

 **surgicom**

**sudarsanam**  
SPINNING MILLS

**sudarsanam**  
FABRICS

78<sup>th</sup>  
**Annual Report**  
2017-2018



**THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED**



Our Founder's Mentor



SHRI P.A.C. RAMASAMY RAJA

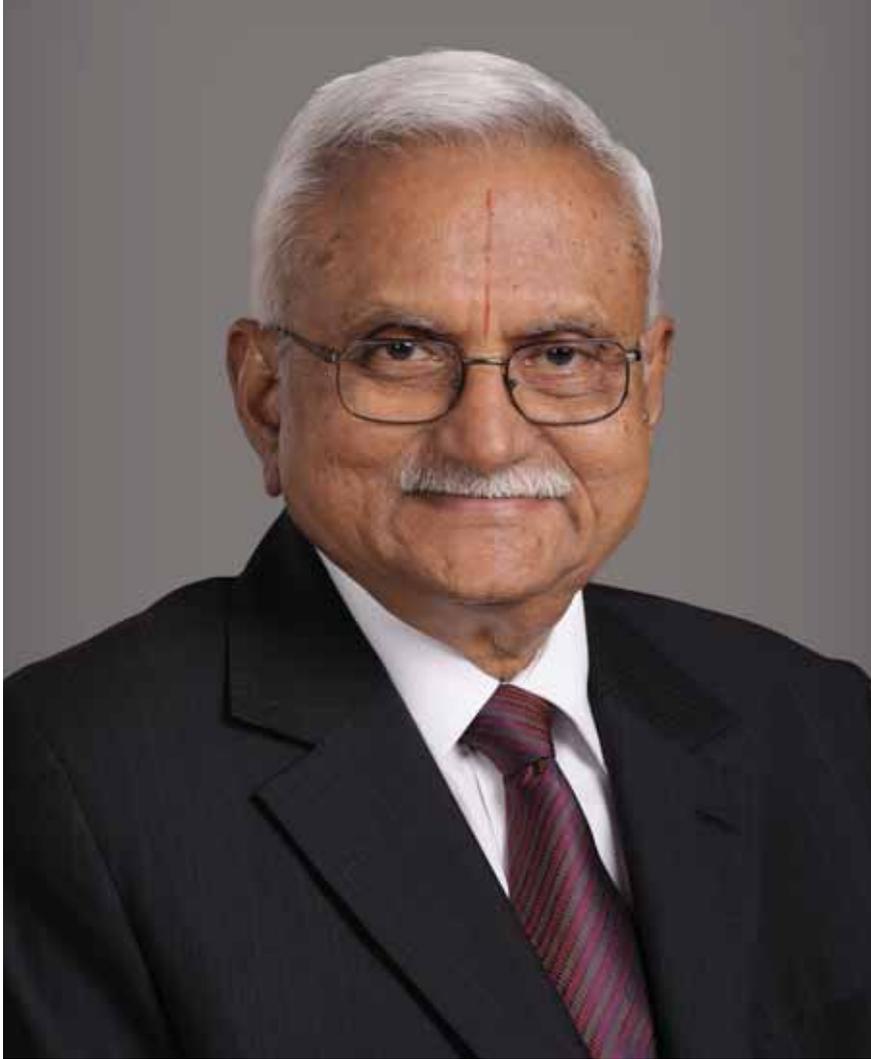


Our Founder



SHRI N.K. RAMARAJU





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





## Board of Directors

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

Smt. NALINA RAMALAKSHMI, B.Sc., M.S.C.S.,  
*Managing Director*

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

Shri K. MANOHARAN, M.A., DHT., HDC.,  
*(Nominee of Govt. of Tamilnadu)*

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

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

Shri S. KANTHIMATHINATHAN, M.Sc., (Tex.), M.B.A.,

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

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

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

## Chief Financial Officer

Shri P.R. Ramasubramanian

## Company Secretary

Shri A. Emarajan

## Registered Office

The Ramaraju Surgical Cotton Mills Premises,  
Post Box No. 2,  
119, P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam - 626 117.  
Tamil Nadu.

E-mail : rscm@ramcotex.com

Phone : 04563-235904

Fax : 04563-235714

**Website:** www.ramarajusurgical.com

## Corporate Identification Number :

U17111TN1939PLC002302

## Factories

### Surgical Division

1. Rajapalaiyam
2. Perumalpatti

### Spinning Division

Sudarsanam Spinning Mills

1. Rajapalaiyam
2. Silvassa
3. Subramaniapuram
4. Thirumalagiri Village, AP.

### Fabric Division

Sudarsanam Fabrics  
Perumalpatti

## Bankers

Canara Bank

IDBI Bank Limited

Indian Bank

State Bank of India

Tamilnad Mercantile Bank Limited

The Karur Vysya Bank Limited

## Auditors

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

## Secretarial Auditor

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

## Cost Auditor

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



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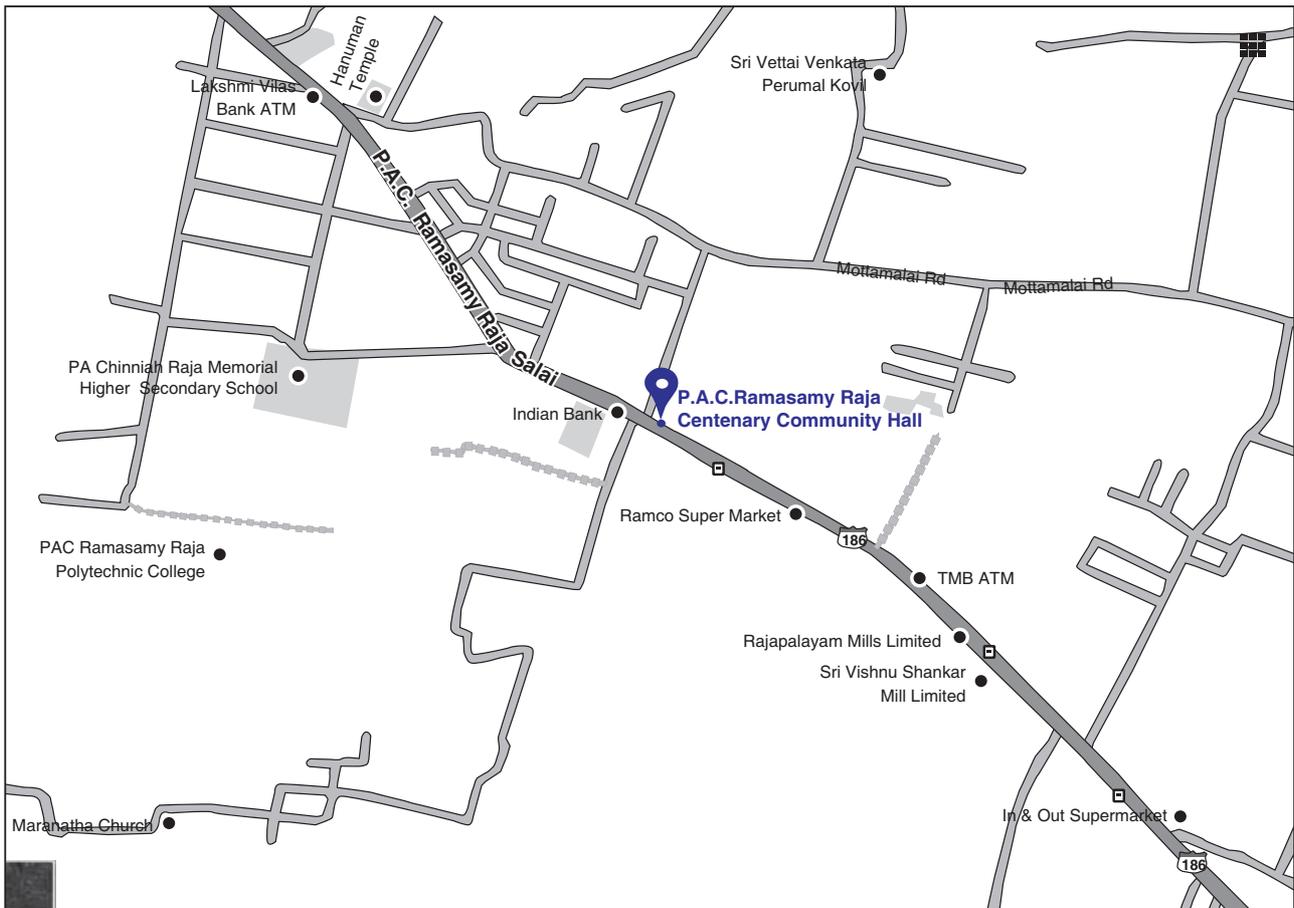
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### Map Showing location of venue of 78<sup>th</sup> Annual General Meeting

Venue Address: P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens,  
P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu



Land Mark: Near Indian Bank, P.A.C.R. Polytechnic College Branch

Distance from Rajapalayam Bus Stand : 3.5 KM; Distance from Rajapalayam Railway Station : 3.9 KM

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**NOTICE TO THE MEMBERS**

Notice is hereby given that the 78<sup>th</sup> Annual General Meeting of the Company will be held at 09.30 A.M. on Friday, the 10<sup>th</sup> August, 2018 at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu to transact the following business:

**ORDINARY BUSINESS**

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

"RESOLVED that the Company's Separate and Consolidated Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018, 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 ₹ 0.50 per Share be and is hereby declared for the year ended 31<sup>st</sup> March, 2018 and the same be paid to those Shareholders whose name appear in the Register of Members and Register of Depositories as on 3<sup>rd</sup> August, 2018."

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

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

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

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

**SPECIAL BUSINESS**

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

"RESOLVED that pursuant to Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, approval of the Company be and is hereby accorded to the appointment of Shri N.R.K. Ramkumar Raja (DIN: 01948373) as Managing Director of the Company for a period of 3 years with effect from 14-02-2019, at a remuneration equivalent to 5% of the net profits of the Company.

RESOLVED FURTHER that the Nomination and Remuneration Committee be and is hereby authorised to fix the components, quantum and periodicity of the remuneration payable to the



Managing Director subject however that the annual remuneration does not exceed 5% of the net profits of the Company in any financial year.

RESOLVED FURTHER that where in any financial year during the currency of his tenure, the Company has no profits or inadequate profits, the Managing Director shall be paid remuneration as approved by the Nomination and Remuneration Committee as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites.

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

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

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

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, Shri P.J. Alaga Raja (DIN: 00446057), Independent Director of the Company, whose term ends on 31-03-2019 be re-appointed as Independent Director for another term of 5 years starting from 01-04-2019 to 31-03-2024."

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

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, Justice Shri P.P.S. Janarthana Raja (DIN: 06702871), Independent Director of the Company, whose term ends on 24-05-2019 be re-appointed as Independent Director for another term of 5 years starting from 25-05-2019 to 24-05-2024."

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

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, Shri V. Santhanaraman (DIN: 00212334),

## NOTICE



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Independent Director of the Company, whose term ends on 24-05-2019 be re-appointed as Independent Director for another term of 5 years starting from 25-05-2019 to 24-05-2024."

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

"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, Shri P.J. Ramkumar Rajha (DIN: 00487193), Independent Director of the Company, whose term ends on 24-05-2019 be re-appointed as Independent Director for another term of 5 years starting from 25-05-2019 to 24-05-2024."

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

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 1,15,000/- (Rupees One Lakh Fifteen 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 2018-19 for auditing the Cost Records relating to manufacture of textile and pharmaceutical products, be and is hereby ratified and confirmed."

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

Rajapalayam,  
29<sup>th</sup> May, 2018.

P.R. VENKETRAMA RAJA  
CHAIRMAN



**NOTES:**

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**
3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total Share Capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. Attendance Slip is enclosed. Members, Proxies and Authorised Signatories are requested to bring the duly filled-in and signed, attendance slips to the Meeting.
4. The cut-off date will be Friday, the 3<sup>rd</sup> August, 2018 for determining the eligibility to vote by remote e-Voting or in General Meeting.
5. Pursuant to Rule 8 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unclaimed/unpaid dividends lying with the Company on the website of the Company ([www.ramarajusurgical.com](http://www.ramarajusurgical.com)), as also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & 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:

<b>Financial Year Ended</b>	<b>Date of Declaration of Dividend</b>	<b>Last Date for claiming Unpaid Dividend</b>	<b>Due Date for transfer to IEP Fund</b>
31-03-2011	20-07-2011	19-07-2018	17-08-2018
31-03-2013 Interim Dividend Final Dividend	22-02-2013 01-08-2013	21-02-2020 31-07-2020	21-03-2020 29-08-2020
31-03-2014	04-08-2014	03-08-2021	01-09-2021
31-03-2015	12-08-2015	11-08-2022	09-09-2022
31-03-2016 Interim Dividend	14-03-2016	13-03-2023	11-04-2023
31-03-2017	10-08-2017	09-08-2024	07-09-2024

6. In accordance with Section 125(5) of the Companies Act, 2013, the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over 7 years, to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
7. In accordance with Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016, the shares in respect of which, dividend has not been paid or claimed for 7 consecutive years or more have been transferred by the Company to IEPF. The shareholders / their legal heirs are entitled to claim the said shares and the dividend so transferred from the IEPF by making an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form are available at [www.ramarajusurgical.com](http://www.ramarajusurgical.com) and [www.iepf.gov.in](http://www.iepf.gov.in).
8. Electronic copy of the Notice for the Annual General Meeting together with the Annual Report for 2017-18 is being sent to all the members whose E-Mail IDs are registered with the Company / Depository Participant(s). Physical copy of the Notice together with the Annual Report is being sent in permitted mode, to members for whom the E-Mail IDs are not available and who have requested for physical copies. The Notice and the Annual Report are also available on the Company's Website - [www.ramarajusurgical.com](http://www.ramarajusurgical.com) for their download.
9. Under Rule 18 of Companies (Management and Administration) Rules, 2014, Members, who have not got their E-Mail IDs recorded are requested to register their E-Mail address and changes therein with the Company in respect of physical Shares and with Depository Participants in respect of dematerialised Shares. Members are also requested to provide their Unique Identification Number and PAN (CIN in the case of Corporate Members) to the Company / Depository Participants.
10. A Route map with prominent land mark for easy location of the venue of the meeting is given with this notice as per requirement of Clause No. 1.2.4. of the Secretarial Standard - 2 on "General Meetings".
11. Voting through electronic means;
  - A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, [LODR] the Company is providing members remote e-Voting facility to exercise their right to vote at the 78<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 voting, either through electronic voting system or ballot shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-Voting shall be able to exercise their right at the meeting.
- C. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting are as under:

- i) To log on to the e-Voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii) To Click on Shareholders tab.
- iii) Now enter your User ID as given below:
  - For CDSL: 16 Digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding Shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Captcha Code as displayed and Click on Login.
- v) PASSWORD
  - If you are holding Shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
  - If you are first time user follow the steps given below:
    - (a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders).  
Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Folio No. / Client ID in the PAN field.  
In case the Folio No. is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is A.Raja with folio number 1 then enter AR00000001 in the PAN Field.
    - (b) Please enter any one of the following details in order to login:
      - Date of Birth:** Enter the Date of Birth as recorded in your demat account or in the Company records in dd/mm/yyyy format.
      - Dividend Bank Details:** Please enter Dividend Bank Details as recorded in your demat account or in the company records.If both of the above details are not recorded with the depository or Company, please enter the User ID / Folio No [mentioned in (iii) above] in the Dividend Bank details field.

## NOTICE



- vi) Members holding Shares in physical form will then directly reach the Company selection screen. However, members holding Shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vii) For members holding Shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- viii) Click on the relevant EVSN for THE RAMARAJU SURGICAL COTTON MILLS LIMITED on which you choose to vote.
- ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take a print of the voting done by you clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.
- xiv) If demat account holder has forgotten the changed password then Enter the User ID and Captcha Code and click on Forgot Password & enter the details as prompted by the system.
- xv) Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). After receiving the login details of a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able



## NOTICE

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to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- D. The facility for remote e-voting shall remain open from 9.00 A.M. on Tuesday, the 7<sup>th</sup> August, 2018 to 5.00 P.M. on Thursday, the 9<sup>th</sup> August, 2018. 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 3<sup>rd</sup> August, 2018, may opt for remote e-Voting. E-Voting shall not be allowed beyond 5.00 P.M. on 9<sup>th</sup> August 2018.
- E. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- F. The voting rights of Shareholders shall be in proportion to the Shares held by them in the Paid-up Equity Share Capital of the Company as on Friday, the 3<sup>rd</sup> August, 2018.
- G. Shri R. Palaniappan, Chartered Accountant (Membership No: 205112), Proprietor M/s. N.A. Jayaraman & Co., Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of ballot or by using an electronic voting system for all those members who are present at the general meeting but have not cast their votes by availing the remote e-voting facility.
- I. The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting there after unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and make not later than three days of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

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

Rajapalayam,  
29<sup>th</sup> May, 2018.

P.R. VENKETRAMA RAJA  
CHAIRMAN

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

**Item No.5**

Shri N.R.K. Ramkumar Raja (DIN: 01948373) was appointed as Managing Director of the Company for a period of 3 years with effect from 14-02-2016. At that time, the capacity of weaving division is 15 Nos of Airjet Looms. Under his leadership, the weaving division has expanded its capacity by adding 117 Nos of Airjet Looms along with the complete back process of 2 Nos of Warping Machine and 1 No. of Sizing Machine. The existing term of the Managing Director will ends on 13-02-2019.

Shri N.R.K. Ramkumar Raja was re-appointed as Managing Director of the Company by the Board of Directors at their meeting held on 29-05-2018, subject to the approval of the Shareholders at the Annual General Meeting, for a further period of 3 years from 14-02-2019 to 13-02-2022 in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Schedule V and other applicable provisions of the Companies Act, 2013.

**Terms of Remuneration:**

- 5% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013.
- In any financial year, where the Company has no profits or inadequacy of profits, Shri N.R.K. Ramkumar Raja, Managing Director shall be paid as remuneration, as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites.
  - i. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
  - ii. Gratuity payable at a rate of not exceeding half a month's salary for each completed year of Service; and
  - iii. Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013.
- The aforesaid remuneration shall be exclusive of any fee paid for attending Meetings of the Board or Committee thereof or for any other purpose, whatsoever as may be decided by the Board as provided in Section 197(5) of the Companies Act, 2013.

The proposed re-appointment and the payment of remuneration have also been approved by the Nomination and Remuneration Committee and Audit Committee at its meeting held on 28-05-2018.

The re-appointment and the remuneration proposed fulfill the conditions stipulated in Schedule V of the Companies Act, 2013 and hence approval of Government of India is not required.



## NOTICE

Shri N.R.K. Ramkumar Raja holds 1,45,320 equity shares in The Ramaraju Surgical Cotton Mills Limited.

Shri N.R.K. Ramkumar Raja is a Director in Shri Harini Media Limited.

None of the Directors and Key Managerial Personnel except Shri N.R.K. Ramkumar Raja as an appointee and Smt. Nalina Ramalakshmi, Managing Director and Shri N.K. Shrikantan Raja, Director as relatives to the Managing Director may be deemed to be concerned or interested in the Resolution.

General Information as per sub-clause (iv) of second proviso to Clause (B) of Section II of Part II of Schedule V.

### I. General Information

1	Nature of Industry	Textiles & Surgical Dressings	
2	Date of Commencement of Business	20-02-1939	
3	Financial performance based on given indicators		
Year	Total Revenue (₹ in Crores)	Net Profit / (Loss) after Tax (₹ in Crores)	Dividend Per Share (₹)
2017-18	264.80	(1.33)	0.50
2016-17	244.31	4.16	0.50
2015-16	247.89	9.19	1.00
4	Foreign Investments or collaborations, if any	NIL	

### II. Information about the appointee:

1	Background Details	Shri N.R.K. Ramkumar Raja is part of Promoter Group. He was in the Board of the Company from July 2003 to May 2014 and he has been in the Board as Managing Director since February 2016.  Age: 61
2	Past Remuneration	The shareholders of the Company has approved the remuneration of 5% of the net profits of the Company and in case of inadequacy profits, Shri N.R.K. Ramkumar Raja shall be paid remuneration as

**NOTICE**

		<p>provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the perquisites. As per Schedule V, the Managing Director was eligible for a minimum remuneration of ₹ 240 Lakhs per annum in case of inadequacy of profit, the Company has paid the remuneration of ₹ 60 Lakhs per annum. The remuneration shall be revised whenever the situation demand after approval of the Nomination and Remuneration Committee subject to maximum permissible remuneration of the Act during his tenure.</p>
3	Recognition or awards	–
4	Job profile and his suitability	<p>In-charge of day to day affairs and promotion of the Company. He is an engineering graduate and has vast experience in the Management of the affairs of the Company. The Company has grown well under his management.</p>
5	Remuneration proposed	<p>5% of the net profits of the Company and in case of inadequacy of profits, Shri N.R.K. Ramkumar Raja shall be paid as remuneration, as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013. He will also be entitled for sitting fees for meetings of the Board or its Committees attended by him.</p>
6	Comparative Remuneration profile	<p>Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.</p>
7	Relationship with managerial personnel	<p>He is related to Smt. Nalina Ramalakshmi, Managing Director and Shri N.K. Shrikantan Raja, Director of the Company. He has no pecuniary relationship other than the remuneration, he is entitled to receive. His transactions with the Company are disclosed under "Related Party Transactions" in Note No. 42.</p>



**III. Other Information:**

1	Reasons of loss or inadequate profits	The Company has been earning profits except for the financial year 2017-18. The Government has implemented the GST with effect from 01-07-2017. Under the new GST, the government has reduced the export incentives for yarn, fabric and garments. Imports of textiles and clothing from other countries into India have increased by 20% producing a negative effect on the domestic yarn manufacturers as the consumption of yarn by fabric/garment manufacturers has come down sharply. In addition, cotton yarn exports have been under pressure on account of decline in demand from China. 40% of India's total exports of yarn were to china until last year. During fiscal 2017-18 that number dropped to 17%.
2	Steps taken or proposed to be taken for improvement	Cost Control Measures Increasing the Sales Aggressive Marketing of Products
3	Expected increase in productivity and profits in measurable terms	The turnover of the Company is expected to increase from the last year level of ₹ 257 Crores during the current financial year 2018-19. The profitability of the Company is also expected to increase from the last year loss of ₹ 1.05 Crores.

**IV. Other Disclosures:**

As required, the information are provided under Corporate Governance Section.

The Notice together with this Statement may be regarded as a disclosure under Regulation 36(3) of the SEBI (LODR) Regulations, 2015.

**Item No.6**

Shri P.J. Alaga Raja (DIN: 00446057) is a Non-Executive Independent Director of the Company. At the Annual General Meeting held on 04-08-2014, Shri P.J. Alaga Raja was appointed as Independent Director of the Company, for a period of 5 years from 01-04-2014 to 31-03-2019.

## NOTICE



In accordance with Section 149(10) of the Companies Act, 2013, he is eligible for re-appointment upon passing of a Special Resolution at the General Meeting of the Company.

In accordance with Regulation 17(10) of LODR and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Independent Directors including Shri P.J. Alaga Raja and found the same to be satisfactory and deliberations were beneficial in Board / Committee Meetings.

In accordance with Part D (A)(5) of Schedule II, read with Regulation 19(4) of LODR and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 28-05-2018 had recommended to extend the term of office of Shri P.J. Alaga Raja by re-appointing him for another period of 5 years from 01-04-2019 to 31-03-2024.

In accordance with Proviso to Section 152(5) of the Companies Act, 2013, the Board of Directors has also formed an opinion that Shri P.J. Alaga Raja fulfills the conditions specified in the Companies Act, 2013 for such re-appointment.

Shri P.J. Alaga Raja is eligible for sitting fees for attending Board / Committee Meetings as applicable to the Directors from time to time. His re-appointment and remuneration is in accordance with Nomination and Remuneration Policy of the Company.

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

His Profile in brief is given below:-

Shri P.J. Alaga Raja, a graduate in Law.

He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 1986.

He is also a Member of the Audit Committee and Nomination and Remuneration Committee of the Company.

He is the Managing Director of Petha Raju Farms Private Limited.

He holds 11,760 equity shares in The Ramaraju Surgical Cotton Mills Limited.

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

### **Disclosure of Interest:**

Except Shri P.J. Alaga Raja, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is interested in the Resolution. The Notice together with this Statement may be regarded as a disclosure under Regulation 36(3) of LODR.

**Item No.7**

Justice Shri P.P.S. Janarthana Raja (DIN: 06702871) is a Non-Executive Independent Director of the Company.

At the Annual General Meeting held on 04-08-2014, Justice Shri P.P.S. Janarthana Raja was appointed as Independent Director of the Company, for a period of 5 years from 25-05-2014 to 24-05-2019. In accordance with Section 149(10) of the Companies Act, 2013, he is eligible for re-appointment upon passing of a Special Resolution at the General Meeting of the Company.

In accordance with Regulation 17(10) of LODR and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Independent Directors including Justice Shri P.P.S. Janarthana Raja and found the same to be satisfactory and deliberations were beneficial in Board Meeting.

In accordance with Part D (A)(5) of Schedule II, read with Regulation 19(4) of LODR and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 28-05-2018 had recommended to extend the term of office of Justice Shri P.P.S. Janarthana Raja by re-appointing him for another period of 5 years from 25-05-2019 to 24-05-2024.

In accordance with Proviso to Section 152(5) of the Companies Act, 2013, the Board of Directors has also formed an opinion that Justice Shri P.P.S. Janarthana Raja fulfills the conditions specified in the Companies Act, 2013 for such re-appointment.

Justice Shri P.P.S. Janarthana Raja is eligible for sitting fees for attending Board / Committee Meetings as applicable to the Directors from time to time. His re-appointment and remuneration is in accordance with Nomination and Remuneration Policy of the Company.

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

His Profile in brief is given below:-

Justice Shri P.P.S. Janarthana Raja, a graduate in Law from the Madras Law College, had been in active practice mainly on the Taxation matters for the past four decades from 1977 till 2005. He was appointed as Additional Judge of High Court of Madras during December, 2005 and has become Permanent Judge of the High Court from April, 2007. After a term of Seven years as High Court Judge, he has retired on 21<sup>st</sup> January, 2013.

He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2014.

He is a Director in the following Companies:-

1. Rajapalayam Mills Limited
2. Muthialpet Higher Secondary School

## NOTICE



He is also a Chairman / Member in the following Committees:-

Name of the Company	Name of the Committee	Position Held
Rajapalayam Mills Limited	Audit Committee	Chairman
	Nomination and Remuneration Committee	Chairman
	Corporate Social Responsibility Committee	Member
	Stakeholders Relationship Committee	Member

He holds no shares in The Ramaraju Surgical Cotton Mills Limited.

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

### **Disclosure of Interest:**

Except Justice Shri P.P.S. Janarthana Raja, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is interested in the Resolution. The Notice together with this Statement may be regarded as a disclosure under Regulation 36(3) of LODR.

### **Item No.8**

Shri V. Santhanaraman (DIN: 00212334) is a Non-Executive Independent Director of the Company.

At the Annual General Meeting held on 04-08-2014, Shri V. Santhanaraman was appointed as Independent Director of the Company, for a period of 5 years from 25-05-2014 to 24-05-2019. In accordance with Section 149(10) of the Companies Act, 2013, he is eligible for re-appointment upon passing of a Special Resolution at the General Meeting of the Company.

In accordance with Regulation 17(10) of LODR and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Independent Directors including Shri V. Santhanaraman and found the same to be satisfactory and deliberations were beneficial in Board Meeting.

In accordance with Part D (A)(5) of Schedule II, read with Regulation 19(4) of LODR and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 28-05-2018 had recommended to extend the term of office of Shri V. Santhanaraman by re-appointing him for another period of 5 years from 25-05-2019 to 24-05-2024.



In accordance with Proviso to Section 152(5) of the Companies Act, 2013, the Board of Directors has also formed an opinion that Shri V. Santhanaraman fulfills the conditions specified in the Companies Act, 2013 for such re-appointment.

Shri V. Santhanaraman is eligible for sitting fees for attending Board / Committee Meetings as applicable to the Directors from time to time. His re-appointment and remuneration is in accordance with Nomination and Remuneration Policy of the Company.

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

His Profile in brief is given below:-

Shri V. Santhanaraman holds degree in Commerce and completed C.A.I.I.B. He has served in the Banking Sector for the past four decades from 1970 to 2009. He was appointed as Probationary Officer in the year 1970 in Indian Bank has held various positions and appointed as General Manager in the year 1998 and held that position till 2006. He was appointed as Executive Director of Bank of Baroda in October, 2006 and retired from the Bank during August, 2009.

He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2014.

He is also a Director in the following Companies:-

1. Rajapalayam Mills Limited
2. Ramco Industries Limited

He holds no shares in The Ramaraju Surgical Cotton Mills Limited.

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

**Disclosure of Interest:**

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

**Item No.9**

Shri P.J. Ramkumar Rajha (DIN: 00487193) is a Non-Executive Independent Director of the Company.

At the Annual General Meeting held on 04-08-2014, Shri P.J. Ramkumar Rajha was appointed as Independent Director of the Company, for a period of 5 years from 25-05-2014 to 24-05-2019. In accordance with Section 149(10) of the Companies Act, 2013, he is eligible for re-appointment upon passing of a Special Resolution at the General Meeting of the Company.

## NOTICE



In accordance with Regulation 17(10) of LODR and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Independent Directors including Shri P.J. Ramkumar Rajha and found the same to be satisfactory and deliberations were beneficial in Board / Committee Meetings.

In accordance with Part D (A)(5) of Schedule II, read with Regulation 19(4) of LODR and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 28-05-2018 had recommended to extend the term of office of Shri P.J. Ramkumar Rajha by re-appointing him for another period of 5 years from 25-05-2019 to 24-05-2024.

In accordance with Proviso to Section 152(5) of the Companies Act, 2013, the Board of Directors has also formed an opinion that Shri P.J. Ramkumar Rajha fulfills the conditions specified in the Companies Act, 2013 for such re-appointment.

Shri P.J. Ramkumar Rajha is eligible for sitting fees for attending Board / Committee Meetings as applicable to the Directors from time to time. His re-appointment and remuneration is in accordance with Nomination and Remuneration Policy of the Company.

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

His Profile in brief is given below:-

Shri P.J. Ramkumar Rajha has Bachelor degree in Commerce. He has wide experience in textile industry since 1984.

He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2014.

He is also a Member of the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Sale Committee - Silvassa Division of the Company.

He is the Managing Director of Senthur Textiles Private Limited.

He is also a Director in the following Companies:-

1. Madras Chip Boards Limited
2. Rajapalayam Textiles Limited
3. Thanjavur Spinning Mill Limited
4. Sri Harini Textiles Limited
5. Rajapalayam Precision Farmers Producer Company Limited
6. Cotton Sourcing Company Limited



## NOTICE

He is also a Chairman / Member in the following Committees:-

No.	Name of the Company	Name of the Committee	Position Held
1	Thanjavur Spinning Mill Limited	Audit Committee	Chairman
		Nomination and Remuneration Committee	Chairman
		Stakeholders Relationship Committee	Chairman

He holds 8,040 equity shares in The Ramaraju Surgical Cotton Mills Limited.

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

### Disclosure of Interest:

Except Shri P.J. Ramkumar Rajha, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is interested in the Resolution. The Notice together with this Statement may be regarded as a disclosure under Regulation 36(3) of LODR.

### Item No.10

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of Company, relating to manufacture of Textile and Pharmaceutical Products for the financial year 2018-19.

On the recommendation of the Audit Committee at its meeting held on 28-05-2018, 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 and Pharmaceutical Products at a remuneration of ₹ 1,15,000/- (Rupees One Lakhs Fifteen Thousand Only) plus applicable taxes and out-of-pocket expenses for the financial year 2018-19.

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 THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

Rajapalayam,  
29<sup>th</sup> May, 2018.

P.R. VENKETRAMA RAJA  
CHAIRMAN

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

**1. SHRI P.R. VENKETRAMA RAJA**

Shri P.R. Venketrama Raja, aged 59, has a Bachelor Degree in Chemical Engineering from University of Madras and Master in Business Administration from University of Michigan, USA.

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

He holds 5,400 Equity Shares in the Company as on 31-03-2018.

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

He is also a Director in the following Companies:-

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



**NOTICE**

He is also a Member in the following Committees:

<b>No.</b>	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Position Held (Chairman / Member)</b>
1.	The Ramco Cements Limited	Audit Committee	Member
		Stakeholders Relationship Committee	Member
		Corporate Social Responsibility Committee	Member
		Nomination and Remuneration Committee	Member
2.	Rajapalayam Mills Limited	Stakeholders Relationship Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
3.	Ramco Industries Limited	Stakeholders Relationship Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
		Risk Management Committee	Chairman
		Audit Committee	Member
4.	Ramco Systems Limited	Stakeholders Relationship Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
		Allotment Committee	Member
		Fund Raising Committee	Member
		Right Issue 2013 Committee	Member
5.	The Ramaraju Surgical Cotton Mills Limited	Stakeholders Relationship Committee	Chairman
		Corporate Social Responsibility Committee	Chairman
6.	Sandhya Spinning Mill Limited	Corporate Social Responsibility Committee	Chairman
7.	Sri Vishnu Shankar Mill Limited	Corporate Social Responsibility Committee	Chairman
		Share Transfer Committee	Chairman

## NOTICE



### 2. SHRI N.K. SHRIKANTAN RAJA

Shri N.K. Shrikantan Raja, aged 70 years, has Bachelor Degree in Commerce. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2002.

He holds 11,920 shares in the Company as on 31-03-2018.

He is also a Director in the following Companies:-

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

He is also a Member in the following Committees::

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



**NOTICE**

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

**TO THE MEMBERS**

The Directors have pleasure in presenting their 78<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2018.

**FINANCIAL RESULTS**

The financial results for the year ended 31<sup>st</sup> March, 2018 after charging all expenses and contribution to Ramaraju Memorial Fund of ₹ 500 (which is the minimum amount of contribution laid in the Articles of Association) but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of ₹ 3,481.53 Lakhs against ₹ 3,896.38 Lakhs for the previous financial year 2016-17.

After deducting ₹ 2,168.43 Lakhs towards finance cost and providing ₹ 1,704.96 Lakhs towards Depreciation, the Net Loss and Other Comprehensive Income After Tax for the year is ₹ 105.23 Lakhs, as compared to Net Profit and Other Comprehensive Income After Tax of ₹ 427.32 Lakhs for the previous financial year 2016-17.

**SHARE CAPITAL**

The Paid-up Capital of the Company is ₹ 394.66 Lakhs (Previous Year: ₹ 197.33 Lakhs) consisting of 39,46,560 Equity Shares of ₹ 10/- each. The Paid-up Capital has been increased due to Bonus Shares issued by the Company in the ratio of 1:1 on 29.06.2017.

During the year, the Authorized Share Capital of the Company has been increased from ₹ 3 Crores (30,00,000 shares of ₹ 10/- each) to ₹ 5 Crores (50,00,000 equity shares of ₹ 10/- each) for the purpose of issuing Bonus Shares of the Company.

**DIVIDEND**

Your Directors have pleasure in recommending a Dividend of ₹ 0.50 per share (Previous Year: ₹ 0.50 per share) out of reserves of the Company considering the interest of shareholders of the Company. The Company will pay Dividend Distribution Tax under Income Tax Act, 1961. Accordingly, the total amount of Dividend outgo for the year will be ₹ 19.73 Lakhs. The amount of tax on dividends would be ₹ 4.06 Lakhs.

**TAXATION**

An amount of ₹ 244.90 Lakhs towards Deferred Tax has been withdrawn for the year 2017-18.

**SHARES**

The Company has obtained the listing approval from M/s. Metropolitan Stock Exchange of India Limited, Mumbai on 26.03.2018 pursuant to the SEBI Circular no. SEBI/HO/MRD/DSA/CIR/P/2016/110 dated 10.10.2016 and the Company's equity shares are admitted to dealing on their platform with effect from 28.03.2018.

**BONUS SHARES**

At the Extra-ordinary General Meeting held on 20.06.2017, the Shareholders had approved the issue of Bonus Shares in the ratio of 1:1 to the equity shareholders of the Company. Accordingly, the Bonus Issue committee at its meeting held on 29.06.2017 has allotted 19,73,280 equity shares of ₹ 10/- each as Bonus Shares by capitalizing a reserves of ₹ 19.73 Lakhs.



The Bonus Shares were issued in physical form to the shareholders whose name appeared in the Register of Members as on 28.06.2017 by issuing share certificate on 29.06.2017 and in respect of shares held in electronic form to the beneficial owners whose names appeared in the list furnished by the Depositories for this purpose as on 28.06.2017 by direct credit to the respective demat accounts on 06.07.2017.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **TRADE CONDITIONS**

#### **Spinning Division**

India's spinning sector had witnessed challenges on multiple fronts during the FY 2017-18. The implementation of GST in India with effect from 01-07-2017 had effected the offtake of yarn during the first quarter of the financial year. Many of our customers focused their efforts to clear and reduce their on inventory prior to GST. Under the new GST, the government has reduced the export incentives for yarn, fabric and garments. Imports of textiles and clothing from other countries into India have increased by 20% producing a negative effect on the domestic yarn manufacturers as the consumption of yarn by fabric/garment manufacturers has come down sharply. In addition, cotton yarn exports have been under pressure on account of decline in demand from China. 40% of India's total exports of yarn were to China until last year. During fiscal 2017-18 that number dropped to 17%.

Due to subdued export demand and sluggishness in domestic market for yarn, the Company was not able to increase the yarn prices in line with the increase in raw material cost. These factors have affected the profitability of the Company for the financial year 2017-18. The Company's focus on value addition, procuring superior quality of cotton, reducing the production of commodity counts and replacing the same with customized yarn counts has helped to mitigate the impact to some extent. The Company is able to attract more customers from overseas market and continues to have a good demand from export market on account of supply of superior and consistent quality of yarn. The investments made in value added machineries during the past years have given the ability to the Company to customize its products in line with the requirements of its customers.

The sales volume of our Spinning Division decreased during the financial year 2017-18 to 73.44 Lakhs kgs as compared to 84.82 Lakhs kgs the previous year.

The company has a total of 74,256 ring-spindles and 2,440 open-end rotors. Due to increase in cotton prices, power cost, administrative overheads, absence of skilled labour and adverse market conditions the Silvassa Unit has incurred losses for several years. Despite our efforts to improve operational efficiency by way of exercising effective cost control measures and optimizing production, this unit has continued to incur losses. Considering the market condition and ground reality, the possibility of turning around the unit looks increasing difficult.

### **Surgical Division**

The Surgical Division manufactures and distributes "Surgicom" branded absorbent cotton wool, gauze, bandages and other wound-care products to hospitals, pharmacies and retail outlets. Over the past 7 decades we have provided quality products on-time earning us the strong reputation in the market. We are constantly implementing process improvements to control costs. This division provides the company with stable sales and margin number despite rising operational costs. We continue to give added attention to our effluent treatment and maintain a zero-liquid-discharge decree.

### **Fabrics Division**

As a forward integration of our spinning division, we initiated our weaving operation in 2013. The unit is installed with the state of the art equipment for the entire yarn to fabric cycle comprising of warping, sizing and Airjet looms. In 2017-18 we had a total of 63 looms including wide-width and narrow-width jacquard looms, 1 wider-width sizing unit and 2 warping machines. During the 2018-19 fiscal year we will be commissioning an additional Airjet Looms & Rapier Loom.

### **WIND MILL**

The Company has wind mills with installed capacity of 8.30 MW for its captive power consumption. The wind farm has generated 162.57 Lakhs Kwh as compared to 155.13 Lakhs Kwh of the previous year. There was a good wind velocity supported by good evacuation by Tamil Nadu Generation and Distribution Corporation (TANGEDCO) during the financial year 2017-18. All the Units generated by wind mills were adjusted for captive consumption at our Mills in Tamil Nadu. The income during the year from the Wind Mill Division was ₹ 10.84 Crores as against ₹ 10.34 Crores of previous year.

### **EXPORTS**

On the export front during the year, we have made export of Cotton Yarn and Grey Fabrics (including merchant exports) for a value of ₹ 44.51 Crores as against ₹ 42.20 Crores of the previous year. In addition to our regular International Market, the Company has established the presence in Turkey / Portugal also where our quality is well appreciated and started to get regular orders from these segments.

### **PROSPECTS FOR THE CURRENT YEAR**

The BT cotton, which brought white gold revolution to India, has been recently witnessing the incidents of bollworm attack. Due to uncertainty between US and China over trade tariffs, China may import more Indian cotton during the next cotton season. Hence, the cotton prices are likely to remain firm on account of a tight supply situation and robust export demand. The Company has well defined system for monitoring demand and supply of required quality of cotton and also the price movements in domestic and international markets. With the Company's expertise in judicial purchase of cotton, it will be able to procure high quality cotton with reasonable price.

The rising of textile imports due to the removal of countervailing duty and special additional duty post implementation of Goods and Services Tax (GST) is a matter of concern for Indian Textile Industry. Although these duties have been replaced by Integrated Tax under GST regime, the importer can take credit of Integrated Tax which made the textile imports cheaper and posing a threat to domestic manufacturers.

The Company's efforts to increase the customer base across the globe for supply of value added super fine counts has started yielding the results. The Company is concentrating on modernizing the machineries to further improve quality and cost effective production. Thrust is being given for producing value added counts like Melange yarn, Mercerized yarn, core spun yarn etc., which is expected to fetch higher margin in the forthcoming years. With the flexibility to produce value added super fine counts, the Company will continue to make efforts in expanding the marketing activities across the globe to increase the profitability.

#### **ASSOCIATE COMPANY**

The Company has 9 Associate Companies viz., M/s. The Ramco Cements Limited, M/s. Ramco Industries Limited, M/s. Ramco Systems Limited, M/s. Rajapalayam Mills Limited, M/s. Sri Vishnu Shankar Mill Limited, M/s. Ramco Windfarms Limited, M/s. Sri Harini Textiles Limited, M/s. Shri Harini Media Limited and M/s. Ontime Industrial Services Limited.

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

#### **CONSOLIDATED FINANCIAL STATEMENTS**

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

Accordingly, the consolidated financial statements incorporating the accounts of Associate Companies, along with the Auditors' Report thereon, forms part of this Annual Report. As per Section 136 (1) of the Companies Act, 2013, the Financial Statements including Consolidated Financial Statements are available at the Company's website at the following link at [www.ramarajusurgical.com](http://www.ramarajusurgical.com).

The consolidated net profit after tax of the Company amounted to ₹ 886.12 Lakhs for the year ended 31<sup>st</sup> March 2018 as compared to ₹ 1,661.59 Lakhs of the previous year.

The consolidated total Comprehensive Income for the year under review is ₹ 912.47 Lakhs as compared to Total Comprehensive Income of ₹ 1,671.78 Lakhs of the previous year.

**INTERNAL FINANCIAL CONTROLS**

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

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In accordance with Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, the Company has established a Vigil Mechanism and has a Whistle Blower Policy. The policy is available at the Company's website.

**DIRECTORS**

Shri N.R.K. Ramkumar Raja was appointed as Managing Director of the Company for a period of 3 years from 14-02-2016 to 13-02-2019 at the Annual General Meeting (AGM) held on 10-08-2016. Based on the recommendation of the Nomination and Remuneration Committee and Audit Committee made at its meeting held on 28-05-2018, the Board of Directors at their meeting held on 29-05-2018 have re-appointed him as Managing Director for a further period of 3 years starting from 14-02-2019. Approval of the Members has been sought for his re-appointment in the Notice convening the AGM.

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

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

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

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

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

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



In accordance with Section 178 (3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved the Remuneration Policy, which is available at the Company's website at the following link at [www.ramarajusurgical.com](http://www.ramarajusurgical.com).

### **EVALUATION OF BOARD**

Pursuant to Section 134(3)(p) of the Companies Act, 2013, and Regulation 25(4) of LODR, 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 LODR, 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 17(10) of LODR, the Board of Directors have evaluated the performance of Independent Directors and observed the same to be satisfactory and their deliberations beneficial in Board / Committee meetings.

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

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

### **MEETINGS**

During the year, five Board Meetings were held. In accordance with Clause 9 of the Secretarial Standard - 1, the details of the date and number of meetings of the Board and Committees held during the financial year indicating the number of meetings attended by each Director are given in the Corporate Governance Report.

### **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.

**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 has been no default in the repayment of deposits / payment of interest thereon during the year. The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

The Company has received a sum of ₹ 1,737 Lakhs from Directors as deposit / loan during the financial year 2017-18. It has repaid an amount of ₹ 337 Lakhs during the year 2017-18.

**ORDERS PASSED BY REGULATORS**

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

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

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

- (a) the Company has not given any loans or guarantees during the year 2017-18 under Section 186 of the Companies Act, 2013.
- (b) the particulars of the investments are provided under Note No. 7 of Notes to separate financial statements.

**CORPORATE SOCIAL RESPONSIBILITY**

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

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

Your Directors are pleased to inform that the amount required to be spent on CSR for the year 2017-18 is ₹ 17.17 Lakhs. Against this requirement of ₹ 17.17 Lakhs, the Company has spent ₹ 12.14 Lakhs on CSR. The Company proposes to identify suitable project in the coming year and meet its requirements. Accordingly, the Company has a phased plan for meeting the CSR objective as required by the Companies Act, 2013.

The CSR policy is available at the Company's website at the following link at [www.ramarajusurgical.com](http://www.ramarajusurgical.com)

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



## **AUDITS**

### **STATUTORY AUDIT**

M/s. N.A. Jayaraman & Co., Chartered Accountants, are the Statutory Auditors of the Company. At the 77<sup>th</sup> Annual General Meeting, the above Auditors have been appointed as statutory auditors for a period of 5 consecutive years commencing from the financial year 2017-18 and hold office from the conclusion of 77<sup>th</sup> Annual General Meeting till the conclusion of 82<sup>nd</sup> Annual General Meeting to be held in the year 2022.

The Auditors have confirmed their eligibility for their re-appointment under Section 141 of the Companies Act, 2013. As required under Regulation 33(1)(d) of SEBI (LODR) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The report of the Statutory Auditors for the year ended 31<sup>st</sup> March, 2018 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 has been appointed to conduct the Secretarial Audit 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, 2018 is attached as Annexure - III. The report does not contain any qualification, reservation or adverse remark.

### **COST AUDIT**

Cost Audit relating to Pharmaceutical Products is applicable to the Company from the financial year 2014-15. As per notification dated 31-12-2014 issued by MCA under the Companies (Cost Records and Audit) Rules, 2014, Textile Mills are also required to file cost audit report from the financial year 2015-16.

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of textile and pharmaceutical products for the year 2018-19.

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

The Cost Audit Report for the financial year 2016-17 is due to be filed with Ministry of Corporate Affairs by 30-09-2017 had been filed on 07-09-2017. The Cost Audit Report for the financial year 2017-18 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

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**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.

**EXTRACT OF ANNUAL RETURN**

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

**CORPORATE GOVERNANCE**

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

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

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

**INDUSTRIAL RELATIONS AND PERSONNEL**

The Company has 1756 employees as on 31-03-2018. Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

**RELATED PARTY TRANSACTION**

Prior approval / Omnibus approval 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.42 of disclosures forming part of Financial Statements.

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

**RISK MANAGEMENT POLICY**

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and minimization of risk thereof.

**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, 2018;
- (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, 2018 and of the Profit and loss of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENT**

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

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

Rajapalayam,  
29<sup>th</sup> May, 2018.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**FORM AOC-1**

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

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

**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	2017-18								
	The Ramco Cements Limited	Ramco Industries Limited	Ramco Systems Limited	Rajapalayam Mills Limited	Sri Vishnu Shankar Mill Limited	Ontime Industrial Services Limited	Shri Harini Media Limited	Sri Harini Textile Limited	Ramco Windfarms Limited
Last Audited Balance Sheet date	31-03-2018								
Date on which the Associate was Associated / Acquired	01-04-2016								
No. of Shares held as on 31-03-2018	36,24,000	1,35,880	12,739	1,35,200	11,200	26,350	60,00,500	14,90,000	6,16,000
Amount of Investment in Associate as on 31-03-2018 (₹ in Lakhs)	19.86	0.53	12.15	12.98	1.68	2.63	60.01	149.00	6.16
Extent of Shareholding % as on 31-03-2018	1.54	0.16	0.04	1.83	0.75	9.35	3.21	49.67	6.16
Description of how there is significant influence	Note 1								
Reason why Associate is not consolidated	Not applicable								
Net worth attributable to Shareholding (₹ in Lakhs)	4,10,828.00	2,88,549.00	54,073.80	1,60,014.00	16,105.74	833.94	Note No. 4		1,131.91
Profit / Loss for the Year (Consolidated) (₹ in Lakhs)	56,286.00	18,213.00	1,048.50	11,561.02	882.99	48.84			454.29
a) Considered in Consolidation (₹ in Lakhs)	850.05	12.53	0.48	230.79	(1.87)	4.57			27.98
b) Not considered in Consolidation (₹ in Lakhs)	55,435.95	18,200.47	1,048.02	11,330.23	884.86	44.27			426.31

- Note: 1) There is significant influence, because of shareholding / common directors.  
2) Names of associates or joint ventures which are yet to commence operations - NIL  
3) Names of associates or joint ventures which have been liquidated or sold during the year - NIL  
4) Due to negative net worth and net loss of the associates, it was not considered in this statement

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

Rajapalaiyam,  
29<sup>th</sup> May, 2018.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR) ACTIVITIES**

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

The objective of the CSR Policy is;

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

Weblink to the CSR Policy: <http://www.ramarajusurgical.com/reports/corporate-social-responsibility-policy.pdf>

**2. The Composition of the CSR Committee:**

- a. Shri P.R. Venketrama Raja, Chairman (From 04-06-2017)
- b. Smt. Nalina Ramalakshmi, Member
- c. Shri N.K. Shrikantan Raja, Member
- d. Shri P.J. Ramkumar Rajha, Member

3. Average Net Profit of the Company for last three financial years ₹ 858.54 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 17.17 Lakhs.

**5. Details of CSR spent during the financial year:**

- a. Total amount spent for the financial year : ₹ 12.14 Lakhs.
- b. Amount unspent, if any : ₹ 5.03 Lakhs.

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

**(₹ in lakhs)**

Sl. No.	CSR Project or Activity identified & Sector in which the project is covered	Locations	Amount Outlay (Budget) Project or programmes wise	Amount Spent on the project or programmes	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
			Actuals	Direct / Indirect	Expenditure	Spent Directly / Indirectly
1.	Promotion of Healthcare including Preventive Healthcare	Rajapalayam (Tamil Nadu), Silvassa (Gujarat), Jaggayyapet (Andhra Pradesh)	0.58	0.58	0.58	0.58
2.	Promotion and Development of Traditional Arts	Rajapalayam, Anaikatti (Tamil Nadu)	1.75	1.75	1.75	1.75
3.	Eradication of Hunger	Perumalpatti, Rajapalayam, Subramaniapuram, (Tamil Nadu) Silvassa (Gujarat), Jaggayyapet (Andhra Pradesh)	3.90	3.90	3.90	3.90
4.	Promotion of Education	Rajapalayam, Subramaniapuram, (Tamil Nadu), Silvassa (Gujarat), Jaggayyapet (Andhra Pradesh)	5.91	5.91	5.91	5.91
<b>Total</b>			<b>12.14</b>	<b>12.14</b>	<b>12.14</b>	<b>12.14</b>

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

P.R. VENKETRAMA RAJA  
CHAIRMAN

SMT. NALINA RAMALAKSHMI  
MANAGING DIRECTOR

Rajapalaiyam,  
29<sup>th</sup> May, 2018.

**Form MR-3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018**

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

To

The Members,

**The Ramaraju Surgical Cotton Mills Limited,**

(CIN: U17111TN1939PLC002302)

P.A.C. Ramasamy Raja Salai,

Rajapalayam - 626117.

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **THE RAMARAJU SURGICAL COTTON MILLS LIMITED** (hereinafter called "the Company") during the financial year from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018 ("the year" / "audit period" / "period under review"). I conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after 31<sup>st</sup> March 2018 but before the issue of this report and the information provided by the Company, its officers, agents and authorised representatives during my conduct of the Secretarial Audit.

1. I hereby report that:

1.1. In my opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2018, 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 here in after. The Members are requested to read this report along with my letter of even date annexed to this report as Annexure - A.

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

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

- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.
- (iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):-
  - (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (v) The following laws, that are specifically applicable to the Company:
  - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 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 M/s. Metropolitan Stock Exchange of India Limited.

1.4. During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March 2018 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the applicable provisions / clauses of the Acts, Rules, Regulations, Agreements and Standards mentioned under paragraphs 1.2 and 1.3 above.

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

- (i) The Company was not required to comply with the following laws / guidelines / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms / returns under:
  - (a) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;



- (b) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (d) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
- (f) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
- (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

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

2. I further report that:

2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except as stated in point no.3.2. The Board also has a woman director. The change in composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.

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

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

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

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

3. I further report that:

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.

3.2 The Company is one of the exclusively listed company of Madras Stock Exchange limited (MSE). The Company has ceased to be listed company with Madras Stock Exchange limited and has been placed on the dissemination board of National Stock Exchange of India Limited with effect from 09.01.2015, consequent to the exit of MSE. The Company had opted to list the equity shares at M/s. Metropolitan Stock Exchange of India Limited (MSEI), Mumbai pursuant to the SEBI circular no. SEBI/HO/MRD/DSA/CIR/P/2016/110 dated 10.10.2016. Accordingly, the Company has received the listing approval from MSEI on 26.03.2018 and the Company's equity shares are admitted to dealing on their platform with effect from 28.03.2018 vide their circular No. MSE/LIST/6149/2018 dated 26.03.2018. Since, the Company has obtained the listing approval on 26.03.2018, the company is in the process of increasing the strength of independent directors from the existing 40% to 50% as per Regulation 17(1) of SEBI (LODR) Regulations, 2015, re-constituting the Audit Committee and Nomination and Remuneration Committee by appointing Independent Director as the Chairman of the Committee as per Regulation 18(1)(d) and Regulation 19(2) of SEBI (LODR) Regulations, 2015.

Rajapalayam,  
29<sup>th</sup> May, 2018.

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



**Annexure - A to Secretarial Audit Report of even date**

To

The Members,

**The Ramaraju Surgical Cotton Mills Limited,**

(CIN U17111TN1939PLC002302)

P.A.C. Ramasamy Raja Salai,

Rajapalayam - 626117.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March 2018 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, 2018 but before the issue of this report.
4. I have verified the secretarial records furnished to me on a test basis to see whether the correct facts are reflected therein. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. I have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

M.R.L.Narasimha

Practising Company Secretary

Membership No: 2851

Certificate of Practice: 799

34-C, 3<sup>rd</sup>Cross, R.L.Nagar

K.K.Pudur, Coimbatore - 641038.

Rajapalayam,

29<sup>th</sup> May, 2018.

**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 reduced energy consumption by continuous monitoring maintenances and improvements.

(i)	the steps taken on conservation of energy	Optimising the operations of Effluent Treatment Plant. Installation of 1,173 Nos. of LED Tube Lamps on lighting circuits.
	Impact on conservation of energy	Installation of 1,173 Nos. of LED Tube Lamps resulted in power savings of around 2.36 Lakhs units per annum. Continuous conservation measures are taken to reduce steam consumption.
(ii)	the steps taken by the Company for utilising alternate sources of energy	Optimisation of lighting in machinery hall resulted power savings. Air leakage audit to carried out and resulted in power savings of around 5 Lakhs units per annum.
(iii)	the capital investment on energy conservation equipments	NIL

**B) TECHNOLOGY ABSORPTION:**

(i)	the efforts made towards technology absorption;	The Company installed new modernized Automatic Package Winder M/c.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution;	Automatic doffing system suitable for winding speeds of 1,500 mpm.
(iii)	in case of imported Technology (imported during the last three years reckoned from the beginning of the financial year).	
	(a) the details of technology imported;	NIL
	(b) the year of import;	NIL



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

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned in terms of actual inflows during the year and	₹ 3,119.60 Lakhs
The Foreign Exchange outgo during the year in terms of actual outflows.	₹ 5,325.49 Lakhs

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

Rajapalayam,  
29<sup>th</sup> May, 2018.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**Form MGT - 9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31<sup>st</sup> March, 2018**

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

**I. REGISTRATION AND OTHER DETAILS:**

CIN	U17111TN1939PLC002302
Registration Date	28-02-1939
Name of the Company	THE RAMARAJU SURGICAL COTTON MILLS LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and Contact details	RSCM Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117. Tamilnadu.
Whether listed company	Yes
Name, address and contact details of Registrar and Transfer Agent, if any	Share Transfer is being carried out in-house

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

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

Name and Description of main products/ services	NIC Code of the product / service	% to Total Turnover of the Company
Yarn	13111	61.20
Fabrics	13121	20.94
Surgical Dressings	21006	14.52

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1. The Ramco Cements Limited, "Ramamandiram", Rajapalayam - 626 117. Tamilnadu.	L26941TN1957PLC003566	Associate	1.54	IND AS - 28



Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
2. Ramco Industries Limited 47, P.S.K. Nagar, Rajapalayam - 626 108. Tamilnadu.	L26943TN1965PLC005297	Associate	0.16	IND AS-28
3. Ramco Systems Limited 47, P.S.K. Nagar, Rajapalayam - 626 108. Tamilnadu.	L72300TN1997PLC037550	Associate	0.05	
4. Rajapalayam Mills Limited P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 117.	L17111TN1936PLC002298	Associate	1.83	
5. Sri Vishnu Shankar Mill Limited Post Box No.109, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117 Tamilnadu	U17301TN1981PLC008677	Associate	0.75	
6. Ontime Industrial Services Limited, 47, P.S.K. Nagar, Rajapalayam - 626 108. Tamilnadu	U74999TN2002PLC048773	Associate	9.35	
7. Shri Harini Media Limited 3 <sup>rd</sup> Floor, Sri Renga Vihar, New No .8, 1 <sup>st</sup> Cross St, Karpagam Gardens, Adyar, Chennai - 600 020.	U22210TN2010PLC077293	Associate	3.21	
8. Sri Harini Textiles Limited "Sri Bhavanam", 102, P.S.K. Nagar, Rajapalayam - 626 108.	U17111TN2005PLC057807	Associate	49.67	
9. Ramco Windfarms Limited Auras Corporate Centre, 98-A, Dr Radhakrishnan Salai, V Floor, Mylapore, Chennai - 600 004.	U40109TN2013PLC093905	Associate	6.16	



**ANNEXURE V TO DIRECTORS' REPORT**

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

**i) Category-Wise Shareholding**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals/ Hindu Undivided Family	8,32,570	-	8,32,570	42.19	16,65,140	-	16,65,140	42.19	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	3,100	-	3,100	0.16	6,200	-	6,200	0.16	-
e) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
f) Any Others...	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1)</b>	<b>8,35,670</b>	<b>-</b>	<b>8,35,670</b>	<b>42.35</b>	<b>16,71,340</b>	<b>-</b>	<b>16,71,340</b>	<b>42.35</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>8,35,670</b>	<b>-</b>	<b>8,35,670</b>	<b>42.35</b>	<b>16,71,340</b>	<b>-</b>	<b>16,71,340</b>	<b>42.35</b>	<b>-</b>

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding Institutions</b>									
(1)									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Financial Institutions / Banks	100	-	100	0.01	200	-	200	0.01	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	43,280	43,280	2.19	-	86,560	86,560	2.19	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	<b>100</b>	<b>43,280</b>	<b>43,380</b>	<b>2.20</b>	<b>200</b>	<b>86,560</b>	<b>86,760</b>	<b>2.20</b>	<b>-</b>
<b>B (2) Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	9,560	1,000	10,560	0.54	20,312	2,100	22,412	0.57	0.03
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	5,08,402	2,00,268	7,08,670	35.91	7,03,452	3,21,396	10,24,848	25.96	(9.95)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	3,47,440	27,560	3,75,000	19.00	10,34,160	1,07,040	11,41,200	28.92	9.92
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2)</b>	<b>8,65,402</b>	<b>2,28,828</b>	<b>10,94,230</b>	<b>55.45</b>	<b>17,57,924</b>	<b>4,30,536</b>	<b>21,88,460</b>	<b>55.45</b>	<b>-</b>
<b>B Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>8,65,502</b>	<b>2,72,108</b>	<b>11,37,610</b>	<b>57.65</b>	<b>17,58,124</b>	<b>5,17,096</b>	<b>22,75,220</b>	<b>57.65</b>	<b>-</b>
<b>C Shares held by Custodians for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>17,01,172</b>	<b>2,72,108</b>	<b>19,73,280</b>	<b>100.00</b>	<b>34,29,464</b>	<b>5,17,096</b>	<b>39,46,560</b>	<b>100.00</b>	<b>-</b>



**ANNEXURE V TO DIRECTORS' REPORT**

**(ii) Shareholding of Promoters**

Sl. No.	Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Smt. Nalina Ramalakshmi	6,76,190	34.27	-	14,91,860	37.80	-	3.53
2.	Shri N.R.K. Ramkumar Raja	72,660	3.68	-	1,45,320	3.68	-	-
3.	Shri P.R. Ramasubrahmaneya Rajha	69,740	3.53	-	-	-	-	(3.53)
4.	Smt. Saradha Deepa	4,700	0.24	-	9,400	0.24	-	-
5.	Smt. R. Sudarsanam	4,680	0.24	-	9,360	0.24	-	-
6.	Shri P.R. Venketrama Raja	2,700	0.14	-	5,400	0.14	-	-
7.	M/s. Rajapalayam Mills Limited	2,000	0.10	-	4,000	0.10	-	-
8.	Smt. P.V. Sri Sandhya	1,700	0.08	-	3,400	0.08	-	-
9.	M/s. Sri Vishnu Shankar Mill Limited	1,100	0.06	-	2,200	0.06	-	-
10.	Smt. P.V. Nirmala	200	0.01	-	400	0.01	-	-
	<b>TOTAL</b>	<b>8,35,670</b>	<b>42.35</b>	<b>-</b>	<b>16,71,340</b>	<b>42.35</b>	<b>-</b>	<b>-</b>

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

Sl. No.	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
	No. of Shares at the beginning (01-04-2017) / end of the year (31-03-2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	8,35,670	42.35	06.07.2017	8,35,670	Bonus	16,71,340	42.35
	16,71,340	42.35					



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

Sl. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017) / end of the year (31-03-2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri Govindlal M Parikh	66,040	3.35	06-07-2017	66,040	Bonus	1,32,080	3.35
				24-11-2017	15,000	Transfer	1,47,080	3.73
		1,47,080	3.73					
2.	Smt. Ramachandra Raja Chittammal	40,300	2.04	06-07-2017	40,300	Bonus	80,600	2.04
		80,600	2.04					
3.	Shri V. Krishnamuthy	32,800	1.66	06-07-2017	32,800	Bonus	65,600	1.66
		65,600	1.66					
4.	Smt. Chinmay G Parikh	31,800	1.61	06-07-2017	31,800	Bonus	63,600	1.61
		63,600	1.61					
5.	Director of Handlooms & Textiles	26,400	1.34	29-06-2017	26,400	Bonus	52,800	1.34
		52,800	1.34					
6.	Smt. Sitalakshmi	21,240	1.08	06-07-2017	21,240	Bonus	42,480	1.08
		42,480	1.08					
7.	Shri M.A.A. Annamalai	20,160	1.02	06-07-2017	20,160	Bonus	40,320	1.02
		40,320	1.02					
8.	Shri K.S.Ganesan	9,520	0.48	09-06-2017	9,520	Transfer	19,040	0.96
				06-07-2017	19,040	Bonus	38,080	0.96
		38,080	0.96					
9.	Shri Sandhya G Parikh	17,600	0.89	06-07-2017	17,600	Bonus	35,200	0.89
		35,200	0.89					
10.	Director of Industries & Commerce	16,880	0.86	29-06-2017	16,880	Bonus	33,760	0.86
		33,760	0.86					

**ANNEXURE V TO DIRECTORS' REPORT**

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Name	Shareholding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 to 31-03-2018)	
		No. of Shares at the beginning (01-04-2017) / end of the year (31-03-2018)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri P.R. Ramasubrahmaneya Rajha	69,740	3.53	09-06-2017	69,740	Transmission	Nil	Nil
2.	Shri P.R. Venketrama Raja	2,700	0.14	06-07-2017	2,700	Bonus	5,400	0.14
		5,400	0.14					
3.	Smt. Nalina Ramalakshmi	6,76,190	34.27	09-06-2017	69,740	Transmission	7,45,930	37.80
				06-07-2017	7,45,930	Bonus	14,91,860	37.80
		14,91,860	37.80					
4.	Shri N.R.K. Ramkumar Raja	72,660	3.68	06-07-2017	72,660	Bonus	1,45,320	3.68
		1,45,320	3.68					
5.	Shri N.K. Shrikantan Raja	5,960	0.30	06-07-2017	5,960	Bonus	11,920	0.30
		11,920	0.30					
6.	Shri P.J. Alaga Raja	5,880	0.30	29-06-2017	5,880	Bonus	11,760	0.30
		11,760	0.30					
7.	Shri P.J. Ramkumar Rajha	4,020	0.20	29-06-2017	4,020	Bonus	8,040	0.20
		8,040	0.20					



V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment  
(₹ in Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the Beginning of the financial year</b>				
i) Principal Amount	21,160.61	3,321.80	–	24,482.41
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	<b>21,160.61</b>	<b>3,321.80</b>	<b>–</b>	<b>24,482.41</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	1,932.52	2,043.32	–	3,975.84
Reduction	2,576.14	–	–	2,576.14
<b>Net Change</b>	<b>(643.62)</b>	<b>2,043.32</b>	<b>–</b>	<b>1,399.70</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	20,516.99	5,365.12	–	25,882.11
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	<b>20,516.99</b>	<b>5,365.12</b>	<b>–</b>	<b>25,882.11</b>



**ANNEXURE V TO DIRECTORS' REPORT**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and / or Manager: (₹ in Lakhs)**

Sl. No.	Particulars of Remuneration	Smt. Nalina Ramalakshmi, Managing Director	Shri N.R.K. Ramkumar Raja, Managing Director	Total Amount
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	120.00	60.00	180.00
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	–	–	–
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission as % of profit	–	–	–
5	Sitting Fees	0.65	0.85	1.50
6	Contribution to Provident Fund	14.40	0.22	14.62
7	Contribution to Superannuation Trust Fund	1.50	1.50	3.00
	<b>Total (A)</b>	<b>136.55</b>	<b>62.57</b>	<b>199.12</b>
	Ceiling as per Act	Managing Director remuneration is fixed at 5% of net profits of the Company per Managing Director and in case, no profits or inadequacy of profits, each Managing Director shall be paid the maximum remuneration as per Section II, Part II of Schedule V of the Companies Act, 2013 which works out of ₹ 240 Lakhs per annum. As per Schedule V, the Managing Directors (Each Managing Director) are eligible for a minimum remuneration of ₹ 20,00,000/- per month in case of inadequacy of profits, the Company has paid ₹ 10,00,000/- per month to Smt. Nalina Ramalakshmi and ₹ 5,00,000/- per month to Shri N.R.K. Ramkumar Raja. The remuneration shall be revised whenever the situation demands with the approval of Nomination and Remuneration Committee subject to the limit specified in Section II, Part II of Schedule V of the Companies Act, 2013.		

**B. REMUNERATION TO OTHER DIRECTORS:**

**1. Independent Directors**

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri P.J. Alaga Raja	Shri P.J. Ramkumar Rajha	Justice Shri P.P.S. Janarthana Raja	Shri V. Santhana raman	
1	Fee for attending board / committee meetings	1.20	1.10	0.80	0.80	3.90
2	Commission	–	–	–	–	–
3	Others (Please specify)	–	–	–	–	–
	<b>Total B (1)</b>	<b>1.20</b>	<b>1.10</b>	<b>0.80</b>	<b>0.80</b>	<b>3.90</b>



2. Other Non-Executive Directors

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri P.R. Venketrama Raja	Shri N.K. Shrikantan Raja	Shri K. Manoharan	Shri S. Kanthimathinathan	
1	Fee for attending Board / Committee Meetings	0.80	1.25	0.60	0.75	3.40
2	Commission	–	–	–	–	–
3	Others	–	–	–	–	–
	<b>Total B (2)</b>	<b>0.80</b>	<b>1.25</b>	<b>0.60</b>	<b>0.75</b>	<b>3.40</b>
	<b>Total B (1) + (2)</b>					<b>7.30</b>
	Total Managerial Remuneration (A+B)					<b>206.42</b>

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

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri P.R. Ramasubramanian, Chief Financial Officer	Shri A. Emarajan, Company Secretary	
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	24.79	7.42	31.99
	b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.22	–	0.22
	c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission			
	- as % of profit	–	–	–
	- Others specify	–	–	–
5	Others, please specify	–	–	–
	<b>Total</b>	<b>25.01</b>	<b>7.42</b>	<b>32.21</b>

**ANNEXURE V TO DIRECTORS' REPORT****VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

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

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

Rajapalayam,  
29<sup>th</sup> June, 2018.

P.R. VENKETRAMA RAJA  
CHAIRMAN



## REPORT ON CORPORATE GOVERNANCE

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

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

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

### 2. BOARD OF DIRECTORS

The Board of Directors is headed by the Chairman Shri P.R. Venketrama Raja. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Finance, Law, Engineering, etc., The Board had 10 Directors as on 31-03-2018. Except Smt. Nalina Ramalakshmi and Shri N.R.K. Ramkumar Raja, all other Directors are Non-Executive. As required under Regulation 17 of the SEBI (LODR) Regulations, 2015 not less than 50% of the Board consists of Independent Directors. Since the Company has obtained the listing approval on 26-03-2018, the Company is in the process of increasing the strength of independent director from the existing 40% to 50% as per Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## ANNEXURE VI TO DIRECTORS' REPORT

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	25-05-2017	04-06-2017	09-08-2017	11-11-2017	31-01-2018	Attendance at last AGM held on 10-08-2017
1.	Shri P.R. Venketrama Raja Chairman DIN: 00331406, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes	Yes
2.	Smt. Nalina Ramalakshmi Managing Director DIN: 01364161, Directorship: P & E	Yes	Yes	Yes	No	Yes	Yes
3.	Shri N.R.K. Ramkumar Raja Managing Director DIN: 01948373, Directorship: E	Yes	Yes	Yes	Yes	Yes	Yes
4.	Shri M. Sridharan Nominee Director of Handloom & Textiles, Government of Tamilnadu DIN: 07188379, Directorship: NE	No	NA	NA	NA	NA	NA
5.	Shri K. Manoharan Nominee Director of Handloom & Textiles, Government of Tamilnadu DIN: 07840325, Directorship: NE	NA	Yes	Yes	Yes	Yes	No
6.	Shri N.K. Shrikantan Raja DIN: 00350693, Directorship: NE	Yes	Yes	Yes	Yes	Yes	Yes
7.	Shri S. Kanthimathinathan DIN: 01124581, Directorship: NE	Yes	Yes	Yes	Yes	Yes	Yes
8.	Shri P.J. Alaga Raja DIN: 00446057, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes
9.	Justice Shri P.P.S. Janarthana Raja DIN: 06702871, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes
10.	Shri V. Santhanaraman DIN: 00212334, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	No
11.	Shri P.J. Ramkumar Rajha DIN: 00487193, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes

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

### Other Directorships

The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on 31-03-2018 are given below:

Sl. No.	Name of the Director	Other Directorships *	Committee Positions **	
			Chairperson	Member
1.	Shri P R Venketrama Raja	9	3	3
2.	Smt. Nalina Ramalakshmi	2	–	–
3.	Shri N.R.K. Ramkumar Raja	1	–	1
4.	Shri N.K. Shrikantan Raja	6	3	1
5.	Shri S. Kanthimathinathan	5	–	5
6.	Shri K. Manoharan	–	–	–
7.	Shri P.J. Alaga Raja	–	–	–
8.	Justice P.P.S. Janarthana Raja	1	1	1
9.	Shri V. Santhanaraman	2	–	–
10.	Shri P.J. Ramkumar Rajha	5	2	–

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

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

During the year, a separate meeting of the Independent Directors was held on 30-01-2018 and all the Independent Directors were present at the meeting.

### Disclosure of relationships between Directors inter-se

Shri P.R. Venketrama Raja is a brother of Smt. Nalina Ramalakshmi and Shri N.K. Shrikantan Raja is a brother of Shri N.R.K. Ramkumar Raja.

### 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 [www.ramarajusurgical.com/familiarisation-programme-for-independent-directors](http://www.ramarajusurgical.com/familiarisation-programme-for-independent-directors).

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

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

A Code of Conduct has been laid out for all Members of the Board and Senior Management suitably incorporating the duties of Independent Directors as laid down in the Companies Act, 2013.

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

### **3. AUDIT COMMITTEE**

The terms of reference of the Audit Committee include:

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

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

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

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>24-05-2017</b>	<b>08-08-2017</b>	<b>10-11-2017</b>	<b>30-01-2018</b>
1.	Shri N.K. Shrikantan Raja, Chairman	Yes	Yes	Yes	Yes
2.	Shri P.J. Alaga Raja, Member	Yes	Yes	Yes	Yes
3.	Shri P.J. Ramkumar Rajha, Member	Yes	Yes	Yes	Yes

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

The 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.

2/3<sup>rd</sup> of the members of the Audit Committee are Independent Directors as stipulated in the Regulation 18(1)(b) of SEBI (LODR) Regulations, 2015. Since the Company has obtained the listing approval on 26-03-2018, the Company is in the process of re-constituting the audit committee by appointing independent director as the Chairman of the Committee as per Regulation 18(1)(d) of SEBI (LODR) Regulations, 2015.

### **4. NOMINATION AND REMUNERATION COMMITTEE**

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

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

Sl. No.	Name of the Director	30-01-2018
1.	Shri N.K. Shrikantan Raja, Chairman	Yes
2.	Shri P.J. Alaga Raja, Member	Yes
3.	Shri P.J. Ramkumar Rajha, Member	Yes

The Nomination and Remuneration Committee has laid down evaluation criteria based on the Guidance note issued by SEBI for performance evaluation of Independent Directors, which will be based on attendance, independence, expertise and contribution brought in by the Independent Director at the Board and Committee Meetings, which shall be taken into account at the time of re-appointment of Independent Director. Since the Company has obtained the listing approval on 26-03-2018, the Company is in the process of re-constituting the Nomination and Remuneration Committee by appointing independent director as the Chairman of the Committee as per Regulation 19(2) of SEBI (LODR) Regulations, 2015.

#### 5. BONUS ISSUE COMMITTEE (Upto 31-01-2018)

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

Sl. No.	Name of the Director	29-06-2017	11-07-2017
1.	Shri N.K. Shrikantan Raja, Member	Yes	Yes
2.	Shri N.R.K. Ramkumar Raja, Member	Yes	Yes
3.	Shri P.J. Alaga Raja, Member	Yes	Yes

The scope of the Committee comprise of overseeing the entire process of Bonus Issue made by the Company in the year 2017.

#### 6. SALE COMMITTEE - SILVASSA DIVISION

The composition of Sale Committee - Silvassa Division are as follows:

Sl. No.	Name of the Director
1.	Shri N.K. Shrikantan Raja, Member
2.	Shri N.R.K. Ramkumar Raja, Member
3.	Shri P.J. Ramkumar Rajha, Member

The Committee has not met during the year under review. The scope of the Committee comprise of overseeing and approving the entire process of Sale of Silvassa Division of the Company.

## 7. REMUNERATION TO DIRECTORS

The Directors are paid Sitting Fee of ₹ 15,000/- per Meeting for attending the Board and ₹ 5,000/- per Meeting for 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. 42.

The appointment and remuneration to Managing Directors are governed by the Special Resolution passed by the Shareholders at the Annual General Meeting held on 10-08-2016 and the remuneration is equivalent to 5% of the Net Profits of the Company and in case of inadequacy of profits, as per Section II, Part II of Schedule V of the Companies Act, 2013. As per Schedule V, the Managing Directors (Each Managing Director) are eligible for a minimum remuneration of ₹ 20,00,000/- per month in case of inadequacy of profits, the Company has paid ₹ 10,00,000/- per month to Smt. Nalina Ramalakshmi and ₹ 5,00,000/- per month to Shri N.R.K. Ramkumar Raja. The remuneration shall be revised whenever the situation demands with the approval of Nomination and Remuneration Committee subject to the limit specified in Section II, Part II of Schedule V of the Companies Act, 2013.

The Details of remuneration paid are as follows:

Name of the Director	Amount (₹ in Lakhs)		No. of Shares held as on 31-03-2018
	Sitting fees	Remuneration	
Shri P.R. Venketrama Raja	0.80	–	5,400
Smt. Nalina Ramalakshmi	0.65	135.90*	14,91,860
Shri N.R.K. Ramkumar Raja	0.85	61.72*	1,45,320
Shri K. Manoharan	0.60	–	–
Shri N.K. Shrikantan Raja	1.25	–	11,920
Shri S. Kanthimathinathan	0.75	–	–
Shri P.J. Alaga Raja	1.20	–	11,760
Justice P.P.S. Janarthana Raja	0.80	–	–
Shri V. Santhanaraman	0.80	–	–
Shri P.J. Ramkumar Rajha	1.10	–	8,040

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

Particulars	Smt. Nalina Ramalakshmi	Shri N.R.K. Ramkumar Raja
Gross Salary	120.00	60.00
Contribution to Provident Fund	14.40	0.22
Contribution to Superannuation Trust Fund	1.50	1.50
<b>Total</b>	<b>135.90</b>	<b>61.72</b>



## 8. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Sl. No.	Name of the Director	24-05-2017
1.	Shri P.R. Venketrama Raja, Chairman	Yes
2.	Shri N.K. Shrikantan Raja, Member	Yes
3.	Shri N.R.K. Ramkumar Raja, Member (from 04-06-2017)	NA

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

## 9. GENERAL MEETINGS

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

Year ended	Date of AGM / EGM	Time	Venue
31-03-2017	10-08-2017	9.30 A.M	P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu.
—	20-06-2017	9.30 A.M.	
31-03-2016	10-08-2016	9.30 A.M	
31-03-2015	12-08-2015	9.30 A.M	

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

Date of AGM	Subject Matter of the Special Resolution
10-08-2017	No Special Resolution was passed.
10-08-2016	Appointment of Shri N.R.K. Ramkumar Raja as Managing Director for a period of three years with effect from 14-02-2016.
	Re-appointment of Smt. Nalina Ramalakshmi as Managing Director for a period of three years with effect from 01-04-2017.
12-08-2015	No Special Resolution was passed.

## ANNEXURE VI TO DIRECTORS' REPORT



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

- iii. No Special Resolution on matters requiring Postal Ballot was passed during the period under review.
- iv. No Special Resolution is proposed to be conducted through Postal Ballot as on date.

### 10. MEANS OF COMMUNICATION

Since the Company has obtained the listing approval on 26-03-2018, the Unaudited Quarterly and Half yearly Financial results and Audited Annual Results are being published in English in Business Line (All editions) and in Tamil in Dinamani (Madurai edition) from March 2018 onwards. The results will also display on the Company's website at [www.ramarajusurgical.com](http://www.ramarajusurgical.com).

All the financial results are being provided to Stock Exchange.

### 11. GENERAL SHAREHOLDER INFORMATION

i.	Annual General Meeting	On 10-08-2018 at 9.30 AM at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu
ii.	Financial Year	1 <sup>st</sup> April, 2017 to 31 <sup>st</sup> March, 2018
iii.	Dividend Payment Date	10-08-2018 onwards
iv.	Name and address of Stock exchange at which the Company's Shares are listed	The Company's shares are listed in M/s. Metropolitan Stock Exchange of India Limited, 4 <sup>th</sup> Floor, Vibgyor Tower, Plot No. C-62, G Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra East, Mumbai - 400 098 with effect from 26-03-2018. The Company has paid listing fee to the Stock Exchange for the financial year 2018-19.
v.	Stock Code / Symbol - Metropolitan Stock Exchange of India Limited	RAMARAJU
vi.	Whether the securities are suspended from trading	No



vii.	Registrar and Transfer Agents	Being carried out in-house by the Secretarial Department of the Company.
viii.	Share Transfer System	For shares held in electronic mode, transfers are effected under the depository system of NSDL and CDSL. For shares held in physical mode, certificates are to be submitted to the Company along with the required security transfer forms. The company effects the transfers within 30 days before listing and within 15 days after listing, if the documents are found in order and the certificates are sent to the transferees. In the case of defective documents, the same are returned with the reasons to the transferees within 30 days and 15 days respectively.
ix.	Distribution of Shareholding	Enclosed as Annexure - A.
x.	Dematerialisation of Shares & Liquidity	As on 31 <sup>st</sup> March, 2018, 86.90% of the shares have been dematerialized. Regarding liquidity of our Company's shares, the details are available in Annexure - A.
xi.	Outstanding GDRs / ADRs / Warrants or any Convertible instruments, date and likely impact on equity	NIL
xii.	Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	With respect to Buyers' Credit in foreign currencies, forward contracts are booked taking in to account, the cost of hedging and the foreign currency receivables. The currency rate movements are monitored closely for taking covers with respect to unhedged portions, if any.

**xiii. Plant Locations**

**Surgical Division:**

**The Ramaraju Surgical Cotton Mills Limited**

- a. Rajapalayam  
P.O.Box: 2, 119, 120, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117.  
Tamil Nadu.
- b. Perumalpatti  
2/318 to 2/321, Sankaran Kovil Road, Perumalpatti Village, Tirunelveli - 627 753.  
Tamil Nadu.

**Spinning Division:**

**Sudarsanam Spinning Mills**

- a. 118, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117. Tamil Nadu.
- b. 898, 899, Subramaniapuram, Vanniampatti Road, Pillayarkulam Village, Srivilliputtur Taluk - 626 137. Tamil Nadu.
- c. Post Box: 33, Survey No. 57/3/3, 57/3/4/1/1 and 57/3/5/1, Khanvel-Udhwa Road, Kherdi Village, Silvassa - 396 230, Union Territory of Dadra Nagar & Haveli.
- d. Survey No. 52, 53, Thirumalagiri Village, Jaggaiahpet Mandal, Krishna Dist. 521 178. Andhra Pradesh.

**Fabric Division:**

**Sudarsanam Fabrics**

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

**Wind Farm Division:**

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

Address of Registered Office for Correspondence for shareholder enquiries:

Shri A. Emarajan,  
Company Secretary & Compliance Officer,  
The Ramaraju Surgical Cotton Mills Limited,  
P.O. Box. 2, P.A.C. Ramasamy Raja Salai,  
Rajapalayam - 626 117, Tamil Nadu.  
Phone : 04563-235904  
Fax : 04563-235714  
E-mail : rscm@ramcotex.com

**12. OTHER DISCLOSURES**

- i. There are no materially significant related party transactions made by the Company that may have potential conflict with the interests of the Company at large.



- ii. There are no instances of non-compliance by the Company, and no penalties or strictures were imposed on the company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
  - iii. The Company has a Whistle Blower Policy, available at the Company's website and it is affirmed that no personnel has been denied access to the Audit Committee.
  - iv. The Company has complied with the Mandatory requirements of Corporate Governance stipulated under SEBI (LODR) Regulations, 2015 except as stated in point no. 2,3 and 4. The status of adoption of the Non-Mandatory requirements are given below:
    - a. The Company's financial statements are with unmodified audit opinion for the year 2017-18.
    - b. The Company has appointed separate persons to the post of Chairperson and Managing Director.
  - v. The Company has no Subsidiary. Hence, disclosure about "Material Subsidiary Policy" is not applicable.
  - vi. The Related Party Transaction Policy is disclosed in the Company's website and its weblink is - [www.ramarajusurgical.com/reports/Related-Party-Transaction-Policy.pdf](http://www.ramarajusurgical.com/reports/Related-Party-Transaction-Policy.pdf)
  - vii. The details relating to commodity price risks and commodity hedging activities are not applicable.
- 13.** 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.
- 14.** The extent to which the discretionary requirements specified in Part E of Schedule II have been adopted, is given against Clause 12(iv) above.
- 15.** Senior Management Personnel discloses to the Board of Directors all material, financial and commercial transactions where they have personal interest that may have a potential conflict with the Company's interest, if any.
- 16.** The Company submits quarterly compliance report on Corporate Governance to the Stock Exchange, in the prescribed format within 15 days from the close of the quarter duly signed by the Compliance Officer.
- 17.** As required under Regulation 46(2) of SEBI (LODR) Regulations, 2015 the following information have been duly disseminated in the Company's website:
- Terms and conditions of appointment of Independent Directors
  - Composition of various committees of Board of Directors
  - Code of Conduct of Board of Directors and Senior Management Personnel
  - Details of establishment of Vigil Mechanism / Whistle Blower Policy
  - Policy on dealing with Related Party Transactions
  - Details of Familiarization Programmes imparted to Independent Directors

## ANNEXURE VI TO DIRECTORS' REPORT

18. The various disclosures made in the Directors' Report, may be considered as disclosures made under this report.
19. The Company also have the following Committees of the Board of Directors:  
The Composition of the Corporate Social Responsibility Committee and the details of the attendance of its members are as follows:

Sl. No.	Name of the Director	24-05-2017
1.	Shri P.R. Venketrama Raja, Chairman (from 04-06-2017)	NA
2.	Smt. Nalina Ramalakshmi, Member	Yes
3.	Shri N.K. Shrikantan Raja, Member	Yes
4.	Shri P. J. Ramkumar Rajha, Member	Yes

20. Declaration signed by the Managing Director of the Company as per Schedule V (D) of SEBI (LODR) Regulations, 2015 on compliance with the Code of Conduct is annexed.
21. Compliance Certificate as per Regulations 17(8) read with Part B of Schedule II of SEBI (LODR) Regulations, 2015 provided by Managing Director and Chief Financial Officer is annexed.

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

RAJAPALAIYAM,  
29<sup>th</sup> May, 2018.

P.R. VENKETRAMA RAJA  
CHAIRMAN

### DECLARATION

As provided under Schedule V (D) of the SEBI (LODR) Regulations, 2015 the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31<sup>st</sup> March, 2018.

For THE RAMARAJU SURGICAL COTTON MILLS LIMITED,

RAJAPALAIYAM,  
29<sup>th</sup> May, 2018.

Smt. NALINA RAMALAKSHMI  
MANAGING DIRECTOR



To

The Board of Directors,  
The Ramaraju Surgical Cotton 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 2017-18 and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee that -
1. there are no significant changes in internal control over financial reporting during the year;
  2. there are no significant changes in accounting policies during the year
  3. there are no instances of significant fraud of which we have become aware.

P.R. RAMASUBRAMANIAN  
CHIEF FINANCIAL OFFICER

Smt. NALINA RAMALAKSHMI  
MANAGING DIRECTOR

RAJAPALAIYAM,  
29<sup>th</sup> May, 2018.



## ANNEXURE - A

## Pattern of Shareholding as on 31-03-2018

Description	Total Shareholders	%	Total Shares	%
<b>A. PROMOTERS HOLDING</b>				
1. Promoters	10	0.72	16,71,340	42.35
<b>Sub-total</b>	<b>10</b>	<b>0.72</b>	<b>16,71,340</b>	<b>42.35</b>
<b>B. NON - PROMOTERS HOLDING</b>				
1. Banks, FI'S INS. Cos, Govt. Institutions	3	0.22	86,760	2.20
2. NRIs / OCBs & Non-Domestic Companies	6	0.44	2,900	0.07
3. Private Corporate Bodies	13	0.94	22,412	0.57
4. Public	1,348	97.68	21,63,148	54.81
<b>Sub-total</b>	<b>1,370</b>	<b>99.28</b>	<b>22,75,220</b>	<b>57.65</b>
<b>Total</b>	<b>1,380</b>	<b>100.00</b>	<b>39,46,560</b>	<b>100.00</b>

## Distribution of Shareholding as on 31-03-2018

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	872	63.19	1,64,914	4.18
501-1000	201	14.57	1,57,864	4.00
1001-2000	132	9.56	2,08,368	5.28
2001-3000	48	3.48	1,20,370	3.05
3001-4000	25	1.81	91,300	2.31
4001-5000	16	1.16	74,960	1.90
5001-10000	36	2.61	2,63,844	6.69
10001 & above	50	3.62	28,64,940	72.59
<b>Total</b>	<b>1,380</b>	<b>100.00</b>	<b>39,46,560</b>	<b>100.00</b>

## Category of Shareholding as on 31-03-2018

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
NSDL	564	40.87	31,75,200	80.46
CDSL	177	12.83	2,54,264	6.44
Physical Form	639	46.30	5,17,096	13.10
<b>Total</b>	<b>1,380</b>	<b>100.00</b>	<b>39,46,560</b>	<b>100.00</b>



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

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

To

The Members of  
The Ramaraju Surgical Cotton Mills Limited,  
[CIN: U17111TN1939PLC002302]  
P.A.C. Ramasamy Raja Salai,  
Rajapalayam - 626 117.

We have examined the compliance of the conditions of Corporate Governance by The Ramaraju Surgical Cotton Mills Limited ("the Company") during the financial year ended 31<sup>st</sup> March, 2018, as stipulated under Regulation numbers 17 to 27, 46(2)(b) to (i), Schedule II and Schedule V (paragraphs C,D and E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

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

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

We hereby certify that, in our opinion and to the best of our information and based on the records furnished for our verification and the explanations given to us by the Company, its officers and agents, the Company has, during the year ended 31<sup>st</sup> March, 2018, complied with the applicable conditions of Corporate Governance except as stated in point no. 2, 3 and 4 of Annexure VI to the Directors Report since the Company has obtained the listing approval on 26-03-2018.

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

R. PALANIAPPAN  
Proprietor  
Membership No. 205112

RAJAPALAIYAM,  
29<sup>th</sup> May, 2018.

## ANNEXURE VIII TO DIRECTORS' REPORT

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

i. & ii. The ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary in the Financial Year 2017-18.

Name of the Director / KMP and Designation	Remuneration of Director / KMP for financial year 2017-18 (₹ in lakhs)	% increase in remuneration in the financial year 2017-18	Ratio of remuneration of each Director / to median remuneration of employees
Shri P.R. Venketrama Raja, Chairman	0.80	167	1
Smt. Nalina Ramalakshmi, Managing Director	136.55	–	144
Shri N.R.K. Ramkumar Raja, Managing Director	62.57	–	66
Shri K. Manoharan, Nominee Director	0.60	100	1
Shri N.K. Shrikantan Raja	1.25	9	1
Shri S. Kanthimathinathan	0.75	67	1
Shri P.J. Alaga Raja	1.20	20	1
Justice Shri P.P.S. Janarthana Raja	0.80	23	1
Shri V. Santhanaraman	0.80	23	1
Shri P.J. Ramkumar Rajha	1.10	57	1
Shri P.R. Ramasubramanian, Chief Financial Officer	25.01	43	26
Shri A. Emarajan, Company Secretary	7.42	10	8

- iii. The median remuneration of the employees during the financial year was ₹ 95,365 and the percentage increase in the median remuneration was 4%.
- iv. There were 1,756 Permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2018.
- v. Average percentage of decrease in the salaries of the employees other than the managerial personnel in the financial year i.e. 2017-18 was 9 % whereas the increase in the managerial remuneration for the same financial year was 4%.
- vi. It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other employees.



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

Particulars of Top 10 Employees in term of remuneration drawn and Particulars of Employees employed throughout the financial year 2017-18 and was in receipt of remuneration in the aggregate of not less than ₹ 102 Lakhs.

Sl. No.	Name	Age (Years)	Designation	Remuneration Paid / Payable ₹ in lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1.	Smt. Nalina Ramalakshmi	55	Managing Director	135.90	B.Sc., M.S.C.S., (15 Years)	12-08-2005	-
2.	Shri N.R.K. Ramkumar Raja	60	Managing Director	61.72	B.Tech., M.E., (25 Years)	14-02-2016	-
3.	Shri P.R. Ramasubramanian	32	Chief Financial Officer	25.01	ACA., MBA (9 Years)	16-12-2009	M/s Rajapalayam Mills Limited
4.	Shri S.Shunmugavel	57	Sr. General Manager	22.40	B.Tech (34 Years)	17-10-1983	-
5.	Shri V. Santhosh	45	General Manager (Operation)	16.35	D.T.T. (26 Years)	03-02-2016	Premier Fine Linens Pvt. Ltd.
6.	Shri V. Murali	51	General Manager (Works)	12.36	D.T.T. (33 Years)	16-09-2016	Gokok Textiles
7.	Shri V.V. Subburaman	54	General Manager (Works)	9.89	D.T.T (32 Years)	12-12-2016	Barani Cotspin
8.	Shri K. Kannan	49	Asst. General Manager (HR)	8.70	M.B.A. (29 Years)	12-09-2016	Premier Fine Linens Pvt. Ltd.
9.	Shri G. Sathya Sayeram	46	Senior Manager (Accounts)	7.83	M.Com., MBA (27 Years)	10-05-2010	Mohan Breweries & Distl.
10.	Shri A. Emarajan	33	Company Secretary	7.42	B.Com, ACS (13 Years)	15-10-2014	EDAC Engg. 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 Encashment.
3. None of the employees mentioned above is related to any Director of the Company except Smt. Nalina Ramalakshmi, Managing Director who is related to Shri P.R. Venketrama Raja, Chairman and Shri N.R.K. Ramkumar Raja, Managing Director.

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

RAJAPALAIYAM,  
29<sup>th</sup> May, 2018.

P.R. VENKETRAMA RAJA  
CHAIRMAN

## **SEPARATE FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT**

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

**Report on the Separate Financial Statements**

We have audited the accompanying Separate financial statements drawn in accordance with the Indian Accounting Standards ("the Financial Statements"), of The Ramaraju Surgical Cotton Mills Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow for the year ended on 31<sup>st</sup> March, 2018 and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of the Financial Statements that give a true and fair view of the financial position, Financial Performance (including Other Comprehensive Income), Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Separate Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Separate Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Separate Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Separate Financial Statements. The procedures selected depend on the auditor's judgment,

## **AUDITORS' REPORT TO SHAREHOLDERS**

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including the assessment of the risks of material misstatement of the Separate Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Separate Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Separate Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Separate Financial Statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Separate Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2018, its Loss (financial performance including Other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on 31<sup>st</sup> March, 2018.

### **Other Matters**

The comparative financial results of the company for the quarter and year ended 31<sup>st</sup> March, 2017 included in these financial results have been prepared from annual financial statements audited by M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, the predecessor auditors whose report for the year ended 31<sup>st</sup> March, 2017 dated 25<sup>th</sup> May, 2017 expressed an unmodified opinion on those financial statements.

### **Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid Separate Financial Statements comply with the Indian Accounting Standards (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 as on 31<sup>st</sup> March, 2018 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) We have enclosed our separate report in "Annexure B" with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in Note No 39 (iv) of the 'Notes forming part of Separate Financial Statements' for the year ended 31<sup>st</sup> March, 2018;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

R. PALANIAPPAN  
Proprietor  
Membership No. 205112

Rajapalayam,  
29<sup>th</sup> May, 2018.

## AUDITORS' REPORT TO SHAREHOLDERS

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### “ANNEXURE - A” TO THE INDEPENDENCE AUDITORS' REPORT - 31<sup>st</sup> MARCH, 2018

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date to the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2018:

1) Fixed Assets

- 1.1 The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- 1.2 The fixed assets were physically verified during the year by the Management in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed during such verification.
- 1.3 According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2) Inventory

- 2.1 The Management has conducted the physical verification of inventory at reasonable intervals.
- 2.2 The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account and were not material.

3) The Company has granted loan to one party listed in the Register maintained under Section 189 of the Act. The maximum outstanding at any time during the year was ₹ 10 Lakhs (PY: ₹ 10 Lakhs) and the amount outstanding as on 31<sup>st</sup> March, 2018 is ₹ 10 Lakhs (PY: ₹ 10 Lakhs).

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

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



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

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

7) Undisputed and disputed taxes and duties

7.1 The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Services Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31<sup>st</sup> March, 2018 for a period of more than six months from the date they became payable.

7.2 The disputed statutory dues aggregating to ₹ 8.45 Lakhs (PY: ₹ Nil) on which we have paid an amount of ₹ 4.23 Lakhs under protest. The Pending matters before appropriate authorities is as under.

Name of Statute	Forum Where Dispute is Pending	₹ in Lakhs
Sales Tax	Deputy Commissioner (Commercial Tax - Appellate)	8.45

8) The Company has not defaulted in repayment of dues to Financial Institutions, Banks, Debenture holders or Government.

9) The Company did not raise any money by way of initial public offer or further public offer. The Company has raised term loans from Banks / Institutions during the year and the proceeds have been applied for the purposes for which they were raised. The Company has not issued any debentures during the year.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.



## AUDITORS' REPORT TO SHAREHOLDERS

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- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the Management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company. During the year the company has issued Bonus Shares at the ratio of 1:1.
- 15) Based upon the audit procedures performed and the information and explanations given by the Management, the Company has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- 16) In our opinion, the Company is not required to be registered under Section 45- IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

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

Rajapalaiyam,  
29<sup>th</sup> May, 2018.

R. PALANIAPPAN  
Proprietor  
Membership No. 205112

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

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

We have audited the internal financial controls over financial reporting of The Ramaraju Surgical Cotton Mills Limited ("the Company") as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31<sup>st</sup> March, 2018.

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

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

**Auditors' Responsibility**

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

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

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

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### 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, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

R. PALANIAPPAN  
Proprietor  
Membership No. 205112

Rajapalayam,  
29<sup>th</sup> May, 2018.

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018**

(₹ in Lakhs)

	Note No.	As at 31-03-2018	As at 31-03-2017	
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
Property, Plant and Equipment	5	20,301.68	21,320.34	
Capital Work-in-progress		3,283.22	6.88	
Intangible Assets	5	9.43	10.53	
Investment Property	6	6.36	6.54	
Investment in Associates	7	1,105.00	1,104.69	
Financial Assets				
Other Investment	7	0.44	0.55	
Loans	8	10.00	10.00	
Other Financial Assets	9	370.63	402.96	
Other Non-Current Assets	10	142.77	6.95	
		<u>25,229.53</u>	<u>22,869.44</u>	
<b>(2) Current Assets</b>				
Inventories	11	7,191.88	9,895.07	
Financial Assets				
Trade Receivables	12	2,039.21	1,923.67	
Cash and Cash Equivalents	13	383.84	345.33	
Bank Balance other than Cash and Cash Equivalents	14	11.80	11.94	
Other Financial Assets	15	94.33	127.62	
Other Current Assets	16	1,294.01	1,140.44	13,444.07
		<u>11,015.07</u>	<u>13,444.07</u>	
<b>TOTAL ASSETS</b>		<u><b>36,244.60</b></u>	<u><b>36,313.51</b></u>	
<b>EQUITY &amp; LIABILITIES</b>				
<b>(1) Equity</b>				
Equity Share Capital	17	394.66	197.33	
Other Equity	18	6,691.20	7,017.51	
<b>Total Equity</b>		<u><b>7,085.86</b></u>	<u><b>7,214.84</b></u>	
<b>(2) Liabilities</b>				
<b>A) Non Current Liabilities</b>				
Financial Liabilities				
Borrowings	19	9,545.76	8,036.09	
Provisions	20	123.88	144.53	
Deferred Income	21	50.06	53.40	
Deferred Tax Liabilities (Net)	22	1,198.66	1,443.56	
		<u>10,918.36</u>	<u>9,677.58</u>	
<b>B) Current Liabilities</b>				
Financial Liabilities				
Borrowings	23	13,283.88	13,870.43	
Trade Payables	24	605.76	1,677.47	
Other Financial Liabilities	25	3,909.37	3,481.10	
Provisions	26	358.53	308.33	
Liabilities for Current Tax		82.84	83.76	
		<u>18,240.38</u>	<u>19,421.09</u>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>36,244.60</b></u>	<u><b>36,313.51</b></u>	
Significant Accounting Policies, Judgements and Estimates	1-4			
See accompanying notes to the financial statements.	5-46			

As per our report annexed

For N.A. JAYARAMAN & CO

Chartered Accountants

Firm Registration No. 001310S

R. PALANIAPPAN

Proprietor

Membership No. 205112

Rajapalayam

29<sup>th</sup> May, 2018

P.R. VENKETRAMA RAJA

CHAIRMAN

P.R. RAMASUBRAMANIAN

CHIEF FINANCIAL OFFICER

SMT. NALINA RAMALAKSHMI

MANAGING DIRECTOR

A. EMARAJAN

COMPANY SECRETARY



	(₹ in Lakhs)	
	2017-18	2016-17
<b>A. Cash Flow from Operating Activities</b>		
Profit / (Loss) before Tax	(391.86)	736.65
Adjustments for :		
Depreciation & Amortisation	1,704.96	1,434.31
Finance Cost	2,168.43	1,725.42
Interest Received	(142.79)	(160.45)
Dividend Received	(114.81)	–
Loss on Sale of Assets	3.09	10.64
Operating Profit before Working Capital Changes	<u>3,227.02</u>	<u>3,746.57</u>
Adjustments for :		
Gratuity and Government Grants	38.39	10.68
Trade Receivables	(115.54)	(275.80)
Loans and Advances	(223.78)	2,607.78
Inventories	2,703.19	(3,773.15)
Trade Payables & Current Liabilities	(613.89)	529.67
Cash generated from Operations	<u>5,015.39</u>	<u>2,845.75</u>
Income Tax Refund Received	–	60.55
Income Tax Paid	(0.92)	(140.98)
<b>Net Cash generated from Operating Activities</b>	<b>A</b> <u>5,014.47</u>	<u>2,765.32</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets (including Capital Work-in-Progress)	(4,145.20)	(4,734.54)
Investment in Shares - Others	(0.31)	–
Sale of Investment	0.11	1.15
Proceeds from Sale of Property, Plant & Equipments	180.76	12.88
Interest Received	142.79	160.45
Dividend Received	114.81	–
<b>Net Cash used in Investing Activities</b>	<b>B</b> <u>(3,707.04)</u>	<u>(4,560.06)</u>

(₹ in Lakhs)

		2017-18	2016-17
<b>C. Cash Flow from Financing Activities</b>			
Proceeds from Long Term Borrowings		4,561.53	937.83
Repayment of Long Term Loan		(2,576.14)	(3,803.03)
Proceeds / (Repayment) of Short Term Borrowings (Net)		(1,062.27)	6,459.66
Payment of Dividend and Tax thereon		(23.75)	–
Interest Paid		(2,168.43)	(1,725.42)
<b>Net Cash used in Financing Activities</b>	<b>C</b>	<b>(1,269.06)</b>	<b>1,869.04</b>
<b>Net Increase in Cash and Cash Equivalent</b>	<b>D = (A+B+C)</b>	<b>38.37</b>	<b>74.30</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>357.27</b>	<b>282.97</b>
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D + E</b>	<b>395.64</b>	<b>357.27</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	31-03-2018	31-03-2017
Cash and Cash Equivalents [Refer to Note No.13]	383.84	345.33
Bank Balances other than Cash and Cash Equivalents [Refer to Note No.14]	11.80	11.94
	<b>395.64</b>	<b>357.27</b>

See accompanying notes to the financial statements [Refer to No. 5 to 46]

As per our report annexed

For N.A. JAYARAMAN &amp; CO

Chartered Accountants

Firm Registration No. 001310S

R. PALANIAPPAN

Proprietor

Membership No. 205112

Rajapalayam

29<sup>th</sup> May, 2018

P.R. VENKETRAMA RAJA

CHAIRMAN

P.R. RAMASUBRAMANIAN

CHIEF FINANCIAL OFFICER

SMT. NALINA RAMALAKSHMI

MANAGING DIRECTOR

A. EMARAJAN

COMPANY SECRETARY



**A. Equity Share Capital**

(₹ in Lakhs)

Balance as at 01-04-2016	197.33
Changes in Equity Share Capital during the year 2016-17	–
Balance as at 31-03-2017	197.33
Changes in Equity Share Capital during the year 2017-18 1:1 Bonus shares issued during the year	197.33
Balance as at 31-03-2018	394.66

**B. Other Equity**

Particulars	Reserves and Surplus			Items of OCI	Total Other Equity
	Capital Reserve	General Reserve	Retained Earnings	Re-measurements of Defined Benefit Obligations	
<b>Other Equity as at 1<sup>st</sup> April, 2016</b>	<b>17.63</b>	<b>6,442.25</b>	<b>130.32</b>	–	<b>6,590.20</b>
Add: Profit for the financial year 2016-17	–	–	416.16	–	416.16
Add: Other Comprehensive Income	–	–	–	11.15	11.15
<b>Total Comprehensive Income</b>	–	–	<b>416.16</b>	<b>11.15</b>	<b>427.31</b>
Less: Transfer to Retained Earnings	–	–	–	(11.15)	(11.15)
Add: Transfer from OCI	–	–	11.15	–	11.15
Less: Transfer to General Reserve	–	–	(400.00)	–	(400.00)
Add: Transfer from Retained Earnings	–	400.00	–	–	400.00
<b>Other Equity as at 31<sup>st</sup> March, 2017</b>	<b>17.63</b>	<b>6,842.25</b>	<b>157.63</b>	–	<b>7,017.51</b>
Add: Profit for the financial year 2017-18	–	–	(133.03)	–	(133.03)
Add: Other Comprehensive Income	–	–	–	27.80	27.80
<b>Total Comprehensive Income</b>	–	–	<b>(133.03)</b>	<b>27.80</b>	<b>(105.23)</b>
Add: 1:1 Bonus shares issued during the year	–	(197.33)	–	–	(197.33)
Cash Dividend & Tax on Dividend	–	–	(23.75)	–	(23.75)
Add: Transfer from OCI	–	–	27.80	(27.80)	–
Less: Transfer from General Reserve	–	–	100.00	–	100.00
Add: Transfer to Retained Earnings	–	(100.00)	–	–	(100.00)
<b>Other Equity as at 31<sup>st</sup> March, 2018</b>	<b>17.63</b>	<b>6,544.92</b>	<b>128.65</b>	–	<b>6,691.20</b>

## NOTES TO SEPARATE FINANCIAL STATEMENTS

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### 1. Corporate Information

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

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

The financial statements of the Company for the year ended 31-03-2018 were approved and adopted by Board of Directors of the Company in their meeting dated 29-05-2018.

### 2. Basis of preparation and presentation of financial statements

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

### 3. Basis of Measurement

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

### 4. Significant Accounting Policies

#### A. Inventories

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

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

#### B. Statement of Cash Flow

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

- (iii) Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of the Company's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

**C. Dividend distribution to Equity shareholders**

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

**D. Income Taxes**

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



**E. Property, Plant and Equipments (PPE)**

- (i) PPEs are stated at cost of acquisition or construction (net of CENVAT / VAT / GST wherever applicable) less accumulated depreciation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.
- (ii) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. When each major inspection/overhauling is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/overhauling (as distinct from physical parts) is de-recognised.
- (iii) Items such as spare parts, stand-by equipments and servicing equipments are classified as PPE when they meet the definition of PPE as per Ind AS 16. Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) The 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.
- (v) Capital Expenditure on tangible assets for research and development is classified as PPE and is depreciated based on the estimated useful life. Other expenditure incurred for research and development are expensed under the heads of accounts in the year in which it is incurred.
- (vi) The Company follows the useful lives of the significant parts of certain class of PPE on best estimate basis upon technical estimate, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	10 to 25 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years

## NOTES TO SEPARATE FINANCIAL STATEMENTS

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- (vii) PPE acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.
- (viii) PPEs are eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognized in the Statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (ix) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value, except for process control systems whose residual value is considered as Nil.
- (x) Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro-rata basis upto the date on which such assets have been discarded / sold.
- (xi) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

### **F. Capital Work-in-Progress**

Capital 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.

### **G. Leases**

- (i) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.
- (ii) The lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease. Operating lease receipts and payments are recognised in the Statement of Profit and Loss on straight line basis over the lease terms except where the payments are structured to increase in line with the general inflation to compensate for the expected inflationary cost increases. The Company do not have any finance leases.
- (iii) The amount paid for securing right to use of lands qualify as Operating lease and the amount paid for leasehold land is classified as "Lease prepayments" under prepaid expenses, which are amortised over the tenure of lease.



## H. Revenue Recognition

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

### Revenue from Operations

#### a) Sale of products

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

#### b) Power generated from Windmills

Power generated from windmills that are covered under wheeling & banking arrangement with TANGEDCO are consumed at Factories. The monetary values of such power generated that are captively consumed are not recognised as revenue.

#### c) Income from Job Work

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

### (ii) Other Income

- a) Interest income is recognized using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period where appropriate, to the gross carrying amount of the financial asset or to the authorised cost of a financial liability.
- b) Dividend income is recognised when the Company's right to receive dividend is established.
- c) Rental income from operating lease on investment properties is recognised on a straight line basis over the terms of the relevant lease unless the escalation is in the nature of compensation for cost inflation.
- d) Scrap sales is recognised at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods excluding applicable taxes on sale.
- e) Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

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



**J. Government Grants**

- (i) Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is recognized on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".
- (iii) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.
- (iv) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.

**K. Foreign currency transactions**

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

**L. Borrowing Costs**

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

## NOTES TO SEPARATE FINANCIAL STATEMENTS

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specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalizes during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings cost are expensed in the period in which they occur.

### **M. Earnings per Share**

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

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

- (i) The carrying values of assets include property, plant and equipment, investment properties, cash generating units and intangible assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors
- (ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation / amortization 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 recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.
- (ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.



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

**P. Intangible Assets**

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team:

Nature of Intangible Assets	Estimated useful life
Computer Software	6 years

- (iii) The intangible assets that are under development phase are carried at cost including related expenses and attributable interest, and are recognized as Intangible assets under development.
- (iv) The residual values, useful lives and methods of amortization 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

## NOTES TO SEPARATE FINANCIAL STATEMENTS

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

Asset type	Useful life
Buildings under Investment properties	60 years

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

### R. Operating Segments

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

The inter segment transfers of Goods / Units are recognised at the applicable competitive market prices / tariff rates of the electricity bounds for the purpose of Segment Reporting as per the relevant Accounting Standard. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

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

### S. Financial Instruments

- (i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (ii) Financial Assets and Liabilities are offset and the net amount is presented in the Balance Sheet when and only when the Company has a legal right to off set the recognized amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.



- (iii) The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Company does not restate any previously recognised gains, losses including impairment gains or losses or interest.

#### T. Financial Assets

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

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

- (iii) The Company has evaluated the facts and circumstances on date of transition to Ind AS for the purpose of classification and measurement of financial assets. Accordingly, financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

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

## NOTES TO SEPARATE FINANCIAL STATEMENTS

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

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

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

However, the Company continue to recognise the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset. The Company has applied the de-recognition requirements prospectively.

- (vi) Upon derecognition of its financial asset or part thereof, the difference between the carrying amount measured at the date of recognition and the consideration received including any new asset obtained less any new liability assumed shall be recognized 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

Name of Financial asset	Impairment testing methodology
	conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other Financial assets	When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL.

#### U. Financial Liabilities

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

Measurement basis	Name of Financial liabilities
Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading,.
FVTPL	Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109 and other financial liabilities held for trading.

- (iii) 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.
- (iv) 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 are directly or indirectly observable.

Level3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

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

**a) Investments in Equity**

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



**b) Trade and other receivables**

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

**c) Investment Properties**

The fair value is determined for disclosure purposes based on 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.

**d) Recent Accounting pronouncements - Standards issued but not yet effective**

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying deletion of existing standard Ind AS 18 and insertion of new standard Ind AS 115 on Revenue from Contracts with Customers. The amendments are applicable to the company from April 1, 2018.

This Standard establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Adoption of Ind AS 115 is not expected to have any impact on the Company's revenue and profit or loss. The Company expects the revenue recognition to occur at a point in time when the materials are delivered at the customers in case of textile products and in the case of wind power, when energy is transmitted to the grid.

However, the Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

**W. Significant Estimates and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are

recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

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

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

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

**(ii) Current Taxes**

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

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

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

**(iv) 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.

**(v) 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.



**(vi) 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.

**(vii) 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.

**(viii) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**(ix) 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. 5**

**PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Year	Gross Block			Depreciation			Net Block		
		As at the beginning of the year	Additions	Deductions	As at the end of the year	As at the beginning of the year	For the year (Note No. 34)	Deductions	As at the end of the year	As at the beginning of the year
<b>Tangible Assets</b>										
Land	2017-18	548.44	-	-	548.44	-	-	-	548.44	548.44
	2016-17	548.45	-	0.01	548.44	-	-	-	548.44	548.45
Buildings	2017-18	5,860.70	42.97	-	5,903.67	1,574.39	238.67	-	4,090.61	4,286.31
	2016-17	4,310.28	1,550.42	-	5,860.70	1,425.11	149.28	-	4,286.31	2,885.17
Plant and Machinery	2017-18	27,864.83	676.44	350.74	28,190.53	12,492.96	1,200.92	206.47	14,703.12	15,371.87
	2016-17	23,651.79	4,261.19	48.15	27,864.83	11,471.12	1,048.34	26.50	15,371.87	12,180.67
Electrical Machinery	2017-18	2,444.42	16.75	-	2,461.17	1,503.20	227.01	-	730.97	941.22
	2016-17	2,137.34	307.08	-	2,444.42	1,295.13	208.07	-	941.22	842.21
Furniture & Office Equipments	2017-18	262.83	26.57	0.37	289.03	215.02	15.91	0.35	58.45	47.81
	2016-17	239.40	23.43	-	262.83	205.86	9.16	-	47.81	33.54
Vehicles	2017-18	228.95	106.13	76.13	258.95	104.26	21.17	36.57	170.09	124.69
	2016-17	194.62	53.94	19.61	228.95	103.32	18.69	17.75	124.69	91.30
<b>Total - Tangible Assets</b>	<b>2017-18</b>	<b>37,210.17</b>	<b>868.96</b>	<b>427.24</b>	<b>37,651.79</b>	<b>15,889.83</b>	<b>1,703.68</b>	<b>243.39</b>	<b>20,301.68</b>	<b>21,320.34</b>
	2016-17	31,081.88	6,196.06	67.77	37,210.17	14,500.54	1,433.54	44.25	21,320.34	16,581.34
<b>Intangible Assets:</b>										
Computer Software	2017-18	211.69	-	-	211.69	201.16	1.10	-	9.43	10.53
	2016-17	209.48	2.21	-	211.69	200.58	0.58	-	10.53	8.90

Notes:

(a) Borrowings cost have been capitalised for current year - Nil (PY: ₹ 258.66 Lakhs).

(b) All the fixed assets has been pledged as security for borrowings.

(₹ in Lakhs)

As at  
31-03-2018

As at  
31-03-2017

**NOTE NO. 6**

INVESTMENT PROPERTY

<b>Building</b>	<b>8.72</b>	8.72
Less: Accumulated depreciation as at the beginning of the year	<b>2.18</b>	1.99
Depreciation for the year	<b>0.18</b>	0.19
Accumulated depreciation as at the end of the year	<b>2.36</b>	2.18
Total Investment Property	<b>6.36</b>	6.54

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

Rental Income from Investment Properties

Direct Operating Expenses

Profit arising from Investment Properties before Depreciation and Indirect Expenses

Less: Depreciation

Profit arising from Investment Properties before Indirect Expenses

Fair Value of Investment Property

—	—
—	—
<b>(0.18)</b>	(0.19)
<b>(0.18)</b>	(0.19)
<b>113.17</b>	113.17

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

These valuations are based on valuations performed by an independent valuer, who is a specialist in valuing these types of investment properties.

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

Fair value hierarchy disclosures for investment properties have been provided in Note 44.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

### NOTE NO. 7

#### (A) INVESTMENT IN ASSOCIATES

(₹ in Lakhs)

Name of the Company	Face Value ₹ per share	No. of Shares	Total face Value	As at 31-03-2018 Amount	As at 31-03-2017 Amount
<b>Investment in Equity Instruments</b>					
<b>1) Quoted</b>					
The Ramco Cements Limited	1	36,24,000	36.24	<b>19.86</b>	19.86
Ramco Industries Limited	1	1,35,880	1.36	<b>0.53</b>	0.53
Rajapalayam Mills Limited	10	1,35,200	13.52	<b>12.98</b>	12.98
Ramco Systems Limited	10	12,739	1.27	<b>12.15</b>	12.15
Sub-Total (1)				<b>45.52</b>	45.52
<b>2) Unquoted</b>					
Sri Harini Textiles Limited	10	14,90,000	149.00	<b>149.00</b>	149.00
Sri Vishnu Shankar Mill Limited	10	11,200	1.12	<b>1.68</b>	1.68
Ontime Industrial Services Limited	10	26,350	2.63	<b>2.63</b>	2.63
Ramco Windfarms Limited	1	6,16,000	6.16	<b>6.16</b>	5.85
Shri Harini Media Limited	1	60,00,500	60.01	<b>60.01</b>	60.01
Sub-Total (2)				<b>219.48</b>	219.17
<b>Investment in Preference Shares, Non Trade</b>					
Shri Harini Media Limited - 9% Non Convertible Redeemable Preference Shares	1	8,40,00,000	840.00	<b>840.00</b>	840.00
Aggregate Value of Total Investment				<b>1,105.00</b>	1,104.69
Aggregate Value of:					
Quoted Investments - Cost				<b>45.52</b>	45.52
Market Value				<b>28,413.52</b>	25,781.44
Unquoted Investments - Cost				<b>1,059.48</b>	1,059.17
<b>(B) OTHER INVESTMENT</b>					
ARS Energy Pvt Limited	10	160	0.02	<b>0.44</b>	0.55

### NOTE NO. 8

#### FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES

##### Unsecured, considered good

Loans and advances to related parties\*

[Refer to Note no 42]

**10.00**

**10.00**

(₹ in Lakhs)

As at  
31-03-2018

As at  
31-03-2017

**NOTE NO. 9**

OTHER FINANCIAL ASSETS - (NON CURRENT)

**Unsecured, considered good**

Security Deposits with Electricity Board / Others	<u>370.63</u>	<u>402.96</u>
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**NOTE NO. 10**

OTHER NON CURRENT-ASSETS

**Unsecured, considered good**

Advance to Others	<u>142.77</u>	<u>6.95</u>
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**NOTE NO. 11**

INVENTORIES

(Valued at lower of cost or Net realisable value)

Finished Goods	2,901.05	3,059.65
Raw Materials - Cotton & Cotton Waste	3,197.50	5,688.41
Stores and Spares	203.07	218.99
Work-in-Progress	890.26	928.02
	<u>7,191.88</u>	<u>9,895.07</u>

Note: The total carrying amount of inventories as at reporting date has been pledged as security for Borrowings

**NOTE NO. 12**

TRADE RECEIVABLES

**Unsecured and considered good**

Trade Receivables less than Six Months	<u>2,039.21</u>	<u>1,923.67</u>
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- a) Trade receivables are non-interest bearing and are generally on terms of 30 to 35 days.
- b) No trade receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due form firms of private companies respectively in which any director is a partner, a director or a member.
- c) The total carrying amount of trade receivables has been pledged as security for Borowings.

**NOTE NO. 13**

CASH AND CASH EQUIVALENTS

Cash on Hand	4.93	2.33
Balance with Banks		
In Current Account	75.98	199.79
In Deposit Account for Margin Money	302.93	143.21
	<u>383.84</u>	<u>345.33</u>

**NOTE NO. 14**

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Earmarked balances with Banks for Unclaimed Dividend	<u>11.80</u>	<u>11.94</u>
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NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

As at  
31-03-2018

As at  
31-03-2017

**NOTE NO. 15**

OTHER FINANCIAL ASSETS (CURRENT)

Government Grants Receivable	82.83	116.12
Security Deposit	11.50	11.50
	94.33	127.62

**NOTE NO. 16**

OTHER CURRENT ASSETS

**Unsecured, considered good**

Advance to Suppliers / Others	704.40	522.58
Advance Income - Tax & TDS and Refund Due	10.61	-
Accrued Income	438.25	405.31
Prepaid Expenses	121.94	152.70
Other Current Assets	18.81	59.85
	1,294.01	1,140.44

**NOTE NO. 17**

EQUITY SHARE CAPITAL

**Authorised**

50,00,000 Equity Shares of ₹ 10/- each (PY: 30,00,000 Equity Shares of ₹ 10/- each)	500.00	300.00
Issued, Subscribed and Fully Paid-up 39,46,560 Equity Shares of ₹ 10/- each (PY: 19,73,280 Equity Shares of ₹ 10/- each)	394.66	197.33

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

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

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	1,973,280	197.33	1,973,280	197.33
Issued during the Year - Bonus Issue	1,973,280	197.33	-	-
Number of Shares at the end	3,946,560	394.66	1,973,280	197.33

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

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

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

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Smt. Nalina Ramalakshmi	1,491,860	37.80	676,190	34.27

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

(₹ in Lakhs)

As at  
31-03-2018

As at  
31-03-2017

**NOTE NO. 18**

OTHER EQUITY

Capital Reserve	17.63	17.63
General Reserve	6,544.92	6,842.25
Retained Earnings	128.65	157.63
	<u>6,691.20</u>	<u>7,017.51</u>

**Capital Reserve**

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

**General Reserve**

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

**Retained Earnings**

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

The Board of Directors have recommended the payment of Dividend of ₹ 0.50 per share for the year 2017-18 (PY ₹ 0.50 per share). This proposed dividend is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

(₹ in Lakhs)

As at  
31-03-2018

As at  
31-03-2017

**NOTE NO. 19**

NON CURRENT BORROWINGS

**Secured**

Term Loan from Banks	<u>9,545.76</u>	<u>8,036.09</u>
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- a) Term Loan from Banks are secured by *pari-passu* 1<sup>st</sup> charge on the fixed assets of the Company and *pari-passu* second charge on current assets of the Company
- b) Out of above Term Loan from Canara Bank ₹ 1,167.65 Lakhs (PY ₹ 2091.89 Lakhs) are backed by Corporate Guarantee of M/s Rajapalayam Mills Limited.
- c) The Term Loans from Banks are repayable in monthly / quarterly / half yearly installments. The year wise repayment of Term Loans are as follows:

Year	Amount	Amount
2018-19	–	2,852.41
2019-20	3,524.77	1,924.77
2020-21	3,216.16	1,517.63
2021-22	1,798.18	1,335.48
2022-23	779.56	379.56
2023-24	227.09	26.24
	<u>9,545.76</u>	<u>8,036.09</u>

**NOTES TO SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

As at  
31-03-2018

As at  
31-03-2017

**NOTE NO. 20**

PROVISION (NON - CURRENT)

Provision for Employee Benefits <i>[Refer to Note No. (40)]</i>	<u>123.88</u>	<u>144.53</u>
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**NOTE NO. 21**

DEFERRED INCOME

Government Grants	<u>50.06</u>	<u>53.40</u>
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**NOTE NO. 22**

DEFERRED TAX LIABILITY (NET)

**Deferred Tax Liability**

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	<b>3,377.06</b>	3,599.21
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**Deferred Tax Asset**

Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(125.66)	(106.98)
Tax effect on Provision for Bonus and Leave Encashment	(126.44)	(122.37)
MAT Credit Entitlement	(1,926.30)	(1,926.30)

<b>Net Deferred Tax Liability</b>	<u>1,198.66</u>	<u>1,443.56</u>
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Deferred Tax Asset / Liability calculated on the unabsorbed depreciation is based on the recent assessment orders & estimated depreciation Loss calculated as per the provision of the Income Tax Act, 1961.

**Reconciliation of Deferred Tax Liabilities (net)**

Opening Balance as on 1 <sup>st</sup> April	<b>1,443.56</b>	1,270.41
Tax income/(Expense) during the period recognised in Profit and Loss	<b>(244.90)</b>	323.35
MAT Credit Entitlement recognised in Profit and Loss / adjusted against Current Tax	-	(150.20)
Closing Balance as on 31 <sup>st</sup> March	<u>1,198.66</u>	<u>1,443.56</u>

(₹ in Lakhs)

As at  
31-03-2018

As at  
31-03-2017

**NOTE NO. 23**

CURRENT BORROWINGS

**Secured**

Loan from Banks\* 7,918.76 10,548.63

**Unsecured, considered good**

Loan from Banks 3,143.52 2,499.96

Loan from Other Parties 0.32 0.34

Loan & Advances from Directors 2,221.28 821.50

[Refer to Note No.42 (b) (ii)]

13,283.88 13,870.43

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

**NOTE NO. 24**

TRADE PAYABLES

Trade Payables 605.76 1,677.47

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

Trade payables are non-interest bearing and are normally settled on 10 to 30 days.

There are no dues to micro and small enterprises as at 31-03-2018 (PY: ₹ NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**NOTE NO. 25**

OTHER CURRENT FINANCIAL LIABILITIES

Current Maturities of Long Term Loans 3,052.47 2,575.89

Unpaid Dividends 11.80 11.94

Ramaraju Memorial Fund 350.46 351.46

Liabilities for Other Finance 494.64 541.81

3,909.37 3,481.10

**NOTE NO. 26**

PROVISIONS, CURRENT

Provision for Employee Benefits 358.53 308.33



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

2017-18

2016-17

**NOTE NO. 27**

REVENUE FROM OPERATION

**Sale of Products**

Yarn	15,752.69	17,942.99
Surgical Dressings	3,738.03	3,671.26
Fabrics	5,390.93	1,523.60
Waste Cotton	859.00	814.07
	<u>25,740.65</u>	<u>23,951.92</u>

**Other Operating Revenues**

Export Incentive	119.23	89.26
Job Work Charges Received	281.85	78.58
	<u>26,141.73</u>	<u>24,119.76</u>

**NOTE NO. 28**

FINANCE INCOME

Interest Receipts	142.79	160.45
Exchange Gain on Foreign Currency Transactions	52.07	138.96
	<u>194.86</u>	<u>299.41</u>

**NOTE NO. 29**

OTHER INCOME

Rent Receipts	0.56	3.70
Dividend Income	114.81	–
Government Grants	3.34	3.34
Miscellaneous Income	24.37	5.22
	<u>143.08</u>	<u>12.26</u>

**NOTE NO. 30**

COST OF MATERIALS CONSUMED

**Raw Materials Consumed**

**Yarn**

Cotton & Cotton Waste	7,985.19	9,090.85
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**Surgical Dressings**

Cotton, Cotton Waste, Grey Fabrics etc.,	1,333.79	1,297.59
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**Fabrics**

Yarn Consumed	4,262.82	1,577.63
	<u>13,581.80</u>	<u>11,966.07</u>

(₹ in Lakhs)

2017-18 2016-17

**NOTE NO. 31**

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

**Opening Stock**

Finished Goods	3,059.65		2,547.91	
Work-in-Progress	<u>928.02</u>	<u>3,987.67</u>	<u>472.82</u>	<u>3,020.73</u>

**Closing Stock**

Finished Goods	2,901.05		3,059.65	
Work-in-Progress	<u>890.26</u>	<u>3,791.31</u>	<u>928.02</u>	<u>3,987.67</u>
Net (Increase) / Decrease in Stock		<u>196.36</u>		<u>(966.94)</u>

**NOTE NO. 32**

EMPLOYEE BENEFITS

Salaries, Wages and Bonus	2,502.18		2,345.82	
Contribution to Provident and Other Funds	304.82		233.38	
Staff and Labour Welfare & Training Expenses	<u>168.02</u>		<u>152.50</u>	
	<u>2,975.02</u>		<u>2,731.70</u>	

**NOTE NO. 33**

FINANCE COST

Interest on Debts and Borrowings	2,037.48		1,653.68	
Exchange Fluctuation (Net) applicable to Finance Cost	<u>130.95</u>		<u>71.74</u>	
	<u>2,168.43</u>		<u>1,725.42</u>	

**NOTE NO. 34**

DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation of Property, Plant and Equipment	1,703.68		1,433.54	
Amortization of Intangible Assets	1.10		0.58	
Depreciation on Investment Properties	<u>0.18</u>		<u>0.19</u>	
	<u>1,704.96</u>		<u>1,434.31</u>	



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

2017-18

2016-17

NOTE NO. 35

OTHER EXPENSES

**Manufacturing Expenses**

Power and Fuel	2,589.18	2,593.61	
Packing Materials Consumption	817.40	661.65	
Job Work Charges Paid	245.34	179.86	
Repairs to Buildings	116.40	80.19	
Repairs to Plant and Machinery	446.20	547.33	
Repairs - General	471.88	473.72	
	<u>4,686.40</u>	<u>4,536.36</u>	

**Establishment Expenses**

Managing Director's Remuneration	197.62	197.62	
Rates and Taxes	55.64	86.13	
Postage and Telephone	17.49	17.69	
Printing and Stationery	24.38	10.61	
Travelling Expenses	66.77	76.93	
Vehicle Maintenance	66.90	59.80	
Insurance	65.72	61.19	
Directors Sitting Fees	9.33	8.33	
Rent	27.98	29.21	
Audit and Legal Expenses	23.85	16.91	
Loss on Sale of Property, Plant & Equipment	3.09	10.64	
Corporate Social Responsibility Expenses	1.47	25.91	
Miscellaneous Expenses	142.83	82.73	
	<u>703.07</u>	<u>683.70</u>	

**Selling and Distribution Expenses**

Sales Commission	359.31	295.56	
Export Expenses	82.17	53.24	
Other Selling Expenses	219.70	262.99	
	<u>661.18</u>	<u>611.79</u>	
	<u>6,050.65</u>	<u>5,831.85</u>	

(₹ in Lakhs)

2017-18 2016-17

**NOTE NO. 36**

AUDITORS REMUNERATION

As Auditor

Audit Fee	1.35	1.20
Tax Audit Fee	0.30	0.30
Scrutiniser Fee	–	0.25

In other capacity:

Taxation Matters	–	0.30
Other Services (Certification Fees)	0.18	0.50

	<u>1.83</u>	<u>2.55</u>
--	-------------	-------------

**NOTE NO. 37**

INCOME TAX - MAT

Accounting Profit before Income Tax	–	736.65
At India's statutory Income Tax Rate of 20.587% (2017 : 20.3889%)	–	147.34
Adjustments as per Income Tax	–	2.86
Net effective Income Tax	–	150.20
Adjustment of Tax in respected Previous Year	–	–
Net effective Income tax reported in Profit and Loss	–	150.20

**MAT Credit**

Net effective Income Tax	–	150.20
MAT Credit recognised in Profit and Loss	–	150.20

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

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	(254.62)	376.67
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(17.47)	(29.99)
Tax effect on Provision for Bonus and Leave Encashment	(2.86)	(23.33)
Tax effect due to change in Income Tax Rate	30.05	–
	<u>(244.90)</u>	<u>323.35</u>



(₹ in Lakhs)

31-03-2018

31-03-2017

**NOTE NO. 38**

## COMMITMENTS

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

536.81

6.08

**NOTE NO. 39**

## CONTINGENT LIABILITIES

Guarantees given by the bankers on behalf of company

34.00

159.70

Demands / Claims not acknowledged as Debts

in respect of matters in appeals relating to - TNVAT

8.45

-

i. Income Tax Assessment have been completed upto the Accounting Year ended 31<sup>st</sup> March, 2014 i.e. AY 2014-15.

ii. Sales Tax Assessment has been completed upto the Accounting year 2015-16.

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 ₹ 96.26 Lakhs (PY: ₹ 96.26 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.

iv. In respect of Sales Tax matters, appeals are pending with Deputy Commissioner (Commercial Tax - Appellate) for a demand amount of ₹ 8.45 Lakhs (PY: Nil) towards appeal against ITC Reversal on 100% sales to Specific Economic Zone. In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on this matter.

**NOTE NO. 40**

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

**Defined Contribution Plan:**

Employer's Contribution to Provident Fund

177.98

168.36

Employer's Contribution to Superannuation Trust Fund

13.20

11.44

**Details of the post retirement gratuity plan (Funded) are as follows:****Movements in the present value of define benefit obligation:**

Opening defined Benefit Obligation

517.10

485.05

Current Service Cost

39.75

37.28

Past Service Cost

13.55

NIL

Interest Cost

36.21

36.69

Actuarial (Gain) / Loss

(-) 39.65

(-) 12.60

Benefits Paid

(-) 28.29

(-) 29.32

Closing Defined Benefit Obligation

538.67

517.10

(₹ in Lakhs)

31-03-2018

31-03-2017

**Movement in the Present Value of Plan Assets:**

Opening Fair Value of Plan Assets	518.64	439.29
Expected Return on Plan Assets	36.32	35.90
Actuarial Gain / (Loss)	2.08	1.42
Employer Contribution	NIL	71.35
Benefits Paid	(-) 28.29	(-) 29.32
Closing Fair Value of Plan Assets	528.75	518.64

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

Fair Value of Plan Assets	528.75	518.64
Present Value of Obligation	538.67	517.10
Present Value of Funded Defined Obligation	9.92	1.54

**Cost of Define Benefit Plan:**

Current Service Cost	39.75	37.28
Interest Cost	(-) 0.11	0.79
Net Cost Recognized Statement in the Income Statement	39.64	38.07
Expected Return on Plan Assets (To the extent it does not represent an adjustment to Interest Cost)	(-) 2.08	(-) 1.42
Actuarial (Gain) / Loss	(-) 39.65	(-) 12.60
Net Cost recognized in the Other Comprehensive Income	(-)41.73	(-) 14.02

**Major Categories of Plan Assets:**

GOI Securities	-	-
Funds with LIC	526.24	516.16
Others	2.51	2.48
Total	528.75	518.64

**Actuarial Assumptions:**

Discount Rate P.A.	7.50%	7.20%
Rate of Escalation in Salary P.A.	5.00%	5.00%

(₹ in Lakhs)

31-03-2018 31-03-2017

**Estimate of Expected Benefit payments**

Year 1	83.21	77.00
Year 2	87.32	84.50
Year 3	62.08	59.95
Year 4	73.84	54.28
Year 5	59.81	58.81
Next 5 Years	253.45	240.35

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	37.92	38.52
0.50% Decrease in Discount Rate	40.32	41.04
0.50% Increase in Salary Growth Rate	40.42	41.13
0.50% Decrease in Salary Growth Rate	37.83	38.42

**Details of Leave Encashment Plan (Unfunded) are as follows:**

**Movement in the Present Value of Define Benefit Obligation:**

Opening Defined Benefit Obligation	144.53	123.28
Current Service Cost	17.94	15.15
Interest Cost	9.96	9.40
Actuarial (Gain) / Loss	11.49	2.29
Benefits Paid	(-) 12.47	(-) 5.58
Closing Defined Benefit Obligation	171.45	144.53

**Movement in the Present Value of Plan Assets:**

Opening Fair Value of Plan Assets	NIL	NIL
Expected Return on Plan Assets	NIL	NIL
Actuarial Gain / (Loss)	NIL	NIL
Employer Contribution	12.47	5.58
Benefits Paid	(-) 12.47	(-) 5.58
Closing Fair Value of Plan Assets	NIL	NIL

**Actual Return of Plan Assets:**

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

(₹ in Lakhs)  
31-03-2017

31-03-2018

**The amount included in the Statement of Financial position arising from the entity's obligation in respect of its Define Benefit Plans:**

Fair Value of Plan Assets	NIL	NIL
Present Value of Obligation	171.45	144.53
Present Value of Funded Define Obligation	171.45	144.53

**Cost of Define Benefit Plan:**

Current Service Cost	17.94	15.15
Interest Cost	9.96	9.40
Actuarial (Gain) / Loss	11.49	2.29
Net Cost Recognized in the Income Statement	39.39	26.84

**Major Categories of Plan Assets:**

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

**Actuarial Assumptions:**

Discount Rate P.A.	7.50%	7.80%
Rate of Escalation in Salary P.A.	5.00%	5.00%

**Estimate of Expected Benefit Payments**

Year 1	33.05	30.22
Year 2	26.43	20.20
Year 3	16.53	14.52
Year 4	48.33	12.40
Year 5	12.02	39.15
Next 5 Years	46.40	34.95

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	19.30	17.45
0.50% Decrease in Discount Rate	20.36	18.46
0.50% Increase in Salary Growth Rate	20.36	18.47
0.50% Decrease in Salary Growth Rate	19.29	17.44

**NOTE NO. 41**

**EARNINGS PER SHARE**

Net Profit / (Loss) after tax (₹ in Lakhs) (A)	(133.03)	416.16
Weighted average number of Equity Shares [In Lakhs] (B)	39.47	19.73
Nominal Value per Equity Share (in ₹ )	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) in ₹	(3.37)	21.09

**NOTE NO. 42**

**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, 2018:

**a. Associate Companies**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2018	31-03-2017
M/s. The Ramco Cements Limited	India	1.54	1.52
M/s. Ramco Industries Limited	India	0.16	0.16
M/s. Ramco Systems Limited	India	0.04	0.04
M/s. Rajpalayam Mills Limited	India	1.83	1.83
M/s. Sri Vishnu Shankar Mill Limited	India	0.75	0.75
M/s. Ontime Industrial Services Limited	India	9.36	9.36
M/s. Sri Harini Textiles Limited	India	49.67	49.67
M/s. Shri Harini Media Limited	India	3.21	4.74
M/s. Ramco Windfarms Limited	India	6.16	5.85

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

Name of the Key Management Personnel	Designation
Shri P.R. Ramasubrahmaneya Rajha	Chairman (Upto 11-05-2017)
Shri P.R. Venketrama Raja	Chairman (From 04-06-2017)
Smt. Nalina Ramalakshmi	Managing Director
Shri N.R.K. Ramkumar Raja	Managing Director
Shri P.R. Ramasubramanian	Chief Financial Officer
Shri A. Emarajan	Company Secretary
Shri N.K. Shrikantan Raja	Non-Executive Director
Shri P.J. Alaga Raja	Independent Director
Shri S. Kanthimathinathan	Non-Executive Director
Justice Shri P.P.S.Janarthana Raja	Independent Director
Shri V. Santhanaraman	Independent Director
Shri P.J. Ramkumar Rajha	Independent Director
Shri K. Manoharan	Nominee Director



**c. Relatives of Key Management Personnel**

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

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

M/s. Thanjavur Spinning Mill Limited  
M/s. Sandhya Spinning Mill Limited  
M/s. Rajapalayam Textile Limited  
M/s. Ramco Private Limited

**e. Employee Benefit Funds where control exists**

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

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

M/s. P.A.C.R. Sethurammammal Charity Trust  
M/s. N.R.K. Infra System Private Limited  
M/s. N.R.K. Distribution Services

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

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

Name of the Related party	Value	
	2017-18	2016-17
<b>i. Goods Supplied / Services rendered</b>		
<b>Associates</b>		
M/s. Rajapalayam Mills Limited	726.77	200.58
M/s. Ramco Industries Limited	59.83	133.49
M/s. The Ramco Cements Limited	–	0.12
M/s. Sri Vishnu Shankar Mill Limited	115.83	400.30
M/s. Sri Harini Textiles Limited	2299.86	2425.94
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Sandhya Spinning Mill Limited	525.58	686.34
M/s. Thanjavur Spinning Mill Limited	–	37.33
M/s. Rajapalayam Textiles Limited	0.02	–



Name of the Related party	(₹ in Lakhs)	
	2017-18	2016-17
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
M/s. Ramco Industries Limited	NIL	5.57
<b>iii. Cost of Goods &amp; Services Purchased / Availed</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	4.29	95.63
M/s. Ramco Industries Limited	59.90	180.72
M/s. Ramco Systems Limited	16.25	13.89
M/s. Rajapalayam Mills Limited	825.83	149.88
M/s. Sri Vishnu Shankar Mill Limited	601.45	818.76
M/s. Shri Harini Media Limited	4.88	14.15
M/s. Ramco Windfarms Limited	362.54	329.02
<b>Companies over which KMP / Relative of KMP exercise significant influence</b>		
M/s. Sandhya Spinning Mill Limited	328.06	654.18
M/s. Thanjavur Spinning Mill Limited	434.10	449.33
M/s. Rajapalayam Textile Limited	231.88	154.07
<b>Other entities over which there is a significant influence</b>		
M/s. P.A.C.R. Sethurammam Charity Trust	9.84	7.15
M/s. N.R.K. Distribution Services	46.09	19.37
M/s. N.R.K. Infra System Private Limited	7.28	7.26
<b>iv. Leasing Arrangements - Rent Paid</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	0.69	0.61
<b>v. Dividend Paid</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	0.03	NIL
Smt. Nalina Ramalakshmi	7.46	NIL
Shri N.R.K. Ramkumar Raja	0.73	NIL
<b>Associates</b>		
M/s. Rajapalayam Mills Limited	0.02	NIL
M/s. Sri Vishnu Shankar Mill Limited	0.01	NIL



Name of the Related party	(₹ in Lakhs)	
	2017-18	2016-17
<b>Relatives of Key Management Personnel</b>		
Smt. Saradha Deepa	0.04	NIL
Shri N.K. Ramasuwamy Raja	0.05	NIL
Shri N.K. Shrikantan Raja	0.06	NIL
Shri N.R.K. Venkatesh Raja	0.10	NIL
Smt. P.S. Ramani Devi	0.07	NIL
<b>vi. Dividend Received</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	108.72	NIL
M/s. Ramco Industries Limited	0.68	NIL
M/s. Rajapalayam Mills Limited	5.41	NIL
<b>vii. Interest Paid / (Received)</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	159.55	96.81
Shri N.R.K. Ramkumar Raja	28.67	23.42
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	(1.10)	(1.10)
<b>viii. Sitting Fees</b>		
<b>Key Management Personnel</b>		
Shri P.R. Ramasubrahmaneya Rajha	NIL	0.85
Shri P.R. Venketrama Raja	0.80	0.30
Smt. Nalina Ramalakshmi	0.65	0.45
Shri. N.R.K. Ramkumar Raja	0.85	0.60
Shri N.K. Shrikantan Raja	1.25	1.15
Shri P.J. Alaga Raja	1.20	1.00
Justice Shri P.P.S. Janarthana Raja	0.80	0.65
Shri V. Santhanaraman	0.80	0.65
Shri P.J. Ramkumar Rajha	1.10	0.70
Shri K. Manoharan	0.60	NIL
Shri M. Sridharan	NIL	0.45
<b>ix. Remuneration to Key Management Personnel (Other than Sitting Fees)</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi, Managing Director	135.90	135.90
Shri N.R.K. Ramkumar Raja, Managing Director	61.72	61.72
Shri P.R. Ramasubramanian, Chief Financial Officer	25.01	17.47
Shri A. Emarajan, Company Secretary	7.42	6.74



(₹ in Lakhs)

Name of the Related party	Value	
	2017-18	2016-17
<b>x. Contribution to Superannuation Fund / Gratuity Fund</b>		
<b>Other entities over which there is a significant influence</b>		
The Ramaraju Surgical Cotton Mills Limited Officers'		
Superannuation Trust Fund	13.20	11.44
<b>xi. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	(2,075.65)	(571.50)
Shri N.R.K. Ramkumar Raja	(321.50)	(250.00)
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	10.00	10.00
<b>xii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	3.32	1.84
<b>xiii. Purchase of Equity Shares of Ramco Windfarms Limited</b>		
<b>Associates</b>		
M/s. Sri Vishnu Shankar Mill Limited	0.19	–
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Sandhya Spinning Mill Limited	0.12	–
<b>b. Outstanding balance including commitments</b>		
<b>i. Loans and Advances</b>		
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Sri Harini Textiles Limited	10.00	10.00
<b>ii. Borrowings</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	(1,899.78)	(571.50)
Shri N.R.K. Ramkumar Raja	(321.50)	(250.00)



(₹ in Lakhs)

Name of the Related party	Value	
	2017-18	2016-17
<b>iii. Security Deposit paid by virtue of Joint Ownership of shares with APGPCL</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	11.50	11.50
<b>iv. Corporate Guarantee availed from Related parties</b>		
<b>Associates</b>		
M/s. Rajapalayam Mills Limited	8,860	8,860

These Guarantee have been received as an additional security to secure the borrowings.

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

Particulars	31-03-2018	31-03-2017
Short - Term Benefits (1)	210.99	202.83
Defined Contribution Plan (2)	20.58	20.04
Defined Benefit Plan / Other Long-Term Benefits(3)	-	-
<b>Total</b>	<b>231.57</b>	<b>222.87</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.

**43. Segment Information for the year ended 31st March, 2018** (₹ in lakhs)

Particulars	Textiles		Surgicals		Fabrics		Windmill Power		Total	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
<b>REVENUE</b>										
External Sales / Other Operating Income	16,644.50	18,821.69		3,481.06	5,730.11	1,593.65			26,132.08	23,896.40
Inter Segment Sale	2,039.27	1,218.67	3,757.47		495.79	485.53	1,034.39	1,034.39	3,618.98	2,738.59
Total Sales	18,683.77	20,040.36	3,757.47	3,481.06	6,225.90	2,079.18	1,034.39	1,034.39	29,751.06	26,634.99
Other Income	72.07	145.47	5.64	4.95	2.63	0.79			80.34	151.21
<b>Total Revenue</b>	<b>18,755.84</b>	<b>20,185.83</b>	<b>3,763.11</b>	<b>3,486.01</b>	<b>6,228.53</b>	<b>2,079.97</b>	<b>1,034.39</b>	<b>1,034.39</b>	<b>29,831.40</b>	<b>26,786.20</b>
<b>RESULT</b>										
Segment Result	( 600.28)	893.21	633.73	581.75	639.30	35.08	846.22	791.58	1,518.97	2,301.62
Unallocated Income									114.81	
Unallocated Expenses										
Operating Profit										
Interest Expenses									1,633.78	2,301.62
Interest Income									2,168.43	1,725.42
Provision for Taxation									142.79	160.45
Current Tax										150.20
Deferred Tax									(244.90)	323.35
MAT Credit Entitlement										(150.20)
Profit from Ordinary Activities									(146.96)	413.30
Other Comprehensive Income									41.73	14.02
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 105.23)</b>	<b>427.32</b>
<b>OTHER INFORMATION</b>										
Segment Assets	20,150.30	23,927.13	1,900.95	1,796.10	11,143.31	7,397.03	1,944.60	2,088.01	35,139.16	35,208.27
Unallocated Assets									1,105.44	1,105.24
<b>Total Assets</b>	<b>20,150.30</b>	<b>23,927.13</b>	<b>1,900.95</b>	<b>1,796.10</b>	<b>11,143.31</b>	<b>7,397.03</b>	<b>1,944.60</b>	<b>2,088.01</b>	<b>36,244.60</b>	<b>36,313.51</b>
Segment Liabilities	15,776.54	22,849.32	2,375.89	1,933.95	11,006.31	4,315.40			29,158.74	29,098.67
Unallocated Liabilities										
<b>Total Liabilities</b>	<b>15,776.54</b>	<b>22,849.32</b>	<b>2,375.89</b>	<b>1,933.95</b>	<b>11,006.31</b>	<b>4,315.40</b>	<b>-</b>	<b>-</b>	<b>29,158.74</b>	<b>29,098.67</b>
Capital Expenditure	690.98	314.26	66.03	174.18	3,395.07	5,709.83			4,152.08	6,198.27
Unallocated Capital Expenditure										
Depreciation	1,163.35	1,056.69	71.84	57.82	329.47	176.39	140.30	143.41	1,704.96	1,434.31
Unallocated Depreciation										
Expenditure										
Non-Cash Expenses other than Depreciation										



**NOTE NO. 44**

**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 31-03-2018</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	840.00			840.00	840.00
Other Investments	0.44	–	–	0.44	0.44
Loans	10.00	–	–	10.00	10.00
Trade Receivables	2,039.21	–	–	2,039.21	2,039.21
Cash and Cash Equivalents	383.84	–	–	383.84	383.84
Bank Balance other than Cash and Cash Equivalents	11.80	–	–	11.80	11.80
Other Financial Assets	94.33	–	–	94.33	94.33
<b>Financial Liabilities</b>					
Borrowings	9,545.76	–	–	9,545.76	9,545.76
Trade Payables	605.76	–	–	605.76	605.76
Other Financial Liabilities	3,909.37	–	–	3,909.37	3,909.37
<b>As at 31-03-2017</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	840.00			840.00	840.00
Other Investments	0.55	–	–	0.55	0.55
Loans	10.00	–	–	10.00	10.00
Trade Receivables	1,923.67	–	–	1,923.67	1,923.67
Cash and Bank Balances	345.33	–	–	345.33	345.33
Bank Balance other than Cash and Cash Equivalents	11.94	–	–	11.94	11.94
Other Financial Assets	127.62	–	–	127.62	127.62
<b>Financial Liabilities</b>					
Borrowings	8,036.09	–	–	8,036.09	8,036.09
Trade Payables	1,677.47	–	–	1,677.47	1,677.47
Other Financial Liabilities	3,481.10	–	–	3,481.10	3,481.10

**Fair value hierarchy**

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

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

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

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

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
Investment in unlisted securities				
As at 31-03-2018	–	–	0.44	0.44
As at 31-03-2017	–	–	0.55	0.55

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

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

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

#### NOTE NO. 45

##### FINANCIAL RISK MANAGEMENT

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

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

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

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

##### Credit Risk

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



### Receivables

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

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

(₹ in Lakhs)

As at 31-03-2018	Due less than 45 days	46 to 90 days	More than 90 days	Total
Gross Carrying Amount	1,453.01	553.01	33.19	2,039.21
Expected Loss Rate	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,453.01	553.01	33.19	2,039.21

(₹ in Lakhs)

As at 31-03-2017	Due less than 45 days	46 to 90 days	More than 90 days	Total
Gross Carrying Amount	1763.56	73.88	86.23	1923.67
Expected Loss Rate	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1763.56	73.88	86.23	1923.67

### 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 credit worthiness of the financial institutions.

### Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the under lying 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	31-03-2018	31-03-2017
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	6,907	5,545
Term Loans	3,629	448

### Maturities of Financial Liabilities

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
<b>As at 31-3-2018</b>				
Borrowings from Banks	3052.47	9,545.76	–	12,602.04
Trade payables	605.76	–	–	605.76
Other Financial Liabilities (Incl. Interest)	856.90	–	–	856.90
<b>As at 31-3-2017</b>				
Borrowings from Banks	2,575.89	8,036.09	–	10,611.98
Trade payables	1,677.47	–	–	1,677.47
Other Financial Liabilities (Incl. Interest)	905.21	–	–	905.21

### 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 there of, (both interest and exchange rate risk) and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contract after taking into consideration the anticipated Foreign exchange inflows/outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

### Cash flow and fair value interest rate risk

Interest rate risk arises from long term borrowings with variable rates which exposed the company to cash flow interest rate risk. The Company's fixed rate borrowing are carried at amortized cost and therefore are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of the change in market interest rates. The Company is exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing, which is mainly addressed through the management of the fixed / floating ratio of financial liabilities. The Company constantly monitors credit markets to strategize a well-balanced maturity profile in order to reduce both the risk of refinancing and large fluctuations of its financing cost. The Company believes that it can source funds for both short term and long term at a competitive rate considering its strong fundamentals on its financial position.

### Interest rate risk exposure

(₹ in Lakhs)

Particulars	31-03-2018	31-03-2017
Variable rate borrowings	12,602.04	10,611.98

The Company does not have any interest rate swap contracts.

### Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-03-2018	31-03-2017
1% Increase in Interest Rate	126.02	106.12



**NOTE NO. 46**

(₹ in Lakhs)

**CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the Shareholders' wealth.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus Debt.

Particulars	31-03-2018	31-03-2017
Long Term Borrowings	9,545.76	8,036.09
Current maturities of Long Term borrowings	3,052.47	2575.89
Short Term Borrowings	13,283.88	13,870.43
Less: Cash and Cash Equivalents	395.64	357.27
<b>Net Debt (A)</b>	<b>25,486.47</b>	24125.14
Equity Share Capital	394.66	197.33
Other Equity	6,691.20	7,017.51
<b>Total Equity (B)</b>	<b>7,085.86</b>	7,214.84
<b>Total Capital Employed (C) = (A) + (B)</b>	<b>32,572.33</b>	31,339.98
<b>Capital Gearing Ratio (A) / (C)</b>	<b>78%</b>	77%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans/borrowing. The Company has been consistently focusing on reduction in long term borrowings. There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31-03-2018 and 31-03-2017.

As per our report annexed

For N.A. JAYARAMAN & CO

Chartered Accountants

Firm Registration No. 001310S

R. PALANIAPPAN

Proprietor

Membership No. 205112

Rajapalayam

29<sup>th</sup> May, 2018

P.R. VENKETRAMA RAJA

CHAIRMAN

P.R. RAMASUBRAMANIAN

CHIEF FINANCIAL OFFICER

SMT. NALINA RAMALAKSHMI

MANAGING DIRECTOR

A. EMARAJAN

COMPANY SECRETARY

## **CONSOLIDATED FINANCIAL STATEMENTS**



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements drawn in accordance with the Indian Accounting Standards ("the Consolidated Financial Statements") of The Ramaraju Surgical Cotton Mills Limited (hereinafter referred to as "the Company") and the share of profit / loss of its associates. These Consolidated Financial Statements comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended 31<sup>st</sup> March 2018 and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013, ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flow and consolidated statement of changes in equity of the Company including its associates in accordance with the accounting principles generally accepted in India and including the Indian Accounting Standards specified under Section 133 of the Act, read with applicable Rules there under. The respective Board of Directors of the Company and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the

Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the afore said Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards, of the consolidated state of affairs (financial position) of the Company including the effect of share in the profit of its associates as at 31<sup>st</sup> March, 2018, and their consolidated profit (financial performance including other comprehensive income) including the share in the profit of its associates, their consolidated cash flows and consolidated statement of changes in equity for the year ended on 31<sup>st</sup> March, 2018.

### **Other Matters**

The consolidated financial statements year to date includes the financial statements of NINE associates whose consolidated financial statements reflects the total comprehensive income of

## **CONSOLIDATED AUDITOR'S' REPORT TO SHAREHOLDERS**

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₹ 912.47 Lakhs For the year ended 31<sup>st</sup> March, 2018. FIVE of these financial statements as per IND AS are audited by an Independent Auditor. Remaining FOUR financial statements are unaudited. Financial information of the unaudited associates has been furnished to us by the management, and our opinion is based solely on the financial results year to date, to the extent they have been derived from such audited and un-audited financial statements.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is based on the financial statements/financial information certified by the Management.

We draw attention to Note No. 41 of the Notes forming part of the Financial Statements of the company, The comparative consolidated financial information of the Company for the year ended March 31, 2017 are based on the previously issued consolidated financial statements audited by M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants the predecessor auditors, whose report for the year ended March 31, 2017 dated 25<sup>th</sup> May, 2017 expressed an unmodified opinion on those consolidated financial statements.

### **Report on Other Legal and Regulatory Requirements**

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

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
2. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
5. On the basis of the written representations received from the Directors of the Company as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors of the Company and the reports



of the Statutory Auditor of the associate companies, and Management Certification in the case of the unaudited associate companies, none of the Directors of the Company and its associate companies is disqualified as on 31<sup>st</sup> March, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act.

6. We have enclosed our separate report in "Annexure A" with respect to the adequacy of the internal financial controls over financial reporting of the entities in the Company and associate companies and the operating effectiveness of such controls. We have relied on the management certification in respect of the unaudited associates with respect to the adequacy of internal financial controls over financial reporting. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of entities in the Company and the associate companies.
7. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in the Separate Financial Statements of the respective entities in the Company and by the associates.
  - ii. The Company and associate companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the entities in the Company and its associates.

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

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

R. PALANIAPPAN  
Proprietor  
Membership No. 205112

Rajapalayam,  
29<sup>th</sup> May, 2018.

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

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

We have audited the internal financial controls over financial reporting of The Ramaraju Surgical Cotton Mills Limited and its associates ("the Company") as of 31<sup>st</sup> March, 2018 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on 31<sup>st</sup> March, 2018.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on 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") issued by ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding

of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company, and associates company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2018, 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.

**Other Matters**

We have relied on a) the Company and b) Management Certification in the case of associates which either audited or unaudited.

The adequacy of internal financial control over financial reporting in so far as it relates to such associates which has been audited by other auditors were lied on the audit reports furnished to us. In respect of unaudited associates, we had relied upon management certification. Our report on the adequacy and operating effectiveness of the internal financial control over financial reporting for the Company and associates, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such associates is based solely on the report of the auditor of such companies or management certification as referred above. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the report of the other auditor.

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

R. PALANIAPPAN  
Proprietor  
Membership No. 205112

Rajapalayam,  
29<sup>th</sup> May, 2018.

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2018**

(₹ in Lakhs)

	Note No.	As at 31-03-2018	As at 31-03-2017
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
Property, Plant & Equipments	5	20,301.68	21,320.34
Capital Work-in-Progress		3,283.22	6.88
Intangible Assets	5	9.43	10.53
Investment Property	6	6.36	6.54
Investments in Associates	7	15,744.96	15,088.92
Financial Assets			
Other Investments	7	0.44	0.55
Loans	8	10.00	10.00
Other Financial Assets	9	370.63	402.96
Other Non Current Assets	10	142.77	6.95
		<b>39,869.49</b>	<b>36,853.67</b>
<b>(2) Current Assets</b>			
Inventories	11	7191.88	9,895.07
Financial Assets			
Trade Receivables	12	2039.21	1,923.67
Cash and Cash Equivalants	13	383.84	345.33
Bank Balance other than Cash and Cash Equivalents	14	11.80	11.94
Other Financial Assets	15	94.33	127.62
Other Current Assets	16	1294.01	1,140.44
		<b>11,015.07</b>	<b>13,444.07</b>
<b>TOTAL ASSETS</b>		<b>50,884.56</b>	<b>50,297.74</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>(1) Equity</b>			
Equity Share capital	17	394.65	197.33
Other Equity	18	21,331.17	21,001.75
Total Equity		<b>21,725.82</b>	<b>21,199.08</b>
<b>(2) Liabilities</b>			
<b>Non Current Liabilities</b>			
Financial Liabilities			
Borrowings	19	9,545.76	8,036.09
Provisions	20	123.88	144.53
Deferred Income	21	50.06	53.40
Deferred Tax Liabilities (Net)	22	1,198.66	1,443.56
		<b>10,918.36</b>	<b>9,677.58</b>
<b>(3) Current Liabilities</b>			
Financial Liabilities			
Borrowings	23	13,283.88	13,870.43
Trade Payable	24	605.76	1,677.46
Other Financial Liabilities	25	3,909.37	3,481.10
Provisions	26	358.53	308.33
Liabilities for Current Tax		82.84	83.76
		<b>18,240.38</b>	<b>19,421.08</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>50,884.56</b>	<b>50,297.74</b>
Significant Accounting Policies, Judgements and Estimates	1 - 4		
See accompanying notes to the financial statements.	5-47		

As per our report annexed

For N.A. JAYARAMAN & CO

Chartered Accountants

Firm Registration No. 001310S

R. PALANIAPPAN

Proprietor

Membership No. 205112

Rajapalayam

29<sup>th</sup> May, 2018

P.R. VENKETRAMA RAJA

CHAIRMAN

P.R. RAMASUBRAMANIAN

CHIEF FINANCIAL OFFICER

SMT. NALINA RAMALAKSHMI

MANAGING DIRECTOR

A. EMARAJAN

COMPANY SECRETARY



(₹ in Lakhs)

	Note No.	For the year ended 31-03-2018	For the year ended 31-03-2017
<b>REVENUE</b>			
I	27	26,141.73	24,119.76
II	28	194.86	299.41
III	29	28.27	12.26
<b>IV</b>		<b>26,364.86</b>	<b>24,431.43</b>
<b>EXPENSES</b>			
	30	13,581.80	11,966.07
		184.66	749.01
	31	196.36	(966.94)
		9.65	223.36
	32	2,975.02	2,731.70
	33	2,168.43	1,725.42
	34	1,704.96	1,434.31
	35	6,050.65	5,831.85
<b>V</b>		<b>26,871.53</b>	<b>23,694.78</b>
<b>VI</b>		<b>(506.67)</b>	<b>736.65</b>
<b>VII</b>			
		-	147.34
		(258.83)	323.35
		-	320.49
<b>VIII</b>		<b>(247.84)</b>	<b>416.16</b>
<b>IX</b>			
		1,133.96	1,245.43
<b>X</b>		<b>886.12</b>	<b>1,661.59</b>
<b>XI</b>			
		41.73	14.02
		(13.93)	(2.86)
		27.80	11.16
		(1.45)	(0.97)
		26.35	10.19
<b>XII</b>		<b>912.47</b>	<b>1,671.78</b>
<b>XIII</b>		<b>22.46</b>	<b>84.22</b>
	1-4		
	5-47		

As per our report annexed

For N.A. JAYARAMAN & CO

Chartered Accountants

Firm Registration No. 001310S

R. PALANIAPPAN

Proprietor

Membership No. 205112

Rajapalayam

29<sup>th</sup> May, 2018

P.R. VENKETRAMA RAJA

CHAIRMAN

P.R. RAMASUBRAMANIAN

CHIEF FINANCIAL OFFICER

SMT. NALINA RAMALAKSHMI

MANAGING DIRECTOR

A. EMARAJAN

COMPANY SECRETARY

	(₹ in Lakhs)	
	2017-18	2016-17
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before Tax	(506.67)	736.65
Adjustments for :		
Depreciation & Amortisation Expenses	1,704.96	1,434.31
Finance Cost	2,168.43	1,725.42
Interest Received	(142.79)	(160.45)
Loss on Sale of Assets	3.09	10.64
Operating Profit before Working Capital Changes	<u>3,227.02</u>	<u>3,746.57</u>
Adjustments for :		
Gratuity and Government Grants	38.39	10.68
Trade Receivables	(115.54)	(275.80)
Loans and Advances	(223.78)	2,607.78
Inventories	2,703.19	(3,773.15)
Trade Payables & Current Liabilities	(613.89)	529.67
Cash Generated from Operations	<u>5,015.39</u>	<u>2,845.75</u>
Income Tax Refund Received	-	60.55
Income Tax Paid	(0.92)	(140.98)
<b>Net Cash generated from Operating Activities</b>	<b>A</b> <u>5,014.47</u>	<u>2,765.32</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets (Including Capital Work-in-Progress)	(4,145.20)	(4,734.54)
Investment in Shares	(0.31)	-
Sale of Investment	0.11	1.15
Proceeds from Sale of Property, Plant & Equipments	180.76	12.88
Interest Received	142.79	160.45
Dividend Received	114.81	-
<b>Net Cash used in Investing Activities</b>	<b>B</b> <u>(3,707.04)</u>	<u>(4,560.06)</u>



(₹ in Lakhs)

2017-18      2016-17

**C. Cash Flow from Financing Activities**

Proceeds from Long Term Borrowings		<b>4,561.53</b>	937.83
Repayment of Long Term Loan		<b>(2,576.14)</b>	(3,803.03)
Proceeds / (Repayment) of Short Term Borrowings (Net)		<b>(1,062.27)</b>	6,459.66
Payment of Dividend and Tax thereon		<b>(23.75)</b>	–
Interest Paid		<b>(2,168.43)</b>	(1,725.42)
<b>Net Cash used in Financing Activities</b>	<b>C</b>	<b>(1,269.06)</b>	1,869.04
<b>Net Increase in Cash and Cash Equivalent</b>	<b>D = (A+B+C)</b>	<b>38.37</b>	74.30
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>357.27</b>	282.97
<b>Closing balance of Cash and Cash Equivalents</b>	<b>(D + E)</b>	<b>395.64</b>	357.27

**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	31-03-2018	31-03-2017
Cash and Cash Equivalents (Refer to Note No.13)	<b>383.84</b>	345.33
Bank Balances other than Cash and Cash Equivalents (Refer to Note No. 14)	<b>11.80</b>	11.94
	<b>395.64</b>	357.27

See accompanying notes to the financial statements (Refer Note No.5 to 47).

As per our report annexed

For N.A. JAYARAMAN & CO

Chartered Accountants

Firm Registration No. 001310S

R. PALANIAPPAN

Proprietor

Membership No. 205112

Rajapalayam

29<sup>th</sup> May, 2018

P.R. VENKETRAMA RAJA

CHAIRMAN

P.R. RAMASUBRAMANIAN

CHIEF FINANCIAL OFFICER

SMT. NALINA RAMALAKSHMI

MANAGING DIRECTOR

A. EMARAJAN

COMPANY SECRETARY



**A. Equity Share Capital**

(₹ in Lakhs)

Balance as at 01-04-2016	197.33
Changes in Equity Share Capital during the year 2016-17	–
Balance as at 31-03-2017	197.33
Less: Treasury Shares Adjustments	0.01
Add: Changes in Equity Share Capital during the year 2017-18 1:1 Bonus shares issued during the year	197.33
Balance as at 31-03-2018	394.65

**B. Other Equity**

Particulars	Reserves and Surplus			Items of OCI	Total Other Equity
	Capital Reserve	General Reserve	Retained Earnings	Re-measurements of Defined Benefit Obligations	
<b>Other Equity as at 1<sup>st</sup> April 2016</b>	<b>11,895.30</b>	<b>6,442.25</b>	<b>992.43</b>	–	<b>19,329.98</b>
Add: Profit for the financial year 2016-17			1,661.59		1,661.59
Add: Other Comprehensive Income				10.19	10.19
<b>Total Comprehensive Income</b>			<b>1,661.59</b>	<b>10.19</b>	<b>1,671.78</b>
Less: Transfer to Retained Earnings				(10.19)	(10.19)
Add: Transfer from OCI			10.19		10.19
Less: Transfer to General Reserve			(400.00)		(400.00)
Add: Transfer from Retained Earnings		400.00			400.00
<b>Other Equity as at 31<sup>st</sup> March 2017</b>	<b>11,895.30</b>	<b>6,842.25</b>	<b>2,264.20</b>	–	<b>21,001.75</b>
Add: Profit for the financial year 2017-18			886.12		886.12
Add: Other Comprehensive Income				26.35	26.35
<b>Total Comprehensive Income</b>	–	–	<b>886.12</b>	<b>26.35</b>	<b>912.47</b>
Add: 1:1 Bonus shares issued during the year		(197.33)			(197.33)
Cash Dividend & Tax on Dividend			(23.75)		(23.75)
Sale & Purchase of Associates Investments	(471.24)	109.27			(361.97)
Cash Dividend & Tax on Dividend					–
Add: Transfer from OCI			26.35	(26.35)	–
Less: Transfer to General Reserve			(462.11)		(462.11)
Add: Transfer from Retained Earnings		462.11			462.11
<b>Other Equity as at 31<sup>st</sup> March 2018</b>	<b>11,424.06</b>	<b>7,216.30</b>	<b>2,690.81</b>	–	<b>21,331.17</b>

**1. Corporate Information**

The Ramaraju Surgical Cotton Mills Limited is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of the Companies Act, 1913. The Registered Office of the Company is located at The Ramaraju Surgical Cotton Mills Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu, India. The Company's shares are listed in M/s. Metropolitan Stock Exchange of India Limited, Mumbai.

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

The financial statements of the Company for the year ended 31-03-2018 were approved and adopted by Board of Directors of the Company in their meeting dated 29-05-2018.

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

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

- (vii) Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.
- (viii) The CFS comprises the financial statements of The Ramaraju Surgical Cotton Mills Limited and its Associate Companies. The list of Companies which are included in consolidation and the Company's holding and voting rights there in are as under:

Name of the Company	% of Shareholding & Voting Power	
	31-03-2018	31-03-2017
M/s. The Ramco Cements Limited	1.54	1.52
M/s. Ramco Industries Limited	0.16	0.16
M/s. Ramco Systems Limited	0.04	0.04
M/s. Rajpalayam Mills Limited	1.83	1.83
M/s. Sri Vishnu Shankar Mill Limited	0.75	0.75
M/s. Ontime Industrial Services Limited	9.36	9.36
M/s. Sri Harini Textiles Limited	49.67	49.67
M/s. Shri Harini Media Limited	3.21	4.74
M/s. Ramco Windfarms Limited	6.16	5.85

- (ix) The Financial Statements of above NINE Associates Companies, FIVE of the financial statements are audited by an Independent Auditor. Remaining FOUR financial statements are unaudited and the un-audited financial statements of the associates have been consolidated on the basis of the accounts as certified by their respective Management.
- (x) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

### **Principles of Consolidation**

- (i) The CFS includes the share of profit/loss of the associate companies that are accounted for using equity method in accordance with Ind AS 28. Accordingly, the share of profit/loss of the associates (the loss being restricted to the cost of investment) has been added/ deducted from the cost of investment. The most recent available financial statements of the associates are used in applying the equity method.
- (ii) The Consolidated Statement of Profit and Loss reflects the share of results of its associates. Any change in OCI of those investees is presented as part of the Consolidated OCI.
- (iii) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate Company from the date on which it becomes an associate and any difference between the cost of the investment and the Parent's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- (i) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.
- (ii) Subsequently, the carrying amount of investment is adjusted to recognize the share of post-acquisition profits or losses of its Associates in the Parent's Statement of Profit & Loss.
- (iv) Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.
- (v) Unrealised gains on transactions between the 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.
- (vi) 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.
- (vii) The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances and is presented, to the extent possible, in the same manner as the Company's separate financial statements.

### **3. Basis of Measurement**

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer to Note No. 23 - Accounting Policy for Financial Instruments) and defined benefit plan assets which are measured at fair value.

### **4. Significant Accounting Policies**

#### **A. Inventories**

- (i) Raw-materials, Stores & Spares, Fuel, Packing Materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realizable value whichever is lower. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process Stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities, or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process Stock.



- (iii) Finished Goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities and other costs incurred in bringing the inventory to their present location and condition. Finished Goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a moving weighted average basis.

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

**B. Statement of Cash Flow**

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.
- (iii) Bank borrowings are generally considered to be financing activities. However, where bank over drafts which are repayable on demand form an integral part of an entity's cash management, bank over drafts are included as a component of cash and cash equivalents for the purpose of Cash flow statement.

**C. Dividend distribution to Equity shareholders**

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

**D. Income Taxes**

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognized as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period.

The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing

evidence to the effect that the Company will pay normal Income tax during the specified period.

- (iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.
- (iv) Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date.
- (v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- (vi) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right to such set off current tax assets against current tax liabilities.
- (vii) Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.

#### **E. Property, Plant and Equipments (PPE)**

- (i) PPEs are stated at cost of acquisition or construction (net of CENVAT / VAT/ GST wherever applicable) less accumulated depreciation / amortisation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.
- (ii) The company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. When each major inspection / overhauling is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/overhauling (as distinct from physical parts) is de-recognised.
- (iii) Items such as spare parts, stand by equipments and servicing equipments are classified as PPE when they meet the definition of PPE as per Ind AS 16. Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) The 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.



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

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machineries / Equipment	10 to 15 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years

- (vii) PPE acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, which ever is more clearly evident.
- (viii) PPEs are eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the Statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (ix) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value, except for process control systems whose residual value is considered as Nil.
- (x) Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/disposals, the depreciation is calculated on pro-rata basis upto the date on which such assets have been discarded / sold.
- (xi) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

#### **F. Capital Work-in-Progress**

Capital 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.

**G. Leases**

- (i) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfillment of arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.
- (ii) The lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease. Operating lease receipts and payments are recognised in the Statement of Profit and Loss on straight line basis over the lease terms except where the payments are structured to increase in line with the general inflation to compensate for the expected inflationary cost increases. The Company do not have any finance leases.
- (iii) The amount paid for securing right to use of lands qualify as Operating lease and the amount paid for leasehold land is classified as "Lease prepayments" under prepaid expenses, which are amortised over the tenure of lease.

**H. Revenue Recognition**

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

**Revenue from Operations****a) Sale of products**

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

**b) Power generated from Windmills**

Power generated from windmills that are covered under wheeling & banking arrangement with TANGEDCO are consumed at Factories. The monetary values of such power generated that are captively consumed are not recognised as revenue.

**c) Income from Job Work**

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

**(ii) Other Income**

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



- b) Dividend income is recognised when the Company's right to receive dividend is established.
- c) Rental income from operating lease on investment properties is recognised on a straight line basis over the terms of the relevant lease unless the escalation is in the nature of compensation for cost inflation.
- d) Scrap sales is recognised at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods excluding applicable taxes on sale.
- e) Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

**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 employees' basic salary. The Company has no further obligations.
- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the officer's eligible annual basic salary. Out of the said 15% contribution, a sum upto ₹ 1.50 Lakhs per annum is remitted to The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund administered by trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.
- (v) The Company has its own Defined Benefit Plan viz., an approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment, for an amount equivalent to 15 days' basic salary for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to "The Ramaraju Surgical Cotton Mills Limited Employees' Gratuity Fund" administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the Balance Sheet date using Projected Unit Credit method.

- (vi) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method.
- (vii) Re-measurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to 'Other Comprehensive Income' in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

**J. Government Grants**

- (i) Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is recognized on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".
- (iii) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.
- (iv) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.

**K. Foreign currency transactions**

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



**L. Borrowing Costs**

- (i) Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalized 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 capitalizes during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings cost are expensed in the period in which they occur.

**M. Earnings per Share**

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

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

- i) The carrying values of assets include property, plant and equipment, investment properties, cash generating units and intangible assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors
- (ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation / amortization 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 recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.
- (ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- (iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are not recognised.
- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

**P. Intangible Assets**

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as detailed below:

Nature of Intangible Assets	Estimated Useful Life
Computer Software	6 years

- (iii) The intangible assets that are under development phase are carried at cost including related expenses and attributable interest and are recognized as Intangible assets under development.
- (iv) The residual values, useful lives and methods of amortization 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 components as detailed below, that are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013:

<b>Asset type</b>	<b>Useful Life</b>
Buildings under Investment properties	60 years

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

**R. Operating Segments**

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

The inter segment transfers of Goods / Units are recognised at the applicable competitive market prices / tariff rates of the electricity bounds for the purpose of Segment Reporting

as per the relevant Accounting Standard. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

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

**S. Financial Instruments**

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

**T. Financial Assets**

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

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



- (iii) The Company has evaluated the facts and circumstances on date of transition to Ind AS for the purpose of classification and measurement of financial assets. Accordingly, financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

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

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

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

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

However, the Company continue to recognise the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset. The Company has applied the de-recognition requirements prospectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



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

### U. Financial Liabilities

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

Measurement basis	Name of Financial liabilities
Amortised Cost	Borrowings, Trade Payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading.

Measurement basis	Name of Financial liabilities
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 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.
- (iv) 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 are directly or indirectly observable.
  - Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.
- (iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period (i.e) based on the lowest level input that is significant to the fair value measurement as a whole.
- (v) For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

(vi) The basis for fair value determination for measurement and / or disclosure purposes is detailed below:

**a) Investments in Equity**

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

**b) Trade and Other Receivables**

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

**c) Investment Properties**

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

**d) Recent Accounting pronouncements - Standards issued but not yet effective**

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying deletion of existing standard Ind AS 18 and insertion of new standard Ind AS 115 on Revenue from Contracts with Customers. The amendments are applicable to the company from April 1, 2018.

This Standard establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Adoption of Ind AS 115 is not expected to have any impact on the Company's revenue and profit or loss. The Company expects the revenue recognition to occur at a point in time when the materials are delivered at the customers in case of textile products and in the case of wind power, when energy is transmitted to the grid.

However, the Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.



**W. Significant Estimates and Judgements**

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

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

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

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

**(ii) Current Taxes**

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

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

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

**(iv) 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.

**(v) 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.

**(vi) 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.

**(vii) 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. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rate 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 financial year end.

**(viii) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**(ix) 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. 5**

**PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Year	Gross Block			Depreciation			Net Block		
		As at the beginning of the year	Additions	Deductions	As at the end of the year	As at the beginning of the year	For the year (Note No. 34)	Deductions	As at the end of the year	As at the beginning of the year
<b>Tangible Assets</b>										
Land	2017-18	548.44	-	-	548.44	-	-	-	548.44	548.44
	2016-17	548.45	-	0.01	548.44	-	-	-	548.44	548.45
Buildings	2017-18	5,860.70	42.97	-	5,903.67	1,574.39	238.67	1,813.06	4,090.61	4,286.31
	2016-17	4,310.28	1,550.42	-	5,860.70	1,425.11	149.28	1,574.39	4,286.31	2,885.17
Plant and Machinery	2017-18	27,864.83	676.44	350.74	28,190.53	12,492.96	1,200.92	13,487.41	14,703.12	15,371.87
	2016-17	23,651.79	4,261.19	48.15	27,864.83	11,471.12	1,048.34	12,492.96	15,371.87	12,180.67
Electrical Machinery	2017-18	2,444.42	16.75	-	2,461.17	1,503.20	227.01	1,730.20	730.97	941.22
	2016-17	2,137.34	307.08	-	2,444.42	1,295.13	208.07	1,503.20	941.22	842.21
Furniture & Office Equipments	2017-18	262.83	26.57	0.37	289.03	215.02	15.91	230.58	58.45	47.81
	2016-17	239.40	23.43	-	262.83	205.86	9.16	215.02	47.81	33.54
Vehicles	2017-18	228.95	106.13	76.13	258.95	104.26	21.17	88.86	170.09	124.69
	2016-17	194.62	53.94	19.61	228.95	103.32	18.69	104.26	124.69	91.30
<b>Total - Tangible Assets</b>	2017-18	37,210.17	868.86	427.24	37,651.79	15,889.83	1,703.68	17,350.11	20,301.68	21,320.34
	2016-17	31,081.88	6,196.06	67.77	37,210.17	14,500.54	1,433.54	15,889.83	21,320.34	16,581.34
<b>Intangible Assets:</b>										
Computer Software	2017-18	211.69	-	-	211.69	201.16	1.10	202.26	9.43	10.53
	2016-17	209.48	2.21	-	211.69	200.58	0.58	201.16	10.53	8.90

Notes:

(a) Borrowings cost have been capitalised for current year - Nil (PY: ₹ 258.66 Lakhs).

(b) All the fixed assets has been pledged as security for borrowings.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

	As at 31-03-2018	As at 31-03-2017
<b>NOTE NO. 6</b>		
INVESTMENT PROPERTY		
<b>Building</b>	<b>8.72</b>	8.72
Less: Accumulated depreciation as at the beginning of the year	<b>2.18</b>	1.99
Depreciation for the year	<b>0.18</b>	0.19
Accumulated depreciation as at the end of the year	<b>2.36</b>	2.18
Total Investment Property	<b>6.36</b>	6.54

### Information regarding income and expenditure of Investment property

Rental Income from Investment Properties

Direct Operating Expenses

Profit arising from Investment Properties before Depreciation and indirect expenses

Less: Depreciation

Loss arising from Investment Properties before indirect expenses

Fair value of Investment Property

-	-
-	-
<b>(0.18)</b>	(0.19)
<b>(0.18)</b>	(0.19)
<b>113.17</b>	113.17

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

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

Fair value hierarchy disclosures for investment properties have been provided in Note 44.

**NOTE NO. 7**

(A) INVESTMENT IN ASSOCIATES

(₹ in Lakhs)

Name of the Company	Face Value ₹ per share	No. of Shares	Total face Value	As at 31-03-2018 Amount	As at 31-03-2017 Amount
<b>Investment in Equity Instruments</b>					
<b>1) Quoted</b>					
The Ramco Cements Limited	1	36,24,000	36.24	<b>13,455.96</b>	12,717.57
Ramco Industries Limited	1	1,35,880	1.36	<b>165.58</b>	152.71
Rajapalayam Mills Limited	10	135,200	13.52	<b>1,060.15</b>	1,306.18
Ramco Systems Limited	10	12,739	1.27	<b>83.87</b>	83.45
Sub-Total (1)				<b>14,765.56</b>	14,259.91
<b>2) Unquoted</b>					
Sri Harini Textiles Limited	10	14,90,000	149.00	–	(70.72)
Sri Vishnu Shankar Mill Limited	10	11,200	1.12	<b>28.88</b>	21.14
Ontime Industrial Services Limited	10	26,350	2.63	<b>35.79</b>	31.21
Ramco Windfarms Limited	1	6,16,000	6.16	<b>74.73</b>	46.28
Shri Harini Media Limited	1	60,00,500	60.01	–	(38.90)
Sub-Total (2)				<b>139.40</b>	(10.99)
<b>Investment in Preference Shares, Non Trade</b>					
Shri Harini Media Limited -					
9% Redeemable Preference shares	1	8,40,00,000	840.00	<b>840.00</b>	840.00
Aggregate Value of Total Investment				<b>15,744.96</b>	15,088.92
Aggregate Value of:					
Quoted Investments - Carrying value				<b>14,765.56</b>	14,259.91
Value				<b>28,413.52</b>	25,781.44
<b>(B) OTHER INVESTMENT</b>					
ARS Energy Pvt Limited	10	160	0.02	<b>0.44</b>	0.55

**NOTE NO. 8**

FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES

**Unsecured, considered good**

Loans and advances to related parties\*

[Refer to Note No. 43(b)(i)]

**10.00**

**10.00**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

	As at 31-03-2018	As at 31-03-2017
<b>NOTE NO. 9</b>		
OTHER FINANCIAL ASSETS - (NON CURRENT)		
<b>Unsecured, considered good</b>		
Security Deposits with Electricity Board / Others	<u>370.63</u>	<u>402.96</u>
<b>NOTE NO. 10</b>		
OTHER NON CURRENT-ASSETS		
Advance to Others	<u>142.77</u>	<u>6.95</u>
<b>NOTE NO. 11</b>		
INVENTORIES (Valued at lower of cost or Net realisable value)		
Finished Goods	2,901.05	3,059.65
Raw Materials	3,197.50	5,688.41
Stores and Spares	203.07	218.99
Work-in-Progress	890.26	928.02
	<u>7,191.88</u>	<u>9,895.07</u>
Note: The total carrying amount of inventories as at reporting date has been pledged as security for Borrowings		
<b>NOTE NO. 12</b>		
TRADE RECEIVABLES		
<b>Unsecured and considered good</b>		
Trade Receivables less than Six Months	<u>2,039.21</u>	<u>1,923.67</u>
a) Trade receivables are non-interest bearing and are generally on terms of 30 to 35 days.		
b) No trade receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms of private companies respectively in which any director is a partner, a director or a member.		
c) The total carrying amount of trade receivables has been pledged as security for Borrowings.		
<b>NOTE NO. 13</b>		
CASH AND CASH EQUIVALENTS		
Cash on Hand	4.93	2.33
Balance with Banks		
In Current Account	75.98	199.79
In Deposit Account for Margin Money	302.93	143.21
	<u>383.84</u>	<u>345.33</u>



(₹ in Lakhs)

As at  
31-03-2018

As at  
31-03-2017

**NOTE NO. 14**

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Earmarked balances with Banks for Unclaimed Dividend 11.80 11.94

**NOTE NO. 15**

OTHER FINANCIAL ASSETS (CURRENT)

Government Grants Receivable 82.83 116.12

Security Deposit 11.50 11.50

94.33 127.62

**NOTE NO. 16**

OTHER CURRENT ASSETS

**Unsecured, considered good**

Advance to Suppliers / Others 704.40 522.58

Advance Income-Tax & TDS and Refund Due 10.61 –

Accrued Income 438.25 405.31

Prepaid Expenses 121.94 152.70

Other Current Assets 18.81 59.85

1,294.01 1,140.44

**NOTE NO. 17**

EQUITY SHARE CAPITAL

**Authorised**

50,00,000 Equity Shares of ₹ 10/- each (PY: 30,00,000 Equity Shares of ₹ 10/- each) 500.00 300.00

Issued, Subscribed and Fully Paid-up 39,46,560 Equity Shares of ₹ 10/- each 394.65 197.33  
(PY: 19,73,280 Equity Shares of ₹ 10/- each)

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

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

Particulars	As at 31.03.2018		As at 31.03.2017	
	No of Shares	Amount	No of Shares	Amount
Number of shares at the beginning of the year	1,973,280	197.33	1,973,280	197.33
Issued during the Year - Bonus Issue	1,973,280	197.33	–	–
Number of Shares at the end of the year	3,946,560	394.66	1,973,280	197.33

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

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

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

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

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. Nalina Ramalakshmi	1,491,860	37.80	676,190	34.27

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

(₹ in Lakhs)

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

#### NOTE NO. 18

##### OTHER EQUITY

Capital Reserve	11,424.06	11,895.30
General Reserve	7,516.30	6,842.25
Retained Earnings	2,390.81	2,264.20
	<u>21,331.17</u>	<u>21,001.75</u>

##### Capital Reserve

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

##### General Reserve

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

##### Retained Earnings

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

The Board of Directors have recommended the payment of Dividend ₹ 0.50 per share for the year 2017-18 (PY: ₹ 0.50 Per share). This Proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.

#### NOTE NO. 19

##### LONG TERM BORROWINGS

##### Secured

Term Loan from Banks	<u>9,545.76</u>	<u>8,036.09</u>
----------------------	-----------------	-----------------

- Term Loan from Banks are secured by *pari-passu* first charge on the fixed assets of the Company and a *pari-passu* second charge on the current assets of the Company.
- Out of above Term Loan from Canara Bank ₹ 1,167.65 Lakhs (PY: ₹ 2,091.89 Lakhs) are backed by Corporate Guarantee of M/s Rajapalayam Mills Limited,

(₹ in Lakhs)

As at  
31-03-2018

As at  
31-03-2017

c) The Term Loans from Banks are repayable in Monthly / Quarterly / Half Yearly installments. The year wise repayment of Term Loans are as follows:

Year	Amount	Amount
2018-19	–	2,852.41
2019-20	<b>3,524.77</b>	1,924.77
2020-21	<b>3,216.16</b>	1,517.63
2021-22	<b>1,798.18</b>	1,335.48
2022-23	<b>779.56</b>	379.56
2023-24	<b>227.09</b>	26.24
	<b>9,545.76</b>	8,036.09

**NOTE NO. 20**

PROVISION (NON - CURRENT)

Provision for Employee Benefits  
[Refer to Note No. 40]

**123.88**

**144.53**

**NOTE NO. 21**

DEFERRED INCOME

Government Grants

**50.06**

**53.40**

**NOTE NO. 22**

DEFERRED TAX LIABILITY (NET)

**Deferred Tax Liability**

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

**3,377.06**

3,599.21

**Deferred Tax Asset**

Tax effect on unabsorbed depreciation under Income Tax Act, 1961

**(125.66)**

(106.98)

Tax effect on Provision for Bonus and Leave Encashment

**(126.44)**

(122.37)

MAT Credit Entitlement

**(1,926.30)**

(1,926.30)

**Net Deferred Tax Liability**

**1,198.66**

**1,443.56**

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

**Reconciliation of Deferred Tax Liabilities (net)**

Opening Balance as on 1<sup>st</sup> April

**1,443.56**

1,270.41

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

**(244.90)**

323.35

MAT Credit Entitlement recognised in Profit and Loss / adjusted against

Current Tax

–

(150.20)

Closing Balance as on 31<sup>st</sup> March

**1,198.66**

**1,443.56**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

	As at 31-03-2018	As at 31-03-2017
<b>NOTE NO. 23</b>		
<b>CURRENT BORROWINGS</b>		
<b>Secured</b>		
Loan from Banks*	7,918.76	10,548.63
<b>Unsecured, considered good</b>		
Loan from Banks	3,143.52	2,499.96
Loan from Other Parties	0.32	0.34
Loan and Advances from Directors	2,221.28	821.50
[Refer to Note No.43 (b) (ii)]		
	<u>13,283.88</u>	<u>13,870.43</u>
* Loan from Banks are secured by <i>pari-passu</i> first charge on the current assets of the Company and <i>pari-passu</i> second charge on the fixed assets of the Company.		
<b>NOTE NO. 24</b>		
<b>TRADE PAYABLES</b>		
Trade Payables	<u>605.76</u>	<u>1,677.46</u>
<b>Terms and conditions of the above Financial Liabilities:</b>		
Trade payables are non-interest bearing and are normally settled on 10 to 30 days.		
There are no dues to micro and small enterprises as at 31-03-2018 (PY: ₹ NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.		
<b>NOTE NO. 25</b>		
<b>OTHER CURRENT FINANCIAL LIABILITIES</b>		
Current Maturities of Long Term Loans	3,052.47	2,575.89
Unpaid Dividends	11.80	11.94
Ramaraju Memorial Fund	350.46	351.46
Liabilities for Other Finance	494.64	541.81
	<u>3,909.37</u>	<u>3,481.10</u>
<b>NOTE NO. 26</b>		
<b>PROVISIONS, CURRENT</b>		
Provision for Employee Benefits	<u>358.53</u>	<u>308.33</u>

(₹ in Lakhs)

2017-18 2016-17

**NOTE NO. 27**

REVENUE FROM OPERATION

**Sale of Products**

Yarn	15,752.69	17,942.99
Surgical Dressings	3,738.03	3,671.26
Fabrics	5,390.93	1,523.60
Waste Cotton	859.00	814.07
	<u>25,740.65</u>	<u>23,951.92</u>

**Other Operating Revenues**

Export Incentive	119.23	89.26
Job Work Charges Received	281.85	78.58
	<u>26,141.73</u>	<u>24,119.76</u>

**NOTE NO. 28**

FINANCE INCOME

Interest Receipts	142.79	160.45
Exchange Gain on Foreign Currency Transactions	52.07	138.96
	<u>194.86</u>	<u>299.41</u>

**NOTE NO. 29**

OTHER INCOME

Rent Receipts	0.56	3.70
Government Grants	3.34	3.34
Miscellaneous Income	24.37	5.22
	<u>28.27</u>	<u>12.26</u>

**NOTE NO. 30**

COST OF MATERIALS CONSUMED

**Raw Materials Consumed**

**Yarn**

Cotton & Cotton Waste	7,985.19	9,090.85
-----------------------	----------	----------

**Surgical Dressings**

Cotton, Cotton Waste, Grey Fabrics etc.,	1,333.79	1,297.59
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**Fabrics**

Yarn Consumed	4,262.82	1,577.63
	<u>13,581.80</u>	<u>11,966.07</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

2017-18

2016-17

### NOTE NO. 31

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

##### Opening Stock

Finished Goods	3,059.65		2,547.91	
Work-in-Progress	<u>928.02</u>	<u>3,987.67</u>	<u>472.82</u>	3,020.73

##### Closing Stock

Finished Goods	2,901.05		3,059.65	
Work-in-Progress	<u>890.26</u>	<u>3,791.31</u>	<u>928.02</u>	<u>3,987.67</u>
		<u>196.36</u>		<u>(966.94)</u>

### NOTE NO. 32

#### EMPLOYEE BENEFITS

Salaries, Wages and Bonus	2,502.18		2,345.82	
Contribution to Provident and Other Funds	304.82		233.38	
Staff and Labour Welfare & Trainee Expenses	168.02		152.50	
	<u>2,975.02</u>		<u>2,731.70</u>	

### NOTE NO. 33

#### FINANCE COST

Interest on Debts and Borrowings	2,037.48		1,653.68	
Exchange Fluctuation (Net) applicable to Finance Cost	130.95		71.74	
	<u>2,168.43</u>		<u>1,725.42</u>	

### NOTE NO. 34

#### DEPRECIATION AND AMORTIZATION EXPENSES

Depreciation of Property, Plant and Equipments	1,703.68		1,433.54	
Amortization of Intangible Assets	1.10		0.58	
Depreciation on Investment Properties	0.18		0.19	
	<u>1,704.96</u>		<u>1,434.31</u>	

(₹ in Lakhs)

2017-18 2016-17

**NOTE NO. 35**

OTHER EXPENSES

**Manufacturing Expenses**

Power and Fuel	2,589.18		2,593.61	
Packing Materials Consumption	817.40		661.65	
Jobwork Charges Paid	245.34		179.86	
Repairs to Buildings	116.40		80.19	
Repairs to Plant and Machinery	446.20		547.33	
Repairs to General	471.88	4,686.40	473.72	4,536.36

**Establishment Expenses**

Managing Director Remuneration	197.62		197.62	
Rates and Taxes	55.64		86.13	
Postage and Telephone	17.49		17.69	
Printing and Stationery	24.38		10.61	
Travelling Expenses	66.77		76.93	
Vehicle Maintenance	66.90		59.80	
Insurance	65.72		61.19	
Directors Sitting Fees	9.33		8.33	
Rent	27.98		29.21	
Audit and Legal Expenses	23.85		16.91	
Loss on Sale of Property, Plant & Equipment	3.09		10.64	
Corporate Social Responsibility Expenses	1.47		25.91	
Miscellaneous Expenses	142.83	703.07	82.73	683.70

**Selling and Distribution Expenses**

Sales Commission	359.31		295.56	
Export Expenses	82.17		53.24	
Other Selling Expenses	219.70		262.99	
		661.18		611.79
		<u>6,050.65</u>		<u>5,831.85</u>

**NOTE NO. 36**

AUDITORS REMUNERATION

As Auditor

Audit Fee	1.35		1.20
Tax audit Fee	0.30		0.30
Scrutiniser Fee	–		0.25

In other capacity:

Taxation Matters	–		0.30
Other Services (Certification Fees)	0.18		0.50
	<u>1.83</u>		<u>2.55</u>



(₹ in Lakhs)

	2017-18	2016-17
<b>NOTE NO. 37</b>		
<b>INCOME TAX - MAT</b>		
Accounting Profit before Income Tax	—	736.65
At India's statutory Income Tax Rate of 20.587 % (2017 : 20.3889%)	—	147.34
Adjustments as per Income Tax	—	2.86
Net effective Income Tax	—	150.20
Adjustment of Tax in respected Previous Year	—	—
Net effective Income tax reported in Profit & Loss	—	150.20
<b>MAT Credit</b>		
Net effective Income Tax	—	150.20
MAT Credit recognised in Profit and Loss	—	150.20
<b>Deferred Tax Recognised in the Statement of Profit and Loss</b>		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	(254.62)	376.67
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(17.47)	(29.99)
Tax effect on Provision for Bonus and Leave Encashment	(2.86)	(23.33)
Tax effect due to changes in Income Tax Rate	30.05	—
	(244.90)	323.35
	<b>As at</b>	<b>As at</b>
	<b>31-03-2018</b>	<b>31-03-2017</b>

**NOTE NO. 38****COMMITMENTS**

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

	536.81	6.08
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**NOTE NO. 39****CONTINGENT LIABILITIES**

Guarantees given by the bankers on behalf of company

	34.00	159.70
--	-------	--------

Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to Parents

	8.45	—
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Parent Share in Associates

	1,480.58	1,543.99
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- i. Income Tax Assessment have been completed upto the Accounting Year ended 31<sup>st</sup> March, 2014 i.e. AY 2014-15.
- ii. Sales Tax Assessment has been completed upto the Accounting year 2015-16.
- iii. In respect of Sales Tax matters, appeals are pending with Deputy Commissioner (Commercial Tax - Appellate) for a demand amount of ₹ 8.45 Lakhs (PY: Nil) towards appeal against ITC Reversal on 100% sales to Specific Economic Zone. In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on this matter.
- iv. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of ₹ 96.26 Lakhs (PY: ₹ 96.26 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.

(₹ in Lakhs)

2017-18 2016-17

**NOTE NO. 40**

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

**Defined Contribution Plan:**

Employer's Contribution to Provident Fund	177.98	168.36
Employer's Contribution to Superannuation Trust Fund	13.20	11.44

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

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

Opening defined Benefit Obligation	517.10	485.05
Current Service Cost	39.75	37.28
Past Service Cost	13.55	NIL
Interest Cost	36.21	36.69
Actuarial (gain) / loss	(-) 39.65	(-) 12.60
Benefits Paid	(-) 28.29	(-) 29.32
Closing Defined Benefit obligation	538.67	517.10

**Movement in the Present Value of Plan Assets:**

Opening fair value of plan assets	518.64	439.29
Expected return on plan assets	36.32	35.90
Actuarial gain / (loss)	2.08	1.42
Employer Contribution	NIL	71.35
Benefits paid	(-) 28.29	(-) 29.32
Closing fair value of plan assets	528.75	518.64

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

Fair value of plan assets	528.75	518.64
Present value of obligation	538.67	517.10
Present value of Funded defined obligation	9.92	1.54

**Cost of Define Benefit Plan:**

Current Service Cost	39.75	37.28
Interest Cost	(-) 0.11	0.79
Net Cost Recognized Statement in the Income	39.64	38.07
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	(-) 2.08	(-) 1.42
Actuarial (gain) / loss	(-) 39.65	(-) 12.60
NetCost recognized Comprehensive Income in the Other	(-)41.73	(-) 14.02

**Major Categories of Plan Assets:**

GOI Securities	-	-
Funds with LIC	526.24	516.16
Others	2.51	2.48
Total	528.75	518.64

**Actuarial Assumptions:**

Discount rate p.a.	7.50%	7.20%
Rate of escalation in salary p.a.	5.00%	5.00%

(₹ in Lakhs)

2017-18 2016-17

**Estimate of Expected Benefit payments**

Year 1	83.21	77.00
Year 2	87.32	84.50
Year 3	62.08	59.95
Year 4	73.84	54.28
Year 5	59.81	58.81
Next 5 Years	253.45	240.35

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	37.92	38.52
0.50% Decrease in Discount Rate	40.32	41.04
0.50% Increase in Salary Growth Rate	40.42	41.13
0.50% Decrease in Salary Growth Rate	37.83	38.42

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

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

Opening defined Benefit Obligation	144.53	123.28
Current Service Cost	17.94	15.15
Interest Cost	9.96	9.40
Actuarial (Gain) / Loss	11.49	2.29
Benefits Paid	(-) 12.47	(-) 5.58
Closing Defined Benefit Obligation	171.45	144.53

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

Opening Fair Value of Plan Assets	NIL	NIL
Expected Return on Plan Assets	NIL	NIL
Actuarial Gain / (Loss)	NIL	NIL
Employer Contribution	12.47	5.58
Benefits Paid	(-) 12.47	(-) 5.58
Closing Fair Value of Plan Assets	NIL	NIL

**Actual Return of Plan Assets:**

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

(₹ in Lakhs)

2017-18

2016-17

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

Fair Value of Plan Assets	NIL	NIL
Present Value of Obligation	171.45	144.53
Present Value of Funded Define Obligation	171.45	144.53

**Cost of Define Benefit Plan:**

Current Service Cost	17.94	15.15
Interest Cost	9.96	9.40
Actuarial (Gain) / Loss	11.49	2.29
Net Cost Recognized in the Income Statement	39.39	26.84

**Major Categories of Plan Assets:**

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

**Actuarial Assumptions:**

Discount Rate P.A.	7.50%	7.80%
Rate of Escalation in Salary P.A.	5.00%	5.00%

**Estimate of Expected Benefit Payments**

Year 1	33.05	30.22
Year 2	26.43	20.20
Year 3	16.53	14.52
Year 4	48.33	12.40
Year 5	12.02	39.15
Next 5 Years	46.40	34.95

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	19.30	17.45
0.50% Decrease in Discount Rate	20.36	18.46
0.50% Increase in Salary Growth Rate	20.36	18.47
0.50% Decrease in Salary Growth Rate	19.29	17.44

**NOTE NO. 41**

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

Name of the Company	Location	Principal activities of Business
<b>Material Associates</b>		
M/s. The Ramco Cements Limited	India	Manufacture of Building Materials
M/s. Rajapalayam Mills Limited	India	Manufacturer of Cotton Yarn
<b>Immaterial Associates</b>		
M/s. Ramco Industries Limited	India	Manufacture of Building Materials
M/s. Ramco Systems Limited	India	Software Development
M/s. Sri Vishnu Shankar Mill Limited	India	Manufacturer of Cotton Yarn
M/s. Ontime Industrial Services Limited	India	Goods Transport Services
M/s. Sri Harini Textiles Limited	India	Manufacturer of Cotton Yarn
M/s. Shri Harini Media Limited	India	Publications
M/s. Ramco Windfarms Limited	India	Generation of Wind Energy

Name of the Company	% of Shareholding as at	
	31-03-2018	31-03-2017
M/s. The Ramco Cements Limited	1.52	1.52
M/s. Ramco Industries Limited	0.16	0.16
M/s. Ramco Systems Limited	0.04	0.04
M/s. Rajapalayam Mills Limited	1.83	1.83
M/s. Sri Vishnu Shankar Mill Limited	0.75	0.75
M/s. Ontime Industrial Services Limited	9.36	9.36
M/s. Sri Harini Textiles Limited	49.67	49.67
M/s. Shri Harini Media Limited	3.21	4.74
M/s. Ramco Windfarms Limited	6.16	5.85

**Summarised financial information for Associates :**

The summarized consolidated financial statements of the material associates are as below: (₹ in lakhs)

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
<b>As at 31-03-2018</b>						
The Ramco Cements Limited	5,65,696.00	20,064.00	1,30,042.00	1,19,331.00	1,85,643.00	4,10,828.00
Rajapalayam Mills Limited	32,662.18	1,38,123.58	18,724.47	(7,642.77)	(21,759.08)	1,60,108.38

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
<b>As at 31-03-2017</b>						
The Ramco Cements Limited	5,46,481.00	18,392.00	1,42,178.00	1,24,763.00	2,02,548.00	3,79,740.00
Rajapalayam Mills Limited	33,648.45	1,29,279.54	21,031.44	10,709.09	24,426.41	1,48,823.83

(₹ in lakhs)

Profit and Loss	The Ramco Cements Limited		Rajapalayam Mills Limited	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Total Revenue	4,61,643.00	4,62,125.00	43,227.10	41,457.17
Profit before Tax	79,128.00	85,691.00	1,409.22	3,785.26
Tax Expenses	23,106.00	20,270.00	(391.38)	250.16
Profit after Tax	56,022.00	65,421.00	1,800.60	3,535.10
Share of Profit in Associates	483.00	977.00	9,742.95	10,984.35
Other Comprehensive Income	(172.00)	124.00	(23.53)	(54.87)
Share of OCI of Associate	82.00	82.00	41.00	42.49
Total Comprehensive Income	56,415.00	66,356	11,561.02	14,507.07

Name of the Material Associates	Fair Value of Investments	
	31-03-2018	31-03-2017
M/s. The Ramco Cements Limited	13,455.96	12,717.57
M/s. Rajapalayam Mills Limited	1,060.15	1,306.18

Share of contingent Liabilities in respect of associates:

Name of the Material Associates	31-03-2018	31-03-2017
M/s. The Ramco Cements Limited	1,459.99	1,526.14
M/s. Rajapalayam Mills Limited	12.67	11.39

Reconciliation to the carrying amount of investment in associates as on 31-03-2018 and 31-03-2017:

Profit and Loss	The Ramco Cements Limited		Rajapalayam Mills Limited	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Entity's TCI	55,257.00	66,356.00	12,476.63	14,507.07
Entity's Adjusted TCI	55,066.00	66,288.00	12,494.82	14,547.19
Effective shareholding %	1.54	1.52	1.83	1.83
Associates share of profit / OCI	841.11	1,008.38	231.12	265.88
Amount recognized in P & L	841.11	1,008.38	231.12	265.88
<b>Reconciliation</b>				
Opening Carrying amount	12,717.57	11,709.19	1,306.18	1,040.3
Less: Other Adjustments	-	-	471.74	-
Add : Associate's share of Profit / OCI	841.11	1,008.38	231.12	265.88
Less: Dividend received	108.72	-	5.41	-
Net Carrying amount	13,455.96	12,717.57	1,060.15	1,306.18

Notes: 1) Adjusted TCI represents total comprehensive income of the entity after eliminating effects of reciprocal interests and unrealized profits.

2) Effective shareholdings represent the aggregate of direct holding and indirect holding through fellow associates.

(₹ in lakhs)

The Group's aggregate share of profit and other comprehensive income in its individually immaterial as sociates are furnished below:

<b>Aggregate amounts of Group's share of:</b>	<b>31-03-2018</b>	31-03-2017
Profit after Tax	<b>53.12</b>	(29.71)
Other Comprehensive Income	<b>1.16</b>	(0.72)
Total Comprehensive Income	<b>54.28</b>	(30.43)

**NOTE NO. 42**

**EARNINGS PER SHARE**

<b>Particulars</b>	<b>31-03-2018</b>	31-03-2017
Net Profit after Tax (₹ in Lakhs) (A)	<b>886.12</b>	1,661.59
Weighted average number of Equity Shares [InLakhs] (B)	<b>39.47</b>	19.73
Nominal value per Equity Share (in ₹)	<b>10.00</b>	10.00
Basic & Diluted Earnings per Share (A) / (B) in ₹	<b>22.46</b>	84.22

**NOTE NO. 43**

**RELATED PARTY TRANSACTIONS**

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31<sup>st</sup> March 2018:

**a. Associates Company**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		<b>31-03-2018</b>	31-03-2017
M/s. The Ramco Cements Limited	India	<b>1.54</b>	1.52
M/s. Ramco Industries Limited	India	<b>0.16</b>	0.16
M/s. Ramco Systems Limited	India	<b>0.04</b>	0.04
M/s. Rajpalayam Mills Limited	India	<b>1.83</b>	1.83
M/s. Sri Vishnu Shankar Mill Limited	India	<b>0.75</b>	0.75
M/s. Ontime Industrial Services Limited	India	<b>9.36</b>	9.36
M/s. Sri Harini Textiles Limited	India	<b>49.67</b>	49.67
M/s. Shri Harini Media Limited	India	<b>3.21</b>	4.74
M/s. Ramco Windfarms Limited	India	<b>6.16</b>	5.85



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

Name of the Key Management Personnel	Designation
Shri P.R. Ramasubrahmaneya Rajha	Chairman (Upto 11-05-2017)
Shri P.R. Venketrama Raja	Chairman (From 04-06-2017)
Smt. Nalina Ramalakshmi	Managing Director
Shri N.R.K. Ramkumar Raja	Managing Director
Shri P.R. Ramasubramanian	Chief Financial Officer
Shri A. Emarajan	Company Secretary
Shri N.K. Shrikantan Raja	Non-Executive Director
Shri P.J. Alaga Raja	Independent Director
Shri S. Kanthimathinathan	Non-Executive Director
Justice Shri P.P.S. Janarthana Raja	Independent Director
Shri V. Santhanaraman	Independent Director
Shri P.J. Ramkumar Rajha	Independent Director
Shri K. Manoharan	Nominee Director

**c. Relatives of Key Managerial Personnel**

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

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

M/s. Thanjavur Spinning Mill Limited

M/s. Sandhya Spinning Mill Limited

M/s. Rajapalayam Textile Limited

M/s. Ramco Private Limited

**e. Employee Benefit Funds where control exists**

The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund

The Ramaraju Surgical Cotton Mills Limited Employees' Gratuity Fund

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

M/s. P.A.C.R. Sethurammammal Charity Trust

M/s. N.R.K. Infra System Private Limited

M/s. N.R.K. Distribution Services

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

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

Name of the Related party	Value	
	2017-18	2016-17
(₹ in Lakhs)		
<b>i. Good Supplied / Services rendered</b>		
<b>Associates</b>		
M/s. Rajapalayam Mills Limited	726.77	200.58
M/s. Ramco Industries Limited	59.83	133.49
M/s. The Ramco Cements Limited	–	0.12
M/s. Sri Vishnu Shankar Mill Limited	115.84	400.30
M/s. Sri Harini Textiles Limited	2299.86	2425.94
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Sandhya Spinning Mill Limited	525.58	686.34
M/s. Thanjavur Spinning Mill Limited	–	37.33
M/s. Rajapalayam Textile Limited	0.02	–
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
M/s. Ramco Industries Limited	NIL	5.57
<b>iii. Cost of Goods &amp; Services Purchased / Availed</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	4.29	95.63
M/s. Ramco Industries Limited	59.90	180.72
M/s. Ramco Systems Limited	16.25	13.89
M/s. Rajapalayam Mills Limited	825.83	149.88
M/s. Sri Vishnu Shankar Mill Limited	601.45	818.76
M/s. Shri Harini Media Limited	4.88	14.15
M/s. Ramco Wind Farms Limited	362.54	329.02
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Sandhya Spinning Mill Limited	328.06	654.18
M/s. Thanjavur Spinning Mill Limited	434.10	449.33
M/s. Rajapalayam Textile Limited	231.88	154.07
<b>Other entities over which there is a significant influence</b>		
M/s. P.A.C.R. Sethurammam Charity Trust	9.84	7.15
M/s. N.R.K. Distribution Services	46.09	19.37
M/s. N.R.K. Infra System Private Limited	7.28	7.26

Name of the Related party	Value	
	2017-18	2016-17
(₹ in Lakhs)		
<b>iv. Leasing Arrangements - Rent Paid</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	0.69	0.61
<b>v. Dividend Paid</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	0.03	NIL
Smt. Nalina Ramalakshmi	7.46	NIL
Shri N.R.K. Ramkumar Raja	0.73	NIL
<b>Associates</b>		
M/s. Rajapalayam Mills Limited	0.02	NIL
M/s. Sri Vishnu Shankar Mill Limited	0.01	NIL
<b>Relative of Key Management Personnel</b>		
Smt. Saradha Deepa	0.04	NIL
Shri N.K. Ramasamy Raja	0.05	NIL
Shri N.K. Shrikantan Raja	0.06	NIL
Shri N.R.K. Venkatesh Raja	0.10	NIL
Smt. P.S. Ramani Devi	0.07	NIL
<b>vi. Dividend Received</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	108.72	NIL
M/s. Ramco Industries Limited	0.68	NIL
M/s. Rajapalayam Mills Limited	5.41	NIL
<b>vii. Interest Paid / (Received)</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	159.55	96.81
Shri N.R.K. Ramkumar Raja	28.67	23.42
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	(1.10)	(1.10)
<b>viii. Sitting Fees</b>		
<b>Key Management Personnel</b>		
Shri P.R. Ramasubrahmaneya Rajha	NIL	0.85
Shri P.R. Venketrama Raja	0.80	0.30
Shri N.K. Shrikantan Raja	1.25	1.15
Shri P.J. Alaga Raja	1.20	1.00
Justice Shri P.P.S. Janarthana Raja	0.80	0.65
Shri V. Santhanaraman	0.80	0.65
Shri P.J. Ramkumar Rajha	1.10	0.70
Smt. Nalina Ramalakshmi	0.65	0.45
Shri N.R.K. Ramkumar Raja	0.85	0.60
Shri K. Manoharan	0.60	NIL
Shri M. Sridharan	NIL	0.45

(₹ in Lakhs)

Name of the Related party	Value	
	2017-18	2016-17
<b>ix. Remuneration to Key Management Personnel (Other than Sitting Fees)</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi, Managing Director	135.90	135.90
Shri N.R.K. Ramkumar Raja, Managing Director	61.72	61.72
Shri P.R. Ramasubramanian, Chief Financial Officer	25.01	17.47
Shri A. Emarajan, Company Secretary	7.42	6.74
<b>x. Contribution to Superannuation Fund / Gratuity Fund</b>		
<b>Other entities over which there is a significant influence</b>		
The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund	13.20	11.44
<b>xi. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	(2,075.65)	(571.50)
Shri N.R.K. Ramkumar Raja	(321.50)	(250.00)
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	10.00	10.00
<b>xii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	3.32	1.84
<b>xiii. Purchase of Equity Shares of Ramco Windfarms Limited</b>		
<b>Associates</b>		
M/s. Sri Vishnu Shankar Mill Limited	0.19	–
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Sandhya Spinning Mill Limited	0.12	–
<b>b. Outstanding balance including commitments</b>		
<b>i. Loans and Advances</b>		
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Sri Harini Textiles Limited	10.00	10.00
<b>ii. Borrowings</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	(1,899.78)	(571.50)
Shri N.R.K. Ramkumar Raja	(321.50)	(250.00)

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(₹ in Lakhs)

Name of the Related party	31-03-2018	31-03-2017
<b>iii. Security Deposit paid by virtue of Joint Ownership of shares with APGPCL</b>		

**Associates**

M/s. The Ramco Cements Limited	11.50	11.50
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**iv. Corporate Guarantee availed from Related parties**

**Associates**

M/s. Rajapalayam Mills Limited	8,860	8,860
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These Guarantee have been received as an additional security to secure the borrowings.

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

Particulars	31-03-2018	31-03-2017
Short - Term Benefits (1)	210.99	202.83
Defined Contribution Plan (2)	20.58	20.04
Defined Benefit Plan / Other Long-Term Benefits(3)	-	-
<b>Total</b>	<b>231.57</b>	<b>222.87</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.

44. Segment Information for the year ended 31<sup>st</sup> March, 2018 (₹ in lakhs)

Particulars	Textiles		Surgicals		Fabrics		Windmill Power		Total	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
<b>REVENUE</b>										
External Sales (Net)	16,644.50	18,821.69	3,757.47	3,481.06	5,730.11	1,593.65	-	-	26,132.08	23,896.40
Inter Segment Sale	2,039.27	1,218.67			495.79	485.53	1,034.39	1,034.39	3,618.98	2,738.59
Total Sales	18,683.77	20,040.36	3,757.47	3,481.06	6,225.90	2,079.18	1,034.39	1,034.39	29,751.06	26,634.99
Other Income	186.88	145.47	5.64	4.95	2.63	0.79	-	-	195.15	151.21
<b>Total Revenue</b>	<b>18,755.84</b>	<b>20,185.83</b>	<b>3,763.11</b>	<b>3,486.01</b>	<b>6,228.53</b>	<b>2,079.97</b>	<b>1,034.39</b>	<b>1,034.39</b>	<b>29,946.21</b>	<b>26,786.20</b>
<b>RESULT</b>										
Segment Result	( 600.28)	893.21	633.73	581.75	639.30	35.08	791.58	791.58	1,518.97	2,301.62
Unallocated Income										
Unallocated Expenses										
Operating Profit									1,518.97	2,301.62
Interest Expenses									2,168.43	1,725.42
Interest Income									142.79	160.45
Provision for Taxation										
Current Tax										150.20
Deferred Tax									(244.90)	323.35
MAT Credit Entitlement										(150.20)
Income Tax related to earlier Years										-
Profit from Ordinary Activities									(261.77)	413.30
Other Comprehensive Income									41.73	14.02
Share of TCI from Associates									1,132.51	1,244.46
<b>Total Comprehensive Income</b>									<b>912.47</b>	<b>1,671.78</b>
<b>OTHER INFORMATION</b>										
Segment Assets	20,150.30	23,927.13	1,900.95	1,796.10	11,143.31	7,397.03	1,944.60	2,088.01	35,139.16	35,208.27
Unallocated Assets									15,745.40	15,089.47
<b>Total Assets</b>	<b>20,150.30</b>	<b>23,927.13</b>	<b>1,900.95</b>	<b>1,796.10</b>	<b>11,143.31</b>	<b>7,397.03</b>	<b>1,944.60</b>	<b>2,088.01</b>	<b>50,784.56</b>	<b>50,297.74</b>
Segment Liabilities	15,776.54	22,849.32	2,375.89	1,933.95	11,006.31	4,315.40	-	-	29,158.74	29,098.67
Unallocated Liabilities										
<b>Total Liabilities</b>	<b>15,776.54</b>	<b>22,849.32</b>	<b>2,375.89</b>	<b>1,933.95</b>	<b>11,006.31</b>	<b>4,315.40</b>	<b>-</b>	<b>-</b>	<b>29,158.74</b>	<b>29,098.67</b>
Capital Expenditure	690.98	314.26	66.03	174.18	3,395.07	5,709.83	-	-	4,152.08	6,198.27
Unallocated Capital Expenditure										
Depreciation	1,163.35	1,056.69	71.84	57.82	329.47	176.39	140.30	143.41	1,704.96	1,434.31
Unallocated Depreciation										
Expenditure										
Non-Cash Expenses other than Depreciation										

**NOTE NO. 45**

**DISCLOSURE OF FAIR VALUE MEASUREMENTS**

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

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2018</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	840.00	–	–	840.00	840.00
Other Investments	0.44	–	–	0.44	0.44
Loans	10.00	–	–	10.00	10.00
Trade Receivables	2,039.21	–	–	2,039.21	2,039.21
Cash and Cash Equivalents	383.84	–	–	383.84	383.84
Bank Balance other than Cash and Cash Equivalents	11.80	–	–	11.80	11.80
Other Financial Assets	94.33	–	–	94.33	94.33
<b>Financial Liabilities</b>					
Borrowings	9,545.76	–	–	9,545.76	9,545.76
Trade Payables	605.76	–	–	605.76	605.76
Other Financial Liabilities	3,909.37	–	–	3,909.37	3,909.37
<b>As at 31-03-2017</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	840.00	–	–	840.00	840.00
Other Investments	0.55	–	–	0.55	0.55
Loans	10.00	–	–	10.00	10.00
Trade Receivables	1,923.67	–	–	1,923.67	1,923.67
Cash and Bank Balances	345.33	–	–	345.33	345.33
Bank Balance other than Cash and Cash Equivalents	11.94	–	–	11.94	11.94
Other Financial Assets	127.62	–	–	127.62	127.62
<b>Financial Liabilities</b>					
Borrowings	8,036.09	–	–	8,036.09	8,036.09
Trade Payables	1,677.47	–	–	1,677.47	1,677.47
Other Financial Liabilities	3,481.10	–	–	3,481.10	3,481.10

**Fair value hierarchy**

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

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

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

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

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
<b>Investment in unlisted securities</b>				
As at 31-03-2018	–	–	0.44	0.44
As at 31-03-2017	–	–	0.55	0.55

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

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

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

#### NOTE NO. 46

##### FINANCIAL RISK MANAGEMENT

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

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

Categories of Risk	Nature of Risk
Credit Risk	Receivables
	Financial Instruments and Cash Deposits
Liquidity Risk	Fund Management
Market Risk	Foreign Currency Risk
	Cash Flow and Fair Value Interest Rate Risk

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

##### Credit Risk

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



### 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 credit worthiness of the customers on case to case basis.

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

(₹ in Lakhs)

As at 31-03-2018	Due less than 45 days	46 to 90 days	More than 90 days	Total
Gross carrying amount	1,453.01	553.01	33.19	2,039.21
Expected Loss Rate	–	–	–	–
Expected Credit Losses	–	–	–	–
Carrying amount of trade receivables net of impairment	1,453.01	553.01	33.19	2,039.21

(₹ in Lakhs)

As at 31-03-2017	Due less than 45 days	46 to 90 days	More than 90 days	Total
Gross carrying amount	1763.56	73.88	86.23	1923.67
Expected Loss Rate	–	–	–	–
Expected Credit Losses	–	–	–	–
Carrying amount of trade receivables net of impairment	1763.56	73.88	86.23	1923.67

### 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 credit worthiness of the financial institutions.

### Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. The Company has laid well defined policies and procedures facilitated by robust information system for timely and qualitative decision making by the management including its day to day operations.

### Financial Arrangements

The Company has access to the following undrawn borrowing facilities:

Particulars	31-03-2018	31-03-2017
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	6,907	5,545
Term Loans	3,629	448

### Maturities of Financial Liabilities

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	> 5 years	Total
<b>As at 31-3-2018</b>				
Borrowings from Banks	3,052.47	9,545.76	–	12,602.04
Trade Payables	605.76	–	–	605.76
Other Financial Liabilities (incl. Interest)	856.90	–	–	856.90
<b>As at 31-3-2017</b>				
Borrowings from Banks	2,575.89	8,036.09	–	10,611.98
Trade Payables	1,677.47	–	–	1,677.47
Other Financial Liabilities (Incl. Interest)	905.21	–	–	905.21

### 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 there of, (both interest and exchange rate risk) and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contract after taking into consideration the anticipated Foreign exchange inflows/outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

### Cash Flow and Fair Value Interest Rate Risk

Interest rate risk arises from long term borrowings with variable rates which exposed the company to cash flow interest rate risk. The Company's fixed rate borrowing are carried at amortized cost and therefore are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of the change in market interest rates. The Company is exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing, which is mainly addressed through the management of the fixed / floating ratio of financial liabilities. The Company constantly monitors credit markets to strategize a well-balanced maturity profile in order to reduce both the risk of refinancing and large fluctuations of its financing cost. The Company believes that it can source funds for both short term and long term at a competitive rate considering its strong fundamentals on its financial position.

### Interest Rate Risk Exposure

(₹ in Lakhs)

Particulars	31-03-2018	31-03-2017
Variable rate borrowings	12,602.04	10,611.98

The Company does not have any interest rate swap contracts.

### Sensitivity on Interest Rate Fluctuation

Incremental Interest Cost works out to		
1% Increase in Interest Rate	126.02	106.12



**NOTE NO. 47**

**CAPITAL MANAGEMENT**

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the Shareholders' wealth.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus debt.

(₹ in Lakhs)

Particulars	31-03-2018	31-03-2017
Long Term Borrowings	9,545.76	8,036.09
Current Maturities of Long Term borrowings	3,052.47	2575.89
Short Term Borrowings	13,283.88	13,870.43
Less: Cash and Cash Equivalents	395.64	357.27
<b>Net Debt (A)</b>	<b>25,486.47</b>	24125.14
Equity Share Capital	394.66	197.33
Other Equity	6,691.20	7,017.51
<b>Total Equity (B)</b>	<b>7,085.86</b>	7,214.84
<b>Total Capital Employed (C) = (A) + (B)</b>	<b>32,572.33</b>	31,339.98
<b>Capital Gearing Ratio (A) / (C)</b>	<b>78%</b>	77%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans/borrowing. The Company has been consistently focusing on reduction in long term borrowings. There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31-03-2018 and 31-03-2017.

As per our report annexed

For N.A. JAYARAMAN & CO

Chartered Accountants

Firm Registration No. 001310S

R. PALANIAPPAN

Proprietor

Membership No. 205112

Rajapalayam

29<sup>th</sup> May, 2018

P.R. VENKETRAMA RAJA

CHAIRMAN

P.R. RAMASUBRAMANIAN

CHIEF FINANCIAL OFFICER

SMT. NALINA RAMALAKSHMI

MANAGING DIRECTOR

A. EMARAJAN

COMPANY SECRETARY

## PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

### THE RAMARAJU SURGICAL COTTON MILLS LIMITED

[CIN : U17111TN1939PLC002302]

Regd. Office : RSCM Premises, 119, P.A.C. Ramasamy Raja Salai,  
Rajapalayam - 626 117. Tamil Nadu

Name of the Member(s) : .....

Registered Address : .....

E-mail Id : .....

Folio No. / DP Id. & Client Id.: .....

I/We, being the Member(s) of ..... shares of the above named Company, hereby appoint

1. Name : ..... Address : .....

E-mail Id : ..... Signature : ..... or failing him/her

2. Name : ..... Address : .....

E-mail Id : ..... Signature : ..... or failing him/her

3. Name : ..... Address : .....

E-mail Id : ..... Signature : .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 78<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, the 10<sup>th</sup> August, 2018 at 9.30 A.M. at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
	<b>Ordinary Business</b>
1	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March, 2018
2	Declaration of Dividend for the year 2017-18
3	Appointment of Shri P.R. Venketrama Raja as Director, who retires by rotation
4	Appointment of Shri N.K. Shrikantan Raja as Director, who retires by rotation

*Please see overleaf for Special Business*

### THE RAMARAJU SURGICAL COTTON MILLS LIMITED

[CIN : U17111TN1939PLC002302]

Regd. Office : RSCM Premises, 119, P.A.C. Ramasamy Raja Salai,  
Rajapalayam - 626 117. Tamil Nadu

#### ATTENDANCE SLIP

*(To be handed over at the entrance of the Meeting Hall)*

I / We hereby record my/our presence at the 78<sup>th</sup> Annual General Meeting of the Company.

Venue : P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens,  
P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108.

Date & Time : Friday, the 10<sup>th</sup> August, 2018 at 9.30 A.M.

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

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

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

Resolution No.	Resolutions
<b>Special Business - Special Resolution</b>	
5	Re-appointment of Shri N.R.K. Ramkumar Raja as Managing Director
6	Re-appointment of Shri P.J. Alaga Raja as an Independent Director
7	Re-appointment of Justice Shri P.P.S. Janarthana Raja as an Independent Director
8	Re-appointment of Shri V. Santhanaraman as an Independent Director
9	Re-appointment of Shri P.J. Ramkumar Rajha as an Independent Director
<b>Special Business - Ordinary Resolution</b>	
10	Ratification of fee payable to Shri M. Kannan, Cost Accountant, appointed as Cost Auditor of the Company for the financial year 2018-19

Signed this..... day of ..... 2018

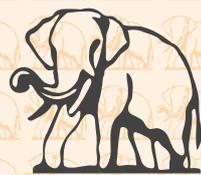
Signature of Shareholder .....

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

Affix Revenue Stamp
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Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.





**THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED**

119 P A C Ramasamy Raja Salai, Rajapalaiyam 626 117, Tamilnadu, India