

RAJAPALAYAM MILLS LIMITED

RAJAPALAIYAM



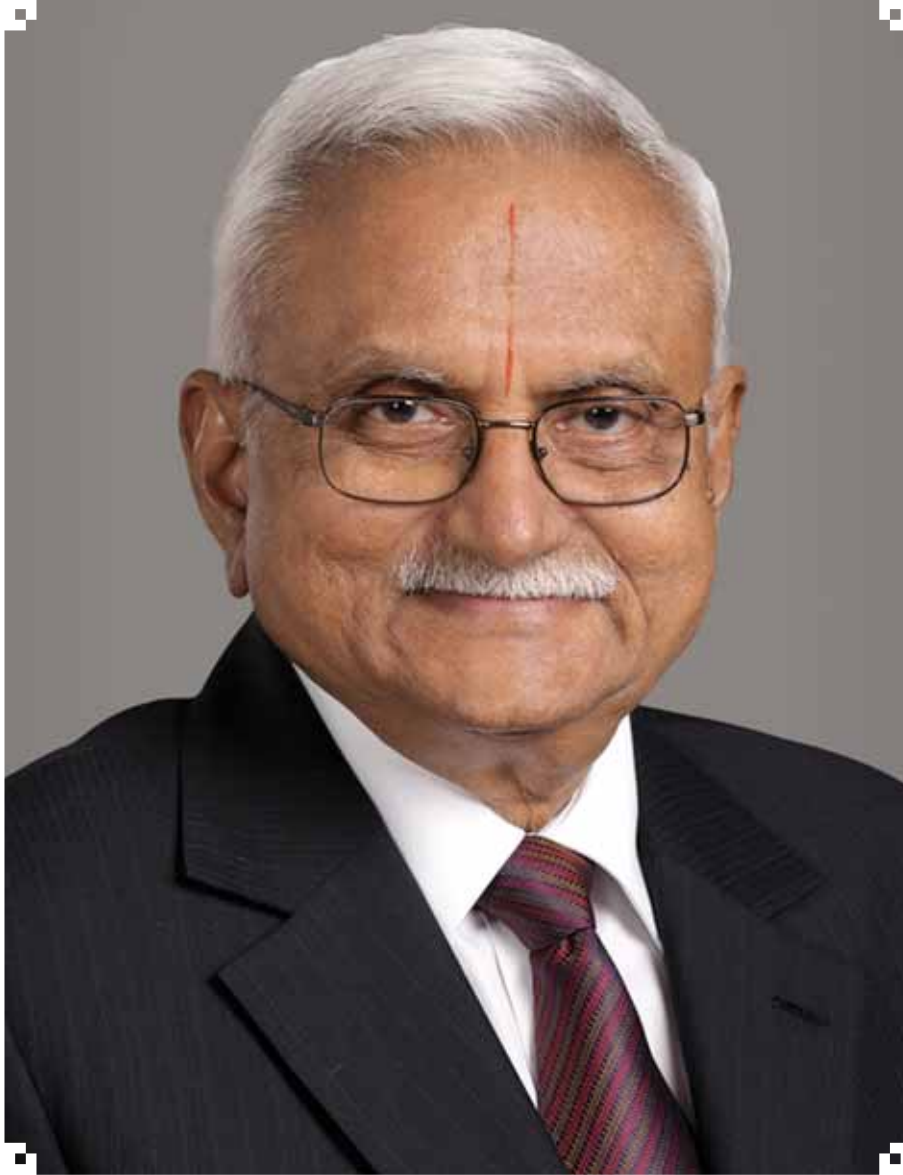
Annual Report and Accounts for the year ended 31st March 2018



FOUNDER



SHRI P.A.C. RAMASAMY RAJA



“Gurubakthamani”
SHRI P.R. RAMASUBRAHMANEYA RAJHA
Sridharmarakshakar - Ramco Group



Board of Directors

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

Smt. R. SUDARSANAM
Managing Director

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

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

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

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

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

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

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

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

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

Chief Financial Officer

Shri B. Gnanagurusamy

Secretary

Shri A. Arulpranavam

Registered Office

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

E-mail : rajacot@ramcotex.com

Phone No.: 04563-235666

Fax No.: 04563-236520

Website:

www.rajapalayammills.co.in

Corporate Identification Number :

L17111TN1936PLC002298

Bankers

Axis Bank Limited

HDFC Bank Limited

ICICI Bank Limited

IndusInd Bank Limited

Kotak Mahindra Bank Limited

Punjab and Sind Bank

RBL Bank Limited

Tamilnad Mercantile Bank Limited

The Federal Bank Limited

Yes Bank Limited

Auditors

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

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

Secretarial Auditor

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

Cost Auditor

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



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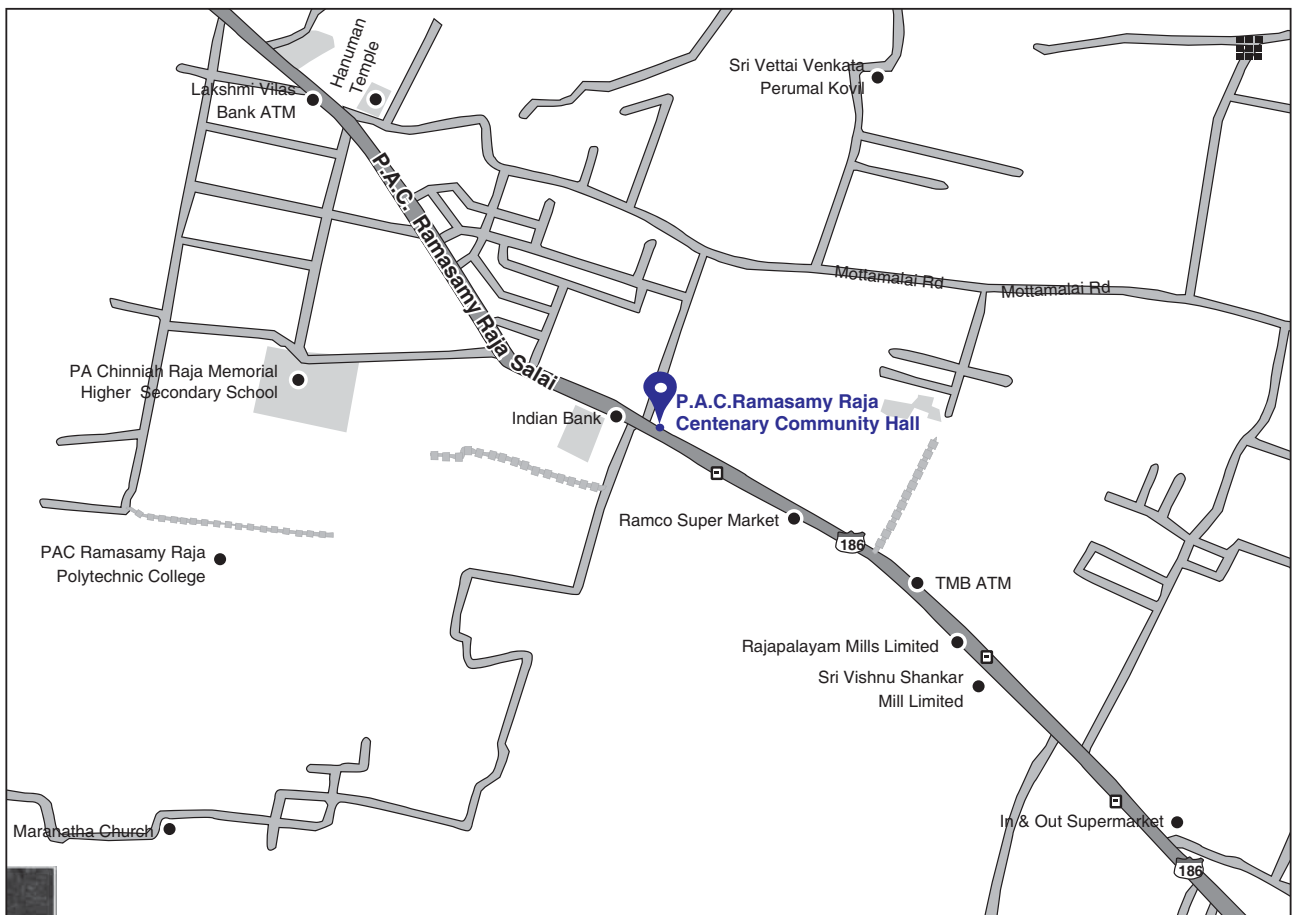
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Map Showing location of venue of 82nd Annual General Meeting

**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

NOTICE



NOTICE TO THE MEMBERS

Notice is hereby given that the 82nd Annual General Meeting of the Company will be held at 10.00 A.M. on Friday, the 10th 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 Directors' Report and the Company's Separate and Consolidated Audited Financial Statements for the year ended 31st 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 ₹ 4/- per Share be and is hereby declared for the year ended 31st March, 2018 and the same be paid to those Shareholders whose name appear in the Register of Members and Register of Depositories as on 3rd August, 2018."
3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri A.V. Dharmakrishnan (DIN: 00693181), who retires by rotation, be and is hereby re-appointed as Director of the Company."
4. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:
"RESOLVED that Shri P.V. Abinav Ramasubramaniam Raja (DIN: 07273249), who retires by rotation, be and is hereby re-appointed as Director of the Company."

SPECIAL BUSINESS

5. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:
"RESOLVED that pursuant to Section 149, 152 and such other provisions as applicable of the Companies Act, 2013 and the Rules thereunder Shri N.K. Ramasuwami Raja (DIN 00432698), 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.

RESOLVED FURTHER that pursuant to Regulation 17 (1A) of SEBI (Listing Obligations and Disclosures Requirements) Amendment Regulations, 2018, Shri N.K. Ramasuwami Raja, who attains the age of 75 years on 10-06-2018, shall continue to occupy the position of Non-Executive Director under Independent category from 01-04-2019 to 31-03-2024."
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, Justice Shri P.P.S. Janarthana Raja (DIN 06702871), 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."



NOTICE

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, Shri V. Santhanaraman (DIN 00212334), Independent Director of the Company, whose term ends on 31-03-2019 be reappointed as Independent Director for another term of 5 years starting from 01-04-2019 to 31-03-2024."
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 K.B. Nagendra Murthy (DIN 00359864), Independent Director of the Company, whose term ends on 03-08-2019 be reappointed as Independent Director for another term of 5 years starting from 04-08-2019 to 03-08-2024."
9. To consider and pass the following Resolution, as a SPECIAL RESOLUTION:
"RESOLVED that pursuant to Regulation 17 (1A) of SEBI (Listing Obligations and Disclosures Requirements) Amendment Regulations, 2018, Shri S.S. Ramachandra Raja (DIN 00331491), Non-Executive Director of the Company, who has attained the age of 75 years, shall continue to occupy the position of Non-Executive Director liable to retire by rotation beyond 01-04-2019."
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 ₹ 93,000/- (Rupees Ninety Three 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 products, be and is hereby ratified and confirmed."

By Order of the Board,
For RAJAPALAYAM MILLS LIMITED,

P.R. VENKETRAMA RAJA
CHAIRMAN

RAJAPALAIYAM,
29th May, 2018.



NOTICE

NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
2. **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 attached. Members, proxies and Authorized Representatives are requested to bring the duly filled-in and signed, attendance slips to the Meeting.
4. The cut-off date will be Friday, the 3rd August, 2018 for determining the eligibility to vote by remote e-Voting or in General Meeting.
5. Under Section 124 of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules, 2016'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government.

Hence, the Members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund.

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

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2011 Dividend	20-07-2011	19-07-2018	17-08-2018
31-03-2012 Dividend	06-08-2012	05-08-2019	03-09-2019
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 Interim Dividend Final Dividend	03-02-2014 04-08-2014	02-02-2021 03-08-2021	03-03-2021 01-09-2021
31-03-2015 Dividend	12-08-2015	11-08-2022	09-09-2022



NOTICE

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEPF FUND
31-03-2016 Interim Dividend	16-03-2016	15-03-2023	13-04-2023
31-03-2017 Dividend	10-08-2017	09-08-2024	07-09-2024

6. In accordance with Section 124(6) of the Companies Act, 2013 and IEPF Rules 2016, the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account') within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, the Company had transferred 1,76,815 shares of ₹ 10 each to the IEPF Account on which the dividends remained unpaid or unclaimed for seven consecutive years with reference to the due date of 31st October, 2017 after following the prescribed procedure. Further, all the shareholders who have not claimed/ encashed their dividends in the last seven consecutive years from 2011 are requested to claim the same by 30th June, 2018. In case valid claim is not received by that date, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules. In this regard, the Company has individually informed the shareholders concerned and also published notice in the newspapers as per the IEPF Rules. The statement containing the details of the Shareholders and the shares due for transfer is also uploaded on the Company's website, <http://www.rajapalayammills.co.in> for information and necessary action by the Shareholders. In the event of the Shareholders not claiming the dividend and the shares are transferred to IEPF, the Shareholders are still entitled to claim the shares from IEPF by making an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form are available at <http://www.rajapalayammills.co.in> and also on www.iepf.gov.in
7. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for the financial year 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.rajapalayammills.co.in for their download.
8. 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.



NOTICE

9. 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".
10. 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 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015], the Company is providing members facility to exercise their right to vote at the 82nd Annual General Meeting (AGM) by electronic means 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 or polling paper 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
- 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 and voted on an earlier voting of any Company, then your existing password is to be used.



NOTICE

- 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 R. Shanmugaprasath with folio number 1 then enter RS00000001 in the PAN Field.
 - (b) Please enter any one of the following details in order to login:
 - Date of Birth:** Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
 - Dividend Bank Details:** Please enter Dividend Bank Details as recorded in your demat account or in the company records.

If both of the above details are not recorded with the depository or Company, please enter the User ID [mentioned in (iii) above] in the Dividend Bank details field.
- 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 RAJAPALAYAM MILLS LIMITED on which you choose to vote.
- ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.



NOTICE

- 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 Custodian are required to log on to 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 emailed to helpdesk.evoting@cdslindia.com. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- D. The facility for remote e-Voting shall remain open from 9.00 A.M. on Monday the 6th August, 2018 to 5.00 P.M. on Thursday the 9th 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 3rd August, 2018, may opt for remote e-Voting. e-Voting shall not be allowed beyond 5.00 PM on 9th 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.co.in under help section or write an email to 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 3rd 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.
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NOTICE

- 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 polling paper 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 thereafter unblock the votes cast through remote e-voting in the presence of atleast 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 RAJAPALAYAM MILLS LIMITED,

P.R. VENKETRAMA RAJA
CHAIRMAN

RAJAPALAIYAM,
29th May, 2018.



NOTICE

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

Shri N.K. Ramasuwami Raja (DIN 00432698) aged 74 is a Non-Executive Independent Director of the Company.

At the Annual General Meeting held on 04-08-2014, Shri N.K. Ramasuwami Raja was appointed as Independent Director of the Company, for a period of 5 years starting from 01-04-2014 to 31-03-2019. 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 SEBI (LODR) Regulations, 2015 and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Shri N.K. Ramasuwami Raja as an Independent Director and found the same to be satisfactory and his contributions to the deliberations were beneficial in Board / Committee Meetings.

In accordance with Part D (A) (5) of Schedule II, read with Regulation 19(4) of SEBI (LODR) Regulations, 2015 and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 28-05-2018 had recommended to extend the term of office of Shri N.K. Ramasuwami Raja by re-appointing him for another term of 5 years starting 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 have also formed an opinion that Shri N.K. Ramasuwami Raja fulfills the conditions specified in the Companies Act, 2013 for such re-appointment.

Shri N.K. Ramasuwami Raja is eligible for sitting fee 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.

Shri N.K. Ramasuwami Raja attains the age of 75 years on 10-06-2018. In terms of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018, the re-appointment of Shri N.K. Ramasuwami Raja requires approval by way of Special Resolution. The Board of Directors have acknowledged that the vast experience and deliberations made by Shri N.K. Ramasuwami Raja at the Meetings of the Company has guided the Company in taking right decisions and he has immensely contributed to the growth of the Company. The Board of Directors recommended continuing the directorship of Shri N.K. Ramasuwami Raja as a Non-Executive Director under Independent category from 01-04-2019 to 31-03-2024.



NOTICE

His re-appointment has been included as Special Resolution.

His Profile in brief is given below:-

Shri N.K. Ramasuwami Raja, holds a Degree in Science and is the Managing Director of M/s. Madras Chipboards Limited.

He has been on the Board of Rajapalayam Mills Limited since 1980.

He is a Director in the following Companies:-

1. Madras Chipboards Limited, Managing Director
2. Sri Harini Textiles Limited
3. Ramco Agencies Private Limited
4. Rajapalayam Chamber of Commerce and Industry
5. Digvijai Polytex Private Limited

He is also a Member in the following Committees:-

Name of the Company	Name of the Committee	Position Held
Rajapalayam Mills Limited	Audit Committee	Member
Rajapalayam Mills Limited	Nomination & Remuneration Committee	Member
Sri Harini Textiles Limited	Share Transfer Committee	Member
Madras Chipboards Limited	Share Transfer Committee	Chairman

He holds 15,400 shares in Rajapalayam Mills Limited.

The draft letter of re-appointment for Shri N.K. Ramasuwami 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 N.K. Ramasuwami 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 SEBI (LODR) Regulations, 2015.

Item No. 6

Justice Shri P.P.S. Janarthana Raja (DIN 06702871) aged 67, is a Non-Executive Independent Director of the Company.



NOTICE

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 starting from 01-04-2014 to 31-03-2019. 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 SEBI (LODR) Regulations, 2015 and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Justice Shri P.P.S. Janarthana Raja as an Independent Director and found the same to be satisfactory and his contributions to the deliberations were beneficial in Board / Committee Meetings.

In accordance with Part D (A) (5) of Schedule II, read with Regulation 19(4) of SEBI (LODR) Regulations, 2015 and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 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 term of 5 years starting 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 have 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 fee 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 21st January, 2013.

He has been on the Board of Rajapalayam Mills Limited since 2013.

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



NOTICE

He is a Director in the following Companies:-

1. The Ramaraju Surgical Cotton Mills Limited
2. Muthialpet Higher Secondary School

He holds no shares in Rajapalayam 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 SEBI (LODR) Regulations, 2015.

Item No. 7

Shri V. Santhanaraman (DIN 00212334) aged 68 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 starting from 01-04-2014 to 31-03-2019. 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 SEBI (LODR) Regulations, 2015 and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Shri V. Santhanaraman as an Independent Director and found the same to be satisfactory and his contributions to the deliberations were beneficial in Board / Committee Meetings.

In accordance with Part D (A) (5) of Schedule II, read with Regulation 19(4) of SEBI (LODR) Regulations, 2015 and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 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 starting 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 have 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 fee 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.



NOTICE

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 Rajapalayam Mills Limited since 2013.

He is a Director in the following Companies:-

1. Ramco Industries Limited
2. The Ramaraju Surgical Cotton Mills Limited

He holds no shares in Rajapalayam 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 SEBI (LODR) Regulations, 2015.

Item No. 8

Shri K.B. Nagendra Murthy (DIN 00359864) aged 67 is a Non-Executive Independent Director of the Company.

At the Annual General Meeting held on 12-08-2015, Shri K.B. Nagendra Murthy was appointed as Independent Director of the Company, for a period of 5 years starting from 04-08-2014 to 03-08-2019. In accordance with Section 149 (10) of the Companies Act, 2013, he is eligible for reappointment upon passing of a Special Resolution at the General Meeting of the Company.

In accordance with Regulation 17(10) of SEBI (LODR) Regulations, 2015 and Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Shri K.B. Nagendra Murthy as an Independent Director and found the same to be satisfactory and his contribution to the deliberations were beneficial in Board / Committee Meetings.



NOTICE

In accordance with Part D (A) (5) of Schedule II, read with Regulation 19(4) of SEBI (LODR) Regulations, 2015 and on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 28-05-2018 had recommended to extend the term of office of Shri K.B. Nagendra Murthy by re-appointing him for another term of 5 years starting from 04-08-2019 to 03-08-2024.

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

Shri K.B. Nagendra Murthy is eligible for sitting fee 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 K.B. Nagendra Murthy, holds Master degree in Commerce and completed C.A.I.I.B. He has served in the Banking Sector for the past four decades from 1973 to 2014. He was appointed as Probationary Officer in the year 1973 in Indian Bank and has held various positions and appointed as General Manager in the year 2002 and held that position till 2009. He was appointed as General Manager (Credit) in Tamilnad Mercantile Bank during December, 2009 and he was elevated as Managing Director and CEO of Tamilnad Mercantile Bank in the year 2012 and retired from the Bank in July, 2014.

He has been on the Board of Rajapalayam Mills Limited since 2014.

He is a Director in the following Companies:-

1. Tourism Finance Corporation of India Limited
2. Sri Kannapiran Mills Limited

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held
Rajapalayam Mills Limited	Audit Committee	Member
Tourism Finance Corporation of India Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
	Wilful Defaulters' Review Committee	Member
	Executive Committee	Member
Sri Kannapiran Mills Limited	Audit Committee	Member

He holds no shares in Rajapalayam Mills Limited.



NOTICE

The draft letter of reappointment for Shri K.B. Nagendra Murthy 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 K.B. Nagendra Murthy being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is interested in the Resolution. The Notice together with this Statement may be regarded as a disclosure under Regulation 36(3) of SEBI (LODR) Regulations, 2015.

Item No. 9

Shri S.S. Ramachandra Raja (DIN 00331491), aged 82 has a Bachelor Degree in science and he has been on the Board of Rajapalayam Mills Limited since 1992.

He holds 24,480 Equity Shares in the Company as on 31-03-2018.

He is a Director in the following Companies:-

- 1) Ramco Industries Limited
- 2) Sri Vishnu Shankar Mill Limited
- 3) Ramco Management Private Limited
- 4) Sudharsanam Investments Limited
- 5) Sri Sethu Ramasamy Farms Private Limited
- 6) Rajapalayam Chamber of Commerce and Industry

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held
Rajapalayam Mills Limited	Stakeholders Relationship Committee	Member
Sri Vishnu Shankar Mill Limited	Share Transfer Committee	Member
	Corporate Social Responsibility Committee	Member

Shri S.S. Ramachandra Raja has attained the age of 75 years. In terms of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018, continuing the Directorship of Shri S.S. Ramachandra Raja under Non-Executive category beyond 01-04-2019 requires the approval by way of Special Resolution. The Board of Directors have acknowledged that the vast experience and deliberations made by Shri S.S. Ramachandra Raja at the Meetings of the Company has guided the Company in taking right decisions and he has immensely contributed to the growth of the Company. The Board of Directors recommended continuing the directorship of Shri S.S. Ramachandra Raja under Non-Executive category, liable to retire by rotation, beyond 01-04-2019.



NOTICE

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

Disclosure of Interest:

Except Shri S.S. Ramachandra 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 SEBI (LODR) Regulations, 2015.

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 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 Products at a remuneration of ₹ 93,000/- (Rupees Ninety Three 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 RAJAPALAYAM MILLS LIMITED,

P.R. VENKETRAMA RAJA
CHAIRMAN

RAJAPALAIYAM,
29th May, 2018.



NOTICE

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

1. SHRI A.V. DHARMAKRISHNAN

Shri A.V. Dharmakrishnan, a Chartered Accountant, aged 61, started his career in 1982 at The Ramco Cements Limited. He is presently holding the position of Chief Executive Officer at The Ramco Cements Limited. He has specialized knowledge and rich experience in Finance and Taxation matters.

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

He holds 1,100 Equity Shares in the Company as on 31-03-2018.

He is also a Director in the following Companies:-

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

He is a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held
Rajapalayam Mills Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
Ramco Systems Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Stakeholders Relationship Committee	Member
	Fund Raising Committee	Member
	Right Issue 2013 Committee	Member
	Corporate Social Responsibility Committee	Member
Shri Harini Media Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member
	Compensation Committee	Member
Ontime Industrial Services Limited	Nomination and Remuneration Committee	Member
Madurai Trans Carrier Limited	Audit Committee	Member
	Nomination and Remuneration Committee	Member



NOTICE

2. SHRI P.V. ABINAV RAMASUBRAMANIAM RAJA

Shri P.V. Abinav Ramasubramaniam Raja, aged 24, has completed the graduation - Bachelors of Science in Industrial Engineering from Northwestern University, Evanston, USA.

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

He holds 19,51,952 Equity Shares in the Company as on 31-03-2018.

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

He is also a Director in the following Companies:

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

He is a Member in the following Committees:

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

DIRECTORS' REPORT



TO THE MEMBERS

Your Directors have pleasure in presenting their 82nd Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2018.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2018 after charging all expenses and contribution to P.A.C. Ramasamy Raja Memorial Fund of ₹ 50 Lakhs (which is less than the limits laid in the Articles of Association) but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of ₹ 7,572.15 Lakhs against ₹ 8,100.23 Lakhs for the previous financial year 2016-17.

After deducting ₹ 1,752.58 Lakhs towards finance cost and providing ₹ 3,285.47 Lakhs towards Depreciation, the Net Profit and other comprehensive income before tax for the year is ₹ 2,510.57 Lakhs, as compared to ₹ 3,759.24 Lakhs for the previous financial year 2016-17. Adding the surplus of ₹ 1,000 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of ₹ 3,510.57 Lakhs as detailed below:

		(₹ in Lakhs)
Provision for Taxation	- Current Tax	295.29
	- Deferred Tax (including MAT Credit Entitlement of ₹ 295.29 Lakhs)	(686.67)
Dividend distributed to Shareholders and Dividend distribution tax paid (FY 2016-17)		355.11
Transfer to General Reserve and FVTOCI Reserve		1,546.84
Balance carried over to Balance sheet		2,000.00
TOTAL		<u>3,510.57</u>

2. SHARE CAPITAL

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

3. DIVIDEND

Your Directors have pleasure in recommending a Dividend of ₹ 4/- per share (Previous Year: ₹ 4/- per share). The Company will pay Dividend Distribution Tax under Income Tax Act, 1961. The total amount of Dividend outgo for the year will be ₹ 295.05 Lakhs. The amount of tax on dividends would be ₹ 60.65 Lakhs.

4. TAXATION

An amount of ₹ 295.29 Lakhs towards Current Tax has been provided and Deferred Tax of ₹ 391.38 Lakhs has been withdrawn for the year 2017-18. The Company's entitlement of MAT Credit of ₹ 295.29 Lakhs has been recognized in the books during the year.



DIRECTORS' REPORT

5. MANAGEMENT DISCUSSION AND ANALYSIS

TRADE CONDITIONS

- **COTTON**

In India, the plantation of cotton crop has increased to 123 Lakh hectares in the cotton year 2017-18 (October to September) as against 103 Lakh hectares in the same period of last year. In spite of increase in acreage, the cotton prices have not come down due to pest attack and erratic monsoon rains. The quality of the cotton was also not good during the initial cotton season. Most of the area in Maharashtra and Gujarat have been hit badly by the pink bollworm attack and the cotton arrivals had been slowed down during peak cotton arrival season. The imported cotton provided no respite as the international cotton prices of all the varieties have continued to move upward. The increase in raw material prices has heavily impacted the manufacturing competitiveness of Indian Spinning Mills in the global market.

The price of comber noils, which is the raw material for Open End Spinning has also increased steeply due to more exports of noils from India. Because of this, the cost of cotton consumption has increased during the financial year 2017-18.

- **YARN PRODUCTION**

The Company is now focusing on production of customized, fine / super fine yarn to get better contribution as compared coarser / medium fine counts produced during the last financial year 2016-17. Due to this, the production volume has decreased to 151.92 Lakhs Kgs. during the financial year 2017-18 as against 157.39 Lakhs Kgs. of the last financial year.

- **SALE OF YARN**

The sale volume has decreased in line with production during the financial year 2017-18 and it was 155.89 Lakh Kgs. as compared to 159.04 Lakh Kgs. of last financial year. However, the sale value of yarn has increased from ₹ 398.14 Crores (FY 2016-17) to ₹ 417.60 Crores (FY 2017-18).

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 affected offtake of yarn during the first quarter of the financial year as many of the customers focused on inventory clearance prior to GST. Post implementation of GST, the Government has reduced the export incentives to yarn as well as fabric and garments. On the other hand, imports of textiles and clothing from other Countries into India have consistently increased by 20%. This has negatively affected the domestic yarn manufacturers as the consumption of yarn by fabric / garment manufacturers has come down sharply. This apart, cotton yarn exports have been under pressure on account of decline in demand from China. Out of total yarn exports from India, China accounted for more than 40% till last year, which has been reduced to 17% during FY 2017-18.



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.

- **POWER COST**

During the financial year 2017-18, the Company was able to consume electricity from its own wind power to the extent of 71% of total power requirement as compared to 68% consumed from wind mills during the last year. Because of this, the power cost has reduced to ₹ 3,093.93 Lakhs during the financial year 2017-18 from ₹ 3,192.05 Lakhs of last financial year 2016-17.

- **FINANCE COST**

The Finance cost during the financial year 2017-18 has reduced to ₹ 1,752.58 Lakhs from ₹ 2,142.79 Lakhs a decline of 18% mainly due to initiatives taken by the Company to reduce the cost of borrowings and repayment of Term Loans.

In spite of increased cotton cost and labour costs, the strategic decision taken by the Company to make investments in value added machines has helped to sustain the volume of sales in export / corporate customers and protected the margin.

6. EXPORTS

On the export front, the Company has made export of Cotton Yarn (including merchant exports) for a value of ₹ 113.66 Crores during the financial year as against ₹ 121.93 Crores of the previous year. In addition to our regular International Market, we have established our presence in Turkey / Portugal also where our quality is well appreciated and started to get regular orders from these segments.

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

7. MODERNISATION / EXPANSION

As a part of continuous thrust on modernization and expansion programme, the Company has invested about ₹ 21.82 Crores for investment in textile machinery & equipments like, latest Auto Coners, Quality Control Equipments, Ring Frames etc.,



DIRECTORS' REPORT

8. 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.

9. FABRIC PROJECT

The Company is selling premium yarn qualities to leading woven fabric manufacturers in India and abroad. Most of the customers are outsourcing their fabric requirements beyond their in-house capacity. Such customers are ready to buy yarn dyed greige fabric from our Company if it establishes a weaving unit. Hence it is proposed to establish a 'Yarn Dyed Weaving Unit' at a cost of ₹ 265 Crores which will have the capacity of 120 Looms to produce 10 Million meters of fabrics per annum. The Company has applied a term loan for this project under Amended Technology Fund Scheme of Government of India. It is expected to commence the commercial production during the 1st quarter of financial year 2019-20.

10. WIND MILL

The Company has wind mills with installed capacity of 35.15 MW for its captive power consumption. The wind farm has generated 682.74 Lakhs Kwh as compared to 683.56 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 ₹ 45.52 Crores as against ₹ 45.62 Crores of previous year.



11. ASSOCIATE COMPANY

During the year 2017-18, the Company has acquired Shares of M/s. Ramco Windfarms Limited and as per Ind AS - 28, the Board has considered M/s. Ramco Windfarms Limited as its Associate Company.

The Company has 7 Associate Companies, viz., M/s. The Ramco Cements Limited, M/s. Ramco Industries Limited, M/s. Ramco Systems Limited, M/s. The Ramaraju Surgical Cotton Mills Limited, M/s. Sri Vishnu Shankar Mill Limited, M/s. Ontime Industrial Services Limited and M/s. Ramco Windfarms Limited.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

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 <http://www.rajapalayammills.co.in>

The Consolidated net profit of the Company amounted to ₹ 11,543.55 Lakhs for the year ended 31st March, 2018 as compared to ₹ 14,519.45 Lakhs of the previous year.

The Consolidated Total Comprehensive Income for the year under review is ₹ 11,561.02 Lakhs as compared to ₹ 14,507.07 Lakhs of the previous year.

12. INTERNAL FINANCIAL CONTROLS

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

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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



DIRECTORS' REPORT

14. DIRECTORS

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

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

Shri P.V. Abinav Ramasubramaniam Raja (DIN: 07273249) has been appointed as Director liable to retire by rotation at the Annual General Meeting held on 10th August, 2017.

Shri P.A.S. Alaghar Raja (DIN: 00487312) has been appointed as Independent Director for a period of five years with effect from 11-02-2017 at the Annual General Meeting held on 10th August, 2017.

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 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.

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.

At the Annual General Meeting held on 04-08-2014, the following Directors were appointed as an Independent Directors for a period of 5 consecutive years from 01-04-2014 to 31-03-2019:

1. Shri N.K. Ramasuwami Raja
2. Justice Shri P.P.S. Janarthana Raja
3. Shri V. Santhanaraman

At the Annual General Meeting held on 12-08-2015, Shri K.B. Nagendra Murthy was appointed as an Independent Director for a period of 5 consecutive years from 04-08-2014 to 03-08-2019.

They are eligible for reappointment for another period of 5 years as Independent Directors. In accordance with Section 149(10) of the Companies Act, 2013, their reappointment has been proposed in the Notice convening the Annual General Meeting as Special Resolutions.

Board of Directors at the Meetings held on 31-01-2018 have evaluated the performance of the Independent Directors and based on the contribution of the Directors, the Nomination and Remuneration Committee have recommended their re-appointment.

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



DIRECTORS' REPORT

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

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

Salient Features of the Nomination and Remuneration Policy:

The objective of the Policy is to ensure that:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management shall be appropriate to the working of the company and its goals.

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

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

15. EVALUATION OF BOARD

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

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

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

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



DIRECTORS' REPORT

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 familiarise its Directors on the industry, technological and statutory developments, which have a bearing on the Company and the industry, so that Directors would be effective in discharging their expected duties.

16. MEETINGS

During the year, five Board Meetings were held. 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.

17. SECRETARIAL STANDARD

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

18. PUBLIC DEPOSITS

Pursuant to Rule 8(5)(v) & (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review. There has been no default in the repayment of deposits / payment of interest thereon during the financial 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 ₹ 1,075 Lakhs from Directors as deposit / loan during the financial year 2017-18. It has repaid an amount of ₹ 1,940.94 Lakhs during the financial year 2017-18.

19. ORDERS PASSED BY REGULATORS

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

20. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

- (a) the particulars of loans are provided under Note No.46 (xiv).
- (b) the particulars of the guarantees and investments are provided under Note No.43 and Note No.8 & 9 respectively of Notes forming part of financial statements. The guarantees are to secure the loans from Banks / Financial Institutions to the borrowers.



21. CORPORATE SOCIAL RESPONSIBILITY

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

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

Your Directors are pleased to inform that the Company has fulfilled its CSR obligations pursuant to Section 135(5) of the Companies Act, 2013. As against the requirement of ₹ 58.26 Lakhs, the Company has spent ₹ 62.50 Lakhs on CSR during the year 2017-18.

The CSR policy is available at the Company's website at the following link at <http://www.rajapalayammills.co.in>

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

22. AUDITS

STATUTORY AUDIT

The Companies Amendment Act, 2017, had removed the necessity for ratification of the appointment of Statutory Auditors, by Members at every Annual General Meeting during their tenure of appointment. Accordingly, the practice of seeking yearly ratification for the appointment of Statutory Auditors at the Annual General Meeting is dispensed with.

M/s. N.A. Jayaraman & Co., Chartered Accountants and M/s. SRSV & Associates, Chartered Accountants are the Statutory Auditors of the Company.

At the 81st Annual General Meeting, the above Auditors have been appointed as statutory auditors for a period of 5 consecutive years financial years commencing from the financial year 2017-18 and to hold office from the conclusion of 81st Annual General Meeting till the conclusion of 86th Annual General Meeting to be held in the year 2022.

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

The report of the Statutory Auditors for the year ended 31st March, 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.



DIRECTORS' REPORT

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 31st March, 2018 is attached as Annexure - III. The report does not contain any qualification, reservation or adverse remark.

COST AUDIT

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 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 Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014. Accordingly, the matter is being placed before the Members for ratification at the ensuing Annual General Meeting.

The Cost Audit Report for the financial year 2016-17 due to be filed with Ministry of Corporate Affairs by 30-09-2017 had been filed on 06-09-2017. 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.

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

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

24. EXTRACT OF ANNUAL RETURN

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

25. CORPORATE GOVERNANCE

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



DIRECTORS' REPORT

26. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

27. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 3,028 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.

28. RELATED PARTY TRANSACTION

Prior approval / Omnibus approval is obtained from the Audit Committee for all related party transactions and the transactions are periodically placed before the Audit Committee for its approval. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy" and Regulation 23 of SEBI (LODR) Regulations, 2015. In accordance with Indian Accounting Standard - 24 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No:46 of disclosures forming part of Financial Statements.

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

29. RISK MANAGEMENT POLICY

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

30. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31st March, 2018;



DIRECTORS' REPORT

- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2018 and of the profit of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

RAJAPALAIYAM,
29th May, 2018.

P.R. VENKETRAMA RAJA
CHAIRMAN

ANNEXURE I TO DIRECTORS' REPORT



Form AOC-1

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

Statement containing salient features of the financial statement of Associate Companies

PART A - SUBSIDIARY COMPANY

The Company has no Subsidiary Company.

PART B - ASSOCIATE COMPANY

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

Particulars	2017-18						
	The Ramco Cements Limited	Ramco Industries Limited	Ramco Systems Limited	The Ramaraju Surgical Cotton Mills Limited	Sri Vishnu Shankar Mill Limited	Ontime Industrial Services Limited	Ramco Windfarms Limited
Last Audited Balance Sheet date	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018	31-03-2018
Date on which the Associate was associated / acquired	01-04-2016	01-04-2016	01-04-2016	01-04-2016	01-04-2016	01-04-2016	27-05-2017
No. of Shares held as on 31 st March 2018	3,29,05,000	79,20,680	7,33,531	4,000	38,400	50,000	8,32,000
Amount of Investment in Associate as on 31-03-2018 (₹ in Lakhs)	3,779.94	92.40	1,141.55	0.05	87.65	5.00	8.32
Extent of Shareholding % as on 31-03-2018	13.97	9.14	2.41	0.10	2.56	17.77	8.32
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	21,725.82	16,105.74	833.94	1,131.91
Profit / Loss for the Year (Consolidated) (₹ in Lakhs)	56,286.00	18,213.00	1,048.50	912.47	882.99	48.84	454.29
a) Considered in Consolidation (₹ in Lakhs)	8,768.27	976.28	24.47	0.81	(1.87)	8.68	7.31
b) Not considered in Consolidation (₹ in Lakhs)	47,517.72	17,236.72	1,024.03	911.66	884.86	40.16	446.98

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

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

RAJAPALAYAM,
29th May, 2018.

P.R. VENKETRAMA RAJA
CHAIRMAN



ANNEXURE II TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The objective of the CSR Policy is:

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

Web link to the CSR Policy:

<http://www.rajapalayammills.co.in/pdf/corporate-social-responsibility-policy.pdf>

2. The Composition of the CSR Committee:

- a. Shri P.R. Venketrama Raja, Chairman of the Committee
- b. Justice Shri P.P.S. Janarthana Raja, Member
- c. Shri P.V. Abinav Ramasubramaniam Raja, Member

3. Average Net Profit of the Company for last three financial years ₹ 2,912.95 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 58.26 Lakhs.

5. Details of CSR spent during the financial year:

- a. Total amount spent for the financial year: ₹ 62.50 Lakhs.
- b. Amount unspent, if any: Nil

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

Sl. No.	CSR Project (or) Activity Identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or Programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads:	Cumulative Expenditure upto reporting Period	Amount Spent Direct or through implementing Agency.
1	2	3	4	5	6	7	8
1	Eradicating Hunger, Poverty and Malnutrition, promoting health care including preventive health care and Sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available Safe Drinking Water. [Clause (i)]	Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare	Chennai, Coimbatore, Dindigul, Madurai, Tirunelveli & Virudhunagar district (Tamil Nadu)	8.75	8.75	8.75	8.75



ANNEXURE II TO DIRECTORS' REPORT

(₹ in lakhs)

Sl. No.	CSR Project (or) Activity Identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or Programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads:	Cumulative Expenditure upto reporting Period	Amount Spent Direct or through implementing Agency.
2.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects [Clause (ii)]	Promotion of Education including Special Education	Virudhunagar & Tirunelveli district (Tamil Nadu)	51.37	51.37	51.37	51.37
3.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga [Clause (iv)]	Ensuring Environmental Sustainability	Virudhunagar (Tamil Nadu)	2.38	2.38	2.38	2.38
TOTAL				62.50	62.50	62.50	62.50

Note:

- As per Articles of Association of the Company, every year, a provision has been made for an amount not exceeding 3% of the net profit towards P.A.C. Ramasamy Raja Memorial Fund. During the year the Company has spent an amount of ₹ 50 Lakhs out of accumulated balance of the above said fund and the same has been included in the above sum of ₹ 62.50 Lakhs.
- The Company has made a provision of ₹ 50 Lakhs towards the above said Fund for the FY 2017-18. This amount has not been included in the above statement and will be considered when the amount is actually spent from the Fund.

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

SHRI P.R. VENKETRAMA RAJA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

RAJAPALAIYAM,
29th May, 2018.



ANNEXURE III TO DIRECTORS' REPORT

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,

Rajapalayam Mills Limited, [CIN: L17111TN1936PLC002298]

Rajapalayam Mills Premises,

P.A.C. Ramasamy Raja Salai,

Post Box No.1, Rajapalayam - 626 117.

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RAJAPALAYAM MILLS LIMITED** (hereinafter called "the Company") **during the financial year from 1st April, 2017 to 31st 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 31st March, 2018 but before the issue of this audit report and the information provided by the Company, its officers, agents and authorised representatives during my conduct of the Secretarial Audit.

1. I hereby report that:

- 1.1. In my opinion, during the audit period covering the financial year ended on 31st March, 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 hereinafter. The Members are requested to read this report along with my letter of even date annexed to this report as Annexure - A.
- 1.2. I have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions of :
 - (i) The Companies Act, 2013 and the rules made thereunder (the Act).
 - (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;



ANNEXURE III TO DIRECTORS' REPORT

- (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 17th April, 2003); and
 - (b) The Electricity Act, 2003.

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

- (i) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India and
- (ii) The Listing agreement entered into by the Company with BSE Limited.

1.4. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 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) Due to non-occurrence of certain events, the Company was not required to comply with the following laws / guidelines / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms / returns under:
 - (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (b) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 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) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;



ANNEXURE III TO DIRECTORS' REPORT

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

2. I further report that:

2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also have two Woman Directors. The change in composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.

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

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

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

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

3. I further report that:

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

Rajapalayam,
29th May, 2018.

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



ANNEXURE III TO DIRECTORS' REPORT

Annexure - A to Secretarial Audit Report of even date

To,

The Members,

Rajapalayam Mills Limited, [CIN: L17111TN1936PLC002298]

Rajapalayam Mills Premises,

P.A.C. Ramasamy Raja Salai,

Post Box No.1, Rajapalaiyam - 626 117.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 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 31st 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.

Rajapalaiyam,
29th May, 2018.

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



ANNEXURE IV TO DIRECTORS' REPORT

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

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

A. CONSERVATION OF ENERGY

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

- | | | |
|---|---|--|
| (i) the steps taken on conservation of energy | : | Installation of IE3 Energy efficiency motors in Spinning Short frames by replacing old motors

Installation of Inverter Drives in Autocone winding machines with closed Loop control system. |
| Impact on conservation of energy | : | Installation of Inverter Drives in Autocone winding machines with closed Loop control system resulted in Power saving of around 51,000 Units per annum. |
| (ii) the steps taken by the Company for utilising alternate sources of energy | : | NIL |
| (iii) the capital investment on energy conservation equipments | : | NIL |

B. TECHNOLOGY ABSORPTION

- | | | |
|---|---|--|
| (i) the efforts made towards technology absorption | : | 1. Modification of OE Spinning lifting mechanism to avoid mis-piecing and to increase productivity. |
| (ii) the benefits derived like product improvement, cost reduction, product development or import substitution | : | 2. Up-gradation of Auto Coner Drums to increase productivity.
3. Installation of Auto doffer Ring frames. |
| (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 | : | 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 : ₹ 8,004.68 Lakhs
actual inflows during the year and

The Foreign Exchange outgo during the: ₹ 11,081.56 Lakhs
year in terms of actual outflows.

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

RAJAPALAIYAM,
29th May, 2018.

P.R. VENKETRAMA RAJA
CHAIRMAN

ANNEXURE V TO DIRECTORS' REPORT



Form MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st 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	L17111TN1936PLC002298
Registration Date	24-02-1936
Name of the Company	RAJAPALAYAM MILLS LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and Contact details	Rajapalayam Mills Premises, P.A.C.Ramasamy Raja Salai, Post Box No.1, Rajapalaiyam, Tamil Nadu, Pin: 626 117.
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Share Transfer is being carried out in-house.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
Yarn	13111	99.43%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1. The Ramco Cements Limited "Ramamandiram", Rajapalayam - 626 117. Tamil Nadu.	L26941TN1957 PLC003566	Associate	13.97%	2 (6)
2. Ramco Industries Limited 47, P.S.K. Nagar, Rajapalayam - 626 108. Tamil Nadu.	L26943TN1965 PLC005297	Associate	9.14%	2 (6)



ANNEXURE V TO DIRECTORS' REPORT

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (contd.)

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
3. Ramco Systems Limited 47, P.S.K. Nagar, Rajapalayam - 626 108. Tamil Nadu.	L72300TN1997 PLC037550	Associate	2.41%	2 (6)
4. The Ramaraju Surgical Cotton Mills Limited The Ramaraju Surgical Cotton Mills Premises Post Box No. 2, 119, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117. Tamil Nadu	U17111TN1939 PLC002302	Associate	0.10%	2 (6)
5. Sri Vishnu Shankar Mill Limited Post Box No.109, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117. Tamil Nadu	U17301TN1981 PLC008677	Associate	2.56%	2 (6)
6. Ontime Industrial Services Limited 47, P.S.K. Nagar Rajapalayam - 626 108. Tamil Nadu	U74999TN2002 PLC048773	Associate	17.77%	2 (6)
7. Ramco Windfarms Limited Auras Corporae Centre, 5 th Floor, 98-A Dr Radhakrishnan Road, Mylapore Chennai - 600 004	U40109TN2013 PLC093905	Associate	8.32%	2 (6)



ANNEXURE V TO DIRECTORS' REPORT

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

i) Category-Wise Share Holding

Category of Shareholder		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individuals/ Hindu Undivided Family	36,01,380	-	36,01,380	48.82	36,01,380	-	36,01,380	48.82	-
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	3,20,440	-	3,20,440	4.35	3,20,440	-	3,20,440	4.35	-
e)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
f)	Any Others...	-	-	-	-	-	-	-	-	-
Sub Total(A)(1)		39,21,820	-	39,21,820	53.17	39,21,820	-	39,21,820	53.17	-
(2)	Foreign									
a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
b)	Other Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e)	Any Others	-	-	-	-	-	-	-	-	-
Sub Total(A)(2)		-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		39,21,820	-	39,21,820	53.17	39,21,820	-	39,21,820	53.17	-



ANNEXURE V TO DIRECTORS' REPORT

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

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public shareholding Institutions									
a) Mutual Funds	-	-	-	-	1,05,266	-	1,05,266	1.43	1.43
b) Financial Institutions / Banks	200	1,860	2,060	0.03	200	1,860	2,060	0.03	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	200	1,860	2,060	0.03	1,05,466	1,860	1,07,326	1.46	1.43
(2) Non-institutions									
a) Bodies Corporate									
i) Indian *	3,66,094	900	3,66,994	4.97	3,83,472	900	3,84,372	5.21	0.24
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	13,60,506	4,19,089	17,79,595	24.13	12,51,563	3,83,490	16,35,053	22.16	(1.97)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	9,53,871	3,51,820	13,05,691	17.70	9,75,769	3,51,820	13,27,589	18.00	0.30
c) Others (specify)									
Sub-Total (B)(2)	26,80,471	7,71,809	34,52,280	46.80	26,10,804	7,36,210	33,47,014	45.37	(1.43)
B Total Public Shareholding (B)= (B)(1)+ (B)(2)	26,80,671	7,73,669	34,54,340	46.83	27,16,270	7,38,070	34,54,340	46.83	-
C Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	66,02,491	7,73,669	73,76,160	100.00	66,38,090	7,38,070	73,76,160	100.00	-

* Note : Includes Shares in Unclaimed Shares Suspense Account (opening - 1,75,716 Shares; Closing - 8,280) and Shares in Investor Education and Protection Fund Account (Opening - Nil; Closing 1,76,815)



ANNEXURE V TO DIRECTORS' REPORT

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Shri P.R. Ramasubrahmaneya Rajha	9,88,792	13.40	–	–	–	–	–
2.	Shri P.R. Venketrama Raja	14,66,080	19.88	14.91	14,66,080	19.88	–	–
3.	Shri P.V. Abinav Ramasubramaniam Raja	9,63,160	13.06	–	19,51,952	26.46	–	13.40
4.	Smt. Ramachandra Raja Chittammal	82,628	1.12	–	82,628	1.12	–	–
5.	Smt. P.V. Nirmala	2,720	0.04	–	2,720	0.04	–	–
6.	Smt. Nalina Ramalakshmi	6,720	0.09	–	6,720	0.09	–	–
7.	Smt. Saradha Deepa	10,960	0.15	–	10,960	0.15	–	–
8.	Smt. P.V. Sri Sandhya	16,560	0.22	–	16,560	0.22	–	–
9.	Smt. R. Sudarsanam	63,760	0.86	–	63,760	0.86	–	–
10.	M/s. Ramco Industries Limited	1,27,360	1.73	–	1,27,360	1.73	–	–
11.	M/s. The Ramaraju Surgical Cotton Mills Limited	1,35,200	1.83	–	1,35,200	1.83	–	–
12.	M/s. Sri Vishnu Shankar Mill Limited	29,740	0.40	–	29,740	0.40	–	–
13.	M/s. Ramco Management Private Limited	2,040	0.03	–	2,040	0.03	–	–
14.	M/s. Sandhya Spinning Mill Limited	500	0.01	–	500	0.01	–	–
15.	M/s. The Ramco Cements Limited	25,600	0.35	–	25,600	0.35	–	–
	TOTAL	39,21,820	53.17	14.91	39,21,820	53.17	–	13.40

(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.	39,21,820	53.17	01-04-2017	NIL	NIL	NIL	NIL
	39,21,820	53.17	31-03-2018				



ANNEXURE V TO DIRECTORS' REPORT

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

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2017 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 Praikh Joint Holder: Chinmay.G.Parikh	1,73,932	2.36	01-04-2017	-	-	1,73,932	2.36
2	Sri-La-Sri Shanmukadesika Gnanasambanda Paramarcharya Swamigal	1,02,400	1.39	01-04-2017	-	-	1,02,400	1.39
3	Shri Govindlal M Parikh	63,200	0.86	01-04-2017	-	-	63,200	0.86
4	Smt. Chinmay G Parikh Joint Holder: Shri Govindlal M Parikh	61,876	0.84	01-04-2017	-	-	61,876	0.84
5	Rajapalayam Palayapalayam Rajus Common Mahimai Fund	51,200	0.69	01-04-2017	-	-	51,200	0.69
6	T.P. Sokkalal Ramsait Factory Pvt. Ltd.	52,200	0.71	01-04-2017	-	-	52,200	0.71
		-	-	02-02-2018	(110)	Transfer	52,090	0.71
		-	-	09-02-2018	(1,286)	Transfer	50,804	0.69
		-	-	16-02-2018	(250)	Transfer	50,554	0.69
		-	-	23-02-2018	(497)	Transfer	50,057	0.68
		-	-	02-03-2018	(493)	Transfer	49,564	0.67
		-	-	09-03-2018	(272)	Transfer	49,292	0.67
		-	-	16-03-2018	(50)	Transfer	49,242	0.67
7	Smt. DH Dharshini Raaja	48,981	0.66	01-04-2017	-	-	48,981	0.66
8	Shri V. Ganesa Ramasubramanian	46,880	0.64	01-04-2017	-	-	46,880	0.64
9	Smt. Poosapadi Sankera Raja Ramani Devi	45,580	0.62	01-04-2017	-	-	45,580	0.62
10	Shri Ettappanaickerayyen J.V.R.M.K.V	40,960	0.56	01-04-2017	-	-	40,960	0.56



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	9,88,792	13.41	N.A.	(9,88,792)	Transmission of Shares	-	-
		NIL	NIL		N.A.		NIL	NIL
2.	Shri P.R. Venketrama Raja	14,66,080	19.88	N.A.	N.A.	N.A.	-	-
		14,66,080	19.88	N.A.	N.A.	N.A.	14,66,080	19.88
3.	Smt. R. Sudarsanam	63,760	0.86	N.A.	N.A.	N.A.	-	-
		63,760	0.86	N.A.	N.A.	N.A.	63,760	0.86
4.	Shri S.S. Ramachandra Raja	24,480	0.33	N.A.	N.A.	N.A.	-	-
		24,480	0.33	N.A.	N.A.	N.A.	24,480	0.33
5.	Shri N.K. Ramasuwami Raja	15,400	0.21	N.A.	N.A.	N.A.	-	-
		15,400	0.21	N.A.	N.A.	N.A.	15,400	0.21
6.	Shri A.V. Dharmakrishnan	1,100	0.01	N.A.	N.A.	N.A.	-	-
		1,100	0.01	N.A.	N.A.	N.A.	1,100	0.01
7.	Justice Shri P.P.S. Janarthana Raja	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
8.	Shri V. Santhanaraman	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
9.	Shri K.B. Nagendra Murthy	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
10.	Smt. Soundara Kumar	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
11.	Shri P.V. Abinav Ramasubramaniam Raja	9,63,160	13.06	N.A.	N.A.	N.A.	-	-
		19,51,952	26.46	04-06-2017	9,88,792	Transmission of Shares	19,51,952	26.46
12.	Shri P.A.S. Alaghar Raja	6,520	0.09	N.A.	N.A.	N.A.	-	-
		6,520	0.09	N.A.	N.A.	N.A.	6,520	0.09
13.	Shri B. Gnanagurusamy	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
14.	Shri A. Arulpranavam	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL



ANNEXURE V TO DIRECTORS' REPORT

V. INDEBTEDNESS

(₹ in Lakhs)

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,023.29	12,135.56	–	28,158.85
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	63.58	33.21	–	96.79
Total (i + ii + iii)	16,086.87	12,168.77	–	28,255.64
Change in Indebtedness during the financial year				
Addition	1,190.07	691.37	–	1,881.44
Reduction	(6,124.83)	–	–	(6,124.83)
Net Change	(4,934.76)	691.37	–	(4,243.39)
Indebtedness at the end of the financial year				
i) Principal Amount	11,114.56	12,814.26	–	23,928.82
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	37.55	45.88	–	83.43
Total (i + ii + iii)	11,152.11	12,860.14	–	24,012.25

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Smt. R. Sudarsanam Managing Director	Total Amount
1	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	240.00	240.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission as % of profit	–	–
5	Sitting Fees	1.50	1.50
6	Contribution to Provident Fund	28.80	28.80
7	Contribution to Superannuation Fund	1.50	1.50
	Total (A)	271.80	271.80
	Ceiling as per Act	Managing Director remuneration is fixed at 5% of net profits of the Company and in case, no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part II of Schedule V of the Companies Act, 2013 which works out to ₹ 270.30 Lakhs plus applicable sitting fees.	



ANNEXURE V TO DIRECTORS' REPORT

B. REMUNERATION TO OTHER DIRECTORS:

1. Independent Directors

(₹ in Lakhs)

Particulars of Remuneration	Name of the Directors						Total Amount
	Shri N.K. Ramasuwami Raja	Justice Shri P.P.S. Janarthana Raja	Shri V. Santhanaraman	Shri K.B. Nagendra Murthy	Smt Soundara Kumar	Shri P.A.S. Alaghar Raja	
Fee for attending board / committee meetings	3.30	3.90	1.80	3.00	1.80	1.80	15.60
Commission	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (1)	3.30	3.90	1.80	3.00	1.80	1.80	15.60

2. Other Non Executive Director

Particulars of Remuneration	Name of the Directors				Total Amount
	Shri P.R. Venketrama Raja	Shri A.V. Dharmakrishnan	Shri S.S. Ramachandra Raja	Shri P.V. Abinav Ramasubramaniam Raja	
Fee for attending board / committee meetings	2.10	3.00	1.80	1.50	8.40
Commission	-	-	-	-	-
Others	-	-	-	-	-
Total (2)	2.10	3.00	1.80	1.50	8.40
Total B (1) + (2)					24.00
Overall Ceiling as per the Act	₹ 28.05 Lakhs being 1% of the Net Profits of the Company, calculated as per Section 198 of the Companies Act, 2013.				
Total Managerial Remuneration (A+B)					295.80

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri B. Gnanagurusamy Chief Financial Officer	Shri A. Arulpranavam Company Secretary	
1	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	30.38	9.17	39.55
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.35	-	0.35
	c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	30.73	9.17	39.90



ANNEXURE V TO DIRECTORS' REPORT

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

P.R. VENKETRAMA RAJA
CHAIRMAN

RAJAPALAIYAM,
29th May, 2018.



ANNEXURE VI TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Since inception, Rajapalayam Mills Limited is assiduously following its 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 11 Directors as on 31-03-2018. Except Smt. R. Sudarsanam, all other Directors are Non-Executive. As required under Regulation 17 of the SEBI (LODR) Regulations, 2015 not less than 50% of the Board consists of Independent Directors.



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. R. Sudarsanam Managing Director DIN: 00433926, Directorship: P & E	Yes	Yes	Yes	Yes	Yes	Yes
3.	Shri S.S. Ramachandra Raja DIN: 00331491, Directorship: NE	Yes	Yes	Yes	Yes	Yes	Yes
4.	Shri N.K. Ramasuwami Raja DIN: 00432698, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes
5.	Shri A.V. Dharmakrishnan DIN: 00693181, Directorship: NE	Yes	Yes	Yes	Yes	Yes	No
6.	Justice Shri P.P.S. Janarthana Raja DIN: 06702871, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes
7.	Shri V. Santhanaraman DIN: 00212334, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	No
8.	Shri K.B. Nagendra Murthy DIN: 00359864, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes
9.	Smt. Soundara Kumar DIN: 01974515, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	No
10.	Shri P.V. Abinav Ramasubramaniam Raja DIN: 07273249, Directorship: NE	Yes	Yes	Yes	Yes	Yes	Yes
11.	Shri P.A.S. Alaghar Raja DIN: 00487312, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes

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

ANNEXURE VI TO DIRECTORS' REPORT



Other Directorships

The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on 31-03-2018 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. R. Sudarsanam	3	–	–
3.	Shri S.S. Ramachandra Raja	3	–	–
4.	Shri N.K. Ramasuwami Raja	2	–	–
5.	Shri A.V. Dharmakrishnan	6	–	4
6.	Justice Shri P.P.S. Janarthana Raja	1	–	–
7.	Shri V. Santhanaraman	2	–	–
8.	Shri K.B. Nagendra Murthy	2	–	2
9.	Smt. Soundara Kumar	8	2	4
10.	Shri P.V. Abinav Ramasubramaniam Raja	3	–	–
11.	Shri P.A.S. Alaghar Raja	2	–	1

* Public Limited Companies, other than Rajapalayam Mills Limited.

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

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 son of Smt. R. Sudarsanam. Shri P.V. Abinav Ramasubramaniam Raja is son of Shri P.R. Venketrama 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 <http://www.rajapalayammills.co.in/pdf/familiarisation-programme-for-independent-directors.pdf>

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

The Board is also satisfied 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.



ANNEXURE VI TO DIRECTORS' REPORT

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; and
- 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:

Sl. No.	Name of the Director	24-05-2017	08-08-2017	10-11-2017	30-01-2018
1.	Justice Shri P.P.S. Janarthana Raja, Chairman of the Committee	Yes	Yes	Yes	Yes
2.	Shri N.K. Ramasuwami Raja	Yes	Yes	Yes	Yes
3.	Shri A.V. Dharmakrishnan	Yes	Yes	Yes	Yes
4	Shri K.B. Nagendra Murthy	Yes	Yes	Yes	Yes

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

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

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

4. NOMINATION AND REMUNERATION COMMITTEE

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

ANNEXURE VI TO DIRECTORS' REPORT



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	24-05-2017
1.	Justice Shri P.P.S. Janarthana Raja, Chairman of the Committee	Yes
2.	Shri N.K. Ramasuwami Raja	Yes
3.	Shri A.V. Dharmakrishnan	Yes

The Nomination and Remuneration Committee has laid down evaluation criteria 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.

5. REMUNERATION TO DIRECTORS

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

There are no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company, other than those reported in related party transactions under Note No. 46.

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

The Details of remuneration paid are as follows:

Name of the Director	Amount (₹ in Lakhs)		No. of Shares held as on 31-03-2018
	Sitting fees	Remuneration	
Shri P.R. Venketrama Raja	2.10	–	14,66,080
Smt. R. Sudarsanam	1.50	270.30 *	63,760
Shri S.S. Ramachandra Raja	1.80	–	24,480
Shri N.K. Ramasuwami Raja	3.30	–	15,400
Shri A.V. Dharmakrishnan	3.00	–	1,100
Justice Shri P.P.S. Janarthana Raja	3.90	–	–
Shri V. Santhanaraman	1.80	–	–
Shri K.B. Nagendra Murthy	3.00	–	–
Smt. Soundara Kumar	1.80	–	–
Shri P.V. Abinav Ramasubramaniam Raja	1.50	–	19,51,952
Shri P.A.S. Alaghar Raja	1.80	–	6,520

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



ANNEXURE VI TO DIRECTORS' REPORT

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

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Sl. No.	Name of the Director	31-03-2018
1.	Shri P.R. Venketrama Raja, Chairman of the Committee	Yes
2.	Shri S.S. Ramachandra Raja	Yes
3.	Justice Shri P.P.S. Janarthana Raja	Yes

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

7. GENERAL MEETINGS

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

Year ended	Date	Time	Venue
31-03-2017	10-08-2017	10.00 A.M	P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108, Tamil Nadu.
31-03-2016	10-08-2016	10.00 A.M	
31-03-2015	12-08-2015	10.00 A.M	

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

Date of the AGM	Subject Matter of the Special Resolution
10-08-2017	No Special Resolution was passed.
10-08-2016	Re-appointment of Smt. R. Sudarsanam, as Managing Director for a period of three years with effect from 01-04-2017.
12-08-2015	No Special Resolution was passed.

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

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

ANNEXURE VI TO DIRECTORS' REPORT



8. MEANS OF COMMUNICATION

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

All the financial results are provided to The Stock Exchange.

9. GENERAL SHAREHOLDER INFORMATION

i.	Annual General Meeting	On 10-08-2018 at 10.00 A.M. 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 st April, 2017 to 31 st 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 BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid Annual listing fee to the Stock Exchange for the financial year 2018-19.
v.	Stock Code - BSE Limited	532503
vi.	Market Price Data	Enclosed as Annexure - A
vii.	Performance in comparison to broad based indices	
viii.	Whether the securities are suspended from trading	No
ix.	Registrar and Transfer Agents	Being carried out in-house by the Secretarial Department of the Company.
x.	Share Transfer System	For shares held in electronic mode, transfers are effected under the depository system of NSDL and CDSL. For shares held in physical mode, certificates are to be submitted to the Company along with the required security transfer forms. The Company effects the transfers within 15 days, 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 15 days.



ANNEXURE VI TO DIRECTORS' REPORT

xi.	Distribution of Shareholding	Enclosed as Annexure - B.
xii.	Dematerialisation of Shares & liquidity	As on 31 st March, 2018, 89.99% of the shares have been dematerialized. Regarding liquidity of our Company's shares, the details are available in Annexure - A.
xiii.	Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	NIL
xiv.	Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	With respect to 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.

xv. Plant Locations

Textile Division:

- a. Rajapalayam Mills
Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamilnadu.
- b. Rajapalaiyam Spintext,
P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamilnadu.
- c. Rajapalaiyam Textiles,
Perumalpatti Village - 627 753, Tirunelveli District, Tamilnadu.
- d. Rajapalayam Mills,
Gopinenipalem Village, Vatsavai Mandal, Krishna District - 521 190, Andhra Pradesh.

Wind Farm Division:

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

xvi. Address of Registered Office for Correspondence for shareholder enquiries

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



ANNEXURE VI TO DIRECTORS' REPORT

10. OTHER DISCLOSURES

- i. There are no materially significant related party transactions made by the Company that may have potential conflict with the interests of the Company at large.
 - ii. There are no instances of non-compliance by the Company, and no penalties or strictures were imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
 - 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. 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 web link is - <http://www.rajapalayammills.co.in/pdf/related-party-transactions-policy.pdf>
 - vii. The details relating to commodity price risks and commodity hedging activities are not applicable.
11. The Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of Schedule V of SEBI (LODR) Regulations, 2015.
 12. The extent to which the discretionary requirements specified in Part E of Schedule II have been adopted, is given against Clause 10(iv) above.
 13. 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.
 14. 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.
 15. 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

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

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

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

Sl. No.	Name of the Director	25-05-2017
1.	Shri P.R. Venketrana Raja, Chairman of the Committee	Yes
2.	Justice Shri P.P.S. Janarthana Raja	Yes
3.	Shri P.V. Abinav Ramasubramaniam Raja, Member (from 04-06-2017)	NA

18. DISCLOSURES WITH RESPECT TO UNCLAIMED SUSPENSE ACCOUNT

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

There were 1,75,716 Shares of ₹ 10/- each belonging to 112 Shareholders at the beginning of the year lying at the "Rajapalayam Mills Limited Unclaimed Suspense Account" in dematerialised form. During the year 5 Shareholders have approached the Company for transfer of 2,200 Shares from Suspense account and after completion of required formalities the shares were transferred. In accordance with Section 124(6) of the Companies Act, 2013, the Company has transferred 1,65,236 Shares which belongs to 67 Shareholders, who have not claimed dividend for 7 consecutive years from Rajapalayam Mills Limited unclaimed suspense account to Investor Education and Protection Fund (IEPF) and 8,280 Shares belonging to 39 Shareholders are lying with unclaimed suspense account as on 31-03-2018. The voting rights of these Shares shall remain frozen till the rightful owner of such Shares claims the Shares.

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

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

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

RAJAPALAIYAM,
29th 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 31st March, 2018.

For RAJAPALAYAM MILLS LIMITED,

RAJAPALAIYAM,
29th May, 2018.

Smt. R. SUDARSANAM
MANAGING DIRECTOR

ANNEXURE VI TO DIRECTORS' REPORT



To
The Board of Directors,
Rajapalayam Mills Limited,
Rajapalayam.

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

We hereby certify that -

- A. We have reviewed financial statements and the cash flow statement for the year 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. except change in estimate on useful life of Textile Machineries there are no significant changes in accounting policies during the year;
 3. there are no instances of significant fraud of which we have become aware.

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

Smt. R. SUDARSANAM
MANAGING DIRECTOR

RAJAPALAIYAM,
29th May, 2018.



ANNEXURE VI TO DIRECTORS' REPORT

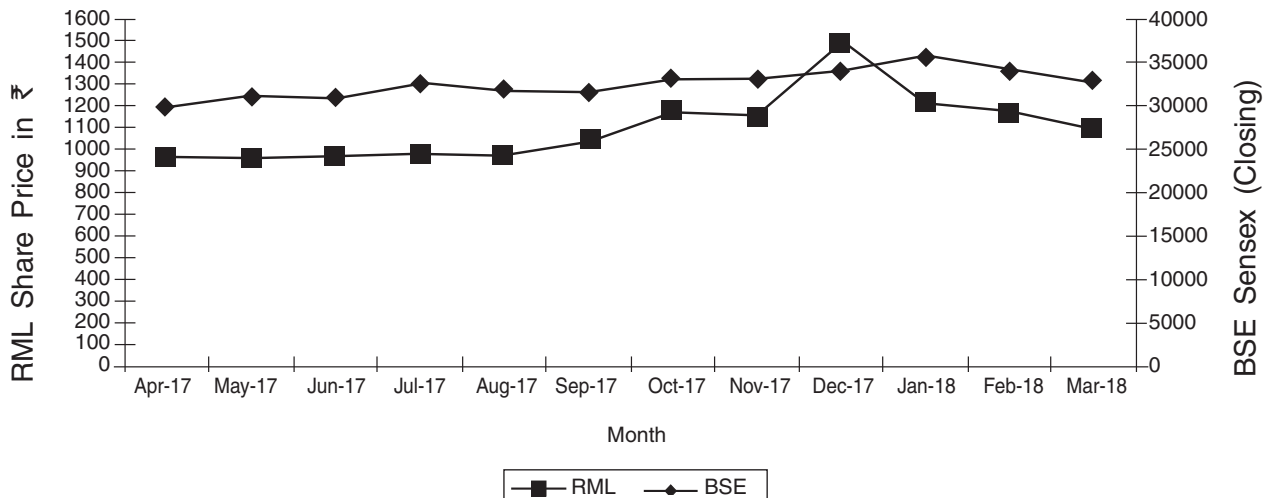
ANNEXURE - A

STATISTICAL DATA

Share Price - High & Low / Volume (During April, 2017 to March, 2018 in BSE)

Month	BSE Limited, Mumbai		
	High ₹	Low ₹	No. of Shares Traded
April, 2017	980	833	77,322
May	1,020	925	1,18,909
June	1,042	945	65,413
July	1,035	950	59,847
August	1,000	905	57,644
September	1,120	955	61,063
October	1,250	1,037	49,096
November	1,229	1,095	29,646
December	1,520	1,069	83,075
January, 2018	1,583	1,190	44,605
February	1,280	1,051	54,935
March	1,188	1,010	31,007

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



ANNEXURE VI TO DIRECTORS' REPORT



ANNEXURE - B

Pattern of Shareholding as on 31-03-2018

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	14	0.27	39,21,820	53.17
Sub-total - A	14	0.27	39,21,820	53.17
B. NON - PROMOTERS HOLDING				
1. Banks, FI'S INS. Cos, Govt. Institutions	3	0.06	2,060	0.03
2. NRIs / OCBs & Non-Domestic Companies	58	1.13	45,995	0.62
3. Private Corporate Bodies	153	2.99	4,89,638	6.64
4. Public	4,896	95.55	29,16,647	39.54
Sub-total - B	5,110	99.73	34,54,340	46.83
Total (A + B)	5,124	100.00	73,76,160	100.00

Distribution of Shareholding as on 31-03-2018

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4,363	85.15	4,23,181	5.74
501-1000	309	6.03	2,37,286	3.22
1001-2000	177	3.45	2,60,976	3.54
2001-3000	89	1.74	2,15,989	2.93
3001-4000	43	0.84	1,52,604	2.07
4001-5000	22	0.43	98,894	1.34
5001-10000	54	1.05	3,53,330	4.79
10001 & above	67	1.31	56,33,900	76.37
Grand Total	5,124	100.00	73,76,160	100.00

Category of Shareholding as on 31-03-2018

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
NSDL	2,819	55.02	58,19,839	78.90
CDSL	1,741	33.98	8,18,251	11.09
Physical Form	564	11.00	7,38,070	10.01
Total	5,124	100.00	73,76,160	100.00



ANNEXURE VII TO DIRECTORS' REPORT

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

To

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

We have examined the compliance of the conditions of Corporate Governance by Rajapalayam Mills Limited ("the Company") for the financial year ended 31st March, 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 BSE Limited.

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

We hereby certify that, in our opinion and to the best of our information and based on the records furnished for our verification and the explanations given to us by the Company, its officers and agents, the Company has, during the year ended 31st March, 2018, complied with the applicable conditions of Corporate Governance.

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

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

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

R. PALANIAPPAN
Proprietor
Membership No. 205112

P. SANTHANAM
Partner
Membership No. 018697

RAJAPALAIYAM,
29th 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	2.10	75	2
Smt. R. Sudarsanam, Managing Director	271.80	28	236
Shri S.S. Ramachandra Raja	1.80	(50)	2
Shri N.K. Ramasuwami Raja	3.30	(42)	3
Shri A.V. Dharmakrishnan	3.00	(9)	3
Justice Shri P.P.S. Janarthana Raja	3.90	0	3
Shri V. Santhanaraman	1.80	20	2
Shri K.B. Nagendra Murthy	3.00	11	3
Smt. Soundara Kumar	1.80	20	2
Shri P.V. Abinav Ramasubramaniam Raja	1.50	400	1
Shri P.A.S. Alaghar Raja	1.80	500	2
Shri B. Gnanagurusamy (Chief Financial Officer)	30.73	45	27
Shri A. Arulpranavam (Company Secretary)	9.17	9	8

iii. The median remuneration of the employees during the financial year was ₹ 1,14,732 and the percentage increase in the median remuneration was 2%.

iv. There were 3,028 Permanent employees on the rolls of the Company, as on 31st March, 2018.

v. Average percentage increase made in the salaries of the employees other than the managerial personnel in the financial year i.e. 2017-18 was 8 % whereas the increase in the managerial remuneration for the same financial year was 29%. This was because the remuneration of Managing Director was increased by 28% which is in accordance with revised limits of Schedule V to the Companies Act, 2013 amended by Ministry of Corporate Affairs vide its notification dated 12-09-2016.

vi. It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other employees.



ANNEXURE VIII TO DIRECTORS' REPORT

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

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

Sl. No.	Name	Age (Yrs)	Designation	Remuneration Paid / Payable ₹ in lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. R. Sudarsanam	77	Managing Director	270.30	(52 Years)	01-07-2002	–
2	Shri S. Kanthimathinathan	76	President	55.50	M.Sc., (Tech) (55 Years)	02-06-1995	Soundararaja Group (Textile Division)
3	Shri V. Raju	56	Vice President- Technical	31.42	D.T.T. (37 Years)	10-07-1981	–
4	Shri B. Gnanagurusamy	40	Chief Financial Officer	30.73	ACA (18 Years)	11-09-2000	The Ramco Cements Limited
5	Shri N. Mohanarengan	49	Vice President- Marketing	29.28	D.T.T., AMIE (30 Years)	01-04-1991	Lakshmi Spinners
6	Shri N. Nagarajan	54	Sr. General Manager - HR	25.53	M.Com, MHRM, MBA, BGL (32 Years)	14-01-2012	Hirco Developments Private Limited
7	Shri B. Velvendan	50	Chief General Manager - Electrical	24.90	B.E. (EEE) (25 Years)	01-12-1995	The Janakiram Mills Limited
8	Shri P. Ponrajan	45	General Manager-Civil	20.16	B.E.(Civil) (22 Years)	01-12-2006	Thiyagarajar Mills Limited
9	Shri S. Kumaresapandian	56	Sr. General Manager-Cotton	18.07	M.Com., B.Ed. (33 Years)	04-05-2012	Premier Spinning and Weaving Mills (P) Ltd
10	Shri A. Balamurugan	48	Sr. General Manager - Works	17.77	D.T.T., B. Com. (30 Years)	12-09-1988	–

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. R. Sudarsanam, Managing Director who is related to Shri P.R. Venketrama Raja, Chairman and Shri P.V. Abinav Ramasubramaniam Raja, Director.

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

RAJAPALAIYAM,
29th May, 2018.

P.R. VENKETRAMA RAJA
CHAIRMAN



SEPARATE FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT

To the Members of M/s. Rajapalayam 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 Rajapalayam Mills Limited ("the Company"), which comprise the Balance Sheet as at 31st 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 31st March, 2018 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Separate Financial Statements

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, including the assessment of the risks of material misstatement of the Separate Financial



AUDITORS' REPORT TO SHAREHOLDERS

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 31st March, 2018, its Profits (financial performance including Other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on 31st March, 2018.

Other Matters

The comparative financial information of the Company for the year ended 31st March, 2017 are based on the previously issued separate financial statements jointly audited by M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, and M/s. Ramakrishna Raja & Co., Chartered Accountants, the predecessor auditors whose report for the year ended 31st March, 2017 dated 25th May, 2017 expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditors 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.

AUDITORS' REPORT TO SHAREHOLDERS



- 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 31st March, 2018 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st 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. 41 (iii) & (iv) of the 'Disclosures forming part of Separate Financial Statements' for the year ended 31st 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

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

R. PALANIAPPAN
Proprietor
Membership No. 205112

P. SANTHANAM
Partner
Membership No. 018697

Rajapalayam,
29th May, 2018.



AUDITORS' REPORT TO SHAREHOLDERS

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

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 31st 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 two parties listed in the Register maintained under Section 189 of the Act. The maximum outstanding at any time during the year was ₹ 1,256.81 Lakhs (PY: ₹ 950 Lakhs) and the amount outstanding as on 31st March, 2018 is ₹ 950 Lakhs (PY: ₹ 950 Lakhs).

- 3.1 In our opinion, the terms and conditions on which the loan has been granted to the parties 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 the parties 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 made.

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.

AUDITORS' REPORT TO SHAREHOLDERS



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 31st March, 2018 for a period of more than six months from the date they became payable.

7.2 The disputed statutory dues aggregating to ₹ 204.56 Lakhs (PY: ₹ 193.75 Lakhs) that have not been deposited on account of matters pending before appropriate authorities are as under.

Name of the Statute	Amount (₹ in Lakhs)	Forum where dispute is pending
Service Tax	204.56	Central Excise, Customs & Service Tax Appellate Tribunal, Chennai

8) The Company has not defaulted in repayment of loans and borrowings to Financial Institutions or Banks. The Company did not have any loans or borrowings from the government or borrowings by way of debentures.

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

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.

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.



AUDITORS' REPORT TO SHAREHOLDERS

- 13) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable 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.
- 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

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

R. PALANIAPPAN
Proprietor
Membership No. 205112

P. SANTHANAM
Partner
Membership No. 018697

Rajapalayam,
29th May, 2018.



AUDITORS' REPORT TO SHAREHOLDERS

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

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

We have audited the internal financial controls over financial reporting of Rajapalayam Mills Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31st 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



AUDITORS' REPORT TO SHAREHOLDERS

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

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

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 31st 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

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

R. PALANIAPPAN
Proprietor
Membership No. 205112

P. SANTHANAM
Partner
Membership No. 018697

Rajapalayam,
29th May, 2018.



BALANCE SHEET AS AT 31ST MARCH 2018

(₹ in Lakhs)

	Note No.	As at 31-03-2018	As at 31-03-2017	
I ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment	5	27,359.90	28,513.52	
(b) Capital Work-in-progress		620.09	304.47	
(c) Intangible Assets	6	17.61	34.56	
(d) Investment Property	7	145.18	145.41	
(e) Investment in Associates	8	5,114.91	5,081.62	
(f) Financial Assets				
Other Investment	9	2,502.53	2,501.63	
Loans	10	950.00	950.00	
Other Financial Assets	11	925.75	997.92	
(g) Other Non-Current Assets	12	<u>141.12</u>	<u>393.02</u>	38,922.15
(2) Current Assets				
(a) Inventories	13	11,499.91	14,700.31	
(b) Financial Assets				
Trade Receivables	14	5,046.24	4,337.29	
Cash and Cash Equivalents	15	115.65	209.28	
Bank Balance other than Cash and Cash Equivalents	16	75.11	101.51	
Other Financial Assets	17	650.08	653.38	
(c) Other Current Assets	18	<u>1,337.48</u>	<u>837.58</u>	20,839.35
TOTAL ASSETS		<u>56,501.56</u>	<u>59,761.50</u>	
II EQUITY & LIABILITIES				
(1) Equity				
(a) Equity Share Capital	19	737.62	737.62	
(b) Other Equity	20	<u>26,492.98</u>	<u>23,946.14</u>	
Total Equity			27,230.60	24,683.76
(2) Liabilities				
A) Non Current Liabilities				
(a) Financial Liabilities				
Borrowings	21	4,879.55	7,287.91	
(b) Provisions	22	289.76	259.15	
(c) Deferred Government Grants	23	30.49	32.39	
(d) Deferred Tax Liabilities (Net)	24	<u>2,442.97</u>	<u>3,129.64</u>	10,709.09
B) Current Liabilities				
(a) Financial Liabilities				
Borrowings	25	14,999.44	16,136.75	
Trade Payables	26	581.73	956.47	
Other Financial Liabilities	27	5,199.17	6,384.43	
(b) Provisions	28	795.24	843.01	
(c) Liabilities for Current Tax		<u>52.61</u>	<u>47.99</u>	24,368.65
TOTAL EQUITY AND LIABILITIES		<u>56,501.56</u>	<u>59,761.50</u>	
Significant Accounting Policies, Judgments and Estimates	1-4			
See accompanying notes to the financial statements.	5-50			

As per our report annexed

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

R. PALANIAPPAN
Proprietor, Membership No. 205112

Rajapalayam,
29th May, 2018.

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

P. SANTHANAM
Partner, Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

Smt. R. SUDARSANAM
Managing Director

B. GNANAGURUSAMY
Chief Financial Officer

A. ARULPRANAVAM
Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018



(₹ in Lakhs)

	Note No.	For the year ended 31-03-2018	For the year ended 31-03-2017
REVENUE			
I	29	42,603.74	40,709.01
II	30	349.80	325.09
III	31	1,398.44	239.47
IV		44,351.98	41,273.57
V EXPENSES			
	32	22,480.94	20,349.47
		911.50	581.93
	33	608.88	(578.69)
	34	5,066.83	4,835.07
	35	1,752.58	2,142.79
	36	3,285.47	2,114.44
	37	7,711.68	7,985.56
		41,817.88	37,430.57
VI		2,534.10	3,843.00
VII Tax Expenses / (Savings)			
		303.78	804.02
		(695.16)	(553.86)
		[Including MAT Credit of ₹ 303.78 Lakhs (PY : ₹ 374.59 Lakhs)]	
		(391.38)	250.16
VIII		2,925.48	3,592.84
IX Other Comprehensive Income			
<i>Item that will not be reclassified to Profit or Loss:</i>			
		(24.53)	(83.48)
		1.00	(0.28)
		(8.49)	(28.89)
		8.49	(28.89)
		(23.53)	(54.87)
X		2,901.95	3,537.97
XI Earnings per Equity Share of face value of ₹ 10/- each			
		39.66	48.71
	1-4		
	5-50		

As per our report annexed

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

R. PALANIAPPAN
Proprietor, Membership No. 205112
Rajapalayam,
29th May, 2018.

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

P. SANTHANAM
Partner, Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman
Smt. R. SUDARSANAM
Managing Director
B. GNANAGURUSAMY
Chief Financial Officer
A. ARULPRANAVAM
Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

	(₹ in Lakhs)	
	2017-18	2016-17
A. Cash Flow from Operating Activities		
Profit before Tax	2,534.10	3,843.00
Adjustments to reconcile Profit before tax to net Cash flows:		
Depreciation & Amortisation	3,285.47	2,114.44
Finance Costs	1,752.58	2,142.79
Interest Income	(349.80)	(325.09)
Dividend Income	(1,026.77)	–
Rent Receipts from Investment Properties	(0.68)	(0.68)
(Profit) / Loss on Sale of Assets (Including Investment Property)	(41.48)	30.46
Fair Value movement and Financial Guarantee obligation	(118.51)	58.79
Operating Profit before Working capital Changes	6,034.91	7,863.71
Movements in Working Capital		
Gratuity and Government Grants	(26.43)	(85.39)
Trade Receivables	(708.95)	(347.30)
Loans and Advances	(239.46)	69.95
Inventories	3,200.40	(3,859.32)
Trade Payables & Current Liabilities	(386.47)	400.54
Cash generated from Operations	7,874.00	4,042.19
Direct Taxes Paid	(223.74)	(840.92)
Net Cash generated from Operating Activities	A 7,650.26	3,201.27
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (Including Capital work-in-progress)	(2,616.59)	(985.94)
Proceeds from Sale of Investment in Equity Shares - Others	0.10	0.44
Investment in Equity Shares of Associates	(8.32)	–
Proceeds from Sale of Assets / Investment Property	227.78	133.21
Interest Received	349.80	325.09
Dividend Received	1,026.77	–
Rent Receipts from Investment Properties	0.68	0.68
Net Cash used in Investing Activities	B (1,019.78)	(526.52)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018



(₹ in Lakhs)

2017-18 2016-17

C. Cash Flow from Financing Activities

Proceeds from Long Term Borrowings		1,688.31	2,298.54
Repayment of Long Term Borrowings		(4,781.03)	(5,514.30)
Availment / (Repayment) of Short Term Borrowings (Net)		(1,550.10)	2,761.29
Payment of Dividend and Dividend Distribution Tax		(355.11)	–
Interest Paid		(1,752.58)	(2,142.79)
Net cash used in Financing Activities	C	(6,750.51)	(2,597.26)
Net Increase / (Decrease) in Cash and Cash Equivalent	D = (A+B+C)	(120.03)	77.49
Opening balance of Cash and Cash Equivalents	E	310.79	233.30
Closing balance of Cash and Cash Equivalents	D + E	190.76	310.79

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.15]	115.65	209.28
Bank Balances other than Cash and Cash Equivalents [Refer to Note No.16]	75.11	101.51
	190.76	310.79

See accompanying notes to the financial statements [Refer to Note No.5 to 50]

As per our report annexed

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

R. PALANIAPPAN
Proprietor, Membership No. 205112

Rajapalayam,
29th May, 2018.

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

P. SANTHANAM
Partner, Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

Smt. R. SUDARSANAM
Managing Director

B. GNANAGURUSAMY
Chief Financial Officer

A. ARULPRANAVAM
Secretary



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

A. Equity Share Capital

(₹ in Lakhs)

Balance as at 01-04-2016	737.62
Changes in Equity Share Capital during the year 2016-17	–
Balance as at 31-03-2017	737.62
Changes in Equity Share Capital during the year 2017-18	–
Balance as at 31-03-2018	737.62

B. Other Equity

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Capital Reserve	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
Other Equity as at 1st April, 2016	3.75	1,490.48	17,801.25	1,112.17	0.52	–	20,408.17
Financial year 2016-17							
Add : Profit for the year	–	–	–	3,592.84	–	–	3,592.84
Add : Other Comprehensive Income	–	–	–	–	(0.28)	(54.59)	(54.87)
Total Comprehensive Income	–	–	–	3,592.84	(0.28)	(54.59)	3,537.97
Less: Transfer to Retained Earnings	–	–	–	–	–	54.59	54.59
Add : Transfer from OCI	–	–	–	(54.59)	–	–	(54.59)
Less: Transfer to General Reserve	–	–	–	(3,650.42)	–	–	(3,650.42)
Add : Transfer from Retained Earnings	–	–	3,650.42	–	–	–	3,650.42
Other Equity as at 31st March, 2017	3.75	1,490.48	21,451.67	1,000.00	0.24	–	23,946.14
Financial year 2017-18							
Add : Profit for the year	–	–	–	2,925.48	–	–	2,925.48
Add : Other Comprehensive Income	–	–	–	–	1.00	(24.53)	(23.53)
Total Comprehensive Income	–	–	–	2,925.48	1.00	(24.53)	2,901.95
Less: Dividend Distribution to Shareholders	–	–	–	(295.05)	–	–	(295.05)
Less: Dividend Distribution Tax	–	–	–	(60.06)	–	–	(60.06)
Less: Transfer to Retained Earnings	–	–	–	–	–	24.53	24.53
Add : Transfer from OCI	–	–	–	(24.53)	–	–	(24.53)
Less: Transfer to General Reserve	–	–	–	(1,545.84)	–	–	(1,545.84)
Add : Transfer from Retained Earnings	–	–	1,545.84	–	–	–	1,545.84
Other Equity as at 31st March, 2018	3.75	1,490.48	22,997.51	2,000.00	1.24	–	26,492.98



1. Corporate Information

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

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

The financial statements of the Company for the year ended 31-03-2018 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 atleast 12 months after the reporting period. All other liabilities are classified as non-current.
- (vi) The financial statements are presented in Indian Rupees rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as ₹ 0.00 Lakhs.
- (vii) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

3. Basis of Measurement

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

4. Significant Accounting Policies

A. Inventories

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. 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. Cash Flow Statement

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

C. Dividend distribution to Equity shareholders

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



D. Income Taxes

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

E. Property, plant and equipments (PPE)

- (i) PPEs are stated at cost of acquisition or construction (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 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



NOTES TO SEPARATE FINANCIAL STATEMENTS

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	2 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, 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. 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.



NOTES TO SEPARATE FINANCIAL STATEMENTS

- (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 periodically including 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 does 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.
- (ii) 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 coincides with the delivery of goods. It comprises of invoice value of goods excluding GST



NOTES TO SEPARATE FINANCIAL STATEMENTS

and 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, but have been set off against the cost of Power & Fuel.

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

c) Scrap sale

Scrap sale 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.

d) Industrial Promotion Assistance

This being in the nature of Government grants, which are recognised at fair value when the Company's right to receive the same is established with reasonable assurance.

(iii) Other Income

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

b) Dividend income is recognised when the Company's right to receive dividend is established.

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

I. Employee Benefits

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

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

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

J. Government Grants

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

K. Foreign currency transactions

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

L. Borrowing Costs

- (i) Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

M. Earnings per Share

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



N. Impairment of Non-Financial Assets

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

O. Provisions, Contingent Liabilities and Contingent Assets

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



NOTES TO SEPARATE 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
Power Transmission System	5 years

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

Q. Investment Properties

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

Asset type	Useful life
Buildings under Investment properties	60 years

- (v) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use. Gains or losses arising from disposal,



NOTES TO SEPARATE FINANCIAL STATEMENTS

measured as the difference between the net disposal proceeds and the carrying amount of such investment properties, are recognised in the Statement of Profit and Loss. Amount received towards investment properties that are impaired and de-recognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.

- (vi) The residual values, useful lives and methods of depreciation of investment properties are reviewed periodically including at each reporting date and adjusted prospectively, if appropriate.

R. Operating Segments

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

S. Financial Instruments

- (i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (ii) Financial assets and liabilities are offset and the net amount is presented in the Balance sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- (iii) The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company re-classifies the financial assets, such re-classifications 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 and mutual funds, 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.



NOTES TO SEPARATE FINANCIAL STATEMENTS

- (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.

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

Classification	Name of Financial Assets
Amortised cost	Trade receivables, Loans and advances to subsidiary company, 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 Subsidiary & Associate as an option exercised at the time of initial recognition.
FVTPL	Forward exchange contracts.

- (v) Financial assets are de-recognised (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 de-recognises 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



NOTES TO SEPARATE FINANCIAL STATEMENTS

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

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

Name of Financial Asset	Impairment testing methodology
Trade receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other Financial assets	When the credit risk has not increased significantly, 12 months 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 months ECL.



NOTES TO SEPARATE FINANCIAL STATEMENTS

U. Financial Liabilities

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

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

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

V. Fair value measurement

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

a) Investments in Equity

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

b) Trade and other receivables

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

c) Forward exchange contracts

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

d) Non-derivative financial liabilities

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

e) Financial guarantee obligation

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

f) Investment Properties

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

g) 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 periodically including at each financial year end by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation / amortization (Refer to Note No. 42). 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.



NOTES TO SEPARATE FINANCIAL STATEMENTS

(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	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 36)	Withdrawn during the year	As at the end of the year	As at the end of the year	As at the beginning of the year	
Land	2017-18	825.28	-	-	825.28	-	-	-	-	-	825.28	825.28
	2016-17	832.25	-	6.97	825.28	-	-	-	-	-	825.28	832.25
Buildings	2017-18	4,819.03	5.87	-	4,824.90	1,830.14	147.98	-	1,978.12	2,846.78	2,988.89	2,988.89
	2016-17	4,809.06	9.97	-	4,819.03	1,680.60	149.54	-	1,830.14	2,988.89	3,128.46	3,128.46
Plant and Machinery	2017-18	55,763.47	2,182.00	1,283.35	56,662.12	31,930.24	2,927.10	1,110.00	33,747.34	22,914.78	23,833.23	23,833.23
	2016-17	55,269.22	668.88	174.63	55,763.47	30,315.54	1,724.37	109.67	31,930.24	23,833.23	24,953.68	24,953.68
Electrical Machinery	2017-18	2,829.04	4.46	87.46	2,746.04	2,255.32	118.40	82.55	2,291.17	454.87	573.72	573.72
	2016-17	2,873.54	8.00	52.50	2,829.04	2,159.09	146.10	49.87	2,255.32	573.72	714.45	714.45
Furniture & Office Equipments	2017-18	721.46	75.17	119.96	676.67	587.29	39.85	116.98	510.16	166.51	134.17	134.17
	2016-17	709.96	16.29	4.79	721.46	553.06	38.93	4.70	587.29	134.17	156.90	156.90
Vehicles	2017-18	362.17	31.75	18.47	375.45	203.94	33.24	13.41	223.77	151.68	158.23	158.23
	2016-17	366.17	11.90	15.90	362.17	182.23	32.40	10.69	203.94	158.23	183.94	183.94
Total	2017-18	65,320.45	2,299.25	1,509.24	66,110.46	36,806.93	3,266.57	1,322.94	38,750.56	27,359.90	28,513.52	28,513.52
	2016-17	64,860.20	715.04	254.79	65,320.45	34,890.52	2,091.34	174.93	36,806.93	28,513.52	29,969.68	29,969.68

Notes: (a) During the Financial Year 2017-18 the Management, based on an internal & external evaluation reassessed the useful life of Machineries. Accordingly the useful life of Textile Machineries required changes and hence the useful life of such assets have been reduced from 25 Years to 15 Years. Depreciation expense is higher by ₹ 1,153.72 Lakhs due to the above revision [Refer to Note No.42]

(b) Borrowings cost of ₹ 6.67 Lakhs have been capitalised for current Year (PY: ₹ NIL).

(c) All the Fixed Assets have been pledged as Security for Borrowings.

NOTES TO SEPARATE FINANCIAL STATEMENTS



**NOTE NO. 6
INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars	Year	Gross Block				Amortisation			Net Block		
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 36)	Withdrawn during the year	As at the end of the year	As at the beginning of the year	
Computer software	2017-18	187.99	1.72	-	189.71	177.02	2.78	-	179.80	9.91	10.97
	2016-17	182.32	5.67	-	187.99	174.57	2.45	-	177.02	10.97	7.75
Power Transmission System	2017-18	79.37	-	-	79.37	55.78	15.89	-	71.67	7.70	23.59
	2016-17	79.37	-	-	79.37	35.36	20.42	-	55.78	23.59	44.01
Total	2017-18	267.36	1.72	-	269.08	232.80	18.67	-	251.47	17.61	34.56
	2016-17	261.69	5.67	-	267.36	209.93	22.87	-	232.80	34.56	51.76

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

As at
31-03-2018

As at
31-03-2017

NOTE NO. 7

INVESTMENT PROPERTY

Land

As at the beginning of the year	55.17		138.98	
Less: Sale of Land	—		83.81	
As at the end of the year	55.17		55.17	

Building

As at the beginning of the year	126.05		126.05	
Addition / Sale	—		—	
As at the end of the year	126.05		126.05	
Less:				
Accumulated depreciation as at the beginning of the year	35.81		35.58	
Depreciation for the year	0.23		0.23	
Accumulated depreciation as at the end of the year	36.04		35.81	
Net Block	90.01		90.24	

Total Investment Property	145.18		145.41	
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Information regarding income and expenditure of Investment Property

Rental Income from Investment Properties	0.68		0.68	
Direct Operating Expenses	—		—	
Profit arising from Investment Properties before Depreciation and indirect expenses	0.68		0.68	
Less: Depreciation	0.23		0.23	
Profit arising from Investment Properties before indirect expenses	0.45		0.45	
Fair Value of Investment Property	1,456.86		1,456.78	

Notes:

- (i) The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.
- (ii) The fair valuation of these investment property are determined by an independent valuer, who is a specialist in valuing these types of investment properties.
- (iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iv) Fair value hierarchy disclosures for investment properties have been provided in Note No. 48.



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

As at **As at** **As at** **As at**
31-03-2018 31-03-2017 **31-03-2018** 31-03-2017

NOTE NO. 8

INVESTMENT IN ASSOCIATES

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
Investment in Equity Instruments					
1) Quoted					
The Ramco Cements Limited	1	3,29,05,000	3,29,05,000	3,779.94	3,779.94
Ramco Industries Limited	1	79,20,680	79,20,680	92.40	92.40
Ramco System Limited	10	7,33,531	7,33,531	1,141.55	1,141.55
The Ramaraju Surgical Cotton Mills Limited	10	4,000	2,000	0.05	0.05
Sub-Total (A)				5,013.94	5,013.94
Note: The Ramaraju Surgical Cotton Mills Limited issued Bonus Shares in the ratio of 1:1 during the Financial Year 2017-18.					
2) Unquoted					
Sri Vishnu Shankar Mill Limited	10	38,400	38,400	87.65	62.68
Ontime Industrial Services Limited	10	50,000	50,000	5.00	5.00
Ramco Windfarms Limited	1	8,32,000	-	8.32	-
Sub-Total (B)				100.97	67.68
Grand-Total C = (A+B)				5,114.91	5,081.62
Quoted Investments - Cost				5,013.94	5,013.94
Market Value				2,62,023.03	2,42,037.85

Notes:

The Company has recognised the fair value of transaction cost amounting to ₹ 24.97 Lakhs during the year 2017-18 (PY: ₹ 15.02 Lakhs) on financial guarantees given on behalf of Sri Vishnu Shankar Mill Limited as part of Cost of Investment.

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

As at 31-03-2018 As at 31-03-2017 As at 31-03-2018 As at 31-03-2017

NOTE NO. 9

OTHER INVESTMENT

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
I. Investment in Equity Instruments					
1) Quoted					
Lakshmi Automatic Loom Works Limited	10	2,500	2,500	1.55	0.55
Tamilnadu Jai Bharath Mills Limited	10	1,200	1,200	0.06	0.05
Total Quoted Investments	(A)			1.61	0.60
2) Unquoted					
Miot Hospitals Limited	10	2,500	2,500	0.25	0.25
ARS Energy Private Limited	10	240	280	0.66	0.77
Total Unquoted Investments	(B)			0.91	1.02
II. Investment in Preference Shares, Non-Trade - Unquoted					
Thanjavur Spinning Mill Limited	(C)	10	2,50,00,000	2,50,00,000	2,500.00
Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited.					
III. Other Non-Current Investments, Non-Trade - Unquoted					
Ramco Group Employees' Co-operative Stores Limited	1	500	500	0.01	0.01
Total other Investments	(D)			0.01	0.01
Total (A + B + C + D)				2,502.53	2,501.63

NOTE NO. 10

FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES

Unsecured, considered good

Loans and Advances to Related Parties [Refer to Note No.46 b (i)] 950.00 950.00

NOTE NO. 11

OTHER FINANCIAL ASSETS - (NON CURRENT)

Unsecured, considered good

Security Deposits with Electricity Board / Others 925.44 997.33
 Loans to Employees 0.31 0.59
Total 925.75 997.92



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2018 As at
31-03-2017

NOTE NO. 12

OTHER NON CURRENT-ASSETS

Unsecured, considered good

Advance to Suppliers / Others	–	189.73
Deposits under protest, in Appeals [Refer to Note No.41(iii)]	11.21	11.21
Income Tax Refund Receivable	70.12	118.77
Prepaid Expenses - Non-Current	59.79	73.31
	141.12	393.02

NOTE NO. 13

INVENTORIES

(Valued at lower of cost or Net realisable value)

Finished Goods	1,743.57	2,559.63
Raw materials - Cotton & Cotton Waste	7,941.12	10,555.39
Stores and Spares	229.83	207.08
Works-in-progress (Cotton Yarn)	1,585.39	1,378.21
	11,499.91	14,700.31

Note:

- a) Raw materials includes Goods-in-transit of ₹ 410.57 Lakhs (PY : ₹ 713.39 Lakhs).
- b) The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.

NOTE NO. 14

TRADE RECEIVABLES

Secured, considered good	918.49	1,696.71
Unsecured, considered good	4,127.75	2,640.58
	5,046.24	4,337.29

- (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 or 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.

NOTE NO. 15

CASH AND CASH EQUIVALENTS

Cash on Hand	1.98	1.59
Balance with Bank		
In Current Account	113.67	25.81
In Deposit Account with maturity less than 3 months	–	181.88
	115.65	209.28

NOTE NO. 16

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Fixed Deposits with Maturity of more than 3 months but less than 12 months	–	30.15
Earmarked balances with Banks for Unclaimed Dividend	75.11	71.36
	75.11	101.51

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

As at 31-03-2018 As at 31-03-2017

NOTE NO. 17

OTHER FINANCIAL ASSETS (CURRENT)

Government Grants Receivable	607.75	626.46
Security Deposit	13.00	13.00
Insurance Claim receivable	-	13.92
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	29.33	-
	650.08	653.38

NOTE NO. 18

OTHER CURRENT ASSETS

Unsecured, considered good

Advance to Suppliers / Others	790.56	600.70
Tax Credit - Indirect Taxes	267.23	26.86
Accrued Income	142.98	102.59
Prepaid Expenses	98.20	67.55
Other Current Assets	38.51	39.88
	1,337.48	837.58

NOTE NO. 19

EQUITY SHARE CAPITAL

Authorised

1,50,00,000 Equity Shares of ₹ 10/- each (PY: 1,50,00,000 Equity Shares of ₹ 10/- each)	1,500.00	1,500.00
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Issued, Subscribed and Fully paid-up

73,76,160 Equity Shares of ₹ 10/- each (PY: 73,76,160 Equity Shares of ₹ 10/- each)	737.62	737.62
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a. Issued, Subscribed and fully paid-up Shares includes 62,13,850 Equity Shares (PY: 62,13,850 Equity Shares) of ₹ 10/- each, which were allotted as fully paid Bonus Shares by Capitalisation of Reserves.

b. Reconciliation of the number of shares outstanding

Particulars	As at 31-03-2018		As at 31-03-2017	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	73,76,160	737.62	73,76,160	737.62
Issued during the year - Bonus Issue	-	-	-	-
Issued during the year - Preferential Issue	-	-	-	-
Number of Shares at the end	73,76,160	737.62	73,76,160	737.62



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2018 As at
31-03-2017

c. Rights / Restrictions attached to Equity Shares

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

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

Particulars	As at 31-03-2018		As at 31-03-2017	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Venketrama Raja	14,66,080	19.88%	14,66,080	19.88%
P.R. Ramasubrahmaneya Rajha	-	-	9,88,792	13.41%
P.V. Abinav Ramasubramaniam Raja	19,51,952	26.47%	9,63,160	13.06%

NOTE NO. 20

OTHER EQUITY

Capital Reserve	3.75	3.75
Securities Premium Reserve	1,490.48	1,490.48
General Reserve	22,997.51	21,451.67
FVTOCI Reserve	1.24	0.24
Retained Earnings	2,000.00	1,000.00
	<u>26,492.98</u>	<u>23,946.14</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.

Securities Premium Reserve

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

FVTOCI Reserve

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

General reserve

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

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

As at 31-03-2018 As at 31-03-2017

Retained earnings

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

The Board of Directors have recommended the payment of Final Dividend ₹ 4/- per share for the year 2017-18 (PY: ₹ 4/- per Share). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.

NOTE NO. 21

NON CURRENT BORROWINGS

Secured

Term Loan from Banks	2,958.39	3,081.08
Working Capital Term Loan from Banks	892.85	3,010.40

Unsecured

Working Capital Term Loan from Banks	1,028.31	1,196.43
	4,879.55	7,287.91

- a) Term Loan from Banks are secured by pari-passu first charge on all the Fixed Assets of the Company and *pari-passu* second charge on the Current Assets of the Company.
- b) Working Capital Term Loan from Banks / Fls are secured by *pari-passu* first charge on all the Fixed Assets of the Company.
- c) The Long Term Borrowings from Banks are repayable in quarterly installments. The year wise repayment is as follows:

Year	Amount	Amount
2018-19	-	4,105.85
2019-20	2,631.83	2,464.14
2020-21	1,409.36	638.84
2021-22	518.51	79.08
2022-23	319.85	-
	4,879.55	7,287.91

NOTE NO. 22

PROVISION (NON - CURRENT)

Provision for Employee Benefits [Refer to Note No. 44]	289.76	259.15
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NOTE NO. 23

DEFERRED GOVERNMENT GRANTS

Deferred Income Government Grants	30.49	32.39
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NOTE NO. 24

DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability

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

Tax effect on Fair Value Measurement	(7.45)	(28.60)
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Deferred Tax Asset

Tax impact on Provision for Bonus and Leave Encashment

Unused Tax Credits (MAT Credit Entitlement)	(3,194.43)	(2,899.14)
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	2,442.97	3,129.64
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NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2018 As at
31-03-2017

Reconciliation of Deferred Tax Liabilities (net)

Opening balance as on 1 st April	3,129.64	3,683.50
Tax (Savings) / Expense during the period recognised in Profit and Loss	(695.16)	(553.86)
Deferred Tax recognised in OCI	8.49	–
Closing balance as on 31 st March	2,442.97	3,129.64

NOTE NO. 25

CURRENT BORROWINGS

Secured

Loan from Banks	3,899.03	6,084.52
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Unsecured

Loan from Banks	10,762.53	8,898.54
Loans and Advances from Director [Refer to Note No.46 (b) (ii)]	337.88	1,153.69
	14,999.44	16,136.75

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

NOTE NO. 26

TRADE PAYABLES

Trade Payables	581.73	956.47
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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. 27

OTHER CURRENT FINANCIAL LIABILITIES

Current Maturities of Long Term Loans	4,049.83	4,734.19
Interest Accrued	83.43	96.79
Unpaid Dividends	75.11	71.36
PACR Memorial Fund	70.00	70.00
Liabilities for Other Finance	700.67	666.77
Financial Guarantee Contracts	220.13	342.83
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	–	402.49
	5,199.17	6,384.43

NOTE NO. 28

PROVISIONS, CURRENT

Provision for Employee Benefits	795.24	843.01
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NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

2017-18

2016-17

NOTE NO. 29

REVENUE FROM OPERATIONS

Sale of Products

Yarn	41,760.20	39,814.06
Fabrics	-	144.08
Waste Cotton	<u>235.26</u>	<u>178.63</u>
	41,995.46	40,136.77

Other operating Revenues

Export Incentive	134.50	228.29
Job Work Charges Received	473.78	343.95
	<u>42,603.74</u>	<u>40,709.01</u>

NOTE NO. 30

FINANCE INCOME

Interest Receipts	<u>349.80</u>	<u>325.09</u>
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NOTE NO. 31

OTHER INCOME

Rent Receipts	31.49	27.56
Dividend Income	1,026.77	-
Profit on Sale of Property, Plant and Equipment	41.48	-
Government Grants	1.91	1.91
Miscellaneous Income	296.79	210.00
	<u>1,398.44</u>	<u>239.47</u>

NOTE NO. 32

COST OF MATERIALS CONSUMED

Rawmaterials Consumed

Cotton & Cotton Waste	<u>22,480.94</u>	<u>20,349.47</u>
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NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

2017-18

2016-17

NOTE NO. 33

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

Opening stock

Finished Goods	2,559.63		1,989.59	
Work-in-Progress	<u>1,378.21</u>	<u>3,937.84</u>	<u>1,369.56</u>	3,359.15

Closing Stock

Finished Goods	1,743.57		2,559.63	
Work-in-Progress	<u>1,585.39</u>	<u>3,328.96</u>	<u>1,378.21</u>	<u>3,937.84</u>
Net (Increase) / Decrease in Stock		<u>608.88</u>		<u>(578.69)</u>

NOTE NO. 34

EMPLOYEE BENEFITS

Salaries, Wages and Bonus	4,289.72		4,121.42	
Contribution to Provident and Other Funds	556.74		523.30	
Staff and Labour Welfare & Training Expenses	<u>220.37</u>		<u>190.35</u>	
	<u>5,066.83</u>		<u>4,835.07</u>	

NOTE NO. 35

FINANCE COSTS

Interest on Debts and Borrowings	1,650.90		2,140.85	
Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing cost	<u>101.68</u>		<u>1.94</u>	
	<u>1,752.58</u>		<u>2,142.79</u>	

NOTE NO. 36

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of Plant, Property and Equipment [Refer to Note No. 5 & 42]	3,266.57		2,091.34	
Amortization of intangible assets [Refer to Note No. 6]	18.67		22.87	
Depreciation on Investment Properties [Refer to Note No. 7]	<u>0.23</u>		<u>0.23</u>	
	<u>3,285.47</u>		<u>2,114.44</u>	



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

	2017-18		2016-17	
NOTE NO. 37				
OTHER EXPENSES				
Manufacturing Expenses				
Power and Fuel	3,093.93		3,192.05	
Packing Materials Consumption	599.49		607.85	
Repairs to Buildings	196.75		97.10	
Repairs to Plant and Machinery	1,126.36		950.10	
Repairs - General	750.07		929.43	
Jobwork Charges Paid	214.40		132.71	
	5,981.00		5,909.24	
Establishment Expenses				
Managing Director's Remuneration	270.30		210.63	
Rates and Taxes	117.42		141.59	
Insurance	89.77		78.52	
Postage and Telephone	14.85		18.12	
Printing and Stationery	42.85		19.01	
Travelling Expenses	82.98		60.79	
Vehicle Maintenance	88.17		83.33	
Loss on Sale of Property, Plant and Equipment & Investment Property	-		30.46	
Directors' Sitting Fees	25.50		28.80	
Rent	5.03		3.67	
Audit Fees and Legal Expenses	28.55		29.44	
Corporate Social Responsibility Expenses	73.16		78.55	
Loss on Exchange Difference (net)	91.27		291.93	
Miscellaneous Expenses	146.81		147.69	
	1,076.66		1,222.53	
Selling Expenses				
Sales Commission	334.43		452.65	
Export Expenses	166.87		134.37	
Other Selling Expenses	152.72		266.77	
	654.02		853.79	
	7,711.68		7,985.56	

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

2017-18 2016-17

NOTE NO. 38

AUDIT FEES AND EXPENSES

As Auditor:

Audit fee	4.40	4.00
Tax audit fee	0.60	0.60

In other capacity:

Taxation matters	0.30	0.60
Other services (Certification fees)	1.00	0.95
Reimbursement of Expenses	0.83	0.70

7.13

6.85

NOTE NO. 39

INCOME TAX

Reconciliation Tax Expenses and Accounting Profit

Accounting Profit before Tax including OCI	2,510.57	3,759.24
Corporate Tax Rate	34.608%	34.608%
Computed Tax Expenses at India's statutory Income Tax Rate	868.86	1,301.00

Increase / (Reduction) in taxes on account of:

Tax adjustment of earlier years	132.14	6.61
Income exempt / eligible for deduction Under Chapter VI-A	(1,421.53)	(1,058.73)
Non-deductible expenses	26.40	28.51
Other exempted Items	(51.46)	(56.12)
Tax effect due to change in Income Tax Rate	54.21	–
Net effective income tax under Regular method	<u>(391.38)</u>	<u>221.27</u>

Deferred Tax Recognised in the Statement of Profit and Loss

Tax impact on difference between book depreciation and depreciation under the Income Tax Act, 1961	(459.58)	(106.54)
Tax effect on Fair Value Measurement	21.22	(22.05)
Tax effect on Provision for Bonus and Leave Encashment	(7.23)	(50.68)
Tax effect due to change in Income Tax Rate	54.21	–
Unused Tax Credit i.e. MAT Credit Entitlement	(295.29)	(374.59)
	<u>(686.67)</u>	<u>(553.86)</u>



(₹ in Lakhs)

As at	As at
31-03-2018	31-03-2017

NOTE NO. 40**COMMITMENTS**

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

	1,596.44	184.11
--	-----------------	--------

NOTE NO. 41**CONTINGENT LIABILITIES**

Guarantees given by the bankers on behalf of company

	43.07	32.65
--	--------------	-------

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

	204.56	193.75
--	---------------	--------

- Other demands

	485.79	429.48
--	---------------	--------

- i. Income Tax Assessment have been completed upto the Accounting Year ended 31st March, 2014 i.e. AY 2014-15.
- ii. Sales Tax Assessment has been completed upto the Accounting year 2006-07. The Assessment was also completed for the Accounting year 2014-15.
- iii. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of ₹ 204.56 Lakhs (PY: ₹ 193.75 Lakhs) towards manpower recruitment or supply agency services, of which we have already deposited ₹ 11.21 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 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 ₹ 485.79 Lakhs (PY: ₹ 429.48 Lakhs). In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on this matter.

NOTE NO. 42**Change in Useful life of Machineries**

During the year, Management based on internal and external technical evaluation, reassessed the remaining useful life of textile machineries with effect from 1st April, 2017. Accordingly, the useful lives of textile machineries required a change from the previous estimates. The earlier and current useful lives are as follows:

Type of Plant and Machinery	Earlier useful life	Current useful life
Textile Machineries / Equipment	2 to 25 Years	2 to 15 Years
Wind Mills	22 to 30 Years	22 to 30 Years
HFO & DG Sets	12 to 25 Years	12 to 25 Years
Electrical Machineries	3 to 25 Years	3 to 25 Years

Had the Company continued with the previously assessed useful lives, the charge for depreciation for the year ended 31st March, 2018 would have been lower by ₹ 1,153.72 Lakhs for assets held at 1st April, 2017.



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

31-03-2018 31-03-2017

The revision of the useful lives will result in the following changes in the depreciation expenses as compared to the original useful life of the assets:

(₹ in Lakhs)	
Financial Year	Increase in Depreciation expenses
2018-19	1,153.46
2019-20	1,128.92
2020-21	1,047.15
2021-22	688.32
2022-23	477.12

NOTE NO. 43

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

The Ramaraju Surgical Cotton Mills Limited	8,860	8,860
Sri Vishnu Shankar Mill Limited	10,740	12,090
Sandhya Spinning Mill Limited	12,780	11,780
Thanjavur Spinning Mill Limited	1,300	4,031

Actual amount of loan outstanding against above Financial Guarantees

The Ramaraju Surgical Cotton Mills Limited	1,168	2,092
Sri Vishnu Shankar Mill Limited	4,413	5,012
Sandhya Spinning Mill Limited	3,872	4,771
Thanjavur Spinning Mill Limited	409	745

NOTE NO. 44

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

Defined Contribution Plan:

Employer's Contribution to Provident Fund	333.36	319.65
Employer's Contribution to Superannuation Fund	28.64	23.62

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

Movements in the present value of defined benefit obligation:

Opening defined Benefit Obligation	855.14	746.71
Current Service Cost	64.58	57.67
Interest Cost	61.53	56.17
Actuarial (gain) / loss	25.85	83.81
Benefits paid	(-) 69.52	(-) 89.22
Closing Defined Benefit obligation	937.58	855.14

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

31-03-2018 31-03-2017

Movement in the present value of plan assets:

Opening fair value of plan assets	711.50	651.42
Expected return on plan assets	56.19	52.40
Actuarial gain / (loss)	1.33	0.33
Employer Contribution	144.91	96.57
Benefits paid	(-) 69.52	(-) 89.22
Closing fair value of plan assets	844.41	711.50

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

Fair value of plan assets	844.41	711.50
Present value of obligation	937.58	855.14
Difference, recognized in Balance Sheet	93.17	143.64

Cost of define benefit plan:

Current Service Cost	64.58	57.67
Interest Cost	5.34	3.76
Net Cost Recognized in the Income Statement	69.92	61.43

Amount recognized in the Other Comprehensive Income

Actuarial changes arising from:

Experience adjustments on plan liabilities	17.24	(-) 1.39
Experience adjustments on plan assets	(-) 1.32	(-) 0.33
Changes in financial assumptions	8.61	85.20
Changes in demographic assumptions	-	-
Amount recognized in OCI during the year	24.53	83.48

Major Categories of Plan Assets:

GOI Securities	-	-
Funds with LIC	839.46	707.11
Others	4.95	4.39
Total	844.41	711.50

Actuarial assumptions:

Discount rate p.a	7.72%	7.50%
Rate of escalation in salary p.a	4.00%	3.50%



NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

31-03-2018 31-03-2017

Estimate of Expected Benefit payments

Year 1	46.88	56.26
Year 2	87.76	58.42
Year 3	53.57	53.98
Year 4	45.97	57.21
Year 5	37.22	51.61
Next 5 Years	479.76	375.10

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Discount Rate	69.44	60.66
0.50% Decrease in Discount Rate	79.31	68.90
0.50% Increase in Salary Growth Rate	79.52	69.10
0.50% Decrease in Salary Growth Rate	69.23	60.45

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

Details of Leave encashment plan (Unfunded) are as follows:

Movement in the present value of define benefit Obligation:

Opening defined Benefit Obligation	280.08	232.91
Current Service Cost	21.67	22.81
Interest Cost	19.49	17.75
Actuarial (gain) / loss	35.07	28.57
Benefits paid	(-) 40.34	(-) 21.96
Closing defined Benefit obligation	315.97	280.08

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	40.34	21.96
Benefits paid	(-) 40.34	(-) 21.96
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

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

31-03-2018 31-03-2017

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	315.97	280.08
Difference, recognized in Balance Sheet	315.97	280.08

Cost of define benefit Plan:

Current Service Cost	21.67	22.81
Interest Cost	19.49	17.75
Actuarial (gain) / loss	35.07	28.57
Net Cost recognized in the Income Statement	76.23	69.13

Major Categories of Plant Assets:

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

Actuarial assumptions:

Discount rate p.a	7.72%	7.50%
Rate of escalation in salary p.a	4.00%	3.50%

Estimate of Expected Benefit payments

Year 1	9.97	12.25
Year 2	40.80	23.82
Year 3	16.61	24.89
Year 4	13.02	19.77
Year 5	12.95	13.16
Next 5 Years	162.39	99.54

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Discount Rate	21.66	20.48
0.50% Decrease in Discount Rate	24.38	22.97
0.50% Increase in Salary Growth Rate	24.43	23.02
0.50% Decrease in Salary Growth Rate	21.61	20.43

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant.



NOTES TO SEPARATE FINANCIAL STATEMENTS

NOTE NO. 45

EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	31-03-2018	31-03-2017
Net profit after tax (₹ in Lakhs) (A)	2,925.48	3,592.84
Weighted average number of Equity shares [In Lakhs] (B)	73.76	73.76
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) (in ₹)	39.66	48.71

NOTE NO. 46

RELATED PARTY TRANSACTIONS

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March, 2018:

A) Associates Company

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2018	31-03-2017
The Ramco Cements Limited	India	13.97%	13.82%
Ramco Industries Limited	India	9.14%	9.14%
Ramco Systems Limited	India	2.41%	2.41%
The Ramaraju Surgical Cotton Mills Limited	India	0.10%	0.10%
Sri Vishnu Shankar Mill Limited	India	2.56%	2.56%
Ontime Industrial Services Limited	India	17.77%	17.77%
Ramco Windfarms Limited	India	8.32%	-

B) Key Managerial 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. R. Sudarsanam	Managing Director
Shri B. Gnanagurusamy	Chief Financial Officer
Shri A. Arulpranavam	Secretary
Shri S.S. Ramachandra Raja	Non-Executive Director
Shri N.K. Ramasuwami Raja	Independent Director
Shri A.V. Dharmakrishnan	Non-Executive Director
Justice Shri P.P.S. Janarthana Raja	Independent Director
Shri V. Santhanaraman	Independent Director
Shri K.B. Nagendra Murthy	Independent Director
Smt. Soundara Kumar	Independent Director
Shri P.V. Abinav Ramasubramaniam Raja	Non-Executive Director
Shri P.A.S Alaghar Raja	Independent Director

NOTES TO SEPARATE FINANCIAL STATEMENTS



C) Relatives of Key Managerial Personnel

Name of the Relative of KMP	Relationship
Smt. R. Chittammal	Spouse of Shri S.S. Ramachandra Raja
Smt. Nalina Ramalakshmi	Sister of Shri P.R. Venketrama Raja
Smt. Saradha Deepa	Sister of Shri P.R. Venketrama Raja
Smt. P.V. Nirmala	Spouse of Shri P.R. Venketrama Raja
Smt. B. Sri Sandhya Raju	Daughter of Shri P.R. Venketrama Raja

D) Companies over which KMP/Relatives of KMP exercise significant influence

Thanjavur Spinning Mill Limited	Ramco Management Private Limited
Sandhya Spinning Mill Limited	RCDC Securities & Investments Private Limited
Sri Harini Textiles Limited	Shri Harini Media Limited
Rajapalayam Textile Limited	

E) Employee Benefit Funds where control exists

Rajapalayam Mills Limited Officers' Superannuation Fund
Rajapalayam Mills Limited Employees' Gratuity Fund

F) Other entities over which there is a significant influence

Smt. Lingammal Ramaraju Shastra Prathishta Trust	PACR Sethurammal Charity Trust
Ramco Welfare Trust	PACR Sethurammal Charities
Raja Charity Trust	

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

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

i. Good Supplied / Services rendered

Name of the Related party	Value (₹ in Lakhs)	
	2017-18	2016-17
Associates		
The Ramaraju Surgical Cotton Mills Limited	825.83	149.88
Ramco Industries Limited	653.86	461.40
Ramco Systems Limited	0.78	0.68
Sri Vishnu Shankar Mill Limited	1,420.02	1,583.28
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	706.82	626.11
Thanjavur Spinning Mill Limited	509.34	120.48
Rajapalayam Textile Limited	395.45	410.61
Sri Harini Textiles Limited	0.87	NIL



NOTES TO SEPARATE FINANCIAL STATEMENTS

		(₹ in Lakhs)	
Name of the Related party		Value	
		2017-18	2016-17
ii. Sale of Fixed Assets			
Companies over which KMP / Relative of KMP exercise significant Influence			
Rajapalayam Textile Limited		94.40	5.04
iii. Cost of Goods & Services purchased / availed			
Associates			
The Ramco Cements Limited		10.14	4.47
Ramco Industries Limited		280.36	161.10
Ramco Systems Limited		26.32	22.89
The Ramaraju Surgical Cotton Mills Limited		726.77	200.58
Sri Vishnu Shankar Mill Limited		621.51	599.37
Ramco Windfarms Limited		32.14	NIL
Companies over which KMP / Relative of KMP exercise significant Influence			
Sandhya Spinning Mill Limited		1,181.87	295.60
Thanjavur Spinning Mill Limited		100.70	558.54
Rajapalayam Textile Limited		252.73	47.38
Sri Harini Textiles Limited		94.91	NIL
Shri Harini Media Limited		2.55	1.40
Other entities over which there is a significant influence			
PACR Sethurammam Charity Trust		138.41	47.92
iv. Purchase of Fixed Assets			
Associates			
Sri Vishnu Shankar Mill Limited		NIL	3.15
v. Purchase of Equity Shares of Ramco Windfarms Limited			
Associates			
Sri Vishnu Shankar Mill Limited		1.61	NIL
Companies over which KMP / Relative of KMP exercise significant Influence			
Thanjavur Spinning Mill Limited		6.71	NIL
vi. Leasing Arrangements - Rent Paid			
Associates			
The Ramco Cements Limited		9.75	NIL
Relative of Key Managerial Personnel			
Smt. Saradha Deepa		1.50	1.44

NOTES TO SEPARATE FINANCIAL STATEMENTS



Name of the Related party	(₹ in Lakhs)	
	Value	
	2017-18	2016-17
vii. Dividend Paid		
Key Managerial Personnel		
Smt. R. Sudarsanam	2.55	NIL
Shri P.R. Venketrama Raja	58.64	NIL
Shri P.V. Abinav Ramasubramaniam Raja	78.08	NIL
Associates		
The Ramco Cements Limited	1.02	NIL
Ramco Industries Limited	5.09	NIL
The Ramaraju Surgical Cotton Mills Limited	5.41	NIL
Sri Vishnu Shankar Mill Limited	1.19	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	0.02	NIL
Ramco Management Private Limited	0.08	NIL
Relative of Key Management Personnel		
Smt. R. Chittammal	3.31	NIL
Smt. Nalina Ramalakshmi	0.27	NIL
Smt. Saradha Deepa	0.44	NIL
Smt. P.V. Nirmala	0.11	NIL
Smt. B. Sri Sandhya Raju	0.66	NIL
viii. Dividend Received		
Associates		
The Ramco Cements Limited	987.15	NIL
Ramco Industries Limited	39.60	NIL
The Ramaraju Surgical Cotton Mills Limited	0.02	NIL
ix. Interest Paid / (Received)		
Key Managerial Personnel		
Shri P.R. Ramasubrahmaneya Rajha	24.20	134.79
Smt. R. Sudarsanam	31.50	4.35
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	(104.50)	(104.50)
Other entities over which there is a significant influence		
PACR Sethurammam Charities	(19.62)	NIL



NOTES TO SEPARATE FINANCIAL STATEMENTS

		(₹ in Lakhs)	
Name of the Related party		Value	
		2017-18	2016-17
x.	Director's Sitting Fees		
	Key Managerial Personnel		
	Shri P.R. Ramasubrahmaneya Rajha	NIL	3.90
	Shri P.R. Venketrama Raja	2.10	1.20
	Smt. R. Sudarsanam	1.50	0.90
	Shri S.S. Ramachandra Raja	1.80	3.60
	Shri N.K. Ramasuwami Raja	3.30	5.70
	Shri A.V. Dharmakrishnan	3.00	3.30
	Justice Shri P.P.S. Janarthana Raja	3.90	3.90
	Shri V. Santhanaraman	1.80	1.50
	Shri K.B. Nagendra Murthy	3.00	2.70
	Smt Soundara Kumar	1.80	1.50
	Shri P.V. Abinav Ramasubramaniam Raja	1.50	0.30
	Shri P.A.S Alaghar Raja	1.80	0.30
xi.	Remuneration to Key Management Personnel (Other than Sitting Fees)		
	Key Managerial Personnel		
	Smt. R. Sudarsanam, Managing Director	270.30	210.63
	Shri B. Gnanagurusamy, Chief Financial Officer	30.73	21.17
	Shri A. Arulpranavam, Secretary	9.17	8.38
xii.	CSR Expenditure		
	Other entities over which there is a significant influence		
	PACR Sethurammammal Charities	50.00	60.00
xiii.	Contribution to Superannuation Fund / Gratuity Fund		
	Other entities over which there is a significant influence		
	Rajapalayam Mills Limited Officers' Superannuation Fund	28.64	23.62
	Rajapalayam Mills Limited Employees' Gratuity Fund	94.45	144.90
xiv.	Maximum amount of loans and advance / (borrowings) outstanding during the year		
	Key Managerial Personnel		
	Shri P.R. Ramasubrahmaneya Rajha	(1,125.94)	(1,104.16)
	Smt. R. Sudarsanam	(844.97)	(49.53)
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sri Harini Textiles Limited	950.00	950.00
	Other entities over which there is a significant influence		
	PACR Sethurammammal Charities	306.81	-

NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

Name of the Related party	Value	
	2017-18	2016-17
xv. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL Associates		
The Ramco Cements Limited	3.76	2.08
b. Outstanding balance including commitments		
i. Loans and advances		
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	950.00	950.00
ii. Borrowings:		
Key Managerial Personnel		
Shri P.R. Ramasubrahmaneya Rajha	NIL	(1,104.16)
Smt. R. Sudarsanam	(337.88)	(49.53)
iii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL Associates		
The Ramco Cements Limited	13.00	13.00
iv. Corporate Guarantee given to lender of Related parties Associates		
The Ramaraju Surgical Cotton Mills Limited	8,860	8,860
Sri Vishnu Shankar Mill Limited	10,740	12,090
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	12,780	11,780
Thanjavur Spinning Mill Limited	1,300	4,031

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

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]	277.67	213.87
Defined Contribution Plan ^[2]	34.03	27.19
Defined Benefit Plan / Other Long-Term Benefits <i>[Refer Note 3 below]</i>	—	—
Total	<u>311.70</u>	<u>241.06</u>

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

2. It includes contribution to Provident fund and Superannuation fund

3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.



NOTES TO SEPARATE FINANCIAL STATEMENTS

NOTE NO. 47

Segment Information for the year ended 31-03-2018

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
REVENUE						
External Sales / Other Operating Income	42,603.74	40,709.01	-	-	42,603.74	40,709.01
Inter Segment Sale	-	-	4,552.18	4,561.67	4,552.18	4,561.67
Total	42,603.74	40,709.01	4,552.18	4,561.67	47,155.92	45,270.68
Other Income	548.47	302.49	-	-	548.47	302.49
Total Revenue	43,152.21	41,011.50	4,552.18	4,561.67	47,704.39	45,573.17
RESULT						
Segment Profit	42.79	2,930.38	3,135.39	3,085.27	3,178.18	6,015.65
Unallocated Income	-	-	-	-	1,026.77	-
Unallocated Expenses	-	-	-	-	91.27	291.93
Operating Profit	-	-	-	-	4,113.68	5,723.72
Interest Expenses	-	-	-	-	1,752.58	2,142.79
Interest Income	-	-	-	-	173.00	262.07
Provision for Taxation						
Current Tax	-	-	-	-	303.78	804.02
Deferred Tax	-	-	-	-	(695.16)	(553.86)
Profit from ordinary activities	-	-	-	-	2,925.48	3,592.84
Other Comprehensive Income after Tax	-	-	-	-	(23.53)	(54.87)
Net Profit after Tax					2,901.95	3,537.97
OTHER INFORMATION						
Segment Assets	41,186.11	44,157.28	6,748.00	7,070.96	47,934.11	51,228.24
Unallocated Assets	-	-	-	-	8,567.45	8,533.26
Total Assets	-	-	-	-	56,501.56	59,761.50
Segment Liabilities	2,868.66	3,756.86	-	-	2,868.66	3,756.86
Unallocated Liabilities	-	-	-	-	26,402.30	31,320.88
Total Liabilities	-	-	-	-	29,270.96	35,077.74
Capital Expenditure	2,513.60	985.94	102.99	-	2,616.59	985.94
Unallocated Capital Expenditure	-	-	-	-	-	-
Depreciation	2,873.02	1,702.96	412.45	411.48	3,285.47	2,114.44
Unallocated Depreciation Expenditure	-	-	-	-	-	-
Non-Cash expenses other than Depreciation	-	-	-	-	-	-



NOTES TO SEPARATE FINANCIAL STATEMENTS

NOTE NO. 48

Disclosure of Fair value measurements

The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to their short term maturities of these instruments.

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
As at 31-03-2018					
Financial Assets					
Investments - Preference Shares	2,500.00	-	-	2,500.00	2,500.00
Other Investments	0.92	-	1.61	2.53	2.53
Loans and Advances	950.00	-	-	950.00	950.00
Trade Receivables	5,046.24	-	-	5,046.24	5,046.24
Cash and Bank Balances	190.76	-	-	190.76	190.76
Other Financial Assets	1,575.83	-	-	1,575.83	1,575.83
Financial Liabilities					
Borrowings	23,928.82	-	-	23,928.82	23,928.82
Trade Payables	581.73	-	-	581.73	581.73
Other Financial Liabilities	-	-	-	-	-
As at 31-03-2017					
Financial Assets					
Investments - Preference Shares	2,500.00	-	-	2,500.00	2,500.00
Other Investments	1.03	-	0.60	1.63	1.63
Loans and Advances	950.00	-	-	950.00	950.00
Trade Receivables	4,337.29	-	-	4,337.29	4,337.29
Cash and Bank Balances	310.79	-	-	310.79	310.79
Other Financial Assets	1,651.30	-	-	1,651.30	1,651.30
Financial Liabilities					
Borrowings	28,158.85	-	-	28,158.85	28,158.85
Trade Payables	956.47	-	-	956.47	956.47
Other Financial Liabilities	-	-	-	-	-

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.



NOTES TO SEPARATE FINANCIAL STATEMENTS

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Instruments at FVTOCI				
Investments in listed equity securities				
As at 31-03-2018	1.61	–	–	1.61
As at 31-03-2017	0.60	–	–	0.60
Investment in unlisted securities				
As at 31-03-2018	–	–	0.92	0.92
As at 31-03-2017	–	–	1.03	1.03
Financial Instruments at FVTPL				
Foreign exchange forward contracts				
As at 31-03-2018 (Asset)	–	29.33	–	29.33
As at 31-03-2017 (Liability)	–	402.49	–	402.49

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 st March in Stock Exchange
Investment in Unlisted securities	At Book Value	Insignificant Value
Foreign exchange forward contracts	Mark to Market	Based on MTM valuations provided by the Banker
Financial Guarantee Obligation	Differential Interest Rate	Interest rates quote have been obtained from the Banker

NOTE NO. 49

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.



NOTES TO SEPARATE FINANCIAL STATEMENTS

The Company has the following financial risks:

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

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

Credit Risk

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

Receivables

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

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

(₹ in Lakhs)

As at 31-03-2018	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	4,264.81	557.23	222.70	1.50	5,046.24
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	4,264.81	557.23	222.70	1.50	5,046.24

As at 31-03-2017	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	3,297.14	601.46	321.27	117.42	4,337.29
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	3,297.14	601.46	321.27	117.42	4,337.29



NOTES TO SEPARATE FINANCIAL STATEMENTS

Financial Instruments and Cash deposits

Investments of surplus funds are made only with the approved counterparties. The Company is presently exposed to counter party risk relating to short term and medium term deposits placed with Banks. The Company places its cash equivalents based on the creditworthiness of the financial institutions.

Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. The Company has laid well defined policies and procedures facilitated by robust information system for timely and qualitative decision making by the management including its day to day operations.

Financial arrangements

The Company has access to the following undrawn borrowing facilities:

(₹ in Lakhs)

Particulars	31-03-2018	31-03-2017
Expiring within one year		
Bank Overdraft and other facilities	10,583.00	9,305.00
Term Loans	960.00	699.49
Expiring beyond year		
Term Loans	–	–

Maturities of Financial Liabilities

Nature of Financial Liability	< 1 Year	1 - 5 Years	> 5 years	Total
As at 31-3-2018				
Borrowings from Banks	19,049.27	4,879.55	–	23,928.82
Trade payables	581.73	–	–	581.73
Other Financial Liabilities (Including Interest)	1,149.34	–	–	1,149.34
As at 31-3-2017				
Borrowings from Banks	20,870.94	7,287.91	–	28,158.85
Trade payables	956.47	–	–	956.47
Other Financial Liabilities (Including Interest)	1,650.24	–	–	1,650.24

Foreign Currency Risk

The Company's exposure in USD and other foreign currency denominated transactions in connection with import of cotton, capital goods & spares, besides exports of finished goods and borrowings in foreign currency, gives rise to exchange rate fluctuation risk. The Company has following policies to mitigate this risk:

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



NOTES TO SEPARATE FINANCIAL STATEMENTS

The Company's exposure to foreign currency risk (un-hedged) as detailed below:

Currency	Trade Payables	Trade and other Receivables	Balance with Banks	Foreign Currency Loan
USD in Millions				
As at 31-03-2018	-	-	-	2.60
As at 31-03-2017	-	-	-	3.32
EURO in Millions				
As at 31-03-2018	-	-	-	0.20
As at 31-03-2017	-	-	-	0.17

Risk sensitivity on foreign currency fluctuation

(₹ in Lakhs)

Foreign Currency	31-03-2018	31-03-2017
	1% Increase	1% increase
USD	(-) 16.94	(-) 21.63
EURO	(-) 1.70	(-) 1.19

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

Particulars	31-03-2018	31-03-2017
Variable rate borrowings	23,928.82	28,158.85
Fixed rate borrowings	-	-

The Company does not have any interest rate swap contracts

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-3-2018	31-3-2017
1% Increase in Interest Rate	239.29	281.59

NOTE NO. 50

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.



NOTES TO SEPARATE FINANCIAL STATEMENTS

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		4,879.55	7,287.91
Current maturities of Long Term borrowings		4,049.83	4,734.19
Short Term Borrowings		14,999.44	16,136.75
Less: Cash and Cash Equivalents		115.65	209.28
Net Debt	(A)	23,813.17	27,949.57
Equity Share Capital		737.62	737.62
Other Equity		26,492.98	23,946.14
Total Equity	(B)	27,230.60	24,683.76
Total Capital Employed	(C) = (A) + (B)	51,043.77	52,633.33
Capital Gearing Ratio	(A) / (C)	47%	53%

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,
29th May, 2018.

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

P. SANTHANAM
Partner, Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

Smt. R. SUDARSANAM
Managing Director

B. GNANAGURUSAMY
Chief Financial Officer

A. ARULPRANAVAM
Secretary



CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED AUDITORS' REPORT TO SHAREHOLDERS

INDEPENDENT AUDITORS' REPORT

To the Members of M/s. Rajapalayam 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 Rajapalayam 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 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended 31st 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 (including Other Comprehensive Income), 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 there under.



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 aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India 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 31st 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 31st March, 2018.

Other Matters

The consolidated financial statements includes the financial statements of SEVEN associates whose consolidated financial statements reflects the total comprehensive income of ₹ 9,783.95 Lakhs for the year ended 31st March 2018. Out of SEVEN Associate Companies, TWO of the financial statements are audited by the one of us and THREE of these financial statements are audited by an Independent Auditor. Remaining TWO financial statements are unaudited. The audited financial statements are as per Ind AS are audited and other financial information which are un-audited, have 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 un-audited financial statements.



CONSOLIDATED AUDITORS' REPORT TO SHAREHOLDERS

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.

The comparative consolidated financial information of the Company for the year ended March 31, 2017 are based on the previously issued consolidated financial statements jointly audited by M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja & Co., Chartered Accountants the predecessor auditors, whose report for the year ended 31st March, 2017 dated 25th 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 Indian 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 31st 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 31st 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.

CONSOLIDATED AUDITORS' REPORT TO SHAREHOLDERS



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 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

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

R. PALANIAPPAN
Proprietor
Membership No. 205112

P. SANTHANAM
Partner
Membership No. 018697

Rajapalayam,
29th May, 2018.



CONSOLIDATED AUDITORS' REPORT TO SHAREHOLDERS

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' 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 Rajapalayam Mills Limited ("the Company") and its associates as of 31st March, 2018 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on 31st 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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 31st 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) our audit of 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 we relied 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

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

R. PALANIAPPAN
Proprietor
Membership No. 205112

P. SANTHANAM
Partner
Membership No. 018697

Rajapalayam,
29th May, 2018.



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2018

(₹ in Lakhs)

	Note No.	As at 31-03-2018	As at 31-03-2017	
I ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment	6	27,359.90	28,513.52	
(b) Capital Work-in-progress		620.09	304.47	
(c) Intangible Assets	7	17.61	34.56	
(d) Investment Property	8	145.18	145.41	
(e) Investment in Associates	9	1,38,123.58	1,29,279.54	
(f) Financial Assets				
Other Investment	10	2,502.53	2,501.63	
Loans	11	950.00	950.00	
Other Financial Assets	12	925.75	997.92	
(g) Other Non-Current Assets	13	<u>141.12</u>	<u>393.02</u>	1,63,120.07
(2) Current Assets				
(a) Inventories	14	11,499.91	14,700.31	
(b) Financial Assets				
Trade Receivables	15	5,046.24	4,337.29	
Cash and Cash Equivalents	16	115.65	209.28	
Bank Balance other than Cash and Cash Equivalents	17	75.11	101.51	
Other Financial Assets	18	650.08	653.38	
(c) Other Current Assets	19	<u>1,337.48</u>	<u>837.58</u>	20,839.35
TOTAL ASSETS		<u>1,89,510.23</u>	<u>1,83,959.42</u>	
II EQUITY & LIABILITIES				
(1) Equity				
(a) Equity Share Capital	20	736.01	736.01	
(b) Other Equity	21	<u>1,59,372.37</u>	<u>1,48,087.92</u>	
Total Equity		1,60,108.38	1,48,823.93	
(2) Liabilities				
A) Non Current Liabilities				
(a) Financial Liabilities				
Borrowings	22	4,879.55	7,287.91	
Provisions	23	289.76	259.15	
Deferred Government Grants	24	30.49	32.39	
Deferred Tax Liabilities (Net)	25	<u>2,442.97</u>	<u>7,642.77</u>	10,709.09
B) Current Liabilities				
(a) Financial Liabilities				
Borrowings	26	14,999.44	16,136.75	
Trade Payables	27	581.74	956.48	
Other Financial Liabilities	28	5,330.05	6,442.17	
Provisions	29	795.24	843.01	
Liabilities for Current Tax		<u>52.61</u>	<u>21,759.08</u>	47.99
TOTAL EQUITY AND LIABILITIES		<u>1,89,510.23</u>	<u>1,83,959.42</u>	
Significant Accounting Policies, Judgments and Estimates	1-5			
See accompanying notes to the financial statements.	5-51			

As per our report annexed

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

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

Shri P.R. VENKETRAMA RAJA
Chairman

Smt. R. SUDARSANAM
Managing Director

B. GNANAGURUSAMY
Chief Financial Officer

A. ARULPRANAVAM
Secretary

R. PALANIAPPAN
Proprietor, Membership No. 205112

P. SANTHANAM
Partner, Membership No. 018697

Rajapalayam,
29th May, 2018.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018



(₹ in Lakhs)

	Note No.	For the year ended 31-03-2018	For the year ended 31-03-2017
REVENUE			
I	30	42,603.74	40,709.01
II	31	349.80	325.09
III	32	273.56	181.73
IV		43,227.10	41,215.83
V EXPENSES			
	33	22,480.94	20,349.47
		911.50	581.93
	34	608.88	(578.69)
	35	5,066.83	4,835.07
	36	1,752.58	2,142.79
	37	3,285.47	2,114.44
	38	7,711.68	7,985.56
		41,817.88	37,430.57
VI		1,409.22	3,785.26
VI Profit / (Loss) Before Tax (IV-V)			
VII			
		303.78	804.02
		(695.16)	(553.86)
		(391.38)	250.16
Total Tax Expenses			
VIII		1,800.60	3,535.10
VIII Profit After Tax (VI-VII)			
IX		9,742.95	10,984.35
IX Share of Net Profit After Tax (PAT) of Associates accounted for using the equity method			
X		11,543.55	14,519.45
X Profit for the period (VIII+IX)			
XI Other Comprehensive Income			
Item that will not be reclassified to Profit or Loss:			
		(24.53)	(83.48)
		1.00	(0.28)
		(8.49)	(28.89)
		8.49	(28.89)
		(23.53)	(54.87)
		41.00	42.49
		17.47	(12.38)
Total Other Comprehensive Income / (Loss) for the year, net of tax			
XII		11,561.02	14,507.07
XII Total Comprehensive Income for the year, net of tax (X + XI)			
XIII Earnings per Equity Share of face value of ₹ 10/- each			
		156.84	197.27
	1-5		
	5-51		

As per our report annexed

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

R. PALANIAPPAN
Proprietor, Membership No. 205112
Rajapalaiyam,
29th May, 2018.

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

P. SANTHANAM
Partner, Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman
Smt. R. SUDARSANAM
Managing Director
B. GNANAGURUSAMY
Chief Financial Officer
A. ARULPRANAVAM
Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

	(₹ in Lakhs)	
	2017-18	2016-17
A. Cash Flow from Operating Activities		
Profit before Tax	1,409.22	3,785.26
Adjustments to reconcile profit before tax to net Cash Flows:		
Depreciation & Amortisation	3,285.47	2,114.44
Finance Costs	1,752.58	2,142.79
Interest Income	(349.80)	(325.09)
Rent Receipts from Investment Properties	(0.68)	(0.68)
(Profit) / Loss on Sale of Assets (Including Investment Property)	(41.48)	30.46
Fair Value movement and Financial Guarantee obligation	(20.40)	116.53
Operating Profit before Working capital Changes	<u>6,034.91</u>	<u>7,863.71</u>
Movements in Working Capital		
Gratuity and Government Grants	(26.43)	(85.39)
Trade Receivables	(708.95)	(347.30)
Loans and Advances	(239.46)	69.95
Inventories	3,200.40	(3,859.32)
Trade Payables & Current Liabilities	(386.47)	400.54
Cash generated from Operations	<u>7,874.00</u>	<u>4,042.19</u>
Direct Taxes Paid	(223.74)	(840.92)
Net Cash generated from Operating Activities	A <u>7,650.26</u>	<u>3,201.27</u>
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (Including Capital work-in-progress)	(2,616.59)	(985.94)
Proceeds from Sale of Investment in Equity Shares - Others	0.10	0.44
Investment in Equity Shares of Associates	(8.32)	-
Proceeds from Sale of Assets / Investment Property	227.78	133.21
Interest Received	349.80	325.09
Dividend Received	1,026.77	-
Rent Receipts from Investment Properties	0.68	0.68
Net Cash used in Investing Activities	B <u>(1,019.78)</u>	<u>(526.52)</u>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018



(₹ in Lakhs)

2017-18 2016-17

C. Cash Flow from Financing Activities

Proceeds from Long Term Borrowings		1,688.31	2,298.54
Repayment of Long Term Borrowings		(4,781.03)	(5,514.30)
Availment / (Repayment) of Short Term Borrowings (Net)		(1,550.10)	2,761.29
Payment of Dividend and Dividend Distribution Tax		(355.11)	–
Interest Paid		(1,752.58)	(2,142.79)
Net Cash used in Financing Activities	C	(6,750.51)	(2,597.26)
Net Increase / (Decrease) in Cash and Cash Equivalent	D = (A+B+C)	(120.03)	77.49
Opening balance of Cash and Cash Equivalents	E	310.79	233.30
Closing balance of Cash and Cash Equivalents	D + E	190.76	310.79

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.16]	115.65	209.28
Bank Balances other than Cash and Cash Equivalents [Refer to Note No. 17]	75.11	101.51
	190.76	310.79

See accompanying notes to the financial statements [Refer to Note No.5 to 51]

As per our report annexed

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

R. PALANIAPPAN
Proprietor, Membership No. 205112
Rajapalayam,
29th May, 2018.

For SRSV & ASSOCIATES
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Managing Director
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Chief Financial Officer
A. ARULPRANAVAM
Secretary



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

A. Equity Share Capital

(₹ in Lakhs)

Balance as at 01-04-2016	732.72
Changes in Equity Share Capital during the year 2016-17	–
Add: Treasury Shares adjustment	3.29
Balance as at 31-03-2017	736.01
Changes in Equity Share Capital during the year 2017-18	–
Add: Treasury Shares adjustment	–
Balance as at 31-03-2018	736.01

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

B. Other Equity

Particulars	Reserves and Surplus					Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserve on Consolidation	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of defined Benefit Obligations	Share of OCI of Associates	
Other Equity as at 1st April, 2016	3.75	105,462.30	1,490.48	17,801.25	8,771.82	0.52	–	–	1,33,530.12
Financial year 2016-17									
Add: Profit for the year	–	–	–	–	14,519.45	–	–	–	14,519.45
Add: Other Comprehensive Income	–	–	–	–	–	(0.28)	(54.59)	42.49	(12.38)
Total Comprehensive Income	–	–	–	–	14,519.45	(0.28)	(54.59)	42.49	14,507.07
Less: Transfer to Retained Earnings	–	–	–	–	–	–	54.59	(42.49)	12.10
Add: Transfer from OCI	–	–	–	–	(12.10)	–	–	–	(12.10)
Add: Transfer to General Reserve	–	–	–	–	(11,310.07)	–	–	–	(11,310.07)
Add: Transfer from Retained Earnings	–	–	–	11,310.07	–	–	–	–	11,310.07
Add: Others	–	–	–	50.73	–	–	–	–	50.73
Other Equity as at 31st March, 2017	3.75	1,05,462.30	1,490.48	29,162.05	11,969.10	0.24	–	–	1,48,087.92
Financial year 2017-18									
Add: Profit for the year	–	–	–	–	11,543.55	–	–	–	11,543.55
Add: Other Comprehensive Income	–	–	–	–	–	1.00	(24.53)	41.00	17.47
Total Comprehensive Income	–	–	–	–	11,543.55	1.00	(24.53)	41.00	11,561.02
Less: Dividend Distribution to Shareholders	–	–	–	–	(295.05)	–	–	–	(295.05)
Less: Dividend Distribution Tax	–	–	–	–	(60.06)	–	–	–	(60.06)
Less: Transfer to Retained Earnings	–	–	–	–	–	–	24.53	(41.00)	(16.47)
Add: Capital Reserve on Acquisition of Shares of Associates	–	78.54	–	–	–	–	–	–	78.54
Add: Transfer from OCI	–	–	–	–	16.47	–	–	–	16.47
Add: Transfer to General Reserve	–	–	–	–	(12,870.05)	–	–	–	(12,870.05)
Add: Transfer from Retained Earnings	–	–	–	12,870.05	–	–	–	–	12,870.05
Other Equity as at 31st March, 2018	3.75	1,05,540.84	1,490.48	42,032.10	10,303.96	1.24	–	–	1,59,372.37



1. Corporate Information

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

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

The consolidated financial statements of the Company for the year ended 31-03-2018 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

- (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.5.
- (iii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iv) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (v) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for atleast 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 separate financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.
- (viii) The CFS comprises the financial statements of Rajapalayam Mills Limited and its Associate Companies. The following companies are considered as Associates based on existence of significant influence over such companies:



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Name of the Company	% of Holding & Voting Rights	
	2017-18	2016-17
The Ramco Cements Limited	13.97%	13.82%
Ramco Industries Limited	9.14%	9.14%
Ramco Systems Limited	2.41%	2.41%
The Ramaraju Surgical Cotton Mill Limited	0.10%	0.10%
Sri Vishnu Shankar Mill Limited	2.56%	2.56%
Ontime Industrial Services Limited	17.77%	17.77%
Ramco Windfarms Limited	8.32%	–

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

3. Principles of Consolidation

- a) The CFS includes the share of profit/loss of the associate companies that are accounted for using equity method in accordance with Ind AS 28. Accordingly, the share of profit/loss of the associates (the loss being restricted to the cost of investment) has been added/deducted from the cost of investment. The most recent available financial statements of the associates are used in applying the equity method.
- b) The Consolidated Statement of Profit and Loss reflects the share of results of its associates. Any change in OCI of those investees is presented as part of the Consolidated OCI.
- c) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate 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.
- d) Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.
- e) Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated to the extent of the Company's interest in these entities unless the transaction provides evidence of an impairment of the asset transferred.
- f) At each reporting date, the Company determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Company



provides for impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'Share of profit of an associates' in the Statement of Profit & Loss.

- g) The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances and is presented, to the extent possible, in the same manner as the Company's separate financial statements.

4. Basis of Measurement

The consolidated financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer to Note No. 5(S) - Accounting Policy for Financial Instruments) and defined benefit plan assets which are measured at fair value.

5. Significant Accounting Policies

A. Inventories

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. 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. Cash Flow Statement

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.
- (iii) Bank borrowings, including Bank overdrafts and Cash Credits are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of 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 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 recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.
- (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 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 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	2 to 15 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (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. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the Statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (ix) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value, except for process control systems whose residual value is considered as Nil.
- (x) Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion/disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded / sold.
- (xi) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed periodically including 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 does 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.

(ii) 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 coincides with the delivery of goods. It comprises of invoice value of goods excluding GST and 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, but have been set off against the cost of Power & Fuel.

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

c) *Scrap sale*

Scrap sale 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.

d) *Industrial Promotion Assistance*

This being in the nature of Government grants, which are recognised at fair value when the Company's right to receive the same is established with reasonable assurance.

(iii) Other Income

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. Employee Benefits

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

J. Government Grants

- (i) Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other



operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

K. Foreign currency transactions

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

L. Borrowing Costs

- (i) Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings 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 does not have any potential equity shares.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

N. Impairment of Non-Financial Assets

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

O. Provisions, Contingent Liabilities and Contingent Assets

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

P. Intangible Assets

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



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

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

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

Q. Investment Properties

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

Asset type	Useful life
Buildings under Investment properties	60 years

- (v) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use 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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 periodically including at each reporting date and adjusted prospectively, if appropriate.

R. Operating Segments

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

S. Financial Instruments

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

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

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

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



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 recognised in the Statement of Profit and Loss.
- (vii) For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

Name of Financial asset	Impairment testing methodology
Trade receivables	Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets.
Other Financial assets	When the credit risk has not increased significantly, 12 months 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 months ECL.

U. Financial Liabilities

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

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



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

V. Fair value measurement

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- (ii) The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.
- (iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

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

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

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

a) Investments in Equity

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

b) Trade and other receivables

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

c) Forward exchange contracts

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

d) Non-derivative financial liabilities

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

e) Financial guarantee obligation

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



f) Investment Properties

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

g) 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:



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by technical team periodically including at each financial year end 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. Upon review, the management accepts. Wherever the management believes that the assigned useful life and residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation/amortisation support (Refer to Note No. 42). 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 financial assets 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 significant influence over certain companies belong 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. 6
PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Year	Gross Block				Depreciation				Net Block	
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 37)	Withdrawn during the year	As at the end of the year	As at the end of the year	As at the beginning of the year
Land	2017-18	825.28	-	-	825.28	-	-	-	825.28	-	825.28
	2016-17	832.25	-	6.97	825.28	-	-	-	825.28	-	832.25
Buildings	2017-18	4,819.03	5.87	-	4,824.90	1,830.14	147.98	-	2,846.78	1,978.12	2,988.89
	2016-17	4,809.06	9.97	-	4,819.03	1,680.60	149.54	-	2,988.89	1,830.14	3,128.46
Plant and Machinery	2017-18	55,763.47	2,182.00	1,283.35	56,662.12	31,930.24	2,927.10	1,110.00	22,914.78	33,747.34	23,833.23
	2016-17	55,269.22	668.88	174.63	55,763.47	30,315.54	1,724.37	109.67	23,833.23	31,930.24	24,953.68
Electrical Machinery	2017-18	2,829.04	4.46	87.46	2,746.04	2,255.32	118.40	82.55	454.87	2,291.17	573.72
	2016-17	2,873.54	8.00	52.50	2,829.04	2,159.09	146.10	49.87	573.72	2,255.32	714.45
Furniture & Office Equipments	2017-18	721.46	75.17	119.96	676.67	587.29	39.85	116.98	166.51	510.16	134.17
	2016-17	709.96	16.29	4.79	721.46	553.06	38.93	4.70	134.17	587.29	156.90
Vehicles	2017-18	362.17	31.75	18.47	375.45	203.94	33.24	13.41	151.68	223.77	158.23
	2016-17	366.17	11.90	15.90	362.17	182.23	32.40	10.69	183.94	203.94	183.94
Total	2017-18	65,320.45	2,299.25	1,509.24	66,110.46	36,806.93	3,266.57	1,322.94	27,359.90	38,750.56	28,513.52
	2016-17	64,860.20	715.04	254.79	65,320.45	34,890.52	2,091.34	174.93	28,513.52	36,806.93	29,969.68

Notes (a) During the Financial Year 2017-18 the Management, based on an internal & external evaluation reassessed the useful life of Machineries. Accordingly the useful life of Textile Machineries required changes and hence the useful life of such assets have been reduced from 25 Years to 15 Years. Depreciation expense is higher by ₹ 1,153.72 Lakhs due to the above revision [Refer to Note No. 42]

(b) Borrowings cost of ₹ 6.67 Lakhs have been capitalised for current Year (PY: ₹ NIL).

(c) All the Fixed Assets have been pledged as Security for Borrowings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



**NOTE NO. 7
INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars	Year	Gross Block			Amortisation			Net Block			
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 37)	Withdrawn during the year	As at the end of the year	As at the beginning of the year	
Computer software	2017-18	187.99	1.72	-	189.71	177.02	2.78	-	179.80	9.91	10.97
	2016-17	182.32	5.67	-	187.99	174.57	2.45	-	177.02	10.97	7.75
Power Transmission System	2017-18	79.37	-	-	79.37	55.78	15.89	-	71.67	7.70	23.59
	2016-17	79.37	-	-	79.37	35.36	20.42	-	55.78	23.59	44.01
Total	2017-18	267.36	1.72	-	269.08	232.80	18.67	-	251.47	17.61	34.56
	2016-17	261.69	5.67	-	267.36	209.93	22.87	-	232.80	34.56	51.76



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2018

As at
31-03-2017

NOTE NO. 8

INVESTMENT PROPERTY

Land

As at the beginning of the year	55.17		138.98	
Less: Sale of Land	—		83.81	
As at the end of the year	<u>55.17</u>		<u>55.17</u>	

Building

As at the beginning of the year	126.05		126.05	
Addition / Sale	—		—	
As at the end of the year	<u>126.05</u>		<u>126.05</u>	
Less:				
Accumulated depreciation as at the beginning of the year	35.81		35.58	
Depreciation for the year	0.23		0.23	
Accumulated depreciation as at the end of the year	<u>36.04</u>		<u>35.81</u>	

Net Block	90.01		90.24	
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Total Investment Property	<u>145.18</u>		<u>145.41</u>	
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Information regarding income and expenditure of Investment Property

Rental Income from Investment Properties	0.68		0.68	
Direct Operating Expenses	—		—	
Profit arising from Investment Properties before Depreciation and indirect expenses	0.68		0.68	
Less: Depreciation	0.23		0.23	
Profit arising from Investment Properties before indirect expenses	<u>0.45</u>		<u>0.45</u>	

Fair Value of Investment Property	<u>1,456.86</u>		<u>1,456.78</u>	
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Notes:

- (i) The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.
- (ii) The fair valuation of these investment property are determined by an independent valuer, who is a specialist in valuing these types of investment properties.
- (iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iv) Fair value hierarchy disclosures for investment properties have been provided in Note No. 49.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

As at 31-03-2018 As at 31-03-2017 As at 31-03-2018 As at 31-03-2017

NOTE NO. 9

INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Name of the Company	Face Value ₹ per share	No. of Shares	No. of Shares	Amount	Amount
Investment in Equity Instruments					
1) Quoted					
The Ramco Cements Limited	1	3,29,05,000	3,29,05,000	1,23,230.76	1,15,449.64
Ramco Industries Limited	1	79,20,680	79,20,680	9,764.71	8,828.03
Ramco System Limited	10	7,33,531	7,33,531	4,828.91	4,804.44
The Ramaraju Surgical Cotton Mills Limited	10	4,000	2,000	6.82	6.04
Sub-Total (A)				1,37,831.20	1,29,088.15
Note: The Ramaraju Surgical Cotton Mills Limited issued Bonus Shares in the ratio of 1:1 during the Financial Year 2017-18.					
2) Unquoted					
Sri Vishnu Shankar Mill Limited	10	38,400	38,400	130.18	132.05
Ontime Industrial Services Limited	10	50,000	50,000	68.02	59.34
Ramco Windfarms Limited	1	8,32,000	-	94.18	-
Sub-Total (B)				292.38	191.39
Grand-Total C= (A+B)				1,38,123.58	1,29,279.54
Quoted Investments - Carrying Value				1,37,831.20	1,29,088.15
Market Value				2,62,023.03	2,42,037.85

NOTE NO. 10

OTHER INVESTMENT

I. Investment in Equity Instruments

1) Quoted

Lakshmi Automatic Loom Works Limited	10	2,500	2,500	1.55	0.55
Tamilnadu Jai Bharath Mills Limited	10	1,200	1,200	0.06	0.05
Total Quoted Investments (A)				1.61	0.60

2) Unquoted

Miot Hospitals Limited	10	2,500	2,500	0.25	0.25
ARS Energy Private Limited	10	240	280	0.66	0.77
Total Unquoted Investments (B)				0.91	1.02

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

Thanjavur Spinning Mill Limited (C)	10	2,50,00,000	2,50,00,000	2,500.00	2,500.00
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Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited.

III. Other Non-Current Investments, Non-Trade - Unquoted

Ramco Group Employees' Co-operative Stores Limited 1		500	500	0.01	0.01
Total other investments (D)				0.01	0.01
Total (A+B+C+D)				2,502.53	2,501.63



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2018

As at
31-03-2017

NOTE NO. 11

FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES

Unsecured, considered good

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

950.00 950.00

NOTE NO. 12

OTHER FINANCIAL ASSETS - (NON CURRENT)

Unsecured, considered good

Security Deposits with Electricity Board / Others

925.44 997.33

Loans to Employees

0.31 0.59

925.75 997.92

NOTE NO. 13

OTHER NON CURRENT-ASSETS

Unsecured, considered good

Advance to Suppliers / Others

– 189.73

Deposits under protest, in Appeals

11.21 11.21

Income Tax Refund Receivable

70.12 118.77

Prepaid Expenses - Non-Current

59.79 73.31

141.12 393.02

NOTE NO. 14

INVENTORIES

(Valued at lower of cost or net realisable value)

Finished Goods

1,743.57 2,559.63

Raw materials - Cotton & Cotton Waste

7,941.12 10,555.39

Stores and Spares

229.83 207.08

Works-in-progress (Cotton Yarn)

1,585.39 1,378.21

11,499.91 14,700.31

Note:

a) Raw materials includes Goods-in-transit of ₹ 410.57 Lakhs (As at 31-03-2017 ₹ 713.39 Lakhs).

b) The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.

NOTE NO. 15

TRADE RECEIVABLES

Secured, considered good

918.49 1,696.71

Unsecured, considered good

4,127.75 2,640.58

5,046.24 4,337.29

(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 or 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

As at
31-03-2018 As at
31-03-2017

NOTE NO. 16

CASH AND CASH EQUIVALENTS

Cash on Hand	1.98	1.59
Balance with Bank		
In Current Account	113.67	25.81
In Deposit Account with Maturity less than 3 months	–	181.88
	115.65	209.28

NOTE NO. 17

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Fixed Deposits with Maturity of more than 3 months but less than 12 months	–	30.15
Earmarked balances with Banks for Unclaimed Dividend	75.11	71.36
	75.11	101.51

NOTE NO. 18

OTHER FINANCIAL ASSETS (CURRENT)

Government Grants Receivable	607.75	626.46
Security Deposit	13.00	13.00
Insurance Claim receivable	–	13.92
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	29.33	–
	650.08	653.38

NOTE NO. 19

OTHER CURRENT ASSETS

Unsecured, considered good

Advance to Suppliers / Others	790.56	600.70
Tax Credit - Indirect Taxes	267.23	26.86
Accrued Income	142.98	102.59
Prepaid Expenses	98.20	67.55
Other Current Assets	38.51	39.88
	1,337.48	837.58

NOTE NO. 20

EQUITY SHARE CAPITAL

Authorised

1,50,00,000 Equity Shares of ₹ 10/- each (PY: 1,50,00,000 Equity Shares of ₹ 10/- each)	1,500.00	1,500.00
--	----------	----------

Issued, Subscribed and Fully paid-up

73,76,160 Equity Shares of ₹ 10/- each (PY: 73,76,160 Equity Shares of ₹ 10/- each)	736.01	736.01
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- a. Issued, Subscribed and fully paid-up Shares includes 62,13,850 Equity Shares (PY: 62,13,850 Equity Shares) of ₹ 10/- each, which were allotted as fully paid Bonus Shares by Capitalisation of Reserves.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

As at 31-03-2018 As at 31-03-2017

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	73,76,160	737.62	73,76,160	737.62
Issued during the year - Bonus Issue	-	-	-	-
Issued during the year - Preferential Issue	-	-	-	-
Number of Shares at the end	73,76,160	737.62	73,76,160	737.62

c. Rights / Restrictions attached to Equity Shares

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

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

Particulars	As at 31-03-2018		As at 31-03-2017	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Venketrama Raja	14,66,080	19.88%	14,66,080	19.88%
P.R. Ramasubrahmaneya Rajha	-	-	9,88,792	13.41%
P.V. Abinav Ramasubramaniam Raja	19,51,952	26.47%	9,63,160	13.06%

NOTE NO. 21

OTHER EQUITY

Capital Reserve	3.75	3.75
Capital Reserve on Consolidation	1,05,540.84	1,05,462.30
Securities Premium Reserve	1,490.48	1,490.48
General Reserve	42,032.10	29,162.05
FVTOCI Reserve	1.24	0.24
Retained Earnings	10,303.96	11,969.10
	<u>1,59,372.37</u>	<u>1,48,087.92</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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

As at As at
31-03-2018 31-03-2017

Capital Reserve on Consolidation

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

Securities Premium Reserve

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

FVTOCI Reserve

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

General reserve

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

Retained earnings

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

The Board of Directors have recommended the payment of Final Dividend ₹ 4/- per share for the year 2017-18 (PY ₹ 4/- per share). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.

NOTE NO. 22

NON CURRENT BORROWINGS

Secured

Term Loan from Banks	2,958.39	3,081.08
Working Capital Term Loan from Banks / Financial Institutions	892.85	3,010.40

Unsecured

Working Capital Term Loan from Banks	1,028.31	1,196.43
	4,879.55	7,287.91

- a) Term Loan from Banks are secured by pari-passu first charge on all the Fixed Assets of the Company and *pari-passu* second charge on the Current Assets of the Company.
- b) Working Capital Term Loan from Banks / FIs are secured by pari-passu first charge on all the Fixed Assets of the Company.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

As at
31-03-2018 As at
31-03-2017

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

Year	Amount	Amount
2018-19	–	4,105.85
2019-20	2,631.83	2,464.14
2020-21	1,409.36	638.84
2021-22	518.51	79.08
2022-23	319.85	–
	<u>4,879.55</u>	<u>7,287.91</u>

NOTE NO. 23

PROVISION (NON - CURRENT)

Provision for Employee Benefits [Refer to Note No. 44]	289.76	259.15
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NOTE NO. 24

DEFERRED GOVERNMENT GRANTS

Deferred Income Government Grants	30.49	32.39
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NOTE NO. 25

DEFERRED TAX LIABILITY (NET)

Deferred Tax Liability

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	5,904.86	6,307.66
Tax effect on Fair Value Measurement	(7.45)	(28.60)

Deferred Tax Asset

Tax impact on Provision for Bonus and Leave Encashment	(260.01)	(250.28)
Unused Tax Credits (MAT Credit Entitlement)	(3,194.43)	(2,899.14)
	<u>2,442.97</u>	<u>3,129.64</u>

Reconciliation of Deferred Tax Liabilities (net)

Opening balance as on 1 st April	3,129.64	3,683.50
Tax (Savings)/Expense during the period recognised in Profit and Loss	(695.16)	(553.86)
Deferred Tax recognised in OCI	8.49	–
Closing balance as on 31 st March	<u>2,442.97</u>	<u>3,129.64</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

As at 31-03-2018 As at 31-03-2017

NOTE NO. 26

CURRENT BORROWINGS

Secured

Loan from Banks 3,899.03 6,084.52

Unsecured

Loan from Banks 10,762.53 8,898.54

Loans and Advances from Director [Refer to Note No.47 (b) (ii)] 337.88 1,153.69

14,999.44 16,136.75

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

NOTE NO. 27

TRADE PAYABLES

Trade Payables 581.74 956.48

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. 28

OTHER CURRENT FINANCIAL LIABILITIES

Current Maturities of Long Term Loans 4,049.83 4,734.19

Interest Accrued 83.43 96.79

Unpaid Dividends 75.11 71.36

PACR Memorial Fund 70.00 70.00

Liabilities for Other Finance 700.67 666.77

Financial Guarantee Contracts 351.01 400.57

Derivatives Designated as Hedges - Foreign Exchange Forward Contract – 402.49

5,330.05 6,442.17

NOTE NO. 29

PROVISIONS, CURRENT

Provision for Employee Benefits 795.24 843.01



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

	2017-18	2016-17
NOTE NO. 30		
REVENUE FROM OPERATION		
Sale of Products		
Yarn	41,760.20	39,814.06
Fabrics	-	144.08
Waste Cotton	<u>235.26</u>	<u>178.63</u>
	41,995.46	40,136.77
Other Operating Revenues		
Export Incentive	134.50	228.29
Jobwork Charges Received	<u>473.78</u>	<u>343.95</u>
	<u>42,603.74</u>	<u>40,709.01</u>
NOTE NO. 31		
FINANCE INCOME		
Interest Receipts	<u>349.80</u>	<u>325.09</u>
NOTE NO. 32		
OTHER INCOME		
Rent Receipts	31.49	27.56
Profit on Sale of Property, Plant and Equipment	41.48	-
Government Grants	1.91	1.91
Miscellaneous Income	<u>198.68</u>	<u>152.26</u>
	<u>273.56</u>	<u>181.73</u>
NOTE NO. 33		
COST OF MATERIALS CONSUMED		
Rawmaterials Consumed		
Cotton & Cotton Waste	<u>22,480.94</u>	<u>20,349.47</u>
NOTE NO. 34		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Stock		
Finished Goods	2,559.63	1,989.59
Work-in-Progress	<u>1,378.21</u>	<u>1,369.56</u>
	3,937.84	3,359.15
Closing Stock		
Finished Goods	1,743.57	2,559.63
Work-in-Progress	<u>1,585.39</u>	<u>1,378.21</u>
	3,328.96	3,937.84
Net (Increase) / Decrease in Stock	<u>608.88</u>	<u>(578.69)</u>
NOTE NO. 35		
EMPLOYEE BENEFITS		
Salaries, Wages and Bonus	4,289.72	4,121.42
Contribution to Provident and Other Funds	556.74	523.30
Staff and Labour Welfare & Training Expenses	<u>220.37</u>	<u>190.35</u>
	<u>5,066.83</u>	<u>4,835.07</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

	2017-18	2016-17
NOTE NO. 36		
FINANCE COSTS		
Interest on Debts and Borrowings	1,650.90	2,140.85
Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing cost	101.68	1.94
	1,752.58	2,142.79
NOTE NO. 37		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of Plant, Property and Equipment [Refer to Note No. 6 & 42]	3,266.57	2,091.34
Amortization of intangible assets [Refer to Note No. 7]	18.67	22.87
Depreciation on Investment Properties [Refer to Note No. 8]	0.23	0.23
	3,285.47	2,114.44
NOTE NO. 38		
OTHER EXPENSES		
Manufacturing Expenses		
Power and Fuel	3,093.93	3,192.05
Packing Materials Consumption	599.49	607.85
Repairs to Buildings	196.75	97.10
Repairs to Plant and Machinery	1,126.36	950.10
Repairs - General	750.07	929.43
Jobwork Charges Paid	214.40	132.71
	5,981.00	5,909.24
Establishment Expenses		
Managing Director's Remuneration	270.30	210.63
Rates and Taxes	117.42	141.59
Insurance	89.77	78.52
Postage and Telephone	14.85	18.12
Printing and Stationery	42.85	19.01
Travelling Expenses	82.98	60.79
Vehicle Maintenance	88.17	83.33
Loss on Sale of Property, Plant and Equipment & Investment Property	-	30.46
Directors Sitting Fees	25.50	28.80
Rent	5.03	3.67
Audit Fees and Legal Expenses	28.55	29.44
Corporate Social Responsibility Expenses	73.16	78.55
Loss on Exchange Difference (net)	91.27	291.93
Miscellaneous Expenses	146.81	147.69
	1,076.66	1,222.53
Selling Expenses		
Sales Commission	334.43	452.65
Export Expenses	166.87	134.37
Other Selling Expenses	152.72	266.77
	654.02	853.79
	7,711.68	7,985.56

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

	2017-18	2016-17
NOTE NO. 39		
AUDITOR'S REMUNERATION		
As Auditor:		
Audit fee	4.40	4.00
Tax audit fee	0.60	0.60
In other capacity:		
Taxation matters	0.30	0.60
Other services (Certification fees)	1.00	0.95
Reimbursement of Expenses	0.83	0.70
	7.13	6.85
 NOTE NO. 40		
INCOME TAX		
Reconciliation Tax Expenses and Accounting Profit		
Accounting Profit before Tax including OCI	1,385.69	3,701.50
Corporate Tax Rate	34.608%	34.608%
Computed Tax Expenses at India's statutory Income Tax Rate	479.56	1,281.02
Increase / (Reduction) in taxes on account of:		
Tax adjustment of earlier years.	132.14	6.61
Income exempt / eligible for deduction Under Chapter VI-A	(1,066.18)	(1,058.73)
Non-deductible expenses	26.40	28.51
Other exempted Items	(17.51)	(36.14)
Tax effect due to change in Income Tax Rate	54.21	-
Net effective income tax under Regular method	(391.38)	221.27
 Deferred Tax Recognised in the Statement of Profit and Loss		
Tax impact on difference between book depreciation and depreciation under the Income Tax Act, 1961	(459.58)	(106.54)
Tax effect on Fair Value Measurement	21.22	(22.05)
Tax effect on Provision for Bonus and Leave Encashment	(7.23)	(50.68)
Tax effect due to change in Income Tax Rate	54.21	-
Unused Tax Credit i.e. MAT Credit Entitlement	(295.29)	(374.59)
	(686.67)	(553.86)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

As at **As at**
31-03-2018 **31-03-2017**

NOTE NO. 41

CONTINGENT LIABILITIES

Guarantees given by the bankers on behalf of company	43.07	32.65
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to -		
- Parent	690.35	622.23
- Parent's share in Associates	15,644.27	14,225.36

NOTE NO. 42

CHANGE IN USEFUL LIFE OF MACHINERIES

During the year, Management based on internal and external technical evaluation, reassessed the remaining useful life of textile machineries with effect from 1st April, 2017. Accordingly, the useful lives of textile machineries required a change from the previous estimates. The earlier and current useful lives are as follows:

Type of Plant and Machinery	Earlier useful life	Current useful life
Textile Machineries / Equipment	2 to 25 Years	2 to 15 Years
Wind Mills	22 to 30 Years	22 to 30 Years
HFO & DG Sets	12 to 25 Years	12 to 25 Years
Electrical Machineries	3 to 25 Years	3 to 25 Years

Had the Company continued with the previously assessed useful lives, the charge for depreciation for the year ended 31st March, 2018 would have been lower by ₹ 1,153.72 Lakhs for assets held at 1st April, 2017.

The revision of the useful lives will result in the following changes in the depreciation expenses as compared to the original useful life of the assets:

(₹ in Lakhs)

Financial Year	Increase in Depreciation expenses
2018-19	1,153.46
2019-20	1,128.92
2020-21	1,047.15
2021-22	688.32
2022-23	477.12



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

31-03-2018 31-03-2017

NOTE NO. 43

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

The Ramaraju Surgical Cotton Mills Limited	8,860	8,860
Sri Vishnu Shankar Mill Limited	10,740	12,090
Sandhya Spinning Mill Limited	12,780	11,780
Thanjavur Spinning Mill Limited	1,300	4,031

Actual amount of loan outstanding against above Financial Guarantees

The Ramaraju Surgical Cotton Mills Limited	1,168	2,092
Sri Vishnu Shankar Mill Limited	4,413	5,012
Sandhya Spinning Mill Limited	3,872	4,771
Thanjavur Spinning Mill Limited	409	745

NOTE NO. 44

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

Defined Contribution Plan:

Employer's Contribution to Provident Fund	333.36	319.65
Employer's Contribution to Superannuation Fund	28.64	23.62

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

Movements in the present value of defined benefit obligation:

Opening defined Benefit Obligation	855.14	746.71
Current Service Cost	64.58	57.67
Interest Cost	61.53	56.17
Actuarial (gain) / loss	25.85	83.81
Benefits paid	(-) 69.52	(-) 89.22
Closing Defined Benefit obligation	937.58	855.14

Movement in the present value of plan assets:

Opening fair value of plan assets	711.50	651.42
Expected return on plan assets	56.19	52.40
Actuarial gain / (loss)	1.33	0.33
Employer Contribution	144.91	96.57
Benefits paid	(-) 69.52	(-) 89.22
Closing fair value of plan assets	844.41	711.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

31-03-2018 31-03-2017

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	844.41	711.50
Present value of obligation	937.58	855.14
Difference, recognized in Balance Sheet	93.17	143.64

Cost of define benefit plan:

Current Service Cost	64.58	57.67
Interest Cost	5.34	3.76
Net Cost Recognized in the Income Statement	69.92	61.43

Amount recognized in the Other Comprehensive Income

Actuarial changes arising from:

Experience adjustments on plan liabilities	17.24	(-)1.39
Experience adjustments on plan assets	(-)1.32	(-)0.33
Changes in financial assumptions	8.61	85.20
Changes in demographic assumptions	–	–
Amount recognized in OCI during the year	24.53	83.48

Major Categories of Plan Assets:

GOI Securities	–	–
Funds with LIC	839.46	707.11
Others	4.95	4.39
Total	<u>844.41</u>	<u>711.50</u>

Actuarial assumptions:

Discount rate p.a	7.72%	7.50%
Rate of escalation in salary p.a	4.00%	3.50%

Estimate of Expected Benefit payments

Year 1	46.88	56.26
Year 2	87.76	58.42
Year 3	53.57	53.98
Year 4	45.97	57.21
Year 5	37.22	51.61
Next 5 Years	479.76	375.10



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

31-03-2018 31-03-2017

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Discount Rate	69.44	60.66
0.50% Decrease in Discount Rate	79.31	68.90
0.50% Increase in Salary Growth Rate	79.52	69.10
0.50% Decrease in Salary Growth Rate	69.23	60.45

Details of Leave encashment plan (Unfunded) are as follows:

Movement in the present value of define benefit Obligation:

Opening defined Benefit Obligation	280.08	232.91
Current Service Cost	21.67	22.81
Interest Cost	19.49	17.75
Actuarial (gain) / loss	35.07	28.57
Benefits paid	(-) 40.34	(-) 21.96
Closing defined Benefit obligation	315.97	280.08

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	40.34	21.96
Benefits paid	(-) 40.34	(-) 21.96
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

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	315.97	280.08
Difference, recognized in Balance Sheet	315.97	280.08

Cost of define benefit Plan:

Current Service Cost	21.67	22.81
Interest Cost	19.49	17.75
Actuarial (gain) / loss	35.07	28.57
Net Cost recognized in the Income Statement	76.23	69.13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

31-03-2018 31-03-2017

Major Categories of Plant Assets:

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

Actuarial assumptions:

Discount rate p.a	7.72%	7.50%
Rate of escalation in salary p.a	4.00%	3.50%

Estimate of Expected Benefit payments

Year 1	9.97	12.25
Year 2	40.80	23.82
Year 3	16.61	24.89
Year 4	13.02	19.77
Year 5	12.95	13.16
Next 5 Years	162.39	99.54

Quantitative Sensitivity Analysis for Significant Assumptions

0.50% Increase in Discount Rate	21.66	20.48
0.50% Decrease in Discount Rate	24.38	22.97
0.50% Increase in Salary Growth Rate	24.43	23.02
0.50% Decrease in Salary Growth Rate	21.61	20.43

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

NOTE NO. 45

Disclosure of Interests in Associates under equity method

Name of the Company	Location	Principal activities of Business
Material Associates:		
The Ramco Cements Limited (TRCL)	India	Manufacture of Building materials
Ramco Industries Limited (RIL)	India	Manufacture of Building materials
Ramco Systems Limited (RSL)	India	Software development
Immaterial Associates:		
The Ramaraju Surgical Cotton Mills Limited (RSCM)	India	Manufacturer of Cotton yarn
Sri Vishnu Shankar Mill Limited (SVSM)	India	Manufacturer of Cotton yarn
Ontime Industrial Services Limited (OTISL)	India	Goods transport services
Ramco Windfarms Limited (RWL)	India	Power Generation from Wind Mills



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Name of the Company	% Shareholding as at	
	31-03-2018	31-03-2017
The Ramco Cements Limited	13.97%	13.82%
Ramco Industries Limited	9.14%	9.14%
Ramco Systems Limited	2.41%	2.41%
The Ramaraju Surgical Cotton Mills Limited	0.10%	0.10%
Sri Vishnu Shankar Mill Limited	2.56%	2.56%
Ontime Industrial Services Limited	17.77%	17.77%
Ramco Windfarms Limited	8.32%	–

Summarised financial information for Associates:

The summarized consolidated financial statements of the material associates are as below:

₹ in Lakhs

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
As at 31-03-2018						
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
Ramco Industries Limited	47,644.00	2,33,150.00	50,740.00	9,085.00	33,900.00	2,88,549.00
Ramco Systems Limited	43,557.40	124.90	31,535.80	1,846.20	17,914.90	55,457.00
As at 31-03-2017						
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
Ramco Industries Limited	47,175.61	2,24,185.04	54,984.61	8,026.46	46,717.77	2,71,601.03
Ramco Systems Limited	40,217.40	110.90	27,402.20	1,571.30	12,085.40	54,073.80

Note: The above financial information is amended to determine the share of interest in associates.

Profit and Loss	TRCL		RIL		RSL	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Total Revenue	4,61,643.00	4,62,196.00	99,002.00	96,468.00	47,893.90	45,932.10
Profit before tax	79,128.00	8,5691.00	11,198.00	7,945.19	3,426.00	(3,044.70)
Tax expenses	23,106.00	20,270.00	3,319.00	2,413.95	2,269.70	(4,132.30)
Profit after Tax	56,022.00	65,421.00	7,879.00	5,531.24	1,156.90	1,087.60
Share of profit in Associate	483.00	977.00	9,724.00	14,944.72	–	–
Other Comprehensive Income	(172.00)	40.00	672.00	602.18	(108.40)	(55.50)
Share of OCI of Associate	82.00	(82.00)	(62.00)	(41.12)	–	–
Total Comprehensive Income	56,286.00	66,356.00	18,213.00	21,037.02	1,048.50	1,032.10



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value of Investments

(₹ in Lakhs)

Name of the material Associates	31-03-2018	31-03-2017
The Ramco Cements Limited	2,41,341.72	2,20,282.50
Ramco Industries Limited	18,031.43	18,946.27
Ramco Systems Limited	2,649.88	2,809.06

Share of Contingent Liabilities in respect of associates

Name of the material Associates	31-03-2018	31-03-2017
The Ramco Cements Limited	17,589.25	13,875.83
Ramco Industries Limited	503.98	318.91
Ramco Systems Limited	100.04	29.67

Reconciliation to the carrying amount of investment in associates:

Profit and Loss	TRCL		RIL		RSL	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
Entity's TCI	56,286.00	66,356.00	18,213.00	21,037.02	1,048.50	1,032.10
Entity's Adjusted TCI	55,066.00	66,180.00	8,643.55	19,836.12	1,020.10	1,011.00
Effective shareholding %	15.92%	13.82%	11.29%	9.14%	2.41%	2.41%
Associates share of profit / OCI	8,768.27	9,146.85	976.28	1,812.94	24.47	24.39
Less: Unrealised profit on inter-company transactions (net of tax)	-	-	-	-	-	-
Amount recognized in P & L	8,768.27	9,146.85	976.28	1,812.94	24.47	24.39
Reconciliation						
Opening Carrying amount	1,15,449.64	1,06,302.79	8,828.03	7,011.80	4,804.44	4,780.05
Less: Treasury Share adjustment	-	-	-	3.29	-	-
Add: Fair Value of Corporate Guarantee obligation given	-	-	-	-	-	-
Add: Associate's share of Profit / OCI	8,768.27	9,146.85	976.28	1,812.94	24.47	24.39
Less: Dividend received	987.15	-	39.60	-	-	-
Net Carrying amount	1,23,230.76	1,15,449.64	9,764.71	8,828.03	4,828.91	4,804.44

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

The Group's aggregate share of profit and other comprehensive income in its individually immaterial associates are furnished below:

Aggregate amounts of Group's share of:	31-03-2018	31-03-2017
Profit after Tax	17.79	42.16
Other Comprehensive Income	0.19	(0.87)
Total Comprehensive Income	17.98	41.29

NOTE NO. 46

EARNINGS PER SHARE

Particulars	31-03-2018	31-03-2017
Net profit after tax (₹ in Lakhs) (A)	11,543.55	14,519.45
Weighted average number of Equity shares after deducting treasury shares [In Lakhs] (B)	73.60	73.60
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A) / (B) (in ₹)	156.84	197.27

NOTE NO. 47

RELATED PARTY TRANSACTIONS

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March, 2018:

A) Associates Company

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2018	31-03-2017
The Ramco Cements Limited	India	13.97%	13.82%
Ramco Industries Limited	India	9.14%	9.14%
Ramco Systems Limited	India	2.41%	2.41%
The Ramaraju Surgical Cotton Mills Limited	India	0.10%	0.10%
Sri Vishnu Shankar Mill Limited	India	2.56%	2.56%
Ontime Industrial Services Limited	India	17.77%	17.77%
Ramco Windfarms Limited	India	8.32%	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



B) Key Managerial 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. R. Sudarsanam	Managing Director
Shri B. Gnanagurusamy	Chief Financial Officer
Shri A. Arulpranavam	Secretary
Shri S.S. Ramachandra Raja	Non-Executive Director
Shri N.K. Ramasuwami Raja	Independent Director
Shri A.V. Dharmakrishnan	Non-Executive Director
Justice Shri P.P.S. Janarthana Raja	Independent Director
Shri V. Santhanaraman	Independent Director
Shri K.B. Nagendra Murthy	Independent Director
Smt. Soundara Kumar	Independent Director
Shri P.V. Abinav Ramasubramaniam Raja	Non-Executive Director
Shri P.A.S Alaghar Raja	Independent Director

C) Relatives of Key Managerial Personnel

Name of the Relative of KMP	Relationship
Smt. R. Chittammal	Spouse of Shri S.S. Ramachandra Raja
Smt. Nalina Ramalakshmi	Sister of Shri P.R. Venketrama Raja
Smt. Saradha Deepa	Sister of Shri P.R. Venketrama Raja
Smt. P.V. Nirmala	Spouse of Shri P.R. Venketrama Raja
Smt. B. Sri Sandhya Raju	Daughter of Shri P.R. Venketrama Raja

D) Companies over which KMP/Relatives of KMP exercise significant influence

Thanjavur Spinning Mill Limited	Ramco Management Private Limited
Sandhya Spinning Mill Limited	RCDC Securities & Investments Private Limited
Sri Harini Textiles Limited	Shri Harini Media Limited
Rajapalayam Textile Limited	

E) Employee Benefit Funds where control exists

Rajapalayam Mills Limited Officers' Superannuation Fund
Rajapalayam Mills Limited Employees' Gratuity Fund

F) Other entities over which there is a significant influence

Smt. Lingammal Ramaraju Shastra Prathishta Trust	PACR Sethurammal Charity Trust
Ramco Welfare Trust	PACR Sethurammal Charities
Raja Charity Trust	



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

		(₹ in Lakhs)	
Name of the Related party		Value	
		2017-18	2016-17
i. Good Supplied / Services rendered			
Associates			
The Ramaraju Surgical Cotton Mills Limited	825.83	149.88	
Ramco Industries Limited	653.86	461.40	
Ramco Systems Limited	0.78	0.68	
Sri Vishnu Shankar Mill Limited	1,420.02	1,583.28	
Companies over which KMP / Relative of KMP exercise significant Influence			
Sandhya Spinning Mill Limited	706.82	626.11	
Thanjavur Spinning Mill Limited	509.34	120.48	
Rajapalayam Textile Limited	395.45	410.61	
Sri Harini Textiles Limited	0.87	NIL	
ii. Sale of Fixed Assets			
Companies over which KMP / Relative of KMP exercise significant Influence			
Rajapalayam Textile Limited	94.40	5.04	
iii. Cost of Goods & Services purchased / availed			
Associates			
The Ramco Cements Limited	10.14	4.47	
Ramco Industries Limited	280.36	161.10	
Ramco Systems Limited	26.32	22.89	
The Ramaraju Surgical Cotton Mills Limited	726.77	200.58	
Sri Vishnu Shankar Mill Limited	621.51	599.37	
Ramco Windfarms Limited	32.14	NIL	
Companies over which KMP / Relative of KMP exercise significant Influence			
Sandhya Spinning Mill Limited	1,181.87	295.60	
Thanjavur Spinning Mill Limited	100.70	558.54	
Rajapalayam Textile Limited	252.73	47.38	
Sri Harini Textiles Limited	94.91	NIL	
Shri Harini Media Limited	2.55	1.40	
Other entities over which there is a significant influence			
PACR Sethurammam Charity Trust	138.41	47.92	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



Name of the Related party	(₹ in Lakhs)	
	Value	
	2017-18	2016-17
iv. Purchase of Fixed Assets		
Associates		
Sri Vishnu Shankar Mill Limited	NIL	3.15
v. Purchase of Equity Shares of Ramco Windfarms Limited		
Associates		
Sri Vishnu Shankar Mill Limited	1.61	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
Thanjavur Spinning Mill Limited	6.71	NIL
vi. Leasing Arrangements - Rent Paid		
Associates		
The Ramco Cements Limited	9.75	NIL
Relative of Key Managerial Personnel		
Smt. Saradha Deepa	1.50	1.44
vii. Dividend Paid		
Key Managerial Personnel		
Smt. R. Sudarsanam	2.55	NIL
Shri P.R. Venketrama Raja	58.64	NIL
Shri P.V. Abinav Ramasubramaniam Raja	78.08	NIL
Associates		
The Ramco Cements Limited	1.02	NIL
Ramco Industries Limited	5.09	NIL
The Ramaraju Surgical Cotton Mills Limited	5.41	NIL
Sri Vishnu Shankar Mill Limited	1.19	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	0.02	NIL
Ramco Management Private Limited	0.08	NIL
Relative of Key Management Personnel		
Smt. R. Chittammal	3.31	NIL
Smt. Nalina Ramalakshmi	0.27	NIL
Smt. Saradha Deepa	0.44	NIL
Smt. P.V. Nirmala	0.11	NIL
Smt. B. Sri Sandhya Raju	0.66	NIL



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Name of the Related party	(₹ in Lakhs)	
	Value	
	2017-18	2016-17
viii. Dividend Received		
Associates		
The Ramco Cements Limited	987.15	NIL
Ramco Industries Limited	39.60	NIL
The Ramaraju Surgical Cotton Mills Limited	0.02	NIL
ix. Interest Paid / (Received)		
Key Managerial Personnel		
Shri P.R. Ramasubrahmaneya Rajha	24.20	134.79
Smt. R. Sudarsanam	31.50	4.35
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	(104.50)	(104.50)
Other entities over which there is a significant influence		
PACR Sethuramammal Charities	(19.62)	NIL
x. Director's Sitting Fees		
Key Managerial Personnel		
Shri P.R. Ramasubrahmaneya Rajha	NIL	3.90
Shri P.R. Venketrama Raja	2.10	1.20
Smt. R. Sudarsanam	1.50	0.90
Shri S.S. Ramachandra Raja	1.80	3.60
Shri N.K. Ramasuwami Raja	3.30	5.70
Shri A.V. Dharmakrishnan	3.00	3.30
Justice Shri P.P.S. Janarthana Raja	3.90	3.90
Shri V. Santhanaraman	1.80	1.50
Shri K.B. Nagendra Murthy	3.00	2.70
Smt. Soundara Kumar	1.80	1.50
Shri P.V. Abinav Ramasubramaniam Raja	1.50	0.30
Shri P.A.S Alaghar Raja	1.80	0.30
xi. Remuneration to Key Management Personnel (Other than Sitting Fees)		
Key Managerial Personnel		
Smt. R. Sudarsanam, Managing Director	270.30	210.63
Shri B. Gnanagurusamy, Chief Financial Officer	30.73	21.17
Shri A. Arulpranavam, Secretary	9.17	8.38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Name of the Related party	Value	
	2017-18	2016-17
xii. CSR / Donation given		
Other entities over which there is a significant influence		
PACR Sethuramammal Charities	50.00	60.00
xiii. Contribution to Superannuation Fund / Gratuity Fund		
Other entities over which there is a significant influence		
Rajapalayam Mills Limited Officers' Superannuation Fund	28.64	23.62
Rajapalayam Mills Limited Employees' Gratuity Fund	94.45	144.90
xiv. Maximum amount of loans and advance / (borrowings) outstanding during the year		
Key Managerial Personnel		
Shri P.R. Ramasubrahmaneya Rajha	(1,125.94)	(1,104.16)
Smt. R. Sudarsanam	(844.97)	(49.53)
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	950.00	950.00
Other entities over which there is a significant influence		
PACR Sethuramammal Charities	306.81	–
xv. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL		
Associates		
The Ramco Cements Limited	3.76	2.08
b. Outstanding balance including commitments		
i. Loans and advances		
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	950.00	950.00
ii. Borrowings:		
Key Managerial Personnel		
Shri P.R. Ramasubrahmaneya Rajha	NIL	(1,104.16)
Smt. R. Sudarsanam	(337.88)	(49.53)
iii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL		
Associates		
The Ramco Cements Limited	13.00	13.00



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Name of the Related party	(₹ in Lakhs)	
	Value	
	2017-18	2016-17
iv. Corporate Guarantee given to lender of Related parties		
Associates		
The Ramaraju Surgical Cotton Mills Limited	8,860	8,860
Sri Vishnu Shankar Mill Limited	10,740	12,090
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	12,780	11,780
Thanjavur Spinning Mill Limited	1,300	4,031

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

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]	277.67	213.87
Defined Contribution Plan ^[2]	34.03	27.19
Defined Benefit Plan / Other Long-Term Benefits (Refer Note 3 below)	-	-
Total	311.70	241.06

1. It includes bonus, sitting fees, and value of perquisites.
2. It includes contribution to Provident fund and Superannuation fund
3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 48

Segment Information for the year ended 31-03-2018

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
REVENUE						
External Sales / Other Operating Income	42,603.74	40,709.01	–	–	42,603.74	40,709.01
Inter Segment Sale	–	–	4,552.18	4,561.67	4,552.18	4,561.67
Total	42,603.74	40,709.01	4,552.18	4,561.67	47,155.92	45,270.68
Other Income	450.36	181.73	–	–	450.36	181.73
Total Revenue	43,054.10	40,890.74	4,552.18	4,561.67	47,606.28	45,452.41
RESULT						
Segment Profit	(55.32)	2,809.62	3,135.39	3,085.28	3,080.07	5,894.90
Unallocated Income	–	–	–	–	–	–
Unallocated Expenses	–	–	–	–	91.27	291.93
Operating Profit	–	–	–	–	2,988.80	5,602.97
Interest Expenses	–	–	–	–	1,752.58	2,142.80
Interest Income	–	–	–	–	173.00	325.09
Provision for Taxation						
Current Tax	–	–	–	–	303.78	804.02
Deferred Tax	–	–	–	–	(695.16)	(553.86)
Profit from ordinary activities	–	–	–	–	1,800.60	3,535.10
Other Comprehensive Income after Tax	–	–	–	–	(23.53)	(54.87)
Share of TCI from Associates	–	–	–	–	9,783.95	11,026.84
Total Comprehensive Income (TCI) after Tax	–	–	–	–	11,561.02	14,507.07
OTHER INFORMATION						
Segment Assets	41,186.11	44,157.28	6,748.00	7,070.96	47,934.11	51,228.24
Unallocated Assets	–	–	–	–	1,41,576.12	1,32,731.18
Total Assets	–	–	–	–	1,89,510.23	1,83,959.42
Segment Liabilities	2,868.66	3,756.86	–	–	2,868.66	3,756.86
Unallocated Liabilities	–	–	–	–	26,402.31	31,320.88
Total Liabilities	–	–	–	–	29,270.97	35,077.74
Capital Expenditure	2,513.60	985.94	102.99	–	2,616.59	985.94
Unallocated Capital Expenditure	–	–	–	–	–	–
Depreciation	2,873.02	1,702.96	412.45	411.48	3,285.47	2,114.44
Unallocated Depreciation Expenditure	–	–	–	–	–	–
Non-Cash expenses other than Depreciation	–	–	–	–	–	–



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 49

Disclosure of Fair value measurements

The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to their short term maturities of these instruments.

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
As at 31-03-2018					
Financial Assets					
Investments - Preference Shares	2,500.00	-	-	2,500.00	2,500.00
Other Investments	0.92	-	1.61	2.53	2.53
Loans and Advances	950.00	-	-	950.00	950.00
Trade Receivables	5,046.24	-	-	5,046.24	5,046.24
Cash and Bank Balances	190.76	-	-	190.76	190.76
Other Financial Assets	1,575.83	-	-	1,575.83	1,575.83
Financial Liabilities					
Borrowings	23,928.82	-	-	23,928.82	23,928.82
Trade Payables	581.74	-	-	581.74	581.74
Other Financial Liabilities	-	-	-	-	-
As at 31-03-2017					
Financial Assets					
Investments - Preference Shares	2,500.00	-	-	2,500.00	2,500.00
Other Investments	1.03	-	0.60	1.63	1.63
Loans and Advances	950.00	-	-	950.00	950.00
Trade Receivables	4,337.29	-	-	4,337.29	4,337.29
Cash and Bank Balances	310.79	-	-	310.79	310.79
Other Financial Assets	1,651.30	-	-	1,651.30	1,651.30
Financial Liabilities					
Borrowings	28,158.85	-	-	28,158.85	28,158.85
Trade Payables	956.48	-	-	956.48	956.48
Other Financial Liabilities	-	-	-	-	-

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Instruments at FVTOCI				
Investments in listed equity securities				
As at 31-03-2018	1.61	–	–	1.61
As at 31-03-2017	0.60	–	–	0.60
Investment in unlisted securities				
As at 31-03-2018	–	–	0.92	0.92
As at 31-03-2017	–	–	1.03	1.03
Financial Instruments at FVTPL				
Foreign exchange forward contracts				
As at 31-03-2018 (Asset)	–	29.33	–	29.33
As at 31-03-2017 (Liability)	–	402.49	–	402.49

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 st March in Stock Exchange
Investment in Unlisted securities	At Book Value	Insignificant Value
Foreign exchange forward contracts	Mark to Market	Based on MTM valuations provided by the Banker
Financial Guarantee Obligation	Differential Interest Rate	Interest rates quote have been obtained from the Banker

NOTE NO. 50

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company has the following financial risks:

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

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

Credit Risk

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

Receivables

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

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

(₹ in Lakhs)

As at 31-03-2018	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	4,264.81	557.23	222.70	1.50	5,046.24
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	4,264.81	557.23	222.70	1.50	5,046.24

As at 31-03-2017	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	3,297.14	601.46	321.27	117.42	4,337.29
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	3,297.14	601.46	321.27	117.42	4,337.29

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



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:

(₹ in Lakhs)

Particulars	31-03-2018	31-03-2017
Expiring within one year		
Bank Overdraft and other facilities	10,583.00	9,305.00
Term Loans	960.00	699.49
Expiring beyond year		
Term Loans	-	-

Maturities of Financial Liabilities

Nature of Financial Liability	< 1 Year	1 - 5 Years	> 5 years	Total
As at 31-3-2018				
Borrowings from Banks	19,049.27	4,879.55	-	23,928.82
Trade payables	581.74	-	-	581.74
Other Financial Liabilities (Including Interest)	1,575.83	-	-	1,575.83
As at 31-3-2017				
Borrowings from Banks	20,870.94	7,287.91	-	28,158.85
Trade payables	956.48	-	-	956.48
Other Financial Liabilities (Including Interest)	1,651.30	-	-	1,651.30

Foreign Currency Risk

The Company's exposure in USD and other foreign currency denominated transactions in connection with import of cotton, capital goods & spares, besides exports of finished goods and borrowings in foreign currency, gives rise to exchange rate fluctuation risk. The Company has following policies to mitigate this risk:

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's exposure to foreign currency risk (un-hedged) as detailed below:

Currency	Trade Payables	Trade and other Receivables	Balance with Banks	Foreign Currency Loan
USD in Millions				
As at 31-03-2018	-	-	-	2.60
As at 31-03-2017	-	-	-	3.32
EURO in Millions				
As at 31-03-2018	-	-	-	0.20
As at 31-03-2017	-	-	-	0.17

Risk sensitivity on foreign currency fluctuation

(₹ in Lakhs)

Foreign Currency	31-03-2018	31-03-2017
	1% Increase	1% increase
USD	(-) 16.94	(-) 21.63
EURO	(-) 1.70	(-) 1.19

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	23,928.82	28,158.85
Fixed rate borrowings	-	-

The Company does not have any interest rate swap contracts

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-03-2018	31-03-2017
1% Increase in Interest Rate	239.29	281.59

NOTE NO. 51

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.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	4,879.55	7,287.91
Current maturities of Long Term borrowings	4,049.83	4,734.19
Short Term Borrowings	14,999.44	16,136.75
Less: Cash and Cash Equivalents	115.65	209.28
Net Debt (A)	23,813.17	28,368.13
Equity Share Capital	736.01	736.01
Other Equity	1,59,372.37	1,48,087.92
Total Equity (B)	1,60,108.38	1,48,823.93
Total Capital Employed (C) = (A) + (B)	1,83,921.55	1,77,192.06
Capital Gearing Ratio (A) / (C)	13%	16%

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

Rajapalaiyam,
29th May, 2018.

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

P. SANTHANAM
Partner, Membership No. 018697

Shri P.R. VENKETRAMA RAJA
Chairman

Smt. R. SUDARSANAM
Managing Director

B. GNANAGURUSAMY
Chief Financial Officer

A. ARULPRANAVAM
Secretary

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PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

RAJAPALAYAM MILLS LIMITED

[CIN : L17111TN1936PLC002298]

Regd. Office : Rajapalayam Mills Premises, P.A.C. Ramasamy Raja Salai,
Post Box No.1, Rajapalayam, Tamil Nadu, Pin : 626 117.

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,

2. Name : Address :

E-mail Id : Signature : or failing him,

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 82nd Annual General Meeting of the Company, to be held on the Friday, the 10th August, 2018 at 10.00 AM 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
Ordinary Business	
1	Adoption of Financial Statements for the year ended 31 st March, 2018
2	Declaration of Dividend for the year 2017-18
3	Appointment of Shri A.V. Dharmakrishnan as Director, who retires by rotation
4	Appointment of Shri P.V. Abinav Ramasubramaniam Raja as Director, who retires by rotation

Please see overleaf for Special Business

RAJAPALAYAM MILLS LIMITED

[CIN : L17111TN1936PLC002298]

Regd. Office : Rajapalayam Mills Premises, P.A.C. Ramasamy Raja Salai,
Post Box No.1, Rajapalayam, Tamil Nadu, Pin : 626 117.

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I / We hereby record my/our presence at the 82nd 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, 10th August, 2018, at 10.00 AM

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
Special Business - Special Resolutions	
5	Re-appointment of Shri N.K. Ramasuwami Raja as an Independent Director
6	Re-appointment of Justice Shri P.P.S. Janarthana Raja as an Independent Director
7	Re-appointment of Shri V. Santhanaraman as an Independent Director
8	Re-appointment of Shri K.B. Nagendra Murthy as an Independent Director
9	To continue the Directorship of Shri S.S. Ramachandra Raja as Non-Executive Director
Special Business - Ordinary Resolution	
10	Ratification of fee payable to Shri M. Kannan, Cost Accountant, appointed as Cost Auditor of the Company for the financial year 2018-19.

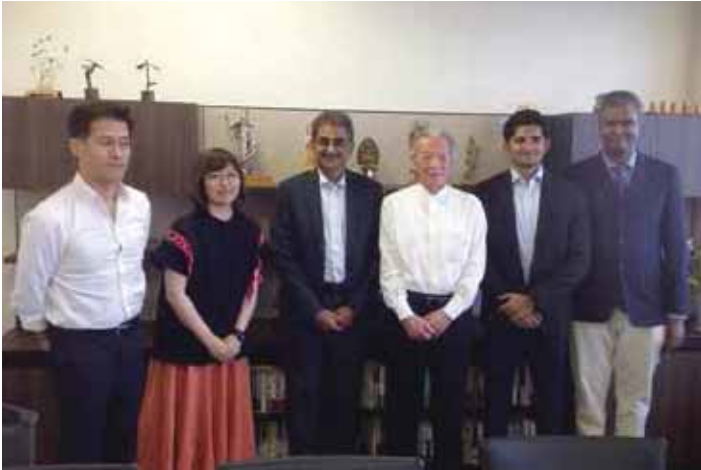
Signed this..... day of 2018

Signature of Shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp

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.



Our Chairman Mr. P.R.Venketrama Raja and our Director Mr. P.V.Abinav Ramasubramaniam Raja with Mr. Ono Meriyesu, Managing Director of M/s. ONO Textiles and Mr. Shinsuke Motobayashi, General Manager, Mitsubishi Corporation, Japan during their visit to Japan.

The Company has received best 5S Practices Certificate for world class workplace organizing system in Spinning Industries from M/s.ABK-AOTS DOSOKAI, Chennai.



Latest Automatic Cone Winding Machine installed at our unit.

