>Total Tax Credit to OCI</b>	–	–
<b>(iii) Total Tax Expenses recognised in Statement of Profit and Loss (i) + (ii)</b>	<b>590.04</b>	<b>3,837.64</b>

Reconciliation of the Income Tax provisions to the amount compared by applying the statutory Income Tax Rate to the Income before Taxes is summarised below:

		(₹ in Lakhs)
Particulars	31-03-2023	31-03-2022
Accounting Profit before Tax (including OCI)	3,742.19	5,737.54
Corporate Tax Rate %	25.168%	25.168%
<b>Computed Tax Expense</b>	<b>941.83</b>	<b>1,444.02</b>
Increase / (reduction) in taxes on account of:		
Non-deductible expenses	21.83	3.79
Change in Tax Rate	–	(1,133.82)
MAT Credit reversed during the year	–	3,273.11
Change in carried forward unabsorbed Depreciation	(651.90)	939.06
Income chargeable to tax under different tax rates (Capital Gains)	(202.30)	(361.86)
Tax Expenses related to Capital Gains	155.00	15.20
Tax adjustments upon consolidation between associates	267.48	–
Others	58.10	(341.86)
<b>Tax Expenses recognised in the Statement of Profit and Loss</b>	<b>590.04</b>	<b>3,837.64</b>

Notes:

As per Section 115BAA of the Income Tax Act, 1961, the Company has an irrecoverable option of shifting to a lower tax rate (new tax regime) and simultaneously to forgo certain tax incentives, deductions and accumulated MAT Credit. In view of the overall tax benefits available under Section 115BAA, the Company had opted for shifting of new tax regime with effect from the AY 2021-22 (FY 2020-21). Consequently, the Company has charged off the accumulated MAT Credit entitlement of ₹ 3,273.11 Lakhs to Statement of Profit and Loss during the financial year 2021-22. The net deferred tax liability as at 01-04-2021 has been recomputed in accordance with reduced rate and thus reversed ₹ 1,133.82 Lakhs from deferred tax liability during the financial year 2021-22. The deferred tax provision of ₹ 549.33 Lakhs for the year ended 31-03-2022 is after netting-off this reversal.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



### NOTE NO. 30

#### CURRENT BORROWINGS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Secured</b>		
Loan from Banks	24,063.71	19,967.83
Current Maturities of Long Term Loans	6,324.79	8,428.62
<b>Unsecured</b>		
Loan from Banks	30,765.29	10,339.75
Loans and Advances from Related Party [Refer to Note No.51 (b) (ii)]	547.97	3,242.91
Current Maturities of Long Term Loans	1,046.86	1,046.86
<b>Total</b>	<b>62,748.62</b>	<b>43,025.97</b>

- Notes: (i) Short term Borrowings from banks (other than Current maturities of Long term Borrowings) of ₹ 18,563.71 Lakhs (PY : ₹ 19,967.83 Lakhs) are secured by way of first pari passu hypothecation charge on trade receivables and inventories of the Company, present and future.
- (ii) Short term Borrowings from banks (other than Current maturities of Long term Borrowings) of ₹ 5,500 Lakhs (PY : NIL) are secured by way of sub servient charge on the Current Assets of the Company.
- (iii) The quarterly returns or statements filed by the Company with the banks or financial institutions are in agreement with the books of accounts.
- (iv) The Company has used the borrowings from banks for the specific purpose for which it was taken as at the reporting date.
- (v) Refer to Note No. 54 for information about risk profile of borrowings under Financial Risk Management.

### NOTE NO. 31

#### LEASE LIABILITIES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Lease Liabilities [Refer to Note No. 48]	3.57	3.40
<b>Total</b>	<b>3.57</b>	<b>3.40</b>

### NOTE NO. 32

#### TRADE PAYABLES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Dues of micro enterprises and small enterprises	185.00	261.25
Dues of creditors other than micro enterprises and small enterprises	1,302.62	1,552.41
<b>Total</b>	<b>1,487.62</b>	<b>1,813.66</b>

- Notes: (i) The disclosures as per the requirements of The Micro, Small and Medium Enterprises Development Act, 2006 are furnished in Note No. 55.
- (ii) Refer to Note No. 54 for information about risk profile of Trade payables under Financial Risk Management.
- (iii) Trade Payables aging schedule given in Note No. 56 (a).



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 33

#### OTHER CURRENT FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Interest Accrued	422.63	206.03
Unclaimed Dividends	34.13	38.44
PACR Memorial Fund	133.40	128.40
Advance received from Customers	103.01	140.69
Payables for Capital Goods	514.57	1,866.71
Advance against Sale of Assets	—	159.88
Statutory Liabilities Payable	948.99	868.59
Financial Guarantee Contracts	52.52	72.86
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	319.73	263.57
Other payables	80.03	91.10
<b>Total</b>	<b>2,609.01</b>	<b>3,836.27</b>

Notes: (i) Unclaimed dividends represents amount not due for transfer to Investor Education and Protection Fund.

(ii) The Company has recognised financial guarantee obligation at fair value towards the corporate guarantees issued to the bankers on behalf of Related parties, and the same is recognised as other Income over the tenure of the corporate guarantee.

### NOTE NO. 34

#### PROVISIONS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Provision for Employee Benefits	1,415.09	1,251.47
Provision for Compensated absences [Refer to Note No.47]	282.31	283.44
Other Provision for		
- Sales and Administrative Expenses	318.34	361.82
- Electricity Charges	591.57	506.52
- Other Expenses	64.20	5.11
<b>Total</b>	<b>2,671.51</b>	<b>2,408.36</b>

Notes: (i) 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (ii) Movement in Provisions for compensated absences

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Carrying amount as the beginning of the year	283.44	284.95
Add: Current Service Cost	43.96	30.39
Add: Interest Cost	16.46	15.21
Add: Actuarial Loss	57.85	85.77
Less: Benefits paid	(119.40)	(132.88)
Carrying amount as the end of the year	282.31	283.44

### NOTE NO. 35

#### REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Sale of Products</b>		
Yarn	67,863.50	55,009.71
Fabrics	17,092.95	12,195.44
Waste Cotton	757.52	672.30
	85,713.97	67,877.45
<b>Other Operating Revenue</b>		
Export Incentive	215.35	213.59
Scrap Sales	57.98	149.73
Job Work Charges Received	202.13	724.70
<b>Total</b>	<b>86,189.43</b>	<b>68,965.47</b>

Notes: (i) The disaggregation of revenue as required under Ind AS 115 is given below:

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Gross Revenue from Operations	89,091.63	71,407.61
Less: Rebates & Discounts	100.16	80.34
Less: GST	2,394.97	2,361.80
<b>Sub-Total</b>	<b>86,596.50</b>	<b>68,965.47</b>
Less: Revenue netted off with Trial run expenses	407.07	—
<b>Revenue from Operations (net of GST)</b>	<b>86,189.43</b>	<b>68,965.47</b>

(ii) Revenue from operation does not include an amount of ₹ 407.07 Lakhs (PY: NIL), being sale value of fabric, which has been produced during trial run of new fabric unit expansion and net-off with trial run expenses and accounted under "Capital work-in-progress" during the financial year 2022-23 in accordance with Ind AS 16.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 36

#### OTHER INCOME

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Interest Receipts	525.84	266.71
Rent Receipts	32.83	38.22
Dividend Income	92.92	225.02
Exchange Gain on Foreign Currency Transactions (Net)	–	101.05
Carbon Credit Sale	–	25.75
Profit on Sale of Cotton	144.74	712.41
Miscellaneous Income	183.32	191.34
<b>Total</b>	<b>979.65</b>	<b>1,560.50</b>

### NOTE NO. 37

#### COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Raw materials Consumed</b>		
Cotton & Cotton Waste Consumed for Yarn Production	42,951.56	30,383.98
Yarn Consumed for Fabric Production	6,109.69	5,717.34
<b>Total</b>	<b>49,061.25</b>	<b>36,101.32</b>

*Note: Raw material consumed does not include an amount of ₹ 309.94 Lakhs (PY: NIL), being value of yarn consumed at new fabric unit expansion, during trial run and accounted under "Capital work-in-progress" during the financial year 2022-23 in accordance with Ind AS 16 .*

### NOTE NO. 38

#### PURCHASES OF STOCK-IN-TRADE

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Purchases of Stock-in-Trade	3,577.62	2,478.83
<b>Total</b>	<b>3,577.62</b>	<b>2,478.83</b>

### NOTE NO. 39

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

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Opening stock</b>		
Finished Goods	2,010.64	744.63
Work-in-Progress	5,490.45	7,501.09
<b>Closing Stock</b>		
Finished Goods	6,294.03	2,010.64
Work-in-Progress	7,535.91	13,829.94
<b>Net (Increase) / Decrease in Stock</b>	<b>(6,328.85)</b>	<b>(4,186.54)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



### NOTE NO. 40

#### EMPLOYEE BENEFITS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>For Employees Other than Managing Director</b>		
Salaries, Wages and Bonus	8,346.26	7,211.49
Contribution to Provident and Other Funds	912.66	776.06
Staff and Labour Welfare & Training Expenses	715.88	442.22
	9,974.80	8,429.77
<b>For Managing Director</b>		
Managing Director Remuneration	240.00	240.00
Contribution to Provident and Other Funds	7.75	7.50
Sitting Fees	2.70	1.50
	250.45	249.00
<b>Total</b>	<b>10,225.25</b>	<b>8,678.77</b>

Note: Refer to Note No.47 for disclosures pertaining to defined contribution plan and defined benefit obligations under Ind AS 19.

### NOTE NO. 41

#### FINANCE COSTS

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Interest on Debts and Borrowings	5,140.36	3,856.32
Interest expense on lease liabilities [Refer to Note No. 48]	25.06	10.49
Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing cost	340.30	429.01
<b>Total</b>	<b>5,505.72</b>	<b>4,295.82</b>

Notes: (i) Interest on Term Loans represent interest calculated using the effective interest rate method.

(ii) The above Finance Costs is net of capitalised portion of ₹ 1,272.75 Lakhs (PY: ₹ 199.16 Lakhs) attributable to the qualifying assets / Capital work-in-progress.

(iii) Refer to Note No. 54 for information about interest rate risk exposure under Financial Risk Management.

### NOTE NO. 42

#### DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Depreciation of Plant, Property and Equipment [Refer to Note No. 9]	5,515.90	4,979.94
Depreciation on Investment Properties [Refer to Note No. 11]	0.25	0.23
Amortization of intangible assets [Refer to Note No. 12]	145.75	68.26
<b>Total</b>	<b>5,661.90</b>	<b>5,048.43</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 43

#### OTHER EXPENSES

(₹ in Lakhs)

Particulars	31-03-2023		31-03-2022	
<b>Manufacturing Expenses</b>				
Power and Fuel	5,094.89		3,979.09	
Packing Materials Consumption	1,063.72		875.03	
Repairs to Buildings	264.54		342.25	
Repairs to Plant and Machinery	1,905.93		1,664.49	
Repairs - Wind Mills & Others	1,489.96		1,401.28	
Mercerising expenses - Yarn Processing	728.04		520.18	
Chemical Consumption - Fabric	913.15		688.85	
Job work Charges Paid	620.26	12,080.49	500.22	9,971.39
<b>Establishment Expenses</b>				
Rates and Taxes	234.45		154.42	
Insurance	469.21		347.96	
Postage and Telephone	37.86		36.85	
Printing and Stationery	47.72		39.10	
Travelling Expenses	157.96		73.75	
Vehicle Maintenance	140.80		134.03	
Exchange Loss on Foreign Currency Transactions	902.15		—	
Directors Sitting Fees to Non-Executive Directors	29.80		31.20	
Lease Rent [Refer to Note (ii) below]	53.70		23.51	
Audit Fees and Legal Expenses	31.63		32.11	
Provision for PACR Memorial Fund	5.00		100.00	
Corporate Social Responsibility Expenses	11.17		42.88	
Mark to Market Loss on Cotton	42.30		—	
Miscellaneous Expenses	230.59	2,394.34	253.31	1,269.12
<b>Selling Expenses</b>				
Sales Commission	939.69		655.81	
Export Expenses	717.26		779.46	
Other Selling Expenses	347.45		318.72	
Impairment allowance provided / (withdrawn) for trade receivables	(36.05)	1,968.35	36.05	1,790.04
<b>Total</b>		<b>16,443.18</b>		<b>13,030.55</b>

Notes: (i) The details of CSR Expenditure are disclosed in Note No. 56(i).

(ii) The disclosures pertaining to Lease Rent as required under Ind AS 116 are given in Note No. 48.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



### NOTE NO. 44

#### AUDIT FEES AND EXPENSES (NET OF TAX CREDITS)

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Statutory Auditors</b>		
Statutory Audit fee	7.00	6.00
Other Certification Work	4.37	1.63
Reimbursement of Expenses	0.63	0.05
<b>Tax Auditors</b>		
Tax Audit fee	1.25	0.75
<b>Cost Auditors</b>		
Cost Audit fee	1.75	1.50
Reimbursement of Expenses	0.12	–
<b>Secretarial Auditors</b>		
Secretarial Audit fee	0.65	0.65
Other Certification Work	0.27	0.40
Reimbursement of Expenses	–	0.09
<b>Total</b>	<b>16.04</b>	<b>11.07</b>

### NOTE NO. 45

#### CONTINGENT LIABILITIES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Guarantees given by the bankers on behalf of Company	355.19	247.32
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to -		
- Parent	474.39	552.20
- Parent's share in Associates	15,295.31	14,892.29

### NOTE NO. 46

#### FINANCIAL GUARANTEE GIVEN TO BANKS TO AVAIL LOAN FACILITIES BY RELATED PARTIES

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Sri Vishnu Shankar Mill Limited	1,000	1,000
Sandhya Spinning Mill Limited	3,500	4,500

#### Actual amount of loan outstanding against above Financial Guarantees

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Sri Vishnu Shankar Mill Limited	100	300
Sandhya Spinning Mill Limited	2,547	3,450





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 47

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

#### Defined Contribution Plan:

(₹ in Lakhs)

Particulars	2022-23	2021-22
Employer's Contribution to Provident Fund	584.64	498.64
Employer's Contribution to Superannuation Fund	64.45	53.00

#### 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):

(₹ in Lakhs)

Particulars	2022-23	2021-22
<b>Reconciliation of Opening and Closing balances of Present Value of Obligation:</b>		
As at the beginning of the year	1,322.23	1,223.07
Current Service Cost	107.75	95.12
Interest Cost	92.59	82.12
Actuarial Loss / (Gain)	29.48	8.30
Benefits paid	(-) 128.44	(-) 86.38
As at the end of the year	1,423.61	1,322.23

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

As at the beginning of the year	1,222.62	1,162.23
Expected return on plan assets	88.99	80.08
Actuarial Gain / (Loss)	(-) 0.29	3.74
Employer Contribution	101.51	62.95
Benefits paid	(-) 128.44	(-) 86.38
As at the end of the year	1,284.39	1,222.62

#### Actual Return on Plan Assets

Expected Return on Plan Assets	88.99	80.08
Actuarial Gain / (Loss) on Plan Assets	(-) 0.29	3.74
Actual Return on Plan Assets	88.70	83.82

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Particulars	2022-23	2021-22
<b>Reconciliation of Fair Value of Assets and Obligations:</b>		
Present value of obligation	1,423.61	1,322.23
Fair value of plan assets	1,284.39	1,222.62
Difference, Amount recognized in Balance Sheet	139.22	99.61
<b>Expenses recognized during the year:</b>		
Current Service Cost	107.75	95.12
Net Interest on Obligations	3.59	2.04
Expenses recognized in Statement of Profit and Loss	111.34	97.16
<b>Amount recognized in the Other Comprehensive Income:</b>		
Actuarial changes arising from:		
Experience adjustments on Plan Liabilities	(-) 18.01	(-) 65.34
Experience adjustments on Plan Assets	(-) 0.29	3.74
Changes in financial assumptions	(-) 11.48	57.03
Changes in demographic assumptions	—	—
Amount recognized in OCI during the year	(-) 29.78	(-) 4.57
<b>Investment Details</b>		
Funds with LIC	1,278.04	1,216.47
Bank Balance	6.35	6.15
<b>Total</b>	<b>1,284.39</b>	<b>1,222.62</b>
<b>Actuarial assumptions:</b>		
LIC 2012-14 Table applied for service mortality rate	Yes	Yes
Discount rate p.a	7.28%	7.36%
Expected rate of Return on Plan Assets p.a.	7.28%	7.36%
Rate of escalation in salary p.a	3.75%	3.75%
Rate of Employee Turnover	0.05%	0.05%

<b>Estimate of Expected Benefit payments</b>		(₹ in Lakhs)
Particulars	31-03-2023	31-03-2022
Year 1	40.21	26.12
Year 2	87.34	89.25
Year 3	104.25	59.92
Year 4	136.73	108.32
Year 5	198.52	129.86
Next 5 Years	591.67	679.38



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Quantitative Sensitivity Analysis for Significant Assumptions

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
0.50% Increase in Discount Rate	114.22	100.45
0.50% Decrease in Discount Rate	132.15	115.85
0.50% Increase in Salary Growth Rate	132.47	116.13
0.50% Decrease in Salary Growth Rate	113.88	100.15

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):

(₹ in Lakhs)

Particulars	2022-23	2021-22
<b>Reconciliation of Opening and Closing balances of Present Value of Obligation:</b>		
As at the beginning of the year	283.44	284.95
Current Service Cost	43.96	30.39
Interest Cost	16.46	15.21
Actuarial Loss	57.85	85.77
Benefits paid	(-) 119.40	(-) 132.88
As at the end of the year	282.31	283.44
<b>Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:</b>		
As at the beginning of the year	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial Gain / (Loss)	NIL	NIL
Employer Contribution	119.40	132.88
Benefits paid	(-) 119.40	(-) 132.88
As at the end of the year	NIL	NIL
<b>Actual Return of plan assets:</b>		
Expected Return on Plan Assets	NIL	NIL
Actuarial Gain / (Loss) on Plan Assets	NIL	NIL
Actual Return on Plan Assets	NIL	NIL
<b>Reconciliation of Fair Value of Assets and Obligations</b>		
Fair value of plan assets	NIL	NIL
Present value of obligation	282.31	283.44
Difference, Amount Recognized in Balance Sheet	282.31	283.44
<b>Expenses recognized during the year:</b>		
Current Service Cost	43.96	30.39
Net Interest on obligations	16.47	15.21
Actuarial Gain recognized during the year	57.85	85.77
Expenses recognized in the Statement of Profit & Loss	118.28	131.37

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Particulars	2022-23	2021-22
<b>Amount recognized in the Other Comprehensive Income:</b>		
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
<b>Investment Details</b>		
Funds with LIC	NIL	NIL
Bank Balance	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>
<b>Actuarial assumptions:</b>		
LIC 2012-14 Table applied for service mortality rate		
Discount rate p.a	7.28%	7.36%
Expected rate of Return on Plan Assets p.a.	NIL	NIL
Rate of escalation in salary p.a	3.75%	3.75%
Rate of Employee Turnover	0.05%	0.05%

### Estimate of Expected Benefit payments (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Year 1	11.50	3.99
Year 2	16.67	26.06
Year 3	17.42	15.36
Year 4	25.07	19.10
Year 5	45.99	26.52
Next 5 Years	103.39	149.33

### Quantitative Sensitivity Analysis for Significant Assumptions (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
0.50% Increase in Discount Rate	48.22	41.23
0.50% Decrease in Discount Rate	55.28	46.99
0.50% Increase in Salary Growth Rate	55.41	47.09
0.50% Decrease in Salary Growth Rate	48.09	41.11

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 CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 48

#### DISCLOSURES PERTAINING TO IND AS 116 - 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.

##### Maturity analysis of Lease Liabilities:

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Not later than one year	30.53	28.46
One to five years	179.10	161.32
More than five years	573.70	650.48
Total Undiscounted lease liabilities as at 31 <sup>st</sup> March	783.33	840.26

##### Other disclosures as required by Ind AS 116:

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Depreciation charge for Right-of-use asset	31.88	17.05
Interest on lease liabilities	25.06	10.49
Expenses relating to short-term leases	53.70	23.51
Total cash outflow for leases including principal and interest	199.53	78.59
Additions to Right-of-use assets	171.07	570.88
Carrying amount of Right-of-use assets at 31 <sup>st</sup> March	1,394.84	1,255.65

Note: 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	31-03-2023	31-03-2022
Not later than one year	1.10	1.05
One to five years	6.65	6.40
More than five years	7.97	9.37

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



### NOTE NO. 49

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

Name of the Company	Principal Place of Business / Country on Incorporation	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
Ramco Systems Limited (RSL)	India	Software development

Name of the Company	% Shareholding as at	
	31-03-2023	31-03-2022
The Ramco Cements Limited	13.81%	13.81%
Ramco Industries Limited	9.68%	9.69%
Ramco Systems Limited	2.08%	2.38%

#### 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
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#### As at 31-03-2023

The Ramco Cements Limited	12,46,349.00	24,438.00	1,88,687.00	4,63,859.00	3,08,809.00	6,86,806.00
Ramco Industries Limited	59,843.66	3,05,551.30	81,122.41	9,160.47	49,137.02	3,88,219.88
Ramco Systems Limited	50,191.60	165.40	42,983.70	8,504.70	31,181.20	53,654.80

#### As at 31-03-2022

The Ramco Cements Limited	11,18,187.00	26,962.00	1,70,737.00	3,75,048.00	2,78,269.00	6,62,569.00
Ramco Industries Limited	61,167.00	3,00,828.70	70,158.58	8,312.27	47,956.14	3,75,885.87
Ramco Systems Limited	46,449.00	164.00	40,844.00	7,674.00	21,379.00	58,404.00

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

Profit and Loss	TRCL		RIL		RSL	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Total Revenue	8,19,019.00	6,03,169.00	1,47,911.40	1,46,874.98	49,222.30	53,110.00
Profit before tax	47,198.00	80,344.00	12,167.87	19,258.32	(22,069.10)	(7,265.00)
Tax expenses / (savings)	12,999.00	(8,941.00)	1,735.81	6,606.44	(1,381.60)	(39.00)
Profit after Tax	34,199.00	89,285.00	10,432.06	12,651.88	(20,687.50)	(7,226.00)
Share of profit in Associate	(2,747.00)	(1,116.00)	1,638.19	17,632.78	1.60	10.00
Other Comprehensive Income	(109.00)	(248.00)	866.25	(183.13)	925.80	260.00
Total Comprehensive Income	31,343.00	87,921.00	12,936.50	30,101.53	(19,760.10)	(6,956.00)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Fair Value of Investments (₹ in Lakhs)

Name of the Associates	31-03-2023	31-03-2022
The Ramco Cements Limited	2,46,859.06	2,50,578.34
Ramco Industries Limited	10,422.28	17,710.74
Ramco Systems Limited	1,401.41	1,938.36

### Share of Contingent Liabilities in respect of associates (₹ in Lakhs)

Name of the Associates	31-03-2023	31-03-2022
The Ramco Cements Limited	14,244.61	13,617.89
Ramco Industries Limited	789.08	514.28
Ramco Systems Limited	261.62	207.92

### Reconciliation to the carrying amount of investment in associates: (₹ in Lakhs)

Profit and Loss	TRCL		RIL		RSL	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022
Entity's TCI	31,343.00	87,921.00	12,936.50	30,101.53	(19,760.10)	(6,956.00)
Entity's Adjusted TCI	30,393.00	86,300.00	5,919.05	10,342.53	(19,758.20)	(6,966.00)
Effective shareholding %	15.84%	15.84%	11.81%	11.83%	2.08%	2.38%
Associates share of profit / OCI	4,813.73	13,671.41	698.76	1,223.02	(411.41)	(165.83)
Less: Unrealised profit on inter-company transactions (net of tax)	–	–	–	–	–	–
Amount recognized in P & L	4,813.73	13,671.41	698.76	1,223.02	(411.41)	(165.83)

#### Reconciliation

Opening Carrying amount	1,61,816.21	1,50,141.21	15,017.30	13,794.28	4,875.55	5,054.05
Less: Adjustment on Deemed Disposal	–	–	–	–	–	–
Add: Acquisition / (Sold) during the year	–	(1,996.41)	–	–	–	(12.67)
Add: Associate's share of Profit / OCI	4,813.73	13,671.41	698.76	1,223.02	(411.41)	(165.83)
Less: Dividend received	(978.75)	–	(84.02)	–	–	–
Net Carrying amount	1,65,651.19	1,61,816.21	15,632.04	15,017.30	4,464.14	4,875.55

#### 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. 50

#### EARNINGS PER SHARE

(₹ in Lakhs)

Particulars		31-03-2023	31-03-2022
Net profit / (loss) after tax (₹ in Lakhs)	(A)	8,188.36	16,657.61
Weighted average number of Equity shares after deducting treasury shares [In Lakhs]	(B)	86.65	85.89
Nominal value per equity share (in ₹)		10	10
Basic & Diluted Earnings per share (A) / (B) (in ₹)		94	194

#### Reconciliation of Weighted average number of Equity Shares

(Nos. in Lakhs)

Particulars		31-03-2023	31-03-2022
No. of Shares at the beginning of the year	(A)	85.89	73.59
Equity Shares allotted pursuant to Rights issue on 15 <sup>th</sup> February, 2023 / (PY: April, 2022)	(B)	6.14	12.30
Weighted average number of Equity Shares [CY: (A) + (B/365 x 45)] / (PY: A + B)		86.65	85.89

### NOTE NO. 51

#### RELATED PARTY TRANSACTIONS

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31<sup>st</sup> March, 2023:

#### A) Associates

Name of the Company	Place of Business / Country of Incorporation	% of Shareholding as at	
		31-03-2023	31-03-2022
The Ramco Cements Limited	India	13.81%	13.81%
Ramco Industries Limited	India	9.68%	9.69%
Ramco Systems Limited	India	2.08%	2.38%

#### B) Key Managerial Personnel (including KMP under Companies Act, 2013)

Name of the Key Management Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt. P.V. Nirmala Raju	Managing Director (From 01-06-2022)
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. Sudarsanam	KMP - Managing Director (Upto 31-05-2022) Mother of Shri P.R. Venketrama Raja
Smt. R. Chittammal	Spouse of Shri S.S. Ramachandra Raja
Smt. Nalina Ramalakshmi	Sister of Shri P.R. Venketrama Raja
Smt. Sharadha 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	Ramco Wind farms Limited
Thanjavur Spinning Mill Limited	Ramco Management Private Limited
Sandhya Spinning Mill Limited	RCDC Securities & Investments Private Limited
Sri Harini Textiles Limited	Sri Harini Media Limited
Rajapalayam Textile Limited	Lynks Logistics 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 Sethurammammal Charity Trust
Ramco Welfare Trust	PACR Sethurammammal Charities
Raja Charity Trust	PAC Ramasamy Raja Education Charity Trust
Gowrihouse Metal Works LLP	PACR Centenary Trust
Ramco Organic Farming Centre	PACR Rotary Blood Bank

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

#### a. Transactions during the year at Arm's length basis or its equivalent (₹ in Lakhs)

Name of the Related party	2022-23	2021-22
<b>i. Good Supplied / Services rendered</b>		
<b>Associates</b>		
The Ramco Cements Limited	42.15	71.86
Ramco Industries Limited	1,195.80	708.60
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	592.78	1,798.70
Sri Vishnu Shankar Mill Limited	1,090.77	3,910.71
Sandhya Spinning Mill Limited	820.39	1,090.32
Rajapalayam Textile Limited	186.38	406.02
Sri Harini Textiles Limited	NIL	8.09
<b>Other entities over which there is a significant influence</b>		
PACR Sethurammammal Charity Trust	NIL	0.01

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Name of the Related party	2022-23	2021-22
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
Ramco Industries Limited	NIL	0.21
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Sri Vishnu Shankar Mill Limited	10.74	NIL
Sandhya Spinning Mill Limited	38.66	NIL
Rajapalayam Textile Limited	NIL	119.35
<b>iii. Cost of Goods &amp; Services purchased / availed</b>		
<b>Associates</b>		
The Ramco Cements Limited	12.42	20.20
Ramco Industries Limited	3,135.79	725.99
Ramco Systems Limited	38.81	33.10
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	970.08	1,874.17
Sri Vishnu Shankar Mill Limited	4,078.38	2,247.93
Ramco Windfarms Limited	390.78	386.90
Sandhya Spinning Mill Limited	1,283.43	853.19
Rajapalayam Textile Limited	1,284.25	509.11
Shri Harini Media Limited	1.84	0.74
Ramco Industrial and Technology Services Limited	9.88	13.72
<b>Other entities over which there is a significant influence</b>		
PACR Sethurammam Charity Trust	301.50	205.66
PACR Centenary Trust	13.89	10.24
Gowrihouse Metal Works LLP	0.16	0.48
Ramco Organic Farming Centre	0.10	0.32
<b>iv. Purchase of Fixed Assets</b>		
<b>Associates</b>		
The Ramco Cements Limited	NIL	5.34
Ramco Industries Limited	17.70	0.98
Ramco Systems Limited	NIL	468.17
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	NIL	1.48
Sri Vishnu Shankar Mill Limited	135.89	NIL
Rajapalayam Textile Limited	NIL	6.58



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Name of the Related party	2022-23	2021-22
<b>v. Leasing arrangement - Rent Received</b>		
<b>Associates</b>		
Ramco Industries Limited	8.92	8.25
Ramco Systems Limited	0.72	0.81
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	0.50	0.12
Sri Vishnu Shankar Mill Limited	0.33	1.88
Sandhya Spinning Mill Limited	16.95	20.01
Rajapalayam Textile Limited	4.57	6.50
<b>Other entities over which there is a significant influence</b>		
PACR Educational Charity Trust	0.35	0.35
PACR Rotary Blood Bank	NIL	0.35
<b>vi. Leasing Arrangements - Rent Paid</b>		
<b>Associates</b>		
The Ramco Cements Limited	0.08	0.08
Ramco Industries Limited	3.54	1.18
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	0.03	NIL
Sri Vishnu Shankar Mill Limited	2.81	0.78
Sandhya Spinning Mill Limited	0.25	68.23
Rajapalayam Textile Limited	NIL	9.31
<b>Key Managerial Personnel</b>		
Shri P.V. Abinav Ramasubramaniam Raja	7.31	3.65
<b>Relative of Key Managerial Personnel</b>		
Smt. Sharadha Deepa	1.63	1.51
<b>vii. Reimbursement of Expenses Paid / (Received)</b>		
<b>Associates</b>		
The Ramco Cements Limited	61.93	14.94
Ramco Industries Limited	(84.62)	(66.26)
Ramco Systems Limited	NIL	(0.54)
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	(89.61)	(71.52)
Sri Vishnu Shankar Mill Limited	(29.53)	(34.94)
Sandhya Spinning Mill Limited	(45.74)	(50.20)
Rajapalayam Textile Limited	(9.56)	(8.42)
Sri Harini Textiles Limited	(4.99)	(5.56)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Name of the Related party	2022-23	2021-22
<b>viii.Dividend Paid</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	18.37	9.18
Smt. P.V. Nirmala Raju	0.41	0.08
Shri P.V. Abinav Ramasubramaniam Raja	22.77	11.39
Shri S.S. Ramachandra Raja	0.29	0.14
Shri N.K. Ramasuwami Raja	0.18	0.09
Shri A.V. Dharmakrishnan	0.01	0.01
Shri P.A.S. Alaghar Raja	0.08	0.04
<b>Associates</b>		
The Ramco Cements Limited	0.33	0.17
Ramco Industries Limited	1.49	0.74
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	1.58	0.79
Sri Vishnu Shankar Mill Limited	0.35	0.17
Sandhya Spinning Mill Limited	0.01	NIL
Ramco Management Private Limited	0.02	0.01
<b>Relative of Key Management Personnel</b>		
Smt. R. Sudarsanam	0.74	0.37
Smt. R. Chittammal	0.96	0.48
Smt. R. Nalina Ramalakshmi	0.08	0.04
Smt. Sharadha Deepa	0.13	0.06
Smt. B. Sri Sandhya Raju	0.19	0.10
<b>ix. Dividend Received</b>		
<b>Associates</b>		
The Ramco Cements Limited	978.76	NIL
Ramco Industries Limited	84.02	NIL
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	0.04	0.02
Sri Vishnu Shankar Mill Limited	0.38	NIL
Thanjavur Spinning Mill Limited	92.47	225.00



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Name of the Related party	2022-23	2021-22
<b>x. Right Issue Amount Received</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	746.53	2,109.54
Smt. P.V. Nirmala Raju	16.81	13.20
Shri P.V. Abinav Ramasubramaniam Raja	925.55	1,851.10
Shri S.S. Ramachandra Raja	5.12	23.22
Shri N.K. Ramasuwami Raja	7.30	14.60
Shri A.V. Dharmakrishnan	2.21	1.82
Shri P.A.S. Alaghar Raja	3.06	5.69
<b>Associates</b>		
The Ramco Cements Limited	51.83	42.96
Ramco Industries Limited	60.39	120.78
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
The Ramaraju Surgical Cotton Mills Limited	64.10	128.21
Sri Vishnu Shankar Mill Limited	14.10	28.20
Sandhya Spinning Mill Limited	0.23	0.47
Ramco Management Private Limited	0.97	1.93
<b>Relative of Key Management Personnel</b>		
Smt. R. Sudarsanam	150.22	60.46
Smt. R. Chittammal	39.18	78.36
Smt. R. Nalina Ramalakshmi	3.19	6.37
Smt. Sharadha Deepa	5.19	10.39
Smt. B. Sri Sandhya Raju	7.85	15.70
<b>xi. Redemption of Preference Shares</b>		
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Thanjavur Spinning Mill Limited	2,500.00	NIL
<b>xii. Investment in Preference Shares</b>		
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Lynks Logistics Limited	80.00	NIL
<b>xiii. Interest Paid / (Received)</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	12.31	3.21
Smt. R. Sudarsanam	0.04	21.10
Smt. P.V. Nirmala Raju	7.70	0.51
Shri P.V. Abinav Ramasubramaniam Raja	0.30	3.53
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Sri Harini Textiles Limited	(87.88)	(87.88)
Lynks Logistics Limited	(115.99)	(3.89)
Thanjavur Spinning Mill Limited	101.55	194.55

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Name of the Related party	2022-23	2021-22
<b>xiv. Directors' Sitting Fees</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	3.10	2.70
Smt. R. Sudarsanam	0.40	1.50
Smt. P.V. Nirmala Raju	2.30	2.10
Shri S.S. Ramachandra Raja	2.00	1.80
Shri N.K. Ramasuwami Raja	3.80	3.90
Shri A.V. Dharmakrishnan	4.20	4.20
Justice Shri P.P.S. Janarthana Raja	5.30	5.10
Shri V. Santhanaraman	2.00	1.80
Shri K.B. Nagendra Murthy	3.50	3.60
Smt Soundara Kumar	1.60	1.80
Shri P.V. Abinav Ramasubramaniam Raja	2.30	2.40
Shri P.A.S Alaghar Raja	2.00	1.80
<b>xv. Remuneration to Key Management Personnel (Other than Sitting Fees)</b>		
<b>Key Managerial Personnel</b>		
Smt. R. Sudarsanam, Managing Director (upto 31-05-2022)	41.25	247.50
Smt. P.V. Nirmala Raju, Managing Director (from 01-06-2022)	206.50	NIL
Shri B. Gnanagurusamy, Chief Financial Officer	75.13	68.67
Shri A. Arulpranavam, Secretary	18.19	15.23
<b>xvi. CSR / Donation given</b>		
<b>Other entities over which there is a significant influence</b>		
PACR Education Charity Trust	1.02	0.50
PACR Rotary Blood Bank	NIL	1.00
<b>xvii. Contribution to Superannuation Fund / Gratuity Fund</b>		
<b>Other entities over which there is a significant influence</b>		
Rajapalayam Mills Limited Officers' Superannuation Fund	64.45	53.00
Rajapalayam Mills Limited Employees' Gratuity Fund	141.13	101.73
<b>xviii. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	(501.70)	(501.70)
Smt. R. Sudarsanam	(303.66)	(551.35)
Smt. P.V. Nirmala Raju	(207.02)	(13.76)
Shri P.V. Abinav Ramasubramaniam Raja	(4.27)	(53.92)
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Sri Harini Textiles Limited	950.00	950.00
Lynks Logistics Limited	1,420.00	700.00
Thanjavur Spinning Mill Limited	(3,363.16)	(3,183.53)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### b. Outstanding balance including commitments (₹ in Lakhs)

Name of the Related party	31-03-2023	31-03-2022
<b>i. Loans and advances</b>		
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Sri Harini Textiles Limited	950.00	950.00
Lynks Logistics Limited	1,420.00	700.00
<b>ii. Borrowings:</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	43.77	501.70
Smt. R. Sudarsanam	NIL	3.62
Smt. P.V. Nirmala Raju	7.93	0.99
Shri P.V. Abinav Ramasubramaniam Raja	4.27	3.99
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Thanjavur Spinning Mill Limited	492.00	2,732.60
<b>iii. Corporate Guarantee given to lender of Related parties</b>		
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Sri Vishnu Shankar Mill Limited	1,000	1,000
Sandhya Spinning Mill Limited	3,500	4,500

Notes: (a) These Guarantees have been given as an additional security to secure the borrowings of the above Companies for their modernization / expansion.

(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:

Sri Vishnu Shankar Mill Limited	100.00	300.00
Sandhya Spinning Mill Limited	2,546.95	3,450.00

### c. Disclosure of Key Management Personnel compensation in total and for each of the following categories: (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
Short - Term Benefits <sup>[1]</sup>	329.87	309.10
Defined Contribution Plan <sup>[2]</sup>	13.08	12.59
Defined Benefit Plan / Other Long-Term Benefits <sup>[3]</sup>	0.82	11.21
<b>Total</b>	<b>343.77</b>	<b>332.90</b>

1. It includes bonus, sitting fees, and value of perquisites.

2. It includes contribution to Provident fund and Superannuation fund.

3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above. However, amount paid towards compensated absences is included whenever Company makes such payment to KMPs.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 52

SEGMENT INFORMATION FOR THE YEAR ENDED 31-03-2023

(₹ in Lakhs)

Particulars	Textiles		Windmill Power		Total	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022
<b>REVENUE</b>						
External Sales / Other Operating Income	86,189.43	68,965.47	—	—	86,189.43	68,965.47
Inter Segment Sale	—	—	3,917.79	3,927.23	3,917.79	3,927.23
Total	86,189.43	68,965.47	3,917.79	3,927.23	90,107.22	72,892.70
Other Income	579.88	1,173.05	—	—	579.88	1,173.05
<b>Total Revenue</b>	<b>86,769.31</b>	<b>70,138.52</b>	<b>3,917.79</b>	<b>3,927.23</b>	<b>90,687.10</b>	<b>74,065.75</b>
<b>RESULT</b>						
Segment Profit	6,082.43	6,832.71	2,046.53	2,154.45	8,128.96	8,987.16
Unallocated Income	—	—	—	—	92.91	225.02
Unallocated Expenses	—	—	—	—	—	—
Operating Profit	—	—	—	—	8,221.87	9,212.18
Interest Expenses	—	—	—	—	5,505.72	4,295.82
Interest Income	—	—	—	—	306.86	162.43
Provision for Taxation						
Current Tax	—	—	—	—	155.00	15.20
Excess Income Tax Provisions related to earlier years withdrawn	—	—	—	—	(15.56)	—
Withdrawal of MAT Credit relating to earlier years due to adoption of New Tax Regime	—	—	—	—	—	3,273.11
Deferred Tax	—	—	—	—	450.60	549.33
Profit from ordinary activities	—	—	—	—	2,432.97	1,241.15
Other Comprehensive Income after Tax	—	—	—	—	(23.31)	16.36
Exceptional Items	—	—	—	—	742.49	642.39
Share of TCI from Associates	—	—	—	—	5,101.08	14,728.60
Total Comprehensive Income (TCI) after Tax	—	—	—	—	8,253.23	16,628.50
<b>OTHER INFORMATION</b>						
Segment Assets	1,54,172.06	1,08,594.65	4,714.90	5,112.05	1,58,886.96	1,13,706.70
Unallocated Assets	—	—	—	—	1,88,285.27	1,86,020.54
Total Assets	—	—	—	—	3,47,172.23	2,99,727.24
Segment Liabilities	6,771.70	8,061.61	—	—	6,771.70	8,061.61
Unallocated Liabilities	—	—	—	—	1,16,229.01	79,111.44
Total Liabilities	—	—	—	—	1,23,000.71	87,173.05
Capital Expenditure	35,545.89	18,867.90	—	—	35,545.89	18,867.90
Unallocated Capital Expenditure	—	—	—	—	—	—
Depreciation	5,244.47	4,631.73	417.43	416.70	5,661.90	5,048.43
Unallocated Depreciation Expenditure	—	—	—	—	—	—
Non-Cash expenses other than Depreciation	—	—	—	—	—	—





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 53

#### 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
<b>As at 31-03-2023</b>					
<b>Financial Assets</b>					
Investments - Preference Shares	80.00	—	—	80.00	80.00
Other Investments	—	—	167.89	167.89	167.89
Loans and Advances	2,370.00	—	—	2,370.00	2,370.00
Trade Receivables	15,919.50	—	—	15,919.50	15,919.50
Cash and Bank Balances	622.78	—	—	622.78	622.78
Other Financial Assets	3,174.73	—	—	3,174.73	3,174.73
<b>Financial Liabilities</b>					
Borrowings	1,10,859.37	—	—	1,10,859.37	1,10,859.37
Lease Liabilities	499.39	—	—	499.39	499.39
Trade Payables	1,487.62	—	—	1,487.62	1,487.62
Other Financial Liabilities	2,609.01	—	—	2,609.01	2,609.01
<b>As at 31-03-2022</b>					
<b>Financial Assets</b>					
Investments - Preference Shares	2,500.00	—	—	2,500.00	2,500.00
Other Investments	—	—	161.42	161.42	161.42
Loans and Advances	1,650.00	—	—	1,650.00	1,650.00
Trade Receivables	10,335.98	—	—	10,335.98	10,335.98
Cash and Bank Balances	661.43	—	—	661.43	661.43
Other Financial Assets	1,497.13	—	—	1,497.13	1,497.13
<b>Financial Liabilities</b>					
Borrowings	74,188.76	—	—	74,188.76	74,188.76
Lease Liabilities	502.79	—	—	502.79	502.79
Trade Payables	1,813.66	—	—	1,813.66	1,813.66
Other Financial Liabilities	3,836.27	—	—	3,836.27	3,836.27

#### 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
<b>Financial Instruments at FVTOCI</b>				
<b>Investments in listed equity securities</b>				
As at 31-03-2023	10.54	–	–	10.54
As at 31-03-2022	13.58	–	–	13.58
<b>Investment in unlisted securities</b>				
As at 31-03-2023	–	–	157.34	157.34
As at 31-03-2022	–	–	147.84	147.84
<b>Financial Instruments at FVTPL</b>				
Foreign exchange forward contracts				
As at 31-03-2023 (Liability)	–	319.73	–	319.73
As at 31-03-2022 (Liability)	–	263.57	–	263.57

### 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. 54

#### 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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 customer. The Company evaluates the concentration of the risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. In case of Corporate / Export Customer, credit risks are mitigated by way of enforceable securities. However, unsecured credits are extended based on creditworthiness of the customers on case to case basis.

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

(₹ in Lakhs)

Particulars	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
<b>As at 31-03-2023</b>					
Gross carrying amount	10,596.34	1,845.41	3,371.13	106.62	15,919.50
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	—	—	—	—	—
Carrying amount of trade receivables net of impairment	10,596.34	1,845.41	3,371.13	106.62	15,919.50
<b>As at 31-03-2022</b>					
Gross carrying amount	8,981.09	764.92	277.76	348.26	10,372.03
Expected Loss Rate	0%	0%	0%	10.35%	0.35%
Expected Credit Losses	—	—	—	36.05	36.05
Carrying amount of trade receivables net of impairment	8,981.09	764.92	277.76	312.21	10,335.98

### 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



### Fund Management

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

### Financial arrangements

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

Particulars	31-03-2023	31-03-2022
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	12,610.83	14,499.01
Term Loans	4,632.00	28,995.83
<b>Expiring beyond year</b>		
Term Loans	—	—

### Maturities of Financial Liabilities (₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	> 5 years	Total
<b>As at 31-03-2023</b>				
Borrowings from Banks	62,748.62	40,641.63	7,469.12	1,10,859.37
Trade payables	1,487.62	—	—	1,487.62
Other Financial Liabilities (Incl. Interest)	2,609.01	—	—	2,609.01
<b>As at 31-03-2022</b>				
Borrowings from Banks	43,025.97	28,756.99	2,405.80	74,188.76
Trade payables	1,813.66	—	—	1,813.66
Other Financial Liabilities (Incl. Interest)	3,836.27	—	—	3,836.27

### 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 Director.



## 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 31-03-2023**

**In Millions**

Type	Particulars	USD	Euro	JPY
<b>Hedged Items</b>	<b>Financial Assets / Firm commitments related to Financial Assets</b>			
	(a) Trade Receivables	11.95	1.13	–
	<b>Financial Liabilities / Firm Commitments related to Financial Liabilities</b>			
	(a) Buyers Credit Loan	15.84	–	–
	(b) Contracts for import of materials	0.96	2.09	47.75
	(c) Forward for Exports	12.96	4.77	–
<b>Hedging Instruments (Forward contracts)</b>	<b>Instruments for hedging the currency risk on Financial Assets</b>			
	(a) PCFC Loan	4.11	–	–
	<b>Instruments for hedging the currency risk on Financial Liabilities</b>			
	(a) Forward contracts for Buyers Credit Loan	15.84	–	–
	(b) Forward contract for imports	0.96	2.09	47.75
	(c) Forward Contracts for Exports	20.79	10.66	–

**As at 31-03-2022**

**In Millions**

Type	Particulars	USD	Euro	CHF	JPY
<b>Hedged Items</b>	<b>Financial Assets / Firm commitments related to Financial Assets</b>				
	(a) Trade Receivables	3.84	0.98	–	–
	<b>Financial Liabilities / Firm Commitments related to Financial Liabilities</b>				
	(a) Buyers Credit Loan	14.44	–	–	–
	(b) Contracts for import of materials	14.86	8.54	0.83	440.28
<b>Hedging Instruments (Forward contracts)</b>	<b>Instruments for hedging the currency risk on Financial Assets</b>				
	(a) PCFC Loan	3.84	0.98	–	–
	<b>Instruments for hedging the currency risk on Financial Liabilities</b>				
	(a) Forward contracts for Buyers Credit Loan	14.44	–	–	–
	(b) Forward contract for imports	14.86	8.54	0.83	440.28
	(c) Forward Contracts for Exports	9.73	2.00	–	–

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)	
	31-03-2023	31-03-2022	31-03-2023	31-03-2022
USD / INR buy forward	167.92	293.04	13,797.85	22,210.35
USD / INR sell forward	207.93	97.29	17,085.40	7,373.67
EURO / INR buy forward	20.94	85.44	1,872.93	7,195.49
EURO / INR sell forward	106.58	20.01	9,532.83	1,685.24
CHF / INR buy forward	NIL	8.34	NIL	683.72
JPY / INR buy forward	477.50	4,402.80	294.14	2,736.45

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	31-03-2023	31-03-2022
Variable rate borrowings	1,01,173.87	74,138.76
Fixed rate borrowings	9,685.50	50.00

The Company does not have any interest rate swap contracts.

### Sensitivity on Interest rate fluctuation (₹ in Lakhs)

Incremental Interest Cost works out to	31-03-2023	31-03-2022
1% Increase in Interest Rate	1,011.74	741.39

### NOTE NO. 55

DISCLOSURE AS REQUIRED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

The categorization of supplier as MSME registered under the Act under new definition, has been determined based on the information available with the Company as at the reporting date. The Company has also considered suppliers as MSME who possess the erstwhile MSME certificate for the period upto the reporting date, for the purpose of categorization and disclosures. The disclosures as required under Micro, Small and Medium Enterprises Development Act, 2006:

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
(a) (i) The Principal amount remaining unpaid to any supplier at the end of the financial year included in -		
Trade Payables	185.00	261.25
Other Current Financial Liabilities	17.37	—
(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 the 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	—	—



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE NO. 56

ADDITIONAL REGULATORY INFORMATION AS REQUIRED UNDER COMPANIES ACT, 2013 / INDIAN ACCOUNTING STANDARDS:

#### a) Trade Payables Ageing Schedule

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1 – 2 Years	2 - 3 years	> 3 years	
<b>As at 31-03-2023</b>						
MSME	185.00	–	–	–	–	185.00
Others	1,065.25	218.52	0.95	0.11	–	1,284.83
Disputed Dues - MSME	–	–	–	–	–	–
Disputed Dues - Others	–	–	–	1.25	16.54	17.79
Unbilled dues	–	–	–	–	–	–
<b>Total</b>	<b>1,250.25</b>	<b>218.52</b>	<b>0.95</b>	<b>1.36</b>	<b>16.54</b>	<b>1,487.62</b>
<b>As at 31-03-2022</b>						
MSME	261.25	–	–	–	–	261.25
Others	1,071.82	422.66	1.93	0.92	–	1,497.33
Disputed Dues - MSME	–	–	–	–	–	–
Disputed Dues - Others	–	17.52	20.99	13.20	3.37	55.08
Unbilled dues	–	–	–	–	–	–
<b>Total</b>	<b>1,333.07</b>	<b>440.18</b>	<b>22.92</b>	<b>14.12</b>	<b>3.37</b>	<b>1,813.66</b>

#### b) Capital Work-in-Progress Ageing Schedule

(₹ in Lakhs)

Particulars	Amount in CWIP for a period of				Total
	< 1 Year	1 – 2 Years	2 - 3 years	> 3 years	
As at 31-03-2023	26,022.63	143.16	–	–	26,165.79
As at 31-03-2022	3,663.27	44.59	–	–	3,707.86

Notes: (i) None of the capital-work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.

(ii) The Company did not have any projects whose activity has been suspended

(iii) The Company has no intangible assets under development.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



### c) Trade Receivables Ageing Schedule

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	> 3 years	
As at 31-03-2023							
Undisputed Trade receivables - considered good	14,656.18	1,158.78	0.13	0.04	0.86	103.51	15,919.50
Undisputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade receivables - considered good	–	–	–	–	–	–	–
Disputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
Total	14,656.18	1,158.78	0.13	0.04	0.86	103.51	15,919.50
As at 31-03-2022							
Undisputed Trade receivables - considered good	9,340.75	686.53	0.02	205.17	103.51	–	10,335.98
Undisputed Trade receivables - which have significant increase in credit risk	–	–	–	36.05	–	–	36.05
Disputed Trade receivables - considered good	–	–	–	–	–	–	–
Disputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
Total	9,340.75	686.53	0.02	241.22	103.51	–	10,372.03

### d) Details of Loans Granted to Promoters, Directors, KMPs and related parties:

Type of the Borrower	Amount of Loan outstanding as on 31-03-2023	% to the Total Loans and advances in the nature of Loans
Sri Harini Textiles Limited [a related party, refer to Note No. 51(b)(i)]	950	40%
Lynks Logistics Limited [a related party, refer to Note No. 51(b)(i)]	1,420	60%

### e) Undisclosed Income

The Company did not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the year.

### f) Relationship with Struck off Companies

The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### g) Details of Crypto Currency or Virtual Currency

The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence disclosure relating to it are not applicable.

### h) The Company has neither advanced or loaned or invested, nor received any fund, to or from, any other person or entities (intermediaries) with the understanding that the intermediary shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or
- (ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

### i) Disclosures related to CSR activities

Particulars	Amount (₹ in Lakhs)
Amount required to be spent by the company during the year	2.03
Amount of expenditure incurred	11.77
Shortfall at the end of the year	NIL
Total of previous years shortfall	NIL
Reason for shortfall	NA
Nature of CSR activities	Please refer to Table-A below
Details of related party transactions	Please refer to Table-B below

Note : The Company has not made any provision related to CSR activities for the FY: 2022-23 and 2021-22.

Table - A Nature of CSR activities:

Nature	Amount (₹ in Lakhs)
Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare	7.24
Promotion of Education including Special Education and Livelihood Enhancement Projects	1.27
Ensuring Environmental Sustainability	2.41
Restoration of Building and Sites of Historical Importance and Works of Art	0.25
<b>Total</b>	<b>11.17</b>

Table - B Details of related party transactions:

Name of the related party	Nature of CSR activities	Amount (₹ in Lakhs)
PAC Ramasamy Raja Educational Charity Trust	Promotion of Education	5.00

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



### NOTE NO. 57

#### EXCEPTIONAL ITEMS

#### Profit on Sale of Property, Plant & Equipment and Investment Property

The Company has sold 14.49 Acres of Land located at Nelamangala Taluk, Bangalore for a sale consideration of ₹ 885.00 Lakhs and after adjusting the cost of acquisition of land and land development expenses of ₹ 81.20 Lakhs, the net profit on sale of land was ₹ 803.80 Lakhs (PY: NIL).

The Company has modernized the old textile machineries during FY 2022-23 and sold the old machineries for a sale consideration of ₹ 134.98 Lakhs. The WDV of old machineries was ₹ 196.29 Lakhs. The Company has incurred loss on sale of the above old machineries to the extent of ₹ 61.31 Lakhs (PY: ₹ 795.42 Lakhs).

The aggregate net profit of ₹ 742.49 Lakhs of above transactions is shown as an Exceptional Items in the Statement of Profit and Loss under the item "Profit on Sale of Property, Plant & Equipment and Investment Property" (PY Loss of ₹ 795.42 Lakhs).

### NOTE NO. 58

#### EVENTS AFTER THE REPORTING PERIOD - DISTRIBUTION MADE AND PROPOSED (₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
<b>Cash Dividends on Equity Shares declared and paid</b>		
Final dividend for the year ended 31 <sup>st</sup> March, 2022 ₹ 1/- per share (PY: ₹ 1/- per share)	86.06	43.03
<b>Proposed Dividends on Equity Shares</b>		
Final dividend for the year ended 31 <sup>st</sup> March, 2023: ₹ 1/- per share (PY: ₹ 1/- per share)	92.20	86.06

As per our report annexed

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

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

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
(DIN: 00331406)  
Rajapalayam

**Smt. P.V. NIRMALA RAJU**  
Managing Director  
(DIN: 00474960)  
Rajapalayam

**R. PALANIAPPAN**  
Partner  
Membership No. 205112  
Chennai  
24<sup>th</sup> May, 2023

**P. SANTHANAM**  
Partner  
Membership No. 018697  
Chennai

**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam



**ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTERPRISES CONSOLIDATED AS ASSOCIATES FOR THE YEAR 2022-23**

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
<b>Parent</b>								
Rajapalayam Mills Limited	20.28%	45,465.11	38.78%	3,175.46	(35.93%)	(23.31)	38.19%	3,152.15
<b>Associates (Investments as per the Equity Method)</b>								
<b>Indian</b>								
The Ramco Cements Limited	71.75%	1,60,851.35	59.28%	4,853.96	(62.02%)	(40.23)	58.33%	4,813.73
Ramco Industries Limited	6.48%	14,532.38	7.20%	589.63	168.23%	109.13	8.47%	698.76
Ramco Systems Limited	1.48%	3,322.68	(5.26%)	(430.69)	29.72%	19.28	(4.98%)	(411.41)

As per our report annexed

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

**R. PALANIAPPAN**  
Partner  
Membership No. 205112  
Chennai

24<sup>th</sup> May, 2023

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

**P. SANTHANAM**  
Partner  
Membership No. 018697  
Chennai

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
(DIN: 00331406)  
Rajapalayam

**B. GNANAGURUSAMY**  
Chief Financial Officer  
Rajapalayam

**Smt. P.V. NIRMALA RAJU**  
Managing Director  
(DIN: 00474960)  
Rajapalayam

**A. ARULPRANAVAM**  
Secretary  
Rajapalayam



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## NOTES



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## NOTES



Our Chairman Shri P.R. Venketrama Raja is starting the newly installed Airjet Looms in Rajapalayam Mills Fabric Division for a trail run production.



Our Executives with Export Customers from Poland during their visit to Rajapalayam Mills.



Our Chairman Shri P.R. Venketrama Raja, receiving "Lifetime Achievement Award" during Cotton Association of India's Centenary Celebration.



Shri M. Palanichamy, Preparatory Department is receiving service award from our Chairman for completion of 40 years of service in our Mills.

