

*39<sup>th</sup>*  
*Annual Report*  
*2019 - 2020*

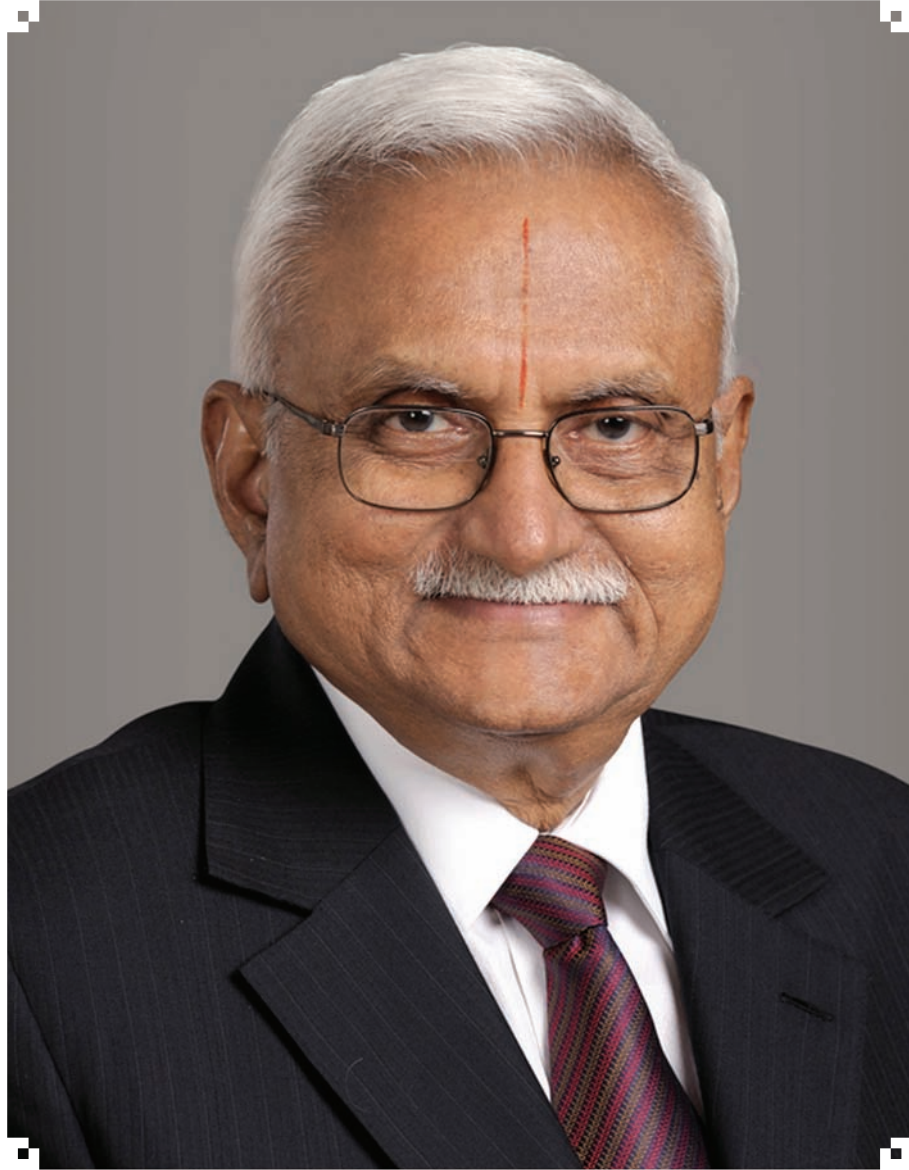


Our Founder's Mentor



SHRI P.A.C. RAMASAMY RAJA





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



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**BOARD OF DIRECTORS**

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

Smt. S. SHARADA DEEPA, B.E.,  
Managing Director

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

Smt. R. CHITTAMMAL

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

Shri S.R. SRIRAMA RAJA, B.E.,

Shri ARUNKUMAR GOENKA, B.Com.,

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

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

**BANKERS**

CANARA BANK

INDIAN BANK

IDBI BANK LIMITED

THE KARUR VYSYA BANK LIMITED

TAMILNAD MERCANTILE BANK LIMITED

ICICI BANK LIMITED

INDUSIND BANK LIMITED

THE FEDERAL BANK LIMITED

**Auditors**

Messrs M.S. JAGANNATHAN &  
N. KRISHNASWAMI  
Chartered Accountants,  
Unit - 5, Ground Floor,  
Abirami Apartments,  
No. 14, VOC Road, Cantonment,  
Trichy - 620 001.

**Cost Auditor**

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

**REGISTERED OFFICE**

Sri Vishnu Shankar Mill Premises,  
Post Box No. 109  
P.A.C. Ramasamy Raja Salai,  
Rajapalaiyam - 626 117. Tamil Nadu.

E-mail : svsm@ramcotex.com

Phone No.: 04563-235552-55

Fax No.: 04563-236493

**Website:** www.vishnushankarmill.co.in

**Corporate Identification Number:**

U17301TN1981PLC008677

**FACTORIES**

**Unit I**

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

**Unit II**

Subramaniapuram Village  
Srivilliputhur - 626 137.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE TO THE MEMBERS**

Notice is hereby given that the 39<sup>th</sup> Annual General Meeting of the Company will be held at 10.30 AM on Tuesday the 15<sup>th</sup> September, 2020 This Annual General Meeting is being conducted through Video Conferencing the details of which are provided in the Notes to this Notice. The following are the businesses that would be transacted at this Annual General Meeting.

**ORDINARY BUSINESS**

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

"RESOLVED THAT the Company's Separate and Consolidated Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020, and the Reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted."

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

"RESOLVED THAT Shri S.R. Srirama Raja (DIN: 00383912), who retires by rotation, be and is hereby re-appointed as Director of the Company."

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

"RESOLVED THAT Shri S.Kanthimathinathan (DIN: 01124581), who retires by rotation, be and is hereby re-appointed as Director of the Company."

**SPECIAL BUSINESS**

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

"RESOLVED THAT pursuant to Section 149,152 and such other provisions as applicable of the Companies Act, 2013 and the Rules thereunder, Shri P.A.S. Alaghar Raja (DIN: 00487312), Independent Director of the Company, whose term ends on 18-05-2021 be appointed as Independent Director for another 5 years starting from 19-05-2021 to 18-05-2026.

5. To consider and, if thought fit, to pass with or without modification, the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

2014, the remuneration of ₹ 75,000 (Rupees Seventy Five thousand only) plus applicable taxes and Out-of-pocket expenses, payable to Shri M. Kannan, Cost Accountant (Firm Registration No. 102185) appointed as the Cost Auditor of the Company by the Board of Directors, for the financial year 2020-21 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified."

By Order of the Board,  
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,  
24<sup>th</sup> June, 2020.

P.R. VENKETRAMA RAJA  
CHAIRMAN

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**NOTES:**

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special business is annexed hereto.
2. The Company has chosen to conduct this Annual General Meeting in through Video Conferencing, in view of COVID-19 virus outbreak. The Annual General Meeting would be conducted in accordance with the General Circulars No: 14/2020, 17/2020 and 20/2020 dated 8<sup>th</sup> April 2020, 13<sup>th</sup> April 2020 and 5<sup>th</sup> May 2020, respectively, issued by Ministry of Corporate Affairs, Government of India

**ATTENDING THE ANNUAL GENERAL MEETING THROUGH VIDEO CONFERENCE BY THE MEMBERS**

3. The Company would be providing the Central Depository Services (India) Limited's (CDSL) system for the members to cast their vote through remote e-voting and participate in the Annual General Meeting through Video Conference. Members may access the same at **<https://www.evotingindia.com>** under shareholders /members login by using the remote e-Voting credentials. The link for Video Conference will be available in shareholder / members login where the EVSN of Company will be displayed.
4. The Members can join the Annual General Meeting in the Video Conference mode upto 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the Annual General Meeting through Video Conference will be made available to at least 1000 members on first come first served basis. This will not include Members holding 2% or more shareholding,

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee, Auditors etc. who are allowed to attend the Annual General Meeting.

5. Members are requested to join the Meeting through Laptops / IPads for better experience and will be required to have webcam and use Internet with a good speed to avoid any disturbance during the meeting.
6. Members are requested to use Stable Wi-Fi or LAN Connection to mitigate Audio/Video loss due to fluctuation in your network. Please avoid connecting through your Mobile Devices or Tablets or through Laptop via Mobile Hotspot.
7. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request at least 3 days prior to meeting mentioning your name, demat account number / folio number, email id, mobile number (as registered with the Depository Participant / Company) to the mail id: **svsm@ramcotex.com**. Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
8. Members who do not wish to speak during the AGM but have queries may send your queries at least 3 days prior to meeting mentioning your name, demat account number/folio number, email id, mobile number to the mail id: **svsm@ramcotex.com**. These queries will be replied to by the company suitably by email.
9. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cDSLindia.com**.
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to **helpdesk.evoting@cDSLindia.com** and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the above mention email address of the Company, if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.
10. The attendance of the Members attending the Annual General Meeting through Video Conference will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
  11. Proxies are not being sent to shareholders, as the meeting is being conducted through Video Conference.
  12. The Company is also releasing a Public Notice by way of advertisement being published in English in Business Line (All editions) and in Tamil in Dinamani (All editions), containing the following information:
    - Convening of Annual General Meeting through Video Conference in compliance with applicable provisions of the Act.
    - Date and Time of the Annual General Meeting.
    - Availability of Notice of the Meeting on the website of the Company, where the Company's shares are listed and at the websites of the depositories (CDSL).
    - Requesting the members who have not registered their E-Mail addresses with the Company, to get the same registered with the Company.
  13. The cut-off date will be Wednesday the 9<sup>th</sup> September, 2020 for determining the eligibility to vote by remote e-voting or in the General Meeting.
  14. Pursuant to Rule 8 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company ([www.vishnushankarmill.co.in](http://www.vishnushankarmill.co.in)), as also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over seven years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Hence, the Members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

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

<b>Financial Year ended</b>	<b>Date of Declaration of Dividend</b>	<b>Last Date for Claiming Unpaid Dividend</b>	<b>Due Date for Transfer to IEP Fund</b>
31-03-2014	04-08-2014	03-08-2021	01-09-2021

15. In accordance with Section 125(5) of the Companies Act, 2013 the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over seven years, to the Investor Education and Protection Fund (IEPF) established by the Central Government.
16. In accordance with Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more have been transferred by the Company to IEPF. The shareholders / their legal heirs are entitled to claim the said shares and the dividend so transferred from the IEPF by making an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form is available at **[www.iepf.gov.in](http://www.iepf.gov.in)**.
17. Despatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), has been dispensed with. Such statements are being sent only by email to the members, trustees for the debenture-holders and to all other persons so entitled. The Annual Report will also be made available on the Company's Website - **[www.vishnushankarmill.co.in](http://www.vishnushankarmill.co.in)**.
18. Voting through electronic means
  - A. In compliance with provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing members facility to exercise their right to vote at the 39<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through such voting, through e-Voting Services provides by CDSL.
  - B. In compliance with provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is providing members facility to exercise their right to vote at the 39<sup>th</sup> 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).
  - C. The facility for voting through electronic voting system 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.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

D. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again. The instructions for e-Voting are as under:

- i) To log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii) To Click on Shareholders tab.
- iii) Now enter your User ID as given below:
  - For CDSL: 16 Digits beneficiary ID,
  - Members holding Shares in Physical Form should enter Folio Number registered with the Company.
- iv) Next enter the Captcha Code as displayed and Click on Login.
- v) **PASSWORD**
  - If you are holding Shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
  - If you are first time user follow the steps given below:
    - (a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders).  
  
Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the Folio No. / Client ID in the PAN field.  
  
In case the Folio No is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is A.Pandi with folio number 1 then enter AP00000001 in the PAN Field.
    - (b) Please enter any one of the following details in order to login:  
**Date of Birth:** Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

- vi) Members holding Shares in physical form will then directly reach the Company selection screen. However, members holding Shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to Share your password with any other person and take utmost care to keep your password confidential.
- vii) For members holding Shares in physical form, the details can be used only for e-Voting on the resolutions contained in this Notice.
- viii) Click on the relevant EVSN for SRI VISHNU SHANKAR MILL LIMITED on which you choose to vote.
- ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiii) You can also take out print of the voting done by you clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.
- xiv) If demat account holder has forgotten the changed password then Enter the User ID and Captcha Code and click on Forgot Password & enter the details as prompted by the system.
- xv) Members can also cast their vote using CDSL's Mobile App "m-Voting". This App can be downloaded from the Google Play Store or Apple App Store. Please follow instructions as prompted by the Mobile App while casting your vote through remote e-Voting.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

- xvi) For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) Specimen Signature duly attested by the Bank Manager, where the Member is operating his bank account [the attestation should clearly carry the particulars of the bank manager, viz. his staff serial number, name and branch details], by email to **svsm@ramcotex.com**.
- xvii) For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) Specimen Signature duly attested by the Bank Manager, where the Member is operating his bank account [the attestation should clearly carry the particulars of the bank manager, viz. his staff serial number, name and branch details], to **svsm@ramcotex.com**.
- xviii) Company shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.
- E. The facility for remote e-voting shall remain open from 9.00 A.M. on Saturday, the 12<sup>th</sup> September, 2020 to 5.00 P.M. on Monday the 14<sup>th</sup> September, 2020. During this period, the Members of the Company, holding Shares either in physical form or in dematerialised form, as on the cut-off-date, viz., Wednesday, the 9<sup>th</sup> September, 2020, may opt for remote e-Voting. E-Voting shall not be allowed beyond 5.00 PM on 14<sup>th</sup> September, 2020.
- F. 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**.
- G. The voting rights of Shareholders shall be in proportion to the Shares held by them in the paid up equity Share capital of the Company as on Wednesday, the 9<sup>th</sup> September, 2020.
19. Shri K. Srinivasan, Chartered Accountant (Membership No: 021510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, failing him Shri R. Palaniappan, Chartered Accountant (Membership No: 205112), Partner, M/s. N.A. Jayaraman & Co., Chartered Accountants, will act as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
20. Members who are attending the Annual General Meeting through Video Conference facility are entitled for e-Voting. Only those members, who are present in the Annual General Meeting



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

through Video Conference facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the Annual General Meeting.

21. Members who have voted through Remote e-Voting will be eligible to attend the Annual General Meeting. However, they will not be eligible to vote at the Annual General Meeting.
22. The Scrutinizer shall, immediately after conclusion of voting at the Annual General Meeting, unblock the votes cast through remote e-Voting and make not later than 48 hours of conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

By Order of the Board,  
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,  
24<sup>th</sup> June, 2020.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**NOTICE**

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

**Item No. 4**

Shri P.A.S Alaghar Raja (DIN 00487312) is a Non-Executive Independent Director of the Company.

At the Annual General Meeting held 10-08-2016, Shri P.A.S. Alaghar Raja was appointed as Independent Director of the Company, for a period of 5 years from 19-05-2016 to 18-05-2021. In accordance with Section 148(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 Schedule IV of the Companies Act, 2013, the Board of Directors have evaluated the performance of Independent Directors including Shri P.A.S. Alaghar Raja and found the same to be satisfactory and deliberations were beneficial in Board / Committee Meetings.

In accordance with Part D(a)(5) of Schedule II, on the basis of Performance Evaluation of Independent Directors, the Nomination and Remuneration Committee at its meeting held on 23-06-2020 had recommended to extend the term of office of Shri P.A.S. Alaghar Raja by reappointing him for another period of 5 years from 19-05-2021 to 18-05-2026.

In accordance with Proviso to Section 152(5) of the Companies Act, 2013, the Board of Directors have also formed an opinion that Shri P.A.S. Alaghar Raja fulfills the conditions specified in the Companies Act, 2013 for such reappointment.

Shri P.A.S Alaghar Raja is eligible for sitting fee for attending Board / Committee Meetings as applicable to Directors from time to time. His reappointment and remuneration is in accordance with Nomination and Remuneration Policy of the Company.

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

His Profile in brief is given below:

Shri P.A.S. Alaghar Raja, holds a Diploma in Textile Technology.

He has been on the Board of Sri Vishnu Shankar Mill Limited since 2016.

He is a Member in the Board of Directors of the following Companies:

1. Rajapalayam Mills Limited
2. Rajapalayam Textile Limited
3. ThirupathiYarntex Spinners (P) Limited

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

He is also a Member in the following Committees:

<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Position Held</b>
Sri Vishnu Shankar Mill Limited	Audit Committee	Member
	Nomination & Remuneration Committee	Member
	Independent Directors Committee	Member

He holds 660 Equity Shares in Sri Vishnu Shankar Mill Limited as on 31-03-2020.

The Board of Directors is of the opinion that his vast knowledge and experience will be of great value to the Company and hence recommends the Resolution for the approval of the Members.

The draft letter of reappointment for Shri P.A.S. Alaghar 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 up to the date of the Annual General Meeting.

**Disclosure of Interest:**

Except Shri P.A.S. Alaghar Raja, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

**Item No. 5**

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

On the recommendation of the Audit Committee at its meeting held on 23-06-2020 the Board had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of Textile products for the financial year 2020-21. The Board had approved a remuneration of ₹ 75,000/- (Rupees Seventy Five thousand only) plus applicable taxes and out-of-pocket expenses.

The remuneration of the Cost Auditor is required to be ratified by the members, in accordance with the provisions of Section 148(3) of the Companies Act, 2013 and Rule 14 of the Rule 14 of Companies (Audit and Auditors) Rules, 2014.

The Directors recommend the Resolution to the Members for their approval. None of the Directors, Key Managerial Personnel or their relatives are interested in this Resolution.

**NOTICE**

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

**1. SHRI S.R. SRIRAMA RAJA**

Shri S.R. Srirama Raja, (DIN: 00383912) aged 55 years has a Bachelor Degree in Engineering. He has been on the Board of Sri Vishnu Shankar Mill Limited since 2003. He is the son of Shri S.S.Ramachandra Raja, Director of the Company. He holds 2660 Equity shares in the Company.

He is also a Director in the following Companies:-

1. JKR Enterprise Limited
2. RT-Medibus Technologies Private Limited.

**2. SHRI S. KANTHIMATHINATHAN**

Shri S. Kanthimathinathan, (DIN: 01124581) aged 78 years has a Master Degree in Textile and Master Degree in Business Administration. He has been on the Board of Sri Vishnu Shankar Mill Limited since 2013.

He is also a Director in the following Companies:-

1. Thanjavur Spinning Mill Limited
2. Sri Harini Textiles Limited
3. Rajapalayam Textile Limited
4. Digvijai Polytex Private Limited

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**DIRECTORS' REPORT**

**TO THE MEMBERS**

Your Directors have pleasure in presenting their 39<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2020.

**1. FINANCIAL RESULTS**

The financial results for the year ended 31<sup>st</sup> March, 2020 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of ₹ 3,948.48 Lakhs against ₹ 4,141.11 Lakhs for the previous financial year 2018-19.

Summary of Separate Financial Results of the Company is furnished below:

(₹ in Lakhs)

Financial Results	Separate Financials	
	Year ended 31-03-2020	Year ended 31-03-2019
Revenue	19,276.52	23,093.31
Operating Profit :		
Profit before Interest, Depreciation and Tax (PBIDT)	3,948.48	4,141.11
Less: Interest	1,785.88	1,827.32
Profit before Depreciation and Tax (PBDT)	2,162.60	2,313.79
Less: Depreciation	1,391.62	1,904.24
<b>Profit before Tax</b>	<b>770.98</b>	409.55
Less: Tax Expenses		
Current Tax	–	59.20
Excess Income Tax provision related to Earlier Years withdrawn	–	–
Deferred Tax (withdrawal)	(393.70)	(497.48)
Profit after Tax	1,164.68	847.83
Other Comprehensive Income for the Year (Net of Tax)	(31.47)	6.22
<b>Total Comprehensive Income for the Year (TCI)</b>	<b>1,133.21</b>	854.05

**2. SHARE CAPITAL**

The Paid-up Capital of the Company is ₹ 150 Lakhs (Previous Year: ₹ 150.00 Lakhs) consisting of 15,00,000 Shares of ₹ 10/- each.

**DIRECTORS' REPORT**

**3. DIVIDEND**

Considering financial position of the Company, your Directors are unable to recommend any dividend for the current year.

**4. TAXATION**

The Company has not provided any amount towards Current Tax since total income under regular computation is Nil. The Company is exercising option under Section 115BAA of the Income Tax Act, 1961 for reduced income tax rate of 22% and hence is not liable Minimum Alternative Tax under Section 115JB. Deferred Tax of ₹ 380.95 Lakhs has been withdrawn for the year 2019-20.

**5. MANAGEMENT DISCUSSION AND ANALYSIS**

**TRADE CONDITIONS**

• **COTTON**

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

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

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

**DIRECTORS' REPORT**

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

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

- **YARN PRODUCTION**

The production volume has decreased to 48.31 Lakhs Kgs during the financial year 2019-20 as against 60.86 Lakhs Kgs of last year due to the reduction of production capacity and production of value added fine counts of yarn. In Andhra Pradesh Unit, 2 Nos. Open End Ring Frames of 360 Rotors each, 5 Nos. Ring frames with a capacity of 6,000 Spindles have been sold and the overall production capacity of the Company has come down by about 20%.

- **SALE OF YARN**

The sale volume has decreased in line with production and accumulation of stock at the end of the financial year 2019-20. The sale volume for the FY 2019-20 stood at 48.31 Lakh Kgs as compared to 60.70 Lakh Kgs of last year. The sale value of yarn has decreased to ₹ 157.33 Crores during the FY 2019-20 as compared to ₹ 199.65 Crores of last year.

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

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

**DIRECTORS' REPORT**

situation for yarn, which has affected domestic yarn market and yarn price has started falling down very steeply.

The outbreak of Covid-19 in India during January, 2020 has affected production and sales of the Company during the month of March, 2020. Various restrictions have been imposed by both Government of India and State Governments on movement of goods and people and the Company was forced to shut down its operations with effect from 25-03-2020 till 06-05-2020.

The Company is taking steps to attract more customers from overseas market and there is a good demand for our yarn from International customers on account of supply of consistent and superior quality of yarn. The Company's focus on value added customized yarn counts viz. Modal / Tencel / Viscose Yarn and Cotton blended, Slub Yarn, Elitwist Yarn, Hightwist Gassed Yarn, Dyed Yarn, etc., will be helpful to mitigate the impact to some extent.

- **EXPORTS**

We have made export of Cotton Yarn (including merchant exports) for a value of ₹ 55.00 Crores as against ₹ 64.79 Crores of the previous year. In addition to our regular International Market, our sales volume has grown considerably in new markets viz. Turkey, Portugal etc. where our yarn quality is well accepted.

Your Directors are thankful to M/s. Hayleys Mgt Knitting Mills PLC, Srilanka, M/s. Somelos Tecidos SA, Portugal and M/s. Bez Tekstil, Turkey etc., for their continued support and efforts for promotion of exports.

- **POWER COST**

During the financial year 2019-20, the Company was able to consume power from its own wind farms to the extent of 52% of total power requirement. Because of lower power generation from wind mills, the Company was forced to consume power from other sources which are high cost. The power cost has been decreased during the financial year 2019-20 to ₹ 14.93 Crores as compared to ₹ 20.64 Crores incurred during previous year. The reduction in power cost is partly due to reduced production capacity and also because of various energy conservation measures taken by the Company.

- **FINANCE COST**

The Finance cost has decreased to ₹ 1,785.88 Lakhs during the financial year 2019-20 from ₹ 1,827.32 Lakhs of previous financial year mainly due to reduction in borrowings.



**DIRECTORS' REPORT**

• **DIVIDEND INCOME**

During the financial year 2019-20, the Company has received dividend income of ₹ 189.65 lakhs as compared to same period of previous year ₹ 117.70 lakhs.

**6. MODERNISATION / EXPANSION**

As a part of continuous thrust on modernization and expansion program, the Company has invested about ₹ 11.65 Crores in textile machinery & equipments like, used good condition LR6-S Ring Frames by replacing old G5/1 Ring Frames, New Uster Jossi Contamination Picking Machines, Used DK740 Carding Machine & New Waste Collection System etc.

**7. PROSPECTS FOR THE CURRENT YEAR**

The outbreak of deadly pandemic COVID-19 is creating worst ever historical crisis all over the world. All the major economies are getting affected due to this pandemic. Majority of the Governments across the globe have announced lockdown of manufacturing facilities / malls / retail out-lets, which has resulted in grinding halt of demand for various products including textile products. Cotton Association of India has revised its estimate of cotton crop for the season 2019-20 to 330 lakhs bales, 24.5 lakh bales lower than its previous forecast, as most ginning mills were shut following nationwide lockdown to curb COVID-19 and lack of Labour. In order to mitigate the crisis, the Government of India & other government agencies have announced various steps including granting moratorium of principal repayment of term loan and interest payment on term loan / working capital loans. These measures, though will be helpful in managing the short-term cash flow of the Company, more measures & support from the Governments are needed to cope up with the current situation.

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

- (a) The Company is having sufficient stock of good quality cotton of both imported & indigenous varieties, which will be helpful in un-interrupted production & supply of yarn to our customers.
- (b) The Company has developed strong customer base and also strengthened its infrastructure to manufacture any kind of yarn demanded by the customers.
- (c) Due to good work practices and cordial relationship with workers for the last 4 decades, we are able to attract all our employees from nearby locations of our Mills. Once the Governments announced the lifting of lockdown order, the Company has immediately resumed the production and sales activity.

**DIRECTORS' REPORT**

- (d) Employees at all levels are trained in Japanese management practices viz., 5S and Total Productive Maintenance (TPM) and their training in these areas will be helpful in implementing various cost cutting measures to mitigate the crisis.
- (e) The Company is already implementing various measures to reduce the power consumption in all departments and is poised to excel as best spinning mills on power consumption standards.
- (f) The Company's decision to make rapid investments in automation and optimization of various production parameters will further improve quality of yarn and cost effective production.

Efforts are being taken continuously to scale up the production & sale of value added counts like Modal / Tencel / Viscose Yarn and Cotton blended, Slub Yarn, Elitwist Yarn, Hightwist Gassed Yarn, Dyed Yarn, etc., which will replace commodity counts in the forthcoming years. With the flexibility to produce value added super fine counts, the Company will continue to make efforts in expanding the marketing activities across the globe to sustain its operations.

**8. SALE / TRANSFER OF ASSETS FROM ANDHRA PRADESH UNIT**

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

**9. WIND MILL**

The Company has wind mills with installed capacity of 13.35 MW for its captive power consumption.

The wind farm has generated 198 Lakhs Kwh as compared to 218 Lakhs Kwh of the previous year. The wind availability / velocity during the financial year 2019-20 was low as compared to the financial year 2018-19. All the Units generated by wind mills were adjusted for captive consumption at our Mills in Tamil Nadu. The income during the year from the Wind Mill Division was ₹ 13.28 Crores as against ₹ 14.56 Crores of previous year.

**10. ASSOCIATE COMPANY**

The Company has four Associate Companies viz., M/s. The Ramco Cements Limited, M/s. Rajapalayam Mills Limited, M/s. The Ramaraju Surgical Cotton Mills Limited and M/s. JKR Enterprise Limited.

**DIRECTORS' REPORT**

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.

**11. CONSOLIDATED FINANCIAL STATEMENTS**

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

Accordingly, the consolidated financial statements incorporating the accounts of Associate Companies, viz. M/s. The Ramco Cements Limited, M/s. Rajapalayam Mills Limited and The Ramaraju Surgical Cotton Mills Limited, along with the Auditors' Report thereon, forms part of this Annual Report. Due to insignificant amount of investment (100 Equity Shares) in M/s. JKR Enterprise Limited, we have not considered for consolidated financial statement.

As per Section 136 (1) of the Companies Act, 2013, the Financial Statements including Consolidated Financial Statements are available at the Company's website at the following link at **[www.vishnushankarmill.co.in](http://www.vishnushankarmill.co.in)**.

The consolidated net profit after tax of the Company amounted to ₹ 1,901.74 Lakhs for the year ended 31<sup>st</sup> March, 2020 as compared to ₹ 1,429.27 Lakhs of the previous year.

The Consolidated Total Comprehensive Income for the year under review is ₹ 1,851.64 Lakhs as compared to ₹ 1,432.61 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 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 M/s. 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 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**

The Board of Directors at their meeting held on 27-05-2019, based on the recommendation of the Nomination and Remuneration Committee, have reappointed Smt. S. Sharada Deepa as Managing Director for a further period of 3 years starting from 01-04-2020. The Shareholders of the Company have approved her reappointment at the AGM held on 14-08-2019, by passing a Special Resolution.

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

1. Shri S.R. Srirama Raja, (DIN:00383912)
2. Shri S. Kanthimathinathan, (DIN: 00487312)

The Independent Directors hold office for a fixed term of 5 years and are not liable to retire by rotation. Shri N.K. Shrikantan Raja was reappointed as independent Director for another period of 5 years from 01-04-2019.

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 10-08-2016, Shri P.A.S. Alaghar Raja was appointed as an Independent Director for a period from 19-05-2016 to 18-05-2021. He is eligible for re-appointment for another period of 5 years as an Independent Director from 19-05-2021 to 18-05-2026. In accordance with Section 149(10) of the Companies Act, 2013, his re-appointment has been proposed in the notice convening the Annual General Meeting as Special Resolution. His profile and rationale for re-appointment have been provided in the statement pursuant to Section 102 of the Companies Act, 2013 attached to the notice convening the Annual General Meeting.

Shri V. Gurusamy, Associate Vice President - Finance cum Secretary of the Company resigned with effect from 18-04-2019.

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

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

**DIRECTORS' REPORT**

occasion, where the Board had not accepted any recommendation of the Audit Committee.

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

**15. EVALUATION OF BOARD**

Pursuant to Section 134(3)(p) of the Companies Act, 2013, 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.

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.

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.

The Board of Directors have reviewed and observed that the evaluation framework of the Board of Directors was adequate and effective.

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

**16. MEETINGS**

**MEETINGS OF THE BOARD**

During the year under review, five minutes of the Board Meetings were held on 18-04-2019, 28-05-2019, 13-08-2019, 12-11-2019 & 12-02-2020.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**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	Directorship	No. of Meetings attended	Attendance at Last AGM
1	Shri P.R.Venketrama Raja	Chairman	4	No
2	Smt. S. Sharada Deepa	Managing Director	5	No
3	Shri S.S. Ramachandra Raja	Director	5	Yes
4	Smt. R. Chittammal	Director	5	Yes
5	Shri S.R. Srirama Raja	Director	3	Yes
6	Shri N.K.Shrikantan Raja	Director	5	Yes
7	Shri ArunkumarGoenka	Director	1	No
8	Shri S. Kanthimathinathan	Director	5	No
9	Shri P.A.S. Alaghar Raja	Director	4	Yes

**MEETING OF THE COMMITTEES****AUDIT COMMITTEE**

The composition of the Audit Committee and attendance of each Member at the Audit Committee Meetings held during the year are as follows:

Sl. No.	Name of the Director	Directorship	No. of Meetings attended
1.	Shri N.K. Shrikantan Raja	Chairman	4
2.	Shri S. Kanthimathinathan	Member	4
3.	Shri P.A.S. Alaghar Raja	Member	3

No. of meeting held during the year: 4

Date of Meeting: 28-05-2019, 12-08-2019, 12-11-2019 & 12-02-2020.

**NOMINATION AND REMUNERATION COMMITTEE**

The composition of the Nomination and Remuneration Committee and attendance of each Member at the Nomination and Remuneration Committee Meetings held during the year are as follows:

Sl. No.	Name of the Director	Directorship	No. of Meetings attended
1	Shri N.K.Shrikantan Raja	Chairman	1
2	Shri S.Kanthmathinathan	Member	1
3	Shri P.A.S. Alaghar Raja	Member	1

No. of meeting held during the year: 1

Date of Meeting: 27-05-2019

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The composition of the Corporate Social Responsibility Committee and attendance of each Member at the Corporate Social Responsibility Committee Meetings held during the year are as follows:

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Directorship</b>	<b>No. of Meetings attended</b>
1.	Shri P.R. Veneketrama Raja	Chairman	1
2.	Shri S.S. Ramachandra Raja	Member	1
3.	Shri N.K. Shrikantan Raja	Member	1

No. of meeting held during the year: 1

Date of Meeting: 27-05-2019.

**INDEPENDENT DIRECTORS COMMITTEE**

The composition of the Independent Directors Committee and attendance of each Member at the Independent Directors Committee Meetings held during the year are as follows:

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Directorship</b>	<b>No. of Meetings attended</b>
1.	Shri N.K. Shrikantan Raja	Chairman	1
2.	Shri P.A.S. Alaghar Raja	Member	1

No. of meeting held during the year: 1

Date of Meeting: 11-02-2020.

**17. SECRETARIAL STANDARD**

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

**18. PUBLIC DEPOSITS**

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

The Company has received a sum of ₹ 261 Lakhs from Directors as deposit / loan during the financial year 2019-20. It has repaid an amount of ₹ 453 Lakhs during the year 2019-20. The loans from Directors are not treated as deposits under Chapter V of the Companies Act, 2013.

**DIRECTORS' REPORT**

**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 Company has not given loans during the year 2019-20 under Section 186 of the Companies Act, 2013.
- (b) The particulars of investments are provided under Note No.8 of Notes forming part of financial statements.

**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 rural development, poverty elimination, environment protection, 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 ₹ 8.91 Lakhs, the Company has spent ₹ 9.12 Lakhs on CSR during the year 2019-20.

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

**22. AUDITS**

**STATUTORY AUDIT**

M/s. M.S. Jagannathan & N.Krishnaswami, Chartered Accountants (FRN : 001310S), who have been appointed as the Statutory Auditors of the Company at the 37<sup>th</sup> Annual General Meeting, would be the Auditors of the Company till the conclusion of the 41<sup>st</sup> Annual General Meeting to be held in the year 2022.

The report of the Statutory Auditors for the year ended 31<sup>st</sup> March, 2020 does not contain any qualification, reservation or adverse remark. No fraud has been reported by the Company's Auditors.



**DIRECTORS' REPORT**

**COST AUDIT**

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

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records for the year 2020-21 at a remuneration of ₹ 75,000/- (Rupees Seventy Five thousand only) plus applicable taxes and out-of-pocket expenses.

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

The Cost Audit Report for the financial year 2018-19 due to be filed with Ministry of Corporate Affairs by 30-09-2018 had been filed on 04-09-2019. The Cost Audit Report for the financial year 2019-20 is due to be submitted by the Cost Auditor within 180 days from the closure of the financial year will be filed with the Ministry of Corporate Affairs, within 30 days thereof.

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

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

**24. EXTRACT OF ANNUAL RETURN**

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

In accordance with Clause 22 of Secretarial Standard on Report of the Board of Directors (SS 4), a copy of the Annual Return for the year, ended 31<sup>st</sup> March 2019 has been placed on its website at [www.vishnushankarmill.co.in](http://www.vishnushankarmill.co.in).

**25. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

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

**DIRECTORS' REPORT**

**26. INDUSTRIAL RELATIONS AND PERSONNEL**

The Company has 1,091 employees as on 31-03-2020. Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

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

**27. 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". In accordance with Indian Accounting Standard - 24 (Related Party Disclosure), the details of transactions with the related parties are set out in Notes to the Financial Statements.

**28. RISK MANAGEMENT POLICY**

Pursuant to Section 134(3)(n) of the Companies Act, 2013, 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.

**29. DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

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

**ACKNOWLEDGEMENT**

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

On behalf of the Board of Directors,  
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,  
24<sup>th</sup> June, 2020.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**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**

There is no Subsidiary Company

**PART B - ASSOCIATE COMPANY**

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

Particulars	2019-20			
	The Ramco Cements Limited	Rajapalayam Mills Limited	The Ramaraju Surgical Cotton Mills Limited	JKR Enterprise Limited
Name of the Associate Company	The Ramco Cements Limited	Rajapalayam Mills Limited	The Ramaraju Surgical Cotton Mills Limited	JKR Enterprise Limited
Last audited Balance Sheet date	31-03-2020			
Date on which the Associate was associated / acquired	01-04-2016	01-04-2016	01-04-2016	01-04-2016
No. of Shares held as on 31 <sup>st</sup> March 2020	32,48,200	29,750	2,200	100
Amount of Investment in Associate as on 31 <sup>st</sup> March 2020 (₹ in Lakhs)	20.13	8.76	0.36	0.001
Extent of Shareholding % as on 31 <sup>st</sup> March 2020	1.38	0.40	0.06	0.001
Description of how there is significant influence	Note (1)			
Reason why Associate is not consolidated	Not applicable			Due to insignificant amount of investment
Net worth attributable to Shareholders (₹ in Lakhs)	5,00,699.00	1,78,880.01	23,652.13	Not Applicable
Profit / Loss for the Year (Consolidated) (₹ in Lakhs)	59,918.00	9,113.07	1,918.48	Not Applicable
a) Considered in Consolidation (₹ in Lakhs)	904.81	2.64	0.61	Not Applicable
b) Not considered in Consolidation (₹ in Lakhs)	59,013.19	9,110.43	1,917.87	Not Applicable

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

2) Name of associates or joint ventures which are yet to commence operation - Nil

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

On behalf of the Board of Directors,  
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,  
24<sup>th</sup> June, 2020.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE II 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 the terms of remuneration drawn and Particulars of Employees Employed throughout the financial year 2019-20 and were 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. S. Sharada Deepa	54	Managing Director	203.10	B.E. (15)	31-01-2005	–

**NOTE:**

1. The Managing Director's employment is contractual.
2. Remuneration includes Salary, Medical Reimbursement 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. S. Sharada Deepa, Managing Director who is related to Shri. P.R.Venketrana Raja Chairman, Shri. S.R. Srirama Raja, Director, Shri. S.S. Ramachandra Raja, Director and Smt. R.Chittammal, Director.

On behalf of the Board of Directors,  
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,  
24<sup>th</sup> June, 2020.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**ANNEXURE III 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 maintenance and improvements.

- (i) the steps taken or impact on conservation : NIL
- (ii) the steps taken by the company for utilizing alternate sources of energy : NIL
- (iii) The capital investment on energy Conservation equipments : NIL

**B. TECHNOLOGY ABSORPTION**

- (i) The efforts made towards technology absorption and the benefits derived like product improvement, cost reduction, product development or import substitution
  - : i) The Company has installed the latest Uster Jossi Machine 4 Nos. to improve quality of yarn and reduce the manpower cost.
  - ii) The Company has installed 13 Nos of LR6/S Ring frames to improve quality of yarn for Corporate Customers.
  - iii) The Company has installed back process machines like 4 Nos. DK740 Carding Machine for strengthen preparatory process to equip for any count pattern and improve the Yarn Quality.
  - iv) The Company has installed 1 No of Savio Auto Coner Spinning Machine to improve yarn quality and increase the production of yarn.
  - v) The Company has installed 2 Nos of LFS 1660 Speed Frame Machine to improve yarn quality and increase the production of yarn.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**ANNEXURE III TO DIRECTORS' REPORT**

- (ii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
- (a) The details of technology imported; : NIL
- (b) The year of import; : NIL
- (c) Whether the technology been fully absorbed; : Not Applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and : Not Applicable
- (iii) the expenditure incurred on Research and Development : Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned in terms of actual inflows during the year and : ₹ 3,060.50 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows. : ₹ 3,295.60 Lakhs

On behalf of the Board of Directors,  
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,  
24<sup>th</sup> June, 2020.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV TO DIRECTORS REPORT**

**Form MGT - 9**

**EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on 31<sup>st</sup> March, 2020**

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

**I. REGISTRATION AND OTHER DETAILS:**

CIN	U17301TN1981PLC008677
Registration Date	23-03-1981
Name of the Company	SRI VISHNU SHANKAR MILL LIMITED
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and Contact details	Sri Vishnu Shankar Mill Premises, P.A.C. Ramasamy Raja Salai, Post Box No.109, Rajapalaiyam, Tamilnadu, Pin: 626 117.
Whether listed company	No
Name, address and contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Limited, Subramaniapuram Building, No.1. Club House Road, Chennai - 600 002.

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

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

<b>Name and Description of main products / services</b>	<b>NIC Code of the Product / service</b>	<b>% to total turnover of the Company</b>
Yarn	13111	82.05%



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV TO DIRECTORS REPORT**

**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 - 626117. Tamilnadu.	L26941TN1957 PLC003566	Associate	1.38%	2 (6)
2. Rajapalayam Mills Limited Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626117. Tamilnadu	L17111TN1936 PLC002298	Associate	0.40%	2 (6)
3. The Ramaraju Surgical Cotton Mills Limited Post Box No. 2, 119, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626117. Tamilnadu	U17111TN1939 PLC002302	Associate	0.06%	2 (6)
4. JKR Enterprise Limited, 39/17, Bishop Garden, R.A.Puram, Chennai - 600 028. Tamilnadu.	U55101TN2009 PLC073737	Associate	0.0001%	2(6)

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV 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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individuals/ Hindu Undivided Family	-	-	879990	58.67	-	879990	879990	58.67	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	51700	51700	3.45	2100	49600	51700	3.45	-
e) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
f) Any Others...	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(1)</b>	-	931690	931690	62.11	2100	929590	931690	62.11	-
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
e) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total (A)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	931690	931690	62.11	2100	929590	931690	62.11	-

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV 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>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
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)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>B (2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	-	8820	8820	0.59	-	8820	8820	0.59	-
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh*	14970	520500	535470	35.70	40655	494815	535470	35.70	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	15440	15440	1.03	-	15440	15440	1.03	-
c) Others (specify) IEPF	8580	-	8580	0.57	8580	-	8580	0.57	-
<b>Sub-Total (B)(2)</b>	<b>23550</b>	<b>544760</b>	<b>568310</b>	<b>37.89</b>	<b>49235</b>	<b>519075</b>	<b>568310</b>	<b>37.89</b>	-
<b>B Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>23550</b>	<b>544760</b>	<b>568310</b>	<b>37.89</b>	<b>49235</b>	<b>519075</b>	<b>568310</b>	<b>37.89</b>	-
<b>C Shares held by Custodians for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>23550</b>	<b>1476450</b>	<b>1500000</b>	<b>100.00</b>	<b>51335</b>	<b>1448665</b>	<b>1500000</b>	<b>100.00</b>	-

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV TO DIRECTORS REPORT**

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1	Shri P.R. Venketrama Raja	48000	3.20	-	48000	3.20	-	-
2	Smt. R. Sudarsanam	81000	5.40	-	81000	5.40	-	-
3	Sri S.S. Ramachandra Raja	13410	0.89	-	13410	0.89	-	-
4	Smt. R. Chittammal	7320	0.49	-	7320	0.49	-	-
5	Smt. Nalina Ramalakshmi	29000	1.93	-	29000	1.93	-	-
6	Smt. S. Sharadha Deepa	682600	45.51	-	682600	45.51	-	-
7	Smt. B. Srisandhya Raju	16000	1.07	-	16000	1.07	-	-
8	Shri S.R. Srirama Raja	2660	0.18	-	2660	0.18	-	-
9	The Ramco Cements Limited	2100	0.14	-	2100	0.14	-	-
10	The Ramaraju Surgical Cotton Mills Limited	11200	0.75	-	11200	0.75	-	-
11	Rajapalayam Mills Limited	38400	2.56	-	38400	2.56	-	-
	<b>Total</b>	<b>931690</b>	<b>62.11</b>	<b>-</b>	<b>931690</b>	<b>62.11</b>	<b>-</b>	<b>-</b>

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

Sl. No.	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
	No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	9,31,690	62.11	01-04-2019	Nil	Nil	Nil	Nil
	9,31,690	62.11	31-03-2020				

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV TO DIRECTORS REPORT**

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

Sl. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Smt. R. Sakuntala	15,440	1.02	-	-	-	15,440	1.02
2	Shri K. Kumaran	9,990	0.67	-	-	-	9,990	0.67
3	Smt. J. Sethulakshmi	8,980	0.60	-	-	-	8,980	0.60
4	Smt. A. Rathinamala	8,240	0.55	-	-	-	8,240	0.55
5	Smt. Anne B. Thangasamy	7,720	0.51	-	-	-	7,720	0.51
6	Smt. A. Ramalakshmi	7,320	0.49	-	-	-	7,320	0.49
7	Shri P.S. Jaganatha Raja	7,180	0.48	-	-	-	7,180	0.48
8	Shri Indra Kumar Bagri	7,080	0.47	-	-	-	7,080	0.47
9	Miss V. Poorna Pushkalambal	6,660	0.44	-	-	-	6,660	0.44
10	Shri Madhav Prasad Goenka	5,320	0.35	-	-	-	5,320	0.35

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV TO DIRECTORS REPORT**

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

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares at the beginning (01-04-2019) / end of the year (31-03-2020)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Shri P.R. Venketrama Raja	48,000	3.20	N.A.	N.A.	N.A.	48,000	3.20
2	Smt. S. Sharada Deepa	6,82,600	45.51	N.A.	N.A.	N.A.	6,82,600	45.51
3	Shri S.S. Ramachandra Raja	2,660	0.89	N.A.	N.A.	N.A.	2,660	0.89
4	Smt. R. Chittammal	7,320	0.49	N.A.	N.A.	N.A.	7,320	0.49
5	Shri N.K. Shrikantan Raja	3,060	0.20	N.A.	N.A.	N.A.	3,060	0.20
6	Shri S.R. Srirama Raja	,2,660	0.18	N.A.	N.A.	N.A.	,2,660	0.18
7	Shri Arunkumar Goenka	5,320	0.36	N.A.	N.A.	N.A.	5,320	0.36
8	Shri P.A.S. Alaghar Raja	660	0.04	N.A.	N.A.	N.A.	660	0.04
9	Shri S. Kanthimathinathan	Nil	Nil	N.A.	N.A.	N.A.	Nil	Nil

**V. INDEBTEDNESS**

(₹ in Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the Beginning of the financial year</b>				
i) Principal Amount	10,392	11,009	–	21,401
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	26	–	–	–
<b>Total (i + ii + iii)</b>	<b>10,392</b>	<b>11,009</b>	<b>–</b>	<b>21,401</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	2,180	1,10,780	–	1,12,960
Reduction	–	1,09,637	–	1,09,637
<b>Net Change</b>	<b>2,180</b>	<b>1,143</b>	<b>–</b>	<b>3,323</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	8,212	9,866	–	18,078
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
<b>Total (i + ii + iii)</b>	<b>2,180</b>	<b>9,866</b>	<b>–</b>	<b>18,078</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV TO DIRECTORS REPORT**

**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. S. Sharada Deepa Managing Director	Total Amount (₹ in lakhs)
1	Gross Salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	180.00	180.00
	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	-	-
	Sitting Fees	0.75	0.75
5	Contribution to Provident Fund	21.60	21.60
	Contribution to Superannuation Fund	1.50	1.50
	<b>Total</b>	<b>203.85</b>	<b>203.85</b>
	<b>Ceiling as per Act</b>	<p>Managing Director remuneration is fixed at 5% of net profits of the Company and in case of no profits or inadequacy of profits in any financial year, the Managing Director may be paid remuneration in excess of the limit specified in Section II Part II of Schedule V of the Companies Act, 2013 by passing Special Resolution. A Special Resolution has been passed in the AGM held on 14-08-2019 for payment of 5% of the net profit of the Company as Managing Director Remuneration and where in any financial year during the currency of the tenure the Company has no profits or where the remuneration computed at 5% of the net profit is less than ₹ 180 lakhs, the minimum yearly remuneration of the Managing Director shall be ₹ 180 lakhs along with perquisites allowed under the Act plus applicable sitting fees.</p>	

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE IV TO DIRECTORS REPORT**

**B. REMUNERATION TO OTHER DIRECTORS:**

1. Independent Director

Sl. No.	Particulars of Remuneration	Shri N.K. Shrikantan Raja	Shri P.A.S.Alaghar Raja	Total Amount (₹ in lakhs)
1	Fees for attending board / committee meetings	1.80	1.20	3.00
2	Commission	-	-	-
3	Other please specify	-	-	-
	<b>Total (1)</b>	<b>1.80</b>	<b>1.20</b>	<b>3.00</b>

2. Other Non-Executive Directors

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Shri P.R. Venketrama Raja	Shri S.S. Ramachandra Raja	Smt. R. Chittammal	Shri S.R. Srirama Raja	Shri Arun kumar Goenka	Shri S. Kanthimathi nathan	
1.	Fee for attending board committee meetings	0.75	0.90	0.60	0.45	0.15	1.50	4.35
2.	Commission	-	-	-	-	-	-	-
3.	Others	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>0.75</b>	<b>0.90</b>	<b>0.60</b>	<b>0.45</b>	<b>0.15</b>	<b>1.50</b>	<b>4.35</b>
	<b>Total B (1) + (2)</b>							<b>7.35</b>
	<b>Total Managerial Remuneration (A+B)</b>							<b>211.20</b>



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**ANNEXURE IV TO DIRECTORS REPORT**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors,  
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,  
24<sup>th</sup> June, 2020.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**ANNEXURE V TO DIRECTORS REPORT**

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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 recognizing the interests of all its stockholders.
- b. To directly or indirectly take up programs 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 line to the CSR Policy: [www.vishnushankarmill.co.in](http://www.vishnushankarmill.co.in).

2. The Composition of the CSR Committee:

- a. Shri P.R. Venketrama Raja, Chairman of the Committee
- b. Shri S.S. Ramachandra Raja, Member
- c. Shri N.K. Shrikantan Raja, Member

3. Average Net profit of the Company for last three financial years ₹ 445.56 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) ₹ 8.91 Lakhs.

5. Details of CSR spent during the financial year:

- a. Total amount spent for the financial year : ₹ 9.12 Lakhs
- b. Amount unspent, if any : Nil

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**ANNEXURE V TO DIRECTORS REPORT**

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

Sl. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs (1) Local Area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay (Budget) Project or Programs wise	Amount Spent on the Project or Programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads:	Cumulative Expenditure up to reporting period	Amount Spent Direct or through implementing Agency
1.	Eradicating Hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swatch Bharat Kosh setup by Central Government for the promotion of Sanitation and making available safe drinking water [Clause(i)]	Eradication Hunger and Promotion of Healthcare including preventive Healthcare	Virudhunagar District, Tamil Nadu	0.24	0.24	0.24	Directly
2	Sports Excellence Programs; Domestic / International Training / Medical support	Sea Sports Promotion	Ramanathapuram District, Tamil Nadu	1.64	1.64	1.64	Directly
3	Rural Development Projects	Rural Development Projects	Ramanathapuram District, Tamil Nadu	7.24	7.24	7.24	Directly
Total				9.12	9.12	9.12	

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

On behalf of the Board of Directors,  
For SRI VISHNU SHANKAR MILL LIMITED,

RAJAPALAIYAM,  
24<sup>th</sup> June, 2020.

P.R. VENKETRAMA RAJA  
CHAIRMAN

## **SEPARATE FINANCIAL STATEMENTS**

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Sri Vishnu Shankar Mill Limited**

**Report on the Separate Financial Statements**

**Opinion**

We have audited the accompanying Separate financial statements drawn in accordance with the Indian Accounting Standards ("the Financial Statements"), of Sri Vishnu Shankar Mill Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow for the year ended on 31<sup>st</sup> March, 2020 and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Separate 'Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2020, its Profit (financial performance including Other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on 31<sup>st</sup> March, 2020.

**Basis for Opinion**

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

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

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

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

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

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

**Auditor's Responsibility**

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

**Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2020 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) We have enclosed our report in "Annexure B" with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

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



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in Note No 38 (iii) of the 'Notes forming part of Separate Financial Statements' for the year ended 31<sup>st</sup> March, 2020;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts that were required to be transferred by the Company to the Investor Education and Protection Fund.

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 021510

Rajapalayam,  
24<sup>th</sup> June, 2020.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**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 31<sup>st</sup> March, 2020:

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) 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.

4) 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.

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

6) Undisputed and disputed taxes and duties

6.1 The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Services Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they became payable.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**AUDITORS' REPORT TO SHAREHOLDERS**

6.2 According to the information and explanations given to us, the following dues of taxes has not been deposited by the Company on account of disputes:

<b>Name of the Statute</b>	<b>Forum where dispute is pending</b>	<b>Amount (₹ in Lakhs)</b>
Value Added Tax	Joint Commissioner (Commercial Tax - Appellate), Tirunelveli	33.31

- 7) The Company has not defaulted in repayment of dues to Financial Institutions, Banks, Debenture holders or Government.
- 8) The Company did not raise any money by way of initial public offer or further public offer. The Company has raised term loans from Banks/Institutions during the year and the proceeds have been applied for the purposes for which they were raised. The Company has not issued any debentures during the year.
- 9) 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.
- 10) 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.
- 11) 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.
- 12) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- 13) 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.
- 14) 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 M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 021510

Rajapalayam,  
24<sup>th</sup> June, 2020.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

**"Annexure B" to the Independent Auditor's Report**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act"), referred to in Paragraph 2 f) of our report.**

We have audited the internal financial controls over financial reporting of Sri Vishnu Shankar Mill Limited. ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31<sup>st</sup> March, 2020.

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

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

**Auditors' Responsibility**

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

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

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

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

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

**Opinion**

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

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 021510

Rajapalayam,  
24<sup>th</sup> June, 2020.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020**

(₹ in Lakhs)

	Note No.	As at 31-03-2020	As at 31-03-2019	
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment	5	10,245.91	10,545.52	
(b) Capital Work-in-progress		310.73	128.86	
(c) Intangible Assets	5	3.12	3.12	
(d) Investment Property	6	191.45	194.43	
(c) Assets held for Sales	7	89.73	635.49	
(e) Investment in Associates	8	824.26	826.29	
(f) Financial Assets				
Other Investment	8	13.00	11.42	
Other Financial Assets	9	511.15	434.22	
(g) Deferred Tax Assets (Net)	10	284.89	-	
(h) Other Non-Current Assets	11	4.03	4.03	
		<b>12,478.27</b>	<b>12,783.38</b>	
<b>(2) Current Assets</b>				
(a) Inventories	12	6,032.18	6,965.24	
(b) Financial Assets				
Trade Receivables	13	1,933.22	2,881.29	
Cash and Cash Equivalents	14	17.06	9.58	
Bank Balance other than Cash and Cash Equivalents	15	1.48	1.48	
Other Financial Assets	16	66.78	-	
(c) Other Current Assets	17	1,902.09	2,145.06	
		<b>9,952.81</b>	<b>12,002.65</b>	
<b>TOTAL ASSETS</b>		<b>22,431.08</b>	<b>24,786.03</b>	
<b>EQUITY &amp; LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital	18	150.00	150.00	
(b) Other Equity	19	3,228.23	2,095.02	
<b>Total Equity</b>		<b>3,378.23</b>	<b>2,245.02</b>	
<b>(2) Liabilities</b>				
<b>A) Non Current Liabilities</b>				
(a) Financial Liabilities				
Borrowings	20	6,284.40	7,987.46	
(b) Provisions	21	299.64	172.75	
(c) Deferred Income	22	43.37	46.04	
(d) Deferred Tax Liabilities (Net)	23	-	119.93	
		<b>6,627.41</b>	<b>8,326.18</b>	
<b>B) Current Liabilities</b>				
(a) Financial Liabilities				
Borrowings	24	9,866.22	11,008.95	
Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	25	-	-	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	105.08	88.55	
Other Financial Liabilities	26	2,330.18	2,809.21	
(b) Provisions	27	123.96	227.03	
(c) Liabilities for Current Tax	28	-	81.09	
		<b>12,425.44</b>	<b>14,214.83</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,431.08</b>	<b>24,786.03</b>	
Significant Accounting Policies, Judgements and Estimates	1-4			
See accompanying notes to the financial statements.	5-28			

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner,  
Membership No. 021510  
Rajapalaiyam,  
24<sup>th</sup> June, 2020.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020**

(₹ in Lakhs)

	Note No.	For the year ended 31-03-2020	For the year ended 31-03-2019
<b>REVENUE</b>			
I	29	<b>16,384.66</b>	20,739.49
II	30	<b>105.24</b>	91.87
III	31	<b>2,786.62</b>	2,262.55
IV		<b><u>19,276.52</u></b>	<u>23,093.91</u>
<b>EXPENSES</b>			
	32	<b>8,562.04</b>	11,404.85
		<b>367.75</b>	1,038.52
	33	<b>136.79</b>	(535.39)
	34	<b>2,158.22</b>	2,349.17
	35	<b>1,785.88</b>	1,827.32
	36	<b>1,391.62</b>	1,904.24
	37	<b>4,103.24</b>	4,695.65
V		<b><u>18,505.54</u></b>	<u>22,684.36</u>
VI		<b>770.98</b>	409.55
VII			
		-	59.20
		-	-
		<b>(393.70)</b>	(497.48)
		<b><u>(393.70)</u></b>	<u>(438.28)</u>
VIII		<b><u>1,164.68</u></b>	<u>847.83</u>
IX			
		<b>(44.17)</b>	4.96
		<b>11.12</b>	(1.38)
		<b>(33.05)</b>	3.58
		<b>1.58</b>	2.64
		<b>(31.47)</b>	6.22
X		<b><u>1,133.21</u></b>	<u>854.05</u>
XI			
		<b>77.65</b>	56.52
	1-4		
	5-45		

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner,  
Membership No. 021510  
Rajapalaiyam,  
24<sup>th</sup> June, 2020.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2020**

(₹ in Lakhs)

**2019-20**      2018-19

**A. Cash Flow from Operating Activities:**

Profit / (Loss) before Tax	<b>770.98</b>	409.55
Adjustments for:		
Depreciation & Amortization	<b>1,391.62</b>	1,904.24
Interest Paid	<b>1,785.88</b>	1,827.32
Interest Received	<b>(105.24)</b>	(91.87)
Dividend Received	<b>(189.65)</b>	(117.70)
Rent Received	<b>(2.28)</b>	(1.40)
Impairment of Assets	–	64.21
Profit on Sale of Assets (Including Share Investment)	<b>(2,483.84)</b>	(2,076.83)
Operating Profit before Working Capital Changes	<b>1,167.47</b>	1,917.52
Adjustments for:		
Government Grants	<b>(44.17)</b>	2.28
Gratuity	<b>(2.67)</b>	–
Trade Receivables	<b>948.07</b>	245.16
Loans and Advances	<b>99.26</b>	54.42
Inventories	<b>933.06</b>	(614.77)
Trade Payables & Current Liabilities	<b>25.12</b>	171.88
Cash generated from Operations	<b>3,126.14</b>	1,776.49
Income Taxes Paid	<b>(81.09)</b>	(217.42)
<b>Net Cash generated from Operating Activities</b>	<b>A</b>	<b>3,045.05</b>

**B. Cash Flow from Investing Activities:**

Purchase of Fixed Assets (Including Capital work-in-progress)	<b>(802.74)</b>	(673.59)
Purchase of Investments	<b>(1.58)</b>	(2.64)
Sale of Investments	<b>2,545.20</b>	2,082.52
Proceeds from Sale of Assets	<b>19.85</b>	429.75
Interest Received	<b>105.24</b>	91.87
Dividend Received	<b>189.65</b>	117.70
Exceptional Item		
Rent Received	<b>2.28</b>	1.40
<b>Net Cash from / (used) in Investing Activities</b>	<b>B</b>	<b>2,057.90</b>



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2020**

(₹ in Lakhs)

2019-20      2018-19

**C. Cash Flow from Financing Activities:**

Proceeds from Long Term Borrowings	<b>(226.25)</b>	1,402.62	
Repayment of Long Term Borrowings	<b>(1,940.61)</b>	(2,404.41)	
Availment / (Repayment) of Short Term Borrowings (Net)	<b>(1,142.73)</b>	(844.78)	
Interest Paid	<b>(1,785.88)</b>	(1,827.32)	
<b>Net cash used in Financing Activities</b>	<b>C</b>	<b>(5,095.47)</b>	<b>(3,673.89)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>D = (A+B+C)</b>	<b>7.48</b>	<b>(67.81)</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>11.06</b>	<b>78.87</b>
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D + E</b>	<b>18.54</b>	<b>11.06</b>

Notes:

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

Particulars	31-03-2020	31-03-2019
Cash and Cash Equivalents [Refer to Note No.14]	<b>17.06</b>	9.58
Bank Balances other than Cash and Cash Equivalents [Refer to Note No.15]	<b>1.48</b>	1.48
	<b>18.54</b>	11.06

See accompanying notes to the financial statements [Refer to Note No. 5 to 45]

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner,  
Membership No. 021510  
Rajapalaiyam,  
24<sup>th</sup> June, 2020.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31-03-2020**

**A. Equity Share Capital**

**(₹ in Lakhs)**

Balance as at 01-04-2018	150.00
Changes in Equity Share Capital during the year 2018-19	-
Balance as at 31-03-2019	150.00
Changes in Equity Share Capital during the year 2019-20	-
Balance as at 31-03-2020	150.00

**B. Other Equity**

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Capital Reserves	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
<b>Financial Year 2018-19</b>							
<b>Other Equity as at 1<sup>st</sup> April, 2018</b>	23.77	25.00	1,477.72	(285.52)	-	-	1,240.97
Add: Profit for the year				847.83			847.83
Add: Other Comprehensive Income					2.64	3.58	6.22
<b>Total Comprehensive Income</b>				847.83	2.64	3.58	854.05
Less: Transfer to Retained Earnings					(2.64)	3.58	0.94
Add: Transfer from OCI				3.58			3.58
Less: Transfer to General Reserve				2.64			2.64
Add: Transfer from Retained Earnings							-
<b>Other Equity as at 31<sup>st</sup> March, 2019</b>	23.77	25.00	1,477.72	568.53	-	-	2,095.02
<b>Financial Year 2019-20</b>							
Add: Profit for the year				1,164.68			1,164.68
Add: Other Comprehensive Income					1.58	(33.05)	(31.47)
<b>Total Comprehensive Income</b>	-	-	-	1,164.68	1.58	(33.05)	1,133.21
Less: Transfer to Retained Earnings					(1.58)	33.05	31.47
Add: Transfer from OCI				(33.05)			(33.05)
Less: Transfer to General Reserve				-			-
Add: Transfer from Retained Earnings				1.58			1.58
<b>Other Equity as at 31<sup>st</sup> March, 2020</b>	23.77	25.00	1,477.72	1,701.74	-	-	3,228.23

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## SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

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### NOTES TO FINANCIAL STATEMENTS

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#### 1. CORPORATE INFORMATION

Sri Vishnu Shankar Mill Limited is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of the Companies Act, 1956. The Registered office of the Company is located at Sri Vishnu Shankar Mills Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu, India.

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 consumption.

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

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

#### 3. BASIS OF MEASUREMENT

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

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

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

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realizable value whichever is lower. However, these items are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities, or net realizable 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 realizable 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 are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of the Company's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Statement of Cash flow.

**C. Income Taxes**

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

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

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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- ii. Subsequent expenditures are included in the assets' carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.
- iii. Spares which meet the definition of PPE are capitalised from the date when it is available for use. Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- iv. The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. 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.
- v. The cost of major inspection / overhauling is recognised in the carrying amount of the item of PPE as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/overhauling (as distinct from physical parts) is de-recognised.
- vi. The present value of the expected cost for the decommissioning of PPE after its use, if materially significant, is included in the cost of the respective asset when the recognition criteria are met.
- vii. Capital Expenditure on tangible assets for research and development is classified as PPE and is depreciated based on the estimated useful life. Other expenditure incurred for research and development are expensed under the heads of accounts in the year in which it is incurred.
- viii. The Company follows the useful lives of the significant parts of certain class of PPE on best estimate basis upon technical estimate, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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Type of Plant and Machinery	Useful life of such Component ranging from
Textile Machineries / Equipment	10 to 15 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years
Motor cars given to employees as per company's scheme	6 to 8 years

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

**E. 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.

**F. Leases**

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

**G. Revenue Recognition**

- (i) Revenue from Operations

The Company has adopted Ind AS 115 with effect from 01-04-2018 (i.e.) from the date on which it became effective.

- a) Sale of Products

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. There is no significant financing component with regard to sale of products for the company as per Ind AS 115. The Company do not have any non-cash consideration.

- b) Power Generated from Windmills

Power generated from windmills that are covered under power purchase agreement with TANGEDCO are recognised at the rate fixed by respective State Electricity Regulatory Commissions, upon transmission of energy to the grids of the State Electricity Board and the same is classified as "Sale of power generated from windmills".



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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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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 after against the cost of power & fuel.

c) Scrap Sale

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

d) Job Work Income

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

(ii) Other Income

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

**H. Employee Benefits**

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employees' basic salary. The Company has no further obligations.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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

**I. 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 FINANCIAL STATEMENTS**

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- (iii) In case of grant relates to an asset, it is recognised as income over the expected useful life of the related asset.
- (iv) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.
- (v) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
- (vi) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note No. 31 "Other Income".

**J. 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.

**K. Borrowing Costs**

- (i) 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.

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**NOTES TO FINANCIAL STATEMENTS**

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- (ii) 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.

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

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

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

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

- (i) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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- (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.

**O. Intangible Assets**

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

Nature of Intangible assets	Estimated useful life
Computer Software	6 years

- (iii) The intangible assets that are under development phase are carried at cost including related expenses and attributable interest, and are 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.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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**P. Investment Properties**

- (i) An investment in land or buildings both furnished and unfurnished, which are held for earning rentals or capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, are classified as investment properties.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and impairment loss, if any except freehold land which is carried at cost.
- (iii) The company identifies the significant parts of investment properties separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives determined on best estimate basis upon technical advice. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. Other expenses including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant components as detailed below, that are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013:

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

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

**Q. Operating Segments**

The Company has only four operating / reportable segments viz. Textiles and wind Power Generation from Windmills.

**NOTES TO FINANCIAL STATEMENTS**

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The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

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

**R. Financial Instruments**

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

**S. 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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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c) Fair value through profit or loss (FVTPL)

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

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

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

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

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

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



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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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

- (vi) Upon 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:

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

**T. Financial Liabilities**

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Derivative financial instruments and other financial liabilities.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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- (ii) The Company measures its financial liabilities as below:

<b>Measurement basis</b>	<b>Name of Financial liabilities</b>
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.

**U. Fair Value Measurement**

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- (ii) The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.
- (iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:
- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.
- (iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

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**NOTES TO FINANCIAL STATEMENTS**

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

a) Investments in Equity

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

b) Trade and Other Receivables

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

c) Investment Properties

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

**V. Amendments to the existing Accounting Standards / issuance of new accounting standard effective from 01-04-2019 onwards**

**(i) New Standard**

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying deletion of existing standard Ind AS 17 on Leases and insertion of new standard Ind AS 116 on Leases for applicability with effect from April 1, 2019.

**Ind AS 116 Leases**

**Entity as a Lessee**

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to

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**NOTES TO FINANCIAL STATEMENTS**

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remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

**Entity as a Lessor**

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The above notified standard provides two recognition exemptions for lessees viz., leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less).

The Company is evaluating the requirements of this new standard and its effect on the financial statements.

**(ii) Amendments in existing accounting standards**

The details of amendments to the existing standards applicable to the Company with effect from April 1, 2019, which may impact the financial statements in the coming years are detailed below:

**Ind AS 12 Income Taxes**

**(a) Uncertainty over Income Tax Treatments**

Appendix C to Ind AS 12 addresses the following issues, when there is uncertainty over income tax treatments

whether an entity considers uncertain tax treatments separately;

- (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (iii) how an entity determines taxable profit, tax bases, unused tax losses, unused tax credits and tax rates; and
- (iv) how an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

**NOTES TO FINANCIAL STATEMENTS**

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**(b) Income Tax Consequences of Dividends**

The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, the Company shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

**Ind AS 19 Employee Benefits**

**Plan Amendment, Curtailment or Settlement**

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement, the Company is required to:

- (a) Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset);
- (b) Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) and the discount rate used to remeasure that net defined benefit liability (asset).

Further the Company first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The Company is evaluating the requirements of the above amendments and its effect on the financial statements.

**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.

**NOTES TO FINANCIAL STATEMENTS**

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

**(i) Revenue Recognition**

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

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

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

**(iii) Current Taxes**

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

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

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

**(v) Provisions**

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

**(vi) Contingent Liabilities**

Management judgment 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 FINANCIAL STATEMENTS**

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**(vii) 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.

**(viii) 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.

**(ix) 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.

**(x) 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.

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

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

**(xii) 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.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM  
NOTES TO FINANCIAL STATEMENTS**

**NOTE NO. 5  
PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Year		Gross Block				Depreciation				Net Block	
	As at the beginning of the year	Additions	Deductions	Transfer from / to Assets held for Sale A/c	As at the end of the year	As at the beginning of the year	For the year	Deductions	Transfer from / to Assets held for Sale A/c	As at the end of the year	As at the beginning of the year	
<b>Tangible Assets</b>												
Land	2019-20	313.63	-	-	313.63	-	-	-	-	313.63	313.63	313.63
	2018-19	313.63	-	-	313.63	-	-	-	-	313.63	313.63	313.63
Buildings	2019-20	2,692.46	38.12	-	2,730.58	52.00	-	-	-	1,551.56	1,565.44	1,565.44
	2018-19	2,671.99	20.47	-	2,692.46	79.71	-	-	-	1,565.44	1,624.68	1,624.68
Plant and machinery	2019-20	22,033.21	985.18	574.56	22,571.08	1,291.02	498.41	47.43	695.96	8,098.19	8,400.36	8,400.36
	2018-19	24,196.07	512.05	1,314.50	22,033.21	1,724.74	885.37	13,632.85	8,400.36	10,706.63	10,706.63	
Electrical machinery	2019-20	921.66	44.50	-	966.16	23.47	-	-	-	174.95	153.92	153.92
	2018-19	1,203.66	1.56	-	921.66	63.99	-	264.14	153.92	235.76	235.76	
Furniture & Office Equipments	2019-20	163.20	13.33	-	176.53	8.86	-	-	-	37.99	33.52	33.52
	2018-19	167.47	9.79	-	14.06	8.24	-	12.13	33.52	33.90	33.90	
Vehicles	2019-20	186.69	6.20	16.86	176.03	14.89	-	-	-	69.59	78.65	78.65
	2018-19	170.05	55.39	1.51	186.69	0.89	-	23.34	78.65	62.36	62.36	
Total - Tangible Assets	2019-20	26,310.85	1,087.33	591.42	26,934.01	1,388.64	513.30	47.43	995.57	10,245.91	10,545.52	10,545.52
	2018-19	28,722.87	599.26	1,316.01	26,310.85	1,901.27	886.26	15,765.33	10,545.52	12,976.96	12,976.96	
<b>Intangible Assets</b>												
Computer Software	2019-20	39.47	-	-	39.47	37.61	-	-	-	1.86	1.86	1.86
	2018-19	39.47	-	-	39.47	37.61	-	-	-	1.86	1.86	1.86
Power Transmission System	2019-20	25.18	-	-	25.18	23.92	-	-	-	1.26	1.26	1.26
	2018-19	25.18	-	-	25.18	23.92	-	-	-	1.26	1.26	1.26
Total - Intangible Assets	2019-20	64.65	-	-	64.65	61.53	-	-	-	3.12	3.12	3.12
	2018-19	64.65	-	-	64.65	61.53	-	-	-	3.12	3.12	3.12

Notes: (a) Borrowing Cost of ₹ Nil have been Capitalized for Current Year (PY: Nil).

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

(c) Previous year net block figures have been reclassified to make them Comparable with the Current year figures.



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

As at  
31-03-2020

As at  
31-03-2019

**NOTE NO. 6**

**INVESTMENT PROPERTY**

**Land**

As at the beginning of the year	122.24		122.24
Less: Sale of Land	—		—
As at the end of the year	<b>122.24</b>		122.24

**Building**

As at the beginning of the year	95.33		95.33
Addition / Sale	—		—
As at the end of the year	<b>95.33</b>		95.33

Less:

Accumulated depreciation as at the beginning of the year	23.14		20.17
Depreciation for the year	2.98		2.97
Accumulated depreciation as at the end of the year	<b>26.12</b>		23.14

Net Block 69.21 72.19

Total Investment Property **191.45** **194.43**

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

Rental Income from Investment Properties	1.65		1.24
Direct Operating Expenses	0.93		0.93
Profit arising from Investment Properties before Depreciation and indirect expenses	0.72		0.31
Less: Depreciation	(2.98)		(2.97)
Profit arising from Investment Properties before indirect expenses	<b>(2.26)</b>		<b>(2.66)</b>
Fair Value of Investment Property	<b>683.37</b>		<b>651.37</b>

Notes:

- (i) The Company measure 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 [Refer to Note No. 43].

**NOTE NO. 7**

**ASSETS HELD FOR SALES**

Assets held for Sales - Andhra Pradesh Unit	89.73		635.49
	<b>89.73</b>		<b>635.49</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 8**

**INVESTMENT IN ASSOCIATES**

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
<b>I. Investment in Equity Instruments</b>					
<b>1) Quoted</b>					
The Ramco Cements Limited	1	32,48,200	35,75,200	20.14	22.17
Rajapalayam Mills Limited	10	29,740	29,740	8.76	8.76
The Ramaraju Surgical Cotton Mills Limited	10	2,200	2,200	0.36	0.36
Sub-Total (A)				29.26	31.29
<b>2) Unquoted</b>					
JKR Enterprise Limited	1	100	100	-	-
Sub-Total (B)				-	-
Grand-Total (C) = (A) + (B)				29.26	31.29
<b>II. Investment in Preference Shares - Unquoted</b>					
JKR Enterprise Limited - 9% Cumulative Redeemable Preference Shares	1	7,95,00,000	7,95,00,000	795.00	795.00
Sub-Total (D)				795.00	795.00
Quoted Investments - Cost				29.26	31.29
Market Value				16,806.64	25,578.22
Unquoted Investments - Cost (E) = (B) + (D)				795.00	795.00
<b>Grand Total (C) + (D)</b>				<b>824.26</b>	<b>826.29</b>
<b>OTHER INVESTMENT (DESIGNATED AT FVTOCI)</b>					
<b>III. Investment in Equity Instruments - Unquoted</b>					
Ramco Windfarms Limited	1	6,15,000	6,15,000	6.15	6.15
Ramco Industrial and Technology Services Limited	10	26,350	26,350	6.85	5.27
<b>Total Investment in Equity Investments - Unquoted</b>				<b>13.00</b>	<b>11.42</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 9**

OTHER FINANCIAL ASSETS - NON CURRENT

**Unsecured, considered good**

Security Deposits with Electricity Board / Others	<b>511.15</b>	434.22
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**NOTE NO. 10**

DEFERRED TAX ASSET (NET)

**Deferred Tax Asset**

Tax effect on Unabsorbed Depreciation under Income Tax Act, 1961	1,349.50	–
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Tax effect on Provision for Bonus and Leave Encashment	79.66	–
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**Deferred Tax Liability**

Tax effect on difference between Book Depreciation and Depreciation under the Income Tax Act, 1961	(1,144.27)	–
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Tax effect on Fair Value Measurement		
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Net Deferred Tax Asset	<b>284.89</b>	–
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**NOTE NO. 11**

OTHER NON-CURRENT ASSETS

**Unsecured, considered good**

Other Non-Current Assets	<b>4.03</b>	4.03
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**NOTE NO. 12**

INVENTORIES

(Valued at lower of cost or Net realisable value)

Finished Goods	2,721.79	2,071.35
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Raw Materials - Cotton & Cotton Waste	2,846.28	3,672.13
---------------------------------------	----------	----------

Stores and Spares	151.74	122.12
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Works-in-progress (Cotton Yarn)	312.37	1,099.64
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	<b>6,032.18</b>	6,965.24
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Note:

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

**Details of Works-in-progress**

Cotton Yarn	<b>312.37</b>	1,099.64
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Note:

Mode of valuation of Inventories are disclosed in Significant Accounting Policies in Note No. 4 (A)

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 13**

TRADE RECEIVABLES

**Unsecured, considered good**

Trade Receivables more than Six months	17.84	38.65
Other Trade Receivables	1,915.38	2,842.64
	<b>1,933.22</b>	<b>2,881.29</b>

- (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. 14**

CASH AND CASH EQUIVALENTS

Cash on Hand	1.64	1.90
Balance with Bank		
In Current Account	1.69	1.77
In Deposit Account for Margin Money	13.43	4.38
Cheque on Hand	0.30	1.53
	<b>17.06</b>	<b>9.58</b>

**NOTE NO. 15**

BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Earmarked balances with Banks for Unclaimed Dividend	1.48	1.48
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**NOTE NO. 16**

OTHER FINANCIAL ASSETS (CURRENT)

Government Grants Receivable	66.78	-
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**NOTE NO. 17**

OTHER CURRENT ASSETS

**Unsecured, considered good**

Advance to Suppliers / Others	557.54	739.91
Tax Credit and Refund due - Indirect Taxes	726.14	841.49
Accrued Income	400.18	389.86
Prepaid Expenses	201.96	171.00
Other Current Assets	16.27	2.80
	<b>1,902.09</b>	<b>2,145.06</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 18**

**EQUITY SHARE CAPITAL**

Authorised

30,00,000 Equity Shares of ₹ 10/- each (PY : 30,00,000 Equity shares of ₹ 10/-each)      **300.00**      300.00

Issued, Subscribed and Fully paid-up

15,00,000 Equity Shares of ₹ 10/- each (PY : 15,00,000 Equity shares of ₹ 10/-each)      **150.00**      150.00

**150.00**      150.00

a) (5,00,000 Equity Shares of ₹ 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves).

b) Reconciliation of the number of shares outstanding:

(₹ in Lakhs)

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	15,00,000	150	15,00,000	150
Number of Shares at the end	15,00,000	150	15,00,000	150

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

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

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. R. Sudarsanam	81,000	5.40%	81,000	5.40%
Smt. S. Sharada Deepa	6,82,600	45.51%	6,82,280	45.51%

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 19**

**OTHER EQUITY**

<b>Capital Reserve</b>	23.77	23.77
Securities Premium Reserve	25.00	25.00
General Reserve	1,477.72	1,477.72
FVOTCI Reserve	1.58	2.64

**Retained Earnings**

Opening Balance	568.53	(285.52)
Add: Profit for the Year	<u>1,131.63</u>	<u>851.41</u>
	<b>1,700.16</b>	565.89
	<b><u>3,228.23</u></b>	<u>2,095.02</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.

**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.

**NOTE NO. 20**

**NON CURRENT BORROWINGS**

**Secured**

Term Loan from Banks *	5,684.40	7,187.46
------------------------	----------	----------

**Unsecured**

Working Capital Term Loan from Financial Institutions	600.00	800.00
	<u>6,284.40</u>	<u>7,987.46</u>

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

Year	Amount	Amount
2020-21	–	1,692.00
2021-22	1,021.13	1,020.70
2022-23	1,219.92	1,220.28
2023-24	1,219.19	1,219.48
2024-25	1,499.71	1,410.47
2025-26	1,324.45	1,424.53
	<u>6,284.40</u>	<u>7,987.46</u>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 21**

PROVISION (NON - CURRENT)

Provision for Employee Benefits [Refer to Note No. 39] 299.64      172.75

**NOTE NO. 22**

DEFERRED INCOME

Deferred Income Government Grants 43.37      46.04

**NOTE NO. 23**

DEFERRED TAX LIABILITY (NET)

**Deferred Tax Liability**

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961 -      1,914.46  
Tax effect on Fair Value Measurement -      -

**Deferred Tax Asset**

Tax effect on unabsorbed depreciation under Income Tax Act, 1961 -      (1,715.21)  
Tax effect on Provision for Bonus and Leave Encashment -      (79.32)

**Net Deferred Tax Liability** -      119.93

**Reconciliation of deferred tax Liabilities (net)**

Opening balance as on 1<sup>st</sup> April -      616.03  
Tax income / (Expense) during the period recognised in Profit and Loss -      (496.10)  
Closing balance as on 31<sup>st</sup> March -      119.93

**NOTE NO. 24**

CURRENT BORROWINGS

**Secured**

Loan Repayable on Demand from Banks \* **7,864.79**      7,829.17

**Unsecured**

Loan Repayable on Demand from Banks **1,550.00**      2,530.03  
Loan from Related Parties [Refer to Note No. 41(b)(i)] **325.31**      496.63  
Loan from Other Parties **126.12**      153.12  
**9,866.22**      11,008.95

\* Loan Repayable on Demand from Banks are secured by *pari-passu* first charge on the Current Assets of the Company and *pari-passu* second charge on the Fixed Assets of the Company.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
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**NOTE NO. 25**

TRADE PAYABLES

Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of Creditors other than micro enterprises and small enterprises	<u>105.08</u>	<u>88.55</u>
	<u>105.08</u>	<u>88.55</u>

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

- i) Trade payables are non-interest bearing and are normally settled on 10 to 30 days.
- ii) There are no dues to micro and small enterprises as at 31-03-2020 (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. 26**

OTHER CURRENT FINANCIAL LIABILITIES

Current Maturities of Long Term Loans	1,940.61	2,404.41
Unclaimed Dividends	1.48	1.48
Liabilities for Other Finance	<u>388.09</u>	<u>403.32</u>
	<u>2,330.18</u>	<u>2,809.21</u>

**NOTE NO. 27**

PROVISIONS, CURRENT

Provision for Employee Benefits	<u>123.96</u>	<u>227.03</u>
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**NOTE NO. 28**

LIABILITIES FOR CURRENT TAX

Tax Liabilities - Other Current Liabilities	<u>-</u>	<u>81.09</u>
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**NOTE NO. 29**

REVENUE FROM OPERATION

**Sale of Products**

Yarn	15,732.92	19,964.89
Waste Cotton	<u>403.80</u>	<u>555.69</u>
	<u>16,136.72</u>	20,520.58

**Other Operating Revenues**

Export Incentive	112.17	63.39
Job Work Charges Received	<u>135.77</u>	<u>155.52</u>
	<u>16,384.66</u>	<u>20,739.49</u>



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>NOTE NO. 30</b>		
FINANCE INCOME		
Interest Receipts	<u>105.24</u>	<u>91.87</u>
<b>NOTE NO. 31</b>		
OTHER INCOME		
Rent Receipts	2.28	1.40
Dividend Income	189.65	117.70
Government Grants	2.68	2.68
Profit on Sale of Investments	2,541.59	2,080.17
Profit on Sale of Cotton	18.18	11.95
Miscellaneous Income	<u>32.24</u>	<u>48.65</u>
	<u>2,786.62</u>	<u>2,262.55</u>
<b>NOTE NO. 32</b>		
COST OF MATERIALS CONSUMED		
<b>Rawmaterials Consumed</b>		
Cotton & Cotton Waste	<u>8,562.04</u>	<u>11,404.85</u>
<b>NOTE NO. 33</b>		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
<b>Opening Stock</b>		
Finished Goods	2,071.35	1,609.07
Work-in-Progress	<u>1,099.64</u>	<u>1,026.53</u>
	3,170.99	2,635.60
<b>Closing Stock</b>		
Finished Goods	2,721.83	2,071.35
Work-in-Progress	<u>312.37</u>	<u>1,099.64</u>
	3,034.20	3,170.99
<b>Net (Increase) / Decrease in Stock</b>	<u>136.79</u>	<u>(535.39)</u>
<b>NOTE NO. 34</b>		
EMPLOYEE BENEFITS		
Salaries , Wages and Bonus	1,825.68	1,999.31
Contribution to Provident and Other Funds	229.06	229.47
Staff and Labour Welfare & Training Expenses	<u>103.48</u>	<u>120.39</u>
	<u>2,158.22</u>	<u>2,349.17</u>
<b>NOTE NO. 35</b>		
FINANCE COSTS		
Interest on Debts and Borrowings	<u>1,785.88</u>	<u>1,827.32</u>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

As at  
31-03-2020

As at  
31-03-2019

**NOTE NO. 36**

DEPRECIATION

Depreciation of Plant, Property and Equipment	1,388.64	1,901.27
Depreciation on Investment Properties	2.98	2.97
	<b>1,391.62</b>	<b>1,904.24</b>

**NOTE NO. 37**

OTHER EXPENSES

**Manufacturing Expenses**

Power and Fuel	1,493.00	2,063.93
Packing Materials	249.98	300.69
Repairs to Buildings	37.41	56.01
Repairs to Plant and Machinery	523.30	516.28
Repairs - General	412.57	366.70
Jobwork Charges Paid	214.02	242.96
	<b>2,930.28</b>	<b>3,546.57</b>

**Establishment Expenses**

Managing Director's Remuneration	203.10	203.10
Rates and Taxes	63.97	44.58
Insurance	112.72	54.03
Postage and Telephone	8.14	11.11
Printing and Stationery	11.14	13.06
Travelling Expenses	22.63	41.65
Vehicle Maintenance	28.98	51.55
Loss on Sale of Property, Plant and Equipment & Investment Property	57.75	3.34
Directors Sitting Fees	8.25	8.55
Rent Paid	12.37	6.79
Audit and Legal Expenses	30.80	19.40
Corporate Social Responsibility Expenses	9.12	3.65
Loss on Exchange Difference (net)	14.47	35.53
Impairment of Assets	-	64.21
Mark to Market Loss on Cotton *	185.55	-
Miscellaneous Expenses	57.22	124.88
	<b>826.21</b>	<b>685.43</b>

**Selling Expenses**

Sales Commission	189.59	262.23
Export Expenses	70.94	103.65
Other Selling Expenses	86.22	97.77
	<b>346.75</b>	<b>463.65</b>
	<b>4,103.24</b>	<b>4,695.65</b>

\* MTM Loss due to difference between Market Price and Cost Price of Cotton as on 31-03-2020.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
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**NOTE NO. 38**

**CONTINGENT LIABILITIES**

Guarantees given by the bankers on behalf of company	109.12	87.05
Disputed VAT Liability	33.31	33.31

- i. Income Tax Assessment have been completed upto the Accounting Year ended 31<sup>st</sup> March, 2018 i.e. AY 2018-19.
- ii. Sales Tax Assessment has been completed upto the Accounting year 2017-18.
- iii. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of ₹ 573.03 Lakhs (PY: ₹ 475.21 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.

**NOTE NO. 39**

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

(₹ in lakhs)

	2019-20	2018-19
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**Defined Contribution Plan:**

Employer's Contribution to Provident Fund	151.78	156.47
Employer's Contribution to Superannuation Fund	8.01	9.96

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

**Movements in the present value of define benefit obligation:**

Opening defined Benefit Obligation	507.97	484.57
Current Service Cost	36.50	36.44
Interest Cost	36.97	35.70
Actuarial (gain) / loss	41.69	(-) 4.40
Benefits paid	(-) 50.73	(-) 44.33
Closing Defined Benefit obligation	572.41	507.98

**Movement in the present value of plan assets:**

Opening fair value of plan assets	511.89	516.14
Expected return on plan assets	37.27	38.19
Actuarial gain / (loss)	(-) 2.48	0.56
Employer Contribution	-	1.35
Benefits paid	(-) 50.73	(-) 44.33
Closing fair value of plan assets	495.95	511.89

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in lakhs)

2019-20      2018-19

**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	495.95	511.89
Present value of obligation	572.41	507.97
Present value of Funded defined obligation	76.46	3.92

**Cost of define benefit plan:**

Current Service Cost	36.50	36.44
Interest Cost	(-) 0.30	(-)2.49
Net Cost Recognized in the Income Statement	36.20	33.95
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	(-) 2.48	0.56
Actuarial (gain) / loss	41.69	(4.40)
Net Cost recognized in the Other Comprehensive Income	44.17	(4.96)

**Major Categories of Plan Assets:**

GOI Securities	-	-
Funds with LIC	495.95	511.89
Others	-	-
Total	495.95	511.89

**Actuarial assumptions:**

Discount rate p.a	6.66%	7.66%
Rate of escalation in salary p.a	3.75%	4.00%

**Estimate of Expected Benefit payments**

Particulars	<b>31-03-2020</b>	31-03-2019
Year 1	13.43	14.86
Year 2	41.71	45.44
Year 3	40.49	29.70
Year 4	48.85	41.86
Year 5	172.91	49.46
Next 5 Years	176.40	307.82

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

Particulars	(₹ in lakhs)	
	31-03-2020	31-03-2019
<b>Quantitative Sensitivity Analysis for Significant Assumptions</b>		
0.50% Increase in Discount Rate	36.53	34.50
0.50% Decrease in Discount Rate	41.17	38.68
0.50% Increase in Salary Growth Rate	41.25	38.77
0.50% Decrease in Salary Growth Rate	36.44	34.41
 <b>Details of Leave encashment plan (Unfunded) are as follows:</b>		
<b>Movement in the present value of define benefit Obligation:</b>		
Opening defined Benefit Obligation	172.49	151.04
Current Service Cost	13.62	11.05
Interest Cost	12.01	10.91
Actuarial (gain) / loss	56.56	18.89
Benefits paid	(-) 31.50	(-) 19.40
Closing defined Benefit obligation	223.18	172.49
 <b>Movement in the present value of plan assets:</b>		
Opening fair value of plan assets	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	31.50	19.40
Benefits paid	(-)31.50	(-)19.40
Closing fair value of plan assets	NIL	NIL
Expected return of plan assets	NIL	NIL
Actuarial gain / (loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL
 <b>The amount included in the Statement of Financial position arising from the entity's obligation in respect of its define benefit plans:</b>		
Fair value of plan assets	NIL	Nil
Present value of obligation	223.18	172.49
Present value of Funded define obligation	223.18	172.49

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

	2019-20	2018-19
<b>Cost of define benefit Plan:</b>		
Current Service Cost	13.63	11.05
Interest Cost	12.01	10.91
Actuarial (gain) / loss	56.56	18.89
Net Cost recognized in the Income Statement	82.19	40.86
<b>Major Categories of Plant Assets:</b>		
GOI Securities	NIL	NIL
Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
Total	NIL	NIL
<b>Actuarial assumptions:</b>		
Discount rate p.a	6.66%	7.66%
Rate of escalation in salary p.a	3.75%	4.00%
<b>Estimate of Expected Benefit payments</b>		
Year 1	5.93	9.88
Year 2	21.93	27.71
Year 3	5.71	8.05
Year 4	8.18	4.79
Year 5	116.29	6.49
Next 5 Years	30.29	115.80
<b>Quantitative Sensitivity Analysis for Significant Assumptions</b>		
0.50% Increase in Discount Rate	13.21	12.89
0.50% Decrease in Discount Rate	14.93	14.43
0.50% Increase in Salary Growth Rate	14.96	14.46
0.50% Decrease in Salary Growth Rate	13.18	12.86

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

**NOTE NO. 40**

**EARNINGS PER SHARE**

Particulars	31-03-2020	31-03-2019
Net profit after tax (₹ in Lakhs) (A)	1,164.68	847.83
Weighted average number of Equity shares [In Lakhs] (B)	15.00	15.00
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) in ₹	77.65	56.52

**NOTE NO. 41**

**RELATED PARTY TRANSACTIONS**

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31<sup>st</sup> March, 2020:

**a. Associates Company**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2020	31-03-2019
The Ramco Cements Limited	India	1.38%	1.52%
Rajapalayam Mills Limited	India	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	India	0.06%	0.06%
JKR Enterprise Limited	India	0.001%	0.001%

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

Name of the Key Management Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt. S. Sharada Deepa	Managing Director
Shri S.S. Ramachandra Raja	Non-Executive Director
Smt. R. Chittammal	Non-Executive Director
Shri N.K. Shrikantan Raja	Independent Director
Shri S.R. Srirama Raja	Non-Executive Director
Shri Arunkumar Goenka	Non-Executive Director
Shri S. Kanthimathinathan	Non-Executive Director
Shri P.A.S. Alaghar Raja	Independent Director

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

**c. Relatives of Key Managerial Personnel**

Name of the Relative of KMP	Relationship
Smt. Nalina Ramalakshmi	Sister of Shri P.R. Venketrama Raja

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

Thanjavur Spinning Mill Limited Sandhya Spinning Mill Limited Sri Harini Textiles Limited Rajapalayam Textile Limited	Sri Harini Media Limited
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**e. Employee Benefit Funds where control exists**

Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund
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**f. Other entities over which there is a significant influence**

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

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

Name of the Related party	(₹ in Lakhs)	
	2019-20	2018-19
<b>i. Good Supplied / Services rendered</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	1,072.27	1,039.06
The Ramaraju Surgical Cotton Mills Limited	452.12	847.97
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Ramco Industries Limited	1,530.63	1,646.60
Sandhya Spinning Mill Limited	389.70	301.16
Rajapalayam Textile Limited	225.16	7.09
Sri Harini Textiles Limited	2.36	241.46
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	120.02	278.95
The Ramaraju Surgical Cotton Mills Limited	19.47	-



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

Name of the Related party	(₹ in Lakhs)	
	2019-20	2018-19
<b>iii. Sale of Equity Shares of The Ramco Cements Limited</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	–	1,081.60
Ramco Industries Limited	<b>993.30</b>	1000.48
<b>iv. Cost of Goods &amp; Services purchased / availed</b>		
<b>Associates</b>		
The Ramco Cements Limited	<b>2.81</b>	4.00
The Ramaraju Surgical Cotton Mills Limited	<b>33.48</b>	393.21
Rajapalayam Mills Limited	<b>502.01</b>	1,065.29
JKR Enterprise Limited	<b>0.04</b>	0.00
<b>Companies / Other entities over KMP / Relative of KMP exercise significant influence</b>		
Ramco Industries Limited	<b>309.94</b>	769.99
Ramco Systems Limited	<b>17.46</b>	13.04
Ramco Windfarms Limited	<b>309.57</b>	325.44
Sandhya Spinning Mill Limited	<b>497.96</b>	280.26
Rajapalayam Textile Limited	<b>270.45</b>	438.17
Sri Harini Media Limited	<b>0.73</b>	70.00
Sri Harini Textiles Limited	–	1.18
<b>Other entities over which there is significant influence</b>		
PACR Sethurammam Charity Trust	<b>23.58</b>	63.35
<b>v. Dividend Received</b>		
<b>Associates</b>		
The Ramco Cements Limited	<b>188.46</b>	116.50
Rajapalayam Mills Limited	<b>1.19</b>	1.19
The Ramaraju Surgical Cotton Mills Limited	<b>0.01</b>	0.01
<b>vi. Rent Received</b>		
JKR Enterprise Limited	<b>1.65</b>	1.24

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

Name of the Related party	(₹ in Lakhs)	
	Value	
	2019-20	2018-19
<b>vii. Interest Paid</b>		
<b>Key Managerial Personnel</b>		
Smt. S. Sharada Deepa	6.83	17.40
Shri S.S. Ramachandra Raja	2.07	1.91
Smt. R. Chittammal	14.12	15.25
<b>viii. Sitting Fees</b>		
<b>Key Managerial Personnel</b>		
Shri P.R. Venketrama Raja	0.75	0.75
Smt. S. Sharada Deepa	0.75	0.45
Shri S.S. Ramachandra Raja	0.90	0.90
Smt. R. Chittammal	0.60	0.60
Shri S.R. Srirama Raja	0.45	0.60
Shri N.K. Shrikantan Raja	1.80	1.95
Shri S. Kanthimathinathan	1.50	1.50
Shri Arunkumar Goenka	0.15	0.15
Shri P.A.S. Alaghar Raja	1.20	1.65
<b>ix. Remuneration to Key Managerial Personnel (Other than Sitting Fees)</b>		
<b>Key Managerial Personnel</b>		
Smt. S. Sharada Deepa, Managing Director	203.10	203.10
<b>x. Contribution to Superannuation Fund / Gratuity Fund</b>		
<b>Other entities over which there is a significant influence</b>		
Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund	8.01	9.96
Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund	2.20	2.51
<b>xi. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>		
<b>Key Managerial Personnel</b>		
Smt. S. Sharada Deepa	(369.95)	(1000.48)
Shri S.S. Ramachandra Raja	(24.20)	(22.33)
Smt. R. Chittammal	(186.49)	(183.39)

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

Name of the Related party	(₹ in Lakhs)	
	2019-20	2018-19
<b>xii. Usage charges paid or Power Consumed by virtue of Joint Ownership of Shares with APGPCL</b>		
<b>Associates</b>		
The Ramco Cements Limited	–	1.54
<b>b. Outstanding balance including commitments</b>		
<b>i. Borrowings</b>		
<b>Key Managerial Personnel</b>		
Shri S.S. Ramachandra Raja	<b>24.20</b>	22.33
Smt. R. Chittammal	<b>172.15</b>	154.35
Smt. S. Sharada Deepa	<b>128.95</b>	319.95
<b>c. Disclosure of Key Management Personnel compensation in total and for each of the following categories:</b>		
Particulars	<b>31-03-2020</b>	31-03-2019
Short - Term Benefits <sup>[1]</sup>	<b>210.27</b>	210.27
Defined Contribution Plan <sup>[2]</sup>	<b>26.00</b>	26.00
Defined Benefit Plan / Other Long-Term Benefits <sup>[3]</sup>	–	–
Total	<b><u>236.27</u></b>	<u>236.27</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.		

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

**NOTE NO. 42**

SEGMENT INFORMATION FOR THE YEAR ENDED 31-03-2020

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
<b>REVENUE</b>						
External Sales (Net)	16,384.66	20,739.49	-	-	16,384.66	20,739.49
Inter Segment Sale	-	-	1,328.03	1,455.56	1,328.03	1,455.56
<b>Total Sales</b>	<b>16,384.66</b>	<b>20,739.49</b>	<b>1,328.03</b>	<b>1,455.56</b>	<b>17,712.69</b>	<b>22,195.05</b>
Other Income	2,891.86	2,354.41	-	-	2,891.86	2,354.41
<b>Total Revenue</b>	<b>19,276.52</b>	<b>23,093.90</b>	<b>1,328.03</b>	<b>1,455.56</b>	<b>20,604.55</b>	<b>24,549.46</b>
<b>RESULT</b>						
Segment Profit	1,799.79	1,383.47	757.08	853.40	2,556.87	2,236.87
Unallocated Income	-	-	-	-	(105.24)	(91.86)
Unallocated Expenses	-	-	-	-	-	-
Operating Profit	-	-	-	-	2,451.63	2,145.01
Interest Expenses	-	-	-	-	1,785.89	1,827.34
Interest Income	-	-	-	-	105.24	91.87
Provision for Taxation	-	-	-	-	-	-
Current Tax	-	-	-	-	-	59.20
Income Tax related to earlier years	-	-	-	-	-	-
Deferred Tax	-	-	-	-	(381.02)	(496.10)
MAT Credit entitlement	-	-	-	-	-	-
MAT Credit entitlement-py	-	-	-	-	-	-
Profit from ordinary activities	-	-	-	-	1,152.00	846.45
Other Comprehensive Income	-	-	-	-	(42.59)	7.60
Exceptional Items	-	-	-	-	-	-
<b>Net Profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,109.41</b>	<b>854.05</b>
<b>OTHER INFORMATION</b>						
Segment Assets	20,043.52	22,203.48	2,363.76	2,582.55	22,431.08	24,786.03
Unallocated Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,431.08</b>	<b>24,786.03</b>
Segment Liabilities	918.25	974.21	-	-	918.25	974.21
Unallocated Liabilities	-	-	-	-	18,134.60	21,566.79
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,052.84</b>	<b>22,541.00</b>
Capital Expenditure	802.72	673.59	-	-	802.72	673.59
Unallocated Capital Expenditure	-	-	-	-	-	-
Depreciation	1,172.83	1,686.05	218.79	218.19	1,391.62	1,904.24
Unallocated Depreciation Expenditure	-	-	-	-	-	-
Non-Cash expenses other than Depreciation	-	-	-	-	-	-

**NOTE NO. 43**

**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.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2020</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	795.00	-	-	795.00	795.00
Other Investments	0.00	-	13.00	13.00	13.00
Loans	0.00	-	-	0.00	0.00
Trade Receivables	1,933.22	-	-	1,933.22	1,933.22
Cash and Cash Equivalents	17.06	-	-	17.06	17.06
Bank Balance other than Cash and Cash Equivalents	1.48	-	-	1.48	1.48
Other Financial Assets	66.78	-	-	66.78	66.78
<b>Financial Liabilities</b>					
Borrowings	6,284.40	-	-	6,284.40	6,284.40
Trade Payables	105.08	-	-	105.08	105.08
Other Financial Liabilities	2,330.18	-	-	2,330.18	2,330.18
<b>As at 31-03-2019</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	795.00	-	-	795.00	795.00
Other Investments	0.00	-	11.42	11.42	11.42
Loans	0.00	-	-	0.00	0.00
Trade Receivables	2,881.29	-	-	2,881.29	2,881.29
Cash and Cash Equivalents	9.58	-	-	9.58	9.58
Bank Balance other than Cash and Cash Equivalents	1.48	-	-	1.48	1.48
Other Financial Assets	0.00	-	-	0.00	0.00
<b>Financial Liabilities</b>					
Borrowings	7,987.46	-	-	7,987.46	7,987.46
Trade Payables	88.55	-	-	88.55	88.55
Other Financial Liabilities	2,809.21	-	-	2,809.21	2,809.21

**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.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
<b>Investment in unlisted securities</b>				
As at 31-03-2020	–	–	13.00	13.00
As at 31-03-2019	–	–	11.42	11.42

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

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

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

**NOTE NO. 44**

**FINANCIAL RISK MANAGEMENT**

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

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

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

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

**Credit Risk**

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

**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 31-03-2020	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,201.22	513.02	81.63	137.35	1,933.22
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,201.22	513.02	81.63	137.35	1,933.22

As at 31-03-2019	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	2,122.85	637.52	82.27	38.65	2,881.29
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	2,122.85	637.52	82.27	38.65	2,881.29

**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.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

**Financial arrangements**

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

Particulars	31-03-2020	31-03-2019
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	4,872.00	3,354.00
Term Loans	-	-
<b>Expiring beyond year</b>		
Term Loans	400.00	400.00

**Maturities of Financial Liabilities**

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
<b>As at 31-3-2020</b>				
Borrowings from Banks	1,940.61	6,333.46	-	8,274.07
Trade payables	105.08	-	-	105.08
Other Financial Liabilities (Incl. Interest)	388.09	-	-	388.09
<b>As at 31-3-2019</b>				
Borrowings from Banks	2,404.41	1,887.46	6,100.00	10,391.97
Trade payables	88.55	-	-	88.55
Other Financial Liabilities (Incl. Interest)	406.01	-	-	406.01

**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.

**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
<b>USD in Millions</b>				
As at 31-03-2020	-	-	-	-
As at 31-03-2019	-	-	-	-
<b>EURO in Millions</b>				
As at 31-03-2020	-	-	-	-
As at 31-03-2019	-	-	-	-

Risk sensitivity on foreign currency fluctuation

(₹ in Lakhs)

Foreign Currency	31-03-2020	31-03-2019
	1% Increase	1% increase
USD	-	-



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

**Cash flow and fair value interest rate risk** (₹ in Lakhs)

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	31-03-2020	31-03-2019
Variable rate borrowings	18,090.62	20,751.07
Fixed rate borrowings	-	-

The Company does not have any interest rate swap contracts

**Sensitivity on Interest rate fluctuation**

Incremental Interest Cost works out to	31-03-2020	31-03-2019
1% Increase in Interest Rate	180.90	207.51

**NOTE NO. 45**

**CAPITAL MANAGEMENT**

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

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

Particulars	31-03-2020	31-03-2019
Long Term Borrowings	6,284.40	7,987.46
Current maturities of Long Term borrowings	1,940.61	2404.41
Short Term Borrowings	9,866.22	11,008.95
Less: Cash and Cash Equivalents	18.54	11.06
<b>Net Debt (A)</b>	<b>18,109.77</b>	<b>21,389.76</b>
Equity Share Capital	150.00	150.00
Other Equity	3,204.36	2095.02
<b>Total Equity (B)</b>	<b>3,354.36</b>	<b>2245.02</b>
Total Capital Employed (C) = (A) + (B)	<b>21,464.13</b>	<b>23,634.78</b>
Capital Gearing Ratio (A) / (C)	<b>84.37%</b>	<b>90.50%</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

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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 31-03-2020 and 31-03-2019.

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As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner,  
Membership No. 021510  
Rajapalaiyam,  
24<sup>th</sup> June, 2020.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

# **CONSOLIDATED FINANCIAL STATEMENTS**

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Members of M/s. Sri Vishnu Shankar Mill Limited**

**Report on the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying Consolidated Financial Statements drawn in accordance with the Indian Accounting Standards ("the Consolidated Financial Statements") of Sri Vishnu Shankar Mill Limited (hereinafter referred to as "the Company") and the share of profit / loss of its associates. These Consolidated Financial Statements comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2020, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended 31<sup>st</sup> March, 2020 and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards, of the consolidated state of affairs (financial position) of the Company including the effect of share in the profit of its associates as at 31<sup>st</sup> March, 2020, and their consolidated profit (financial performance including other comprehensive income) including the share in the profit of its associates, their consolidated cash flows and consolidated statement of changes in equity for the year ended on 31<sup>st</sup> March, 2020.

**Basis for Opinion**

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

**AUDITORS' REPORT TO SHAREHOLDERS**

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

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

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

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

**Auditor's Responsibility**

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

**Other Matters**

The consolidated financial statements year to date includes the financial statements of three associates whose consolidated financial statements reflects the total comprehensive income of ₹ 1,851.64 Lakhs for the year ended 31<sup>st</sup> March, 2020. All of these financial statements are audited by an Independent Auditor.

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.



**AUDITORS' REPORT TO SHAREHOLDERS**

**Report on Other Legal and Regulatory Requirements**

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

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
2. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
5. On the basis of the written representations received from the Directors of the Company as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors of the Company and the reports of the Statutory Auditor of the associate companies, and Management Certification in the case of the unaudited associate companies, none of the Directors of the Company and its associate companies is disqualified as on 31<sup>st</sup> March, 2020 from being appointed as a Director in terms of Section 164 (2) of the Act.
6. We have enclosed our separate report in "Annexure A" with respect to the adequacy of the internal financial controls over financial reporting of the entities in the Company and associate companies and the operating effectiveness of such controls. We have relied on the management certification in respect of the unaudited associates with respect to the adequacy of internal financial controls over financial reporting. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of entities in the Company and the associate companies.
7. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

- i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in the Separate Financial Statements of the respective entities in the Company and by the associates.
- ii. The Company and associate companies did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the entities in the Company and its associates.

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

For M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

K SRINIVASAN  
Partner  
Membership No. 021510

Rajapalayam,  
24<sup>th</sup> June, 2020.

**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

We have audited the internal financial controls over financial reporting of Sri Vishnu Shankar Mill Limited and its associates ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on 31<sup>st</sup> March, 2020.

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

The respective Board of Directors of the Company and its 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 Group'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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

**Other Matters**

We have relied on a) our audit of the Company, b) management certification in the case of associates which are either audited or unaudited.

**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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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 associate companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Group 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 M.S.JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration Number: 001208S

Rajapalaiyam,  
24<sup>th</sup> June, 2020.

K SRINIVASAN  
Partner  
Membership No. 021510

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020**

		Note No.	(₹ in Lakhs)	
			As at 31-03-2020	As at 31-03-2019
<b>ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a)	Property, Plant and Equipment	5	10,245.91	10,545.52
(b)	Capital Work-in-progress		310.73	128.86
(c)	Intangible Assets	5	3.12	3.12
(d)	Investment Property	6	191.45	194.43
(c)	Assets held for Sales	7	89.73	635.49
(e)	Investment in Associates	8	14,474.12	14,974.98
(f)	Financial Assets			
	Other Investment	8	13.00	11.42
	Other Financial Assets	9	511.15	434.22
(g)	Deferred Tax Assets (Net)	10	284.89	-
(h)	Other Non-Current Assets	11	4.03	4.03
<b>(2) Current Assets</b>			<b>26,128.13</b>	<b>26,932.07</b>
(a)	Inventories	12	6,032.18	6,965.24
(b)	Financial Assets			
	Trade Receivables	13	1,933.22	2,881.29
	Cash and Cash Equivalents	14	17.06	9.58
	Bank Balance other than Cash and Cash Equivalents	15	1.48	1.48
	Other Financial Assets	16	66.78	-
(c)	Other Current Assets	17	1,902.09	2,145.06
			<u>9,952.81</u>	<u>12,002.65</u>
<b>TOTAL ASSETS</b>			<b><u>36,080.94</u></b>	<b><u>38,934.72</u></b>
<b>II EQUITY &amp; LIABILITIES</b>				
<b>(1) Equity</b>				
(a)	Equity Share Capital	18	149.98	149.98
(b)	Other Equity	19	16,878.11	16,243.74
	Total Equity		<b>17,028.09</b>	<b>16,393.72</b>
<b>(2) Liabilities</b>				
<b>A) Non Current Liabilities</b>				
(a)	Financial Liabilities			
	Borrowings	20	6,284.40	7,987.46
(b)	Provisions	21	299.64	172.75
(c)	Deferred Income	22	43.37	46.04
(d)	Deferred Tax Liabilities (Net)	23	-	119.93
<b>B) Current Liabilities</b>			<b>6,627.41</b>	<b>8,326.18</b>
(a)	Financial Liabilities			
	Borrowings	24	9,866.22	11,008.95
	Trade Payables			
	(i) Total outstanding dues of micro enterprises and small enterprises	25	-	-
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	105.08	88.54
	Other Financial Liabilities	26	2,330.18	2,809.21
(b)	Provisions	27	123.96	227.03
(c)	Liabilities for Current Tax	28	-	81.09
			<u>12,425.44</u>	<u>14,214.82</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b><u>36,080.94</u></b>	<b><u>38,934.72</u></b>
	Significant Accounting Policies, Judgements and Estimates	1 - 4		
	See accompanying notes to the financial statements.	5 - 28		

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner,  
Membership No. 021510  
Rajapalaiyam,  
24<sup>th</sup> June, 2020.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020**

		(₹ in Lakhs)		
	Note No.	For the year ended 31-03-2020	For the year ended 31-03-2019	
<b>REVENUE</b>				
<b>I</b>	Revenue from Operations	29	16,384.66	20,739.49
<b>II</b>	Finance Income	30	105.24	91.87
<b>III</b>	Other Income	31	2,596.97	2,144.85
<b>IV</b>	<b>Total Revenue (I+II+III)</b>		<u>19,086.87</u>	<u>22,976.21</u>
<b>V EXPENSES</b>				
	Cost of Materials Consumed	32	8,562.04	11,404.85
	Purchases of Stock-in-Trade		367.75	1,038.52
	Changes in Inventories of Finished Goods and Work-in-progress	33	136.79	(535.39)
	Employee Benefit Expenses	34	2,158.22	2,349.17
	Finance Costs	35	1,785.88	1,827.32
	Depreciation and Amortization Expenses	36	1,391.62	1,904.24
	Other Expenses	37	4,103.23	4,792.67
	<b>Total Expenses</b>		<u>18,505.53</u>	<u>22,781.38</u>
<b>VI</b>	<b>Profit Before Tax (IV-V)</b>		<u>581.34</u>	<u>194.83</u>
<b>VII</b>	<b>Income Tax Expenses / (Savings)</b>			
	Current Tax	-		57.82
	Income Tax related to earlier years	-		-
	Deferred Tax Liability / (Assets)	<u>(404.82)</u>		<u>(496.10)</u>
			<u>(404.82)</u>	<u>(438.28)</u>
<b>VIII</b>	<b>Profit After Tax (VI-VII)</b>		<u>986.16</u>	<u>633.11</u>
<b>IX</b>	<b>Share of Net Profit After Tax (PAT) of Associates accounted for using the equity method</b>		<u>915.58</u>	<u>796.16</u>
<b>X</b>	<b>Profit for the Period (VIII + IX)</b>		<u>1,901.74</u>	<u>1,429.27</u>
<b>XI</b>	<b>Other Comprehensive Income</b>			
	<b>Item that will not be reclassified subsequently to Profit and Loss:</b>			
	(i) Actuarial Gain / (Loss) on defined benefit obligation (net)		(44.17)	4.96
	(ii) Unrelieved Gain / (Loss) on Equity Investment (net)		1.58	2.64
	Income Tax relating to the above		-	(1.38)
	Other Comprehensive Income / (Loss) for the year, net of tax		<u>(42.59)</u>	<u>6.22</u>
	Share of OCI of Associates accounted for using the equity method		<u>(7.51)</u>	<u>(2.88)</u>
	<b>Total Other Comprehensive Income / (Loss) for the year, net of tax</b>		<u>(50.10)</u>	<u>3.34</u>
<b>XII</b>	<b>Total Comprehensive Income for the year, net of tax</b>		<u>1,851.64</u>	<u>1,432.61</u>
<b>XIII</b>	<b>Earnings per Equity Share of ₹ 10/- each</b>			
	Basic & Diluted (in Rupees) [Refer to Note No.40]		126.80	95.30
	Significant Accounting Policies, Judgements and Estimates	1-4		
	See accompanying notes to the financial statements.	5-45		

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S

K. SRINIVASAN  
Partner,  
Membership No. 021510  
Rajapalaiyam,  
24<sup>th</sup> June, 2020.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2020**

	(₹ in Lakhs)	
	2019-20	2018-19
<b>A. Cash Flow from Operating Activities:</b>		
Profit / (Loss) before Tax	581.34	194.83
Adjustments for :		
Depreciation & Amortisation	1,391.62	1,904.24
Interest Paid	1,785.88	1,827.32
Interest Received	(105.24)	(91.87)
Rent Received	(2.28)	(1.40)
Impairment of Assets	–	64.21
Profit on Sale of Assets (Including Share Investment)	(2,483.84)	(2,076.83)
Operating Profit before Working Capital Changes	<u>1,167.48</u>	<u>1,820.50</u>
Adjustments for :		
Gratuity and Government Grants	(46.84)	2.28
Trade Receivables	948.07	245.16
Loans and Advances	99.26	54.42
Inventories	933.06	(614.77)
Trade Payables & Current liabilities	25.11	171.88
Cash generated from Operations	<u>3,126.14</u>	<u>1,679.47</u>
Income tax Paid	(81.09)	(217.42)
<b>Net Cash generated from Operating Activities</b>	<b>A</b>	<u>3,045.05</u>
<b>B. Cash Flow from Investing Activities :</b>		
Purchase of Fixed Assets (Including Capital work-in-progress)	(802.74)	(673.59)
Purchase of Investments	(1.58)	(2.64)
Sale of Investments	2,545.20	2,082.52
Changes in Investments	–	97.02
Proceeds from Sale of Assets	19.85	429.75
Interest Received	105.24	91.87
Dividend Received	189.65	117.70
Exceptional Item		
Rent Received	2.28	1.40
<b>Net Cash from /(used) in Investing Activities</b>	<b>B</b>	<u>2,057.90</u>



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2020**

	(₹ in Lakhs)	
	2019-20	2018-19
<b>C. Cash Flow from Financing Activities :</b>		
Proceeds from Long Term Borrowings	(226.25)	1,402.62
Repayment of Long Term Loan	(1,940.61)	(2,404.41)
Availment / (Repayment) of Short Term Borrowings (Net)	(1,142.73)	(844.78)
Interest Paid	(1,785.88)	(1,827.32)
Net cash used in Financing Activities	<b>C</b>	<b>(5,095.47)</b>
Net Increase / (Decrease) in Cash and Cash Equivalents	<b>D=(A+B+C)</b>	<b>7.48</b>
Opening balance of Cash and Cash Equivalents	<b>E</b>	<b>11.06</b>
Closing balance of Cash and Cash Equivalents	<b>D + E</b>	<b>18.54</b>

Notes:

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

Particulars	31-03-2020	31-03-2019
Cash and Cash Equivalents (Note No.14)	17.06	9.58
Bank Balances other than Cash and Cash Equivalents (Refer to Note No.15)	1.48	1.48
	<b>18.54</b>	<b>11.06</b>

See accompanying notes to the financial statements (Refer to Note No. 5 - 45)

As per our report annexed

For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner,  
Membership No. 021510  
Rajapalaiyam,  
24<sup>th</sup> June, 2020.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

**A. Equity Share Capital**

**(₹ in Lakhs)**

Balance as at 01-04-2018	149.98
Changes in Equity Share Capital during the year 2018-19	–
Balance as at 31-03-2019	149.98
Changes in Equity Share Capital during the year 2019-20	–
Balance as at 31-03-2020	149.98

**B. Other Equity**

Particulars	Other Equity					Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserves Consolidation	Security Premium Reserve	General Reserve	Retained Earnings	FVOTCI Reserve	Re-measurements of Defined Benefit Obligations	Share of OCI of Associates	
<b>Other Equity as at 1<sup>st</sup> April, 2018</b>	<b>23.77</b>	<b>10,993.08</b>	<b>25.00</b>	<b>1,477.72</b>	<b>2,509.65</b>	–	–	–	<b>15,029.22</b>
Add: Profit for the year	–	–	–	–	1,429.27	–	–	–	1,429.27
Add: Other Comprehensive Income	–	–	–	–	–	–	3.58	(2.88)	0.70
Fair value on Equity Investment net of tax	–	–	–	–	–	2.64	–	–	2.64
<b>Total Comprehensive Income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,477.72</b>	<b>3,938.92</b>	<b>2.64</b>	<b>3.58</b>	<b>(2.88)</b>	<b>16,461.83</b>
Less: Transfer to Retained Earnings	–	–	–	–	–	(2.64)	(3.58)	2.88	(3.34)
Add: Transfer from OCI	–	–	–	–	3.34	–	–	–	3.34
Add: GR Reversal of RWFL Shares Sales	–	–	–	(218.09)	–	–	–	–	(218.09)
<b>Other Equity as at 31<sup>st</sup> March, 2019</b>	<b>23.77</b>	<b>10,993.08</b>	<b>25.00</b>	<b>1,259.63</b>	<b>3,942.26</b>	–	–	–	<b>16,243.74</b>
Add: Profit for the year	–	–	–	–	1,901.73	–	–	–	1,901.73
Add: Other Comprehensive Income	–	–	–	–	–	–	(44.17)	(7.51)	(51.68)
Fair value on Equity Instrument, net of tax	–	–	–	–	–	1.58	–	–	1.58
<b>Total Comprehensive Income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,901.73</b>	<b>1.58</b>	<b>(44.17)</b>	<b>(7.51)</b>	<b>1,851.63</b>
Less: Transfer to Retained Earnings	–	–	–	–	–	(1.58)	44.17	7.51	50.10
Add: Transfer from OCI	–	–	–	–	(50.10)	–	–	–	(50.10)
Add: GR Reversal of TRCL Shares Sales	–	(1,217.26)	–	–	–	–	–	–	(1,217.26)
Add: Unrealised gain on Equity Shares	–	–	–	–	–	–	–	–	–
<b>Other Equity as at 31<sup>st</sup> March, 2020</b>	<b>23.77</b>	<b>9,775.82</b>	<b>25.00</b>	<b>1,259.63</b>	<b>5,793.89</b>	–	–	–	<b>16,878.11</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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**1. CORPORATE INFORMATION**

Sri Vishnu Shankar Mill Limited is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of the Companies Act, 1956. The Registered office of the Company is located at Sri Vishnu Shankar Mills Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu, India.

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 consumption.

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

**2. BASIS OF PREPARATION OF 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.
- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.4.
- (iii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iv) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (v) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.
- (vi) The consolidated financial statements are presented in Indian Rupees rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as ₹ 0.00 Lakhs.
- (vii) Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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- (viii) The CFS comprises the financial statements of Sri Vishnu Shankar Mill Limited and its Associate Companies. The list of Companies which are included in consolidation and the Company's holding and voting rights therein are as under:

Name of the Company	% of Shareholding as at	
	31-03-2020	31-03-2019
M/s. The Ramco Cements Limited	1.38%	1.52%
M/s. Rajapalayam Mills Limited	0.40%	0.40%
M/s. The Ramaraju Surgical Cotton Mills Limited	0.06%	0.06%

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

### 3. Principles of Consolidation

- (i) The CFS includes the share of profit/loss of the associate companies that are accounted for using equity method in accordance with Ind AS 28. Accordingly, the share of profit/loss of the associates (the loss being restricted to the cost of investment) has been added / deducted from the cost of investment. The most recent available financial statements of the associates are used in applying the equity method.
- (ii) The Consolidated Statement of Profit and Loss reflects the share of results of its associates. Any change in OCI of those investees is presented as part of the Consolidated OCI.
- (iii) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate Company and adjusted thereafter to recognize the Company's share of post-acquisition profits or losses of the Associate in the profit & loss and the Company's share of other comprehensive income of the Associate in other comprehensive income of the Company.
- (iv) Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.
- (v) Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.
- (vi) The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in Note (N) below.
- (vii) The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances and is presented, to the extent possible, in the same manner as the Company's standalone financial statements.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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**4. BASIS OF MEASUREMENT**

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note 4(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. Statement of Cash Flow**

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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

**C. Dividend Distribution to Equity Shareholders**

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

**D. Income Taxes**

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

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

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

- (i) PPEs are stated at cost of acquisition or construction less accumulated depreciation / amortisation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.
- (ii) Subsequent expenditures are included in the assets' carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.
- (iii) Spares which meet the definition of PPE are capitalised from the date when it is available for use. Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. 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.
- (v) The cost of major inspection / overhauling is recognised in the carrying amount of the item of PPE as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/overhauling (as distinct from physical parts) is de-recognised.
- (vi) The present value of the expected cost for the decommissioning of PPE after its use, if materially significant, is included in the cost of the respective asset when the recognition criteria are met.

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- (vii) Capital Expenditure on tangible assets for research and development is classified as PPE and is depreciated based on the estimated useful life. Other expenditure incurred for research and development are expensed under the heads of accounts in the year in which it is incurred.
- (viii) The Company follows the useful lives of the significant parts of certain class of PPE on best estimate basis upon technical estimate, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Type of Plant and Machinery	Useful life of such Component ranging from
Textile Machineries / Equipment	10 to 15 Years
Wind Mills	22 to 30 Years
HFO & DG Sets	12 to 25 Years
Electrical Machineries	3 to 25 years
Motor cars given to employees as per company's scheme	6 to 8 years

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



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**F. Capital Work in progress**

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

**G. Leases**

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

**H. Revenue Recognition**

- (i) Revenue from Operations

The Company has adopted Ind AS 115 with effect from 01-04-2018 (i.e) from the date on which it became effective.

- a) Sale of Products

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. There is no significant financing component with regard to sale of products for the Company as per Ind AS 115. The company do not have any non-cash consideration.

- b) Power Generated from Windmills

Power generated from windmills that are covered under power purchase agreement with TANGEDCO are recognised at the rate fixed by respective

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State Electricity Regulatory Commissions, upon transmission of energy to the grids of the State Electricity Board and the same is classified as "Sale of 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 after against the case of power & fuel.

c) Scrap Sale

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

d) Job Work Income

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

(ii) Other Income

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

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

c) Rental income from operating lease on investment properties is recognised on a straight line basis over the terms of the relevant lease unless the escalation is in the nature of compensation for cost inflation.

**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.

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

**J. Government Grants**

- (i) Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is 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

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

- (iii) In case of grant relates to an asset, it is recognised as income over the expected useful life of the related asset.
- (iv) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.
- (v) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.
- (vi) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note No. 31 "Other Income".

**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 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

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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.

- (ii) 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.

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

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

- (i) The carrying values of assets include property, plant and equipment, investment properties, cash generating units and intangible assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors.
- (ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation 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.

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

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

**P. Intangible Assets**

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

Nature of Intangible assets	Estimated useful life
Computer Software	6 years

- (iii) The intangible assets that are under development phase are carried at cost including related expenses and attributable interest, and are recognised as Intangible assets under development.

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

<b>Asset type</b>	<b>Useful life ranging from</b>
Buildings under Investment properties	60 years

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

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

**R. Operating Segments**

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

The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard. Operating segment has been identified on the basis of nature of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker.

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

**S. Financial Instruments**

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

**T. Financial Assets**

- (i) Financial assets comprise of investments in equity, trade receivables, cash and cash equivalents and other financial assets.



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

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

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

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

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

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.

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

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

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

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

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**U. Financial Liabilities**

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

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

**V. Fair Value Measurement**

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- (ii) The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.
- (iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:
  - Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
  - Level 2: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.
  - Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.
- (iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

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

**a) Investments in Equity**

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

**b) Trade and other receivables**

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

**c) Investment Properties**

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

**6. Amendments to the existing Accounting Standards / issuance of new accounting standard effective from 01-04-2019 onwards**

**(i) New Standard**

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying deletion of existing standard Ind AS 17 on Leases and insertion of new standard Ind AS 116 on Leases for applicability with effect from 1<sup>st</sup> April, 2019.

**Ind AS 116 Leases**

**Entity as a Lessee**

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will

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be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

**Entity as a Lessor**

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The above notified standard provides two recognition exemptions for lessees viz., leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less).

The Company is evaluating the requirements of this new standard and its effect on the financial statements.

**(ii) Amendments in existing accounting standards**

The details of amendments to the existing standards applicable to the Company with effect from 1<sup>st</sup> April, 2019, which may impact the financial statements in the coming years are detailed below:

**Ind AS 12 Income Taxes**

**(a) Uncertainty over Income Tax Treatments**

Appendix C to Ind AS 12 addresses the following issues, when there is uncertainty over income tax treatments

- (i) whether an entity considers uncertain tax treatments separately;
- (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (iii) how an entity determines taxable profit, tax bases, unused tax losses, unused tax credits and tax rates; and

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(iv) how an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

**(b) Income tax consequences of dividends**

The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, the Company shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

**Ind AS 19 Employee Benefits**

**Plan Amendment, Curtailment or Settlement**

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement, the Company is required to:

- (a) Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset);
- (b) Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) and the discount rate used to remeasure that net defined benefit liability (asset).

Further the Company first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The Company is evaluating the requirements of the above amendments and its effect on the financial statements.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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**7. Significant Estimates and Judgements**

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

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

**(i) Revenue Recognition**

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

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

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

**(iii) Current Taxes**

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

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

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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**(v) Provisions**

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

**(vi) Contingent Liabilities**

Management judgment 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.

**(vii) 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.

**(viii) 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.

**(ix) 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.



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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**(x) 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.

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

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

**(xii) 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.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE NO. 5  
PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Year		Gross Block				Depreciation				Net Block	
	As at the beginning of the year	Additions	Deductions	Transfer from / to Assets held for Sale A/C	As at the end of the year	As at the beginning of the year	For the year	Deductions	Transfer from / to Assets held for Sale A/C	As at the end of the year	As at the beginning of the year	
<b>Tangible Assets</b>												
Land	2019-20	313.63	-	-	313.63	-	-	-	-	313.63	313.63	313.63
	2018-19	313.63	-	-	313.63	-	-	-	-	313.63	313.63	313.63
Buildings	2019-20	2,692.46	38.12	-	2,730.58	1,127.02	52.00	-	-	1,179.02	1,551.56	1,565.44
	2018-19	2,671.99	20.47	-	2,692.46	1,047.31	79.71	-	-	1,127.02	1,565.44	1,624.68
Plant and machinery	2019-20	22,033.21	985.18	574.56	22,571.08	13,632.85	1,291.02	498.41	47.43	14,472.89	8,098.19	8,400.36
	2018-19	24,196.07	512.05	1,314.50	22,033.21	13,489.44	1,724.74	885.37	695.96	13,632.85	8,400.36	10,706.63
Electrical machinery	2019-20	921.66	44.50	-	966.16	767.74	23.47	-	-	791.21	174.95	153.92
	2018-19	1,203.66	1.56	-	921.66	967.89	63.99	-	264.14	767.74	153.92	235.76
Furniture & Office Equipments	2019-20	163.20	13.33	-	176.53	129.68	8.86	-	-	138.54	37.99	33.52
	2018-19	167.47	9.79	-	163.20	133.57	8.24	-	12.13	129.68	33.52	33.90
Vehicles	2019-20	186.69	6.20	16.86	176.03	108.04	13.29	14.89	-	106.44	69.59	78.65
	2018-19	170.05	55.39	1.51	186.69	107.68	24.59	0.89	23.34	108.04	78.65	62.36
Total - Tangible Assets	2019-20	26,310.85	1,087.33	591.42	26,934.01	15,765.33	1,388.64	513.30	47.43	16,688.10	10,245.91	10,545.52
	2018-19	28,722.87	599.26	1,316.01	26,310.85	15,745.89	1,901.27	886.26	995.57	15,765.33	10,545.52	12,976.96
<b>Intangible Assets</b>												
Computer Software	2019-20	39.47	-	-	39.47	37.61	-	-	-	37.61	1.86	1.86
	2018-19	39.47	-	-	39.47	37.61	-	-	-	37.61	1.86	1.86
Power Transmission System	2019-20	25.18	-	-	25.18	23.92	-	-	-	23.92	1.26	1.26
	2018-19	25.18	-	-	25.18	23.92	-	-	-	23.92	1.26	1.26
Total - Intangible Assets	2019-20	64.65	-	-	64.65	61.53	-	-	-	61.53	3.12	3.12
	2018-19	64.65	-	-	64.65	61.53	-	-	-	61.53	3.12	3.12

Notes: (a) Borrowing Cost of ₹ Nil have been Capitalized for Current Year (P.Y: Nil).

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

(c) Previous year net block figures have been reclassified to make them Comparable with the Current year figures.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

As at  
31-03-2020

As at  
31-03-2019

**NOTE NO. 6**

**INVESTMENT PROPERTY**

**Land**

As at the beginning of the year	122.24		122.24
Less: Sale of Land	—		—
As at the end of the year	<u>122.24</u>		<u>122.24</u>

**Building**

As at the beginning of the year	95.33		95.33
Addition / Sale	—		—
As at the end of the year	<u>95.33</u>		<u>95.33</u>

Less:

Accumulated depreciation as at the beginning of the year	23.14		20.17
Depreciation for the year	2.98		2.97
Accumulated depreciation as at the end of the year	<u>26.12</u>		<u>23.14</u>
Net Block	<u>69.21</u>		<u>72.19</u>

Total Investment Property

191.45                      194.43

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

Rental Income from Investment Properties	1.65		1.24
Direct Operating Expenses	0.93		0.93
Profit arising from Investment Properties before Depreciation and indirect expenses	0.72		0.31
Less: Depreciation	(2.98)		(2.97)
Profit arising from Investment Properties before indirect expenses	<u>(2.26)</u>		<u>(2.66)</u>
Fair Value of Investment Property	<u>683.37</u>		<u>651.37</u>

Notes:

- (i) The Company measure 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 [Refer to Note No. 43].

**NOTE NO. 7**

**ASSETS HELD FOR SALES**

Assets held for Sales - Andhra Pradesh	<u>89.73</u>		<u>635.49</u>
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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 8**

**INVESTMENT IN ASSOCIATES**

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Cost	Cost
<b>I. Investment in Equity Instruments</b>					
<b>1) Quoted</b>					
The Ramco Cements Limited	1	<b>32,48,200</b>	35,75,200	<b>13,464.01</b>	13,966.93
Rajapalayam Mills Limited	10	<b>29,740</b>	29,740	<b>210.45</b>	209.00
The Ramaraju Surgical Cotton Mills Limited	10	<b>2,200</b>	2,200	<b>4.66</b>	4.05
Sub-Total (A)				<b>13,679.12</b>	14,179.98
<b>2) Unquoted</b>					
JKR Enterprise Limited	1	<b>100</b>	100	-	-
Sub-Total (B)				-	-
Grand-Total (C) = (A) + (B)				<b>13,679.12</b>	14,179.98
<b>II. Investment in Preference Shares - Unquoted</b>					
JKR Enterprise Limited - 9% Cumulative Redeemable Preference Shares	1	<b>7,95,00,000</b>	7,95,00,000	<b>795.00</b>	795.00
Sub-Total (D)				<b>795.00</b>	795.00
Quoted Investments - Cost				<b>13,679.12</b>	14,179.98
Market Value				<b>25,578.22</b>	28,429.98
Unquoted Investments - Cost (E) = (B) + (D)				<b>795.00</b>	795.00
<b>Grand Total (C) + (D)</b>				<b>14,474.12</b>	14,974.98
<b>OTHER INVESTMENT (DESIGNATED AT FVTOCI)</b>					
<b>III. Investment in Equity Instruments - Unquoted</b>					
Ramco Windfarms Limited	1	<b>6,15,000</b>	6,15,000	<b>6.15</b>	6.15
Ramco Industrial and Technology Services Limited	10	<b>26,350</b>	26,350	<b>6.85</b>	5.27
<b>Total Investment in Equity Investments - Unquoted</b>				<b>13.00</b>	11.42

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 9**

OTHER FINANCIAL ASSETS - (NON CURRENT)

**Unsecured, considered good**

Security Deposits with Electricity Board / Others	<u><b>511.15</b></u>	<u>434.22</u>
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**NOTE NO. 10**

DEFERRED TAX ASSET (NET)

**Deferred Tax Asset**

Tax effect on unabsorbed depreciation under Income Tax Act, 1961	<b>1,349.50</b>	-
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Tax effect on Provision for Bonus and Leave Encashment	<b>79.66</b>	-
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**Deferred Tax Liability**

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	<b>(1,144.27)</b>	-
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Tax effect on Fair Value Measurement		
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Net Deferred Tax Asset	<u><b>284.89</b></u>	<u>-</u>
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**NOTE NO. 11**

OTHER NON CURRENT-ASSETS

**Unsecured, considered good**

Other Non-Current Assets	<u><b>4.03</b></u>	<u>4.03</u>
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**NOTE NO. 12**

INVENTORIES

(Valued at lower of cost or Net realisable value)

Finished Goods	<b>2,721.79</b>	2,071.35
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Rawmaterials - Cotton & Cotton Waste	<b>2,846.28</b>	3,672.13
--------------------------------------	-----------------	----------

Stores and Spares	<b>151.74</b>	122.12
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Works-in-progress (Cotton Yarn)	<b>312.37</b>	1,099.64
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	<u><b>6,032.18</b></u>	<u>6,965.24</u>
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Note:

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

**Details of Works-in-progress**

Cotton Yarn	<u><b>312.37</b></u>	<u>1,099.64</u>
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Note:

Mode of valuation of Inventories are disclosed in Significant Accounting Policies in Note No. 5 (A)

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 13**

TRADE RECEIVABLES

**Unsecured, considered good**

Trade Receivables more than Six months	17.84	57.65
Other Trade Receivables	1,915.38	2,823.64
	<b>1,933.22</b>	<b>2,881.29</b>

- (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. 14**

CASH AND CASH EQUIVALENTS

Cash on Hand	1.64	1.90
Balance with Bank		
In Current Account	1.69	1.77
In Deposit Account for Margin Money	13.43	4.38
Cheque on Hand	0.30	1.53
	<b>17.06</b>	<b>9.58</b>

**NOTE NO. 15**

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Earmarked balances with Banks for Unclaimed Dividend	1.48	1.48
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**NOTE NO. 16**

OTHER FINANCIAL ASSETS (CURRENT)

Government Grants Receivable	66.78	-
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**NOTE NO. 17**

OTHER CURRENT ASSETS

**Unsecured, considered good**

Advance to Suppliers / Others	557.54	739.91
Tax Credit and Refund due - Indirect Taxes	726.14	841.49
Accrued Income	400.18	389.86
Prepaid Expenses	201.96	171.00
Other Current Assets	16.27	2.80
	<b>1,902.09</b>	<b>2,145.06</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 18**

**EQUITY SHARE CAPITAL**

Authorised

30,00,000 Equity Shares of ₹ 10/- each **300.00** 300.00  
 (PY : 30,00,000 Equity shares of ₹ 10/-each)

Issued, Subscribed and Fully paid-up

15,00,000 Equity Shares of ₹ 10/- each **149.98** 149.98  
 (PY : 15,00,000 Equity shares of ₹ 10/-each)

**149.98**      149.98

a) (5,00,000 Equity Shares of ₹ 10/- each were allotted as fully paid Bonus Shares by Capitalisation of Reserves).

b) Reconciliation of the number of shares outstanding:

(₹ in Lakhs)

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	<b>15,00,000</b>	<b>150.00</b>	15,00,000	150.00
Number of Shares at the end	<b>15,00,000</b>	<b>150.00</b>	15,00,000	150.00

c) Rights / Restrictions attached to Equity Shares

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

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

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. R. Sudarsanam	<b>81,000</b>	<b>5.40%</b>	81,000	5.40%
Smt. S. Sharada Deepa	<b>6,82,600</b>	<b>45.51%</b>	6,82,600	45.51%

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>NOTE NO. 19</b>		
OTHER EQUITY		
Capital Reserve	9,799.59	11,016.85
Securities Premium Reserve	25.00	25.00
General Reserve	1,259.63	1,259.63
FVOTCI Reserve	1.58	2.64
<b>Retained Earnings</b>	<b>5,792.31</b>	<b>3,939.62</b>
	<u><b>16,878.11</b></u>	<u><b>16,243.74</b></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.

**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.

**NOTE NO. 20**

NON CURRENT BORROWINGS

**Secured**

Term Loan from Banks *	5,684.40	7,187.46
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**Unsecured**

Working Capital Term Loan from Financial Institutions	600.00	800.00
	<u><b>6,284.40</b></u>	<u><b>7,987.46</b></u>

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

Year	Amount	Amount
2020-21	–	1,692.00
2021-22	1,021.13	1,020.70
2022-23	1,219.92	1,220.28
2023-24	1,219.19	1,219.48
2024-25	1,499.71	1,410.47
2025-26	1,324.45	1,424.53
	<u><b>6,284.40</b></u>	<u><b>7,987.46</b></u>



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>NOTE NO. 21</b>		
PROVISION (NON - CURRENT)		
Provision for Employee Benefits [Refer to Note No. 39]	<u>299.64</u>	<u>172.75</u>
<b>NOTE NO. 22</b>		
DEFERRED INCOME		
Income Government Grants	<u>43.37</u>	<u>46.04</u>
<b>NOTE NO. 23</b>		
DEFERRED TAX LIABILITY (NET)		
<b>Deferred Tax Liability</b>		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	-	1,914.46
<b>Deferred Tax Asset</b>		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	-	(1,715.21)
Tax effect on Provision for Bonus and Leave Encashment	-	(79.32)
<b>Net Deferred Tax Liability</b>	<u>-</u>	<u>119.93</u>
<b>Reconciliation of deferred tax Liabilities (net)</b>		
Opening balance as on 1 <sup>st</sup> April	-	616.03
Tax income / (Expense) during the period recognised in Profit and Loss	-	(496.10)
Closing balance as on 31 <sup>st</sup> March	<u>-</u>	<u>119.93</u>
<b>NOTE NO. 24</b>		
CURRENT BORROWINGS		
<b>Secured</b>		
Loan Repayable on Demand from Banks *	<u>7,864.79</u>	6,829.17
<b>Unsecured</b>		
Loan Repayable on Demand from Banks	<u>1,550.00</u>	3,530.03
Loan from Related Parties [Refer to Note No.41(b)(i)]	<u>325.31</u>	496.63
Loan from Other Parties	<u>126.12</u>	153.12
	<u><b>9,866.22</b></u>	<u>11,008.95</u>

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(₹ in Lakhs)	
	As at 31-03-2020	As at 31-03-2019
<b>NOTE NO. 25</b>		
TRADE PAYABLES		
Trade Payables dues of micro enterprises and small enterprises	–	–
Trade Payables dues of Creditors other than micro enterprises and small enterprises	<b>105.08</b>	88.54
	<u><b>105.08</b></u>	<u>88.54</u>
<b>Terms and conditions of the above Financial Liabilities:</b>		
Trade payables are non-interest bearing and are normally settled on 10 to 30 days.		
There are no dues to micro and small enterprises as at 31-03-2020 (PY: ₹ NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.		
<b>NOTE NO. 26</b>		
OTHER CURRENT FINANCIAL LIABILITIES		
Current Maturities of Long Term Loans	<b>1,940.61</b>	2,404.41
Unclaimed Dividends	<b>1.48</b>	1.48
Liabilities for Other Finance	<b>388.09</b>	403.32
	<u><b>2,330.18</b></u>	<u>2,809.21</u>
<b>NOTE NO. 27</b>		
PROVISIONS, CURRENT		
Provision for Employee Benefits	<u><b>123.96</b></u>	<u>227.03</u>
<b>NOTE NO. 28</b>		
LIABILITIES FOR CURRENT TAX		
Tax Liabilities - Other Current Liabilities	<u><b>–</b></u>	<u>81.09.</u>
<b>NOTE NO. 29</b>		
REVENUE FROM OPERATION		
<b>Sale of Products</b>		
Yarn	<b>15,732.92</b>	19,964.89
Waste Cotton	<b>403.80</b>	555.69
	<u><b>16,136.72</b></u>	<u>20,520.58</u>
<b>Other operating Revenues</b>		
Export Incentive	<b>112.17</b>	63.39
Job Work Charges Received	<b>135.77</b>	155.52
	<u><b>16,384.66</b></u>	<u>20,739.49</u>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(₹ in Lakhs)	
	As at 31-03-2020	As at 31-03-2019
<b>NOTE NO. 30</b>		
FINANCE INCOME		
Interest Receipts	<u>105.24</u>	<u>91.87</u>
<b>NOTE NO. 31</b>		
OTHER INCOME		
Rent Receipts	2.28	1.40
Government Grants	2.68	2.68
Profit on Sale of Investments	2,541.59	2,080.17
Profit on Sale of Cotton	18.18	11.95
Miscellaneous Income	<u>32.24</u>	<u>48.65</u>
	<u>2,596.97</u>	<u>2,144.85</u>
<b>NOTE NO. 32</b>		
COST OF MATERIALS CONSUMED		
<b>Rawmaterials Consumed</b>		
Cotton & Cotton Waste	<u>8,562.04</u>	<u>11,404.85</u>
<b>NOTE NO. 33</b>		
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
<b>Opening stock</b>		
Finished Goods	2,071.35	1,609.07
Work-in-Progress	<u>1,099.64</u> <u>3,170.99</u>	<u>1,026.53</u> <u>2,635.60</u>
<b>Closing Stock</b>		
Finished Goods	2,721.83	2,071.35
Work-in-Progress	<u>312.37</u> <u>3,034.20</u>	<u>1,099.64</u> <u>3,170.99</u>
<b>Net (Increase) / Decrease in Stock</b>	<u>136.79</u>	<u>(535.39)</u>
<b>NOTE NO. 34</b>		
EMPLOYEE BENEFITS		
Salaries, Wages and Bonus	1,825.68	1,999.31
Contribution to Provident and Other Funds	229.06	229.47
Staff and Labour Welfare & Training Expenses	<u>103.48</u>	<u>120.39</u>
	<u>2,158.22</u>	<u>2,349.17</u>
<b>NOTE NO. 35</b>		
FINANCE COSTS		
Interest on Debts and Borrowings	<u>1,785.88</u>	<u>1,827.32</u>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

	As at 31-03-2020	As at 31-03-2019
<b>NOTE NO. 36</b>		
DEPRECIATION		
Depreciation of Plant, Property and Equipment	1,388.64	1,901.27
Depreciation on Investment Properties	2.98	2.97
	<u>1,391.62</u>	<u>1,904.24</u>
<b>NOTE NO. 37</b>		
OTHER EXPENSES		
<b>Manufacturing Expenses</b>		
Power and Fuel	1,493.00	2,063.93
Packing Materials	249.98	300.69
Repairs to Buildings	37.41	56.01
Repairs to Plant and Machinery	523.30	516.28
Repairs - General	412.57	366.70
Jobwork Charges Paid	214.02	242.96
	<u>2,930.28</u>	<u>3,546.57</u>
<b>Establishment Expenses</b>		
Managing Director's Remuneration	203.10	203.10
Rates and Taxes	63.97	44.58
Insurance	112.72	54.03
Postage and Telephone	8.14	11.11
Printing and Stationery	11.14	13.06
Travelling Expenses	22.63	41.65
Vehicle Maintenance	28.98	51.55
Loss on Sale of Property, Plant and Equipment & Investment Property	57.75	3.34
Directors Sitting Fees	8.25	8.55
Rent Paid	12.37	6.79
Audit and Legal Expenses	30.80	19.40
Corporate Social Responsibility Expenses	9.12	3.65
Loss on Exchange Difference (net)	14.47	35.53
Impairment of Assets	-	64.21
Mark to Market Loss on Cotton *	185.55	-
Miscellaneous Expenses	57.22	221.90
	<u>826.21</u>	<u>782.45</u>
<b>Selling Expenses</b>		
Sales Commission	189.59	262.23
Export Expenses	70.94	103.65
Other Selling Expenses	86.22	97.77
	<u>346.75</u>	<u>463.65</u>
	<u>4,103.24</u>	<u>4,792.67</u>

\* MTM Cotton Loss due to difference between Market Price and Cost Price of Cotton as on 31-03-2020.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

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

**NOTE NO. 38**

**CONTINGENT LIABILITIES**

Guarantees given by the bankers on behalf of company Parents	<b>109.12</b>	87.05
Disputed VAT Liability	<b>33.31</b>	33.31
i. Income Tax Assessment have been completed upto the Accounting Year ended 31 <sup>st</sup> March, 2018 i.e. AY 2018-19.		
ii. Sales Tax Assessment has been completed upto the Accounting year 2017-18.		
iii. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of ₹ 573.03 Lakhs (PY: ₹ 475.21 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.		

**NOTE NO. 39**

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

(₹ in lakhs)

2019-20                      2018-19

**Defined Contribution Plan:**

Employer's Contribution to Provident Fund	<b>151.78</b>	156.47
Employer's Contribution to Superannuation Fund	<b>8.01</b>	9.96

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

**Movements in the present value of define benefit obligation:**

Opening defined Benefit Obligation	<b>507.97</b>	484.57
Current Service Cost	<b>36.50</b>	<b>36.44</b>
Interest Cost	<b>36.97</b>	35.70
Actuarial (gain) / loss	<b>41.69</b>	(-)4.40
Benefits paid	<b>(-) 50.73</b>	(-) 44.33
Closing Defined Benefit obligation	<b>572.41</b>	507.98

**Movement in the present value of plan assets:**

Opening fair value of plan assets	<b>511.89</b>	516.14
Expected return on plan assets	<b>37.27</b>	38.19
Actuarial gain / (loss)	<b>(-) 2.48</b>	0.56
Employer Contribution	-	1.35
Benefits paid	<b>(-) 50.73</b>	(-) 44.33
Closing fair value of plan assets	<b>495.95</b>	511.89

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in lakhs)

2019-20      2018-19

**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	495.95	511.89
Present value of obligation	572.41	507.97
Present value of Funded defined obligation	76.46	3.92

**Cost of define benefit plan:**

Current Service Cost	36.50	36.44
Interest Cost	(-) 0.30	(-) 2.49
Net Cost Recognized in the Income Statement	36.20	33.95
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	(-) 2.48	0.56
Actuarial (gain) / loss	41.69	(4.40)
Net Cost recognized in the Other Comprehensive Income	44.17	(4.96)

**Major Categories of Plan Assets:**

GOI Securities	-	-
Funds with LIC	495.95	511.89
Others	-	-
<b>Total</b>	<b>495.95</b>	<b>511.89</b>

**Actuarial assumptions:**

Discount rate p.a	6.66%	7.66%
Rate of escalation in salary p.a	3.75%	4.00%

**Estimate of Expected Benefit payments**

Particulars	31-03-2020	31-03-2019
Year 1	13.43	14.86
Year 2	41.71	45.44
Year 3	40.49	29.70
Year 4	48.85	41.86
Year 5	172.91	49.46
Next 5 Years	176.40	307.82

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Particulars	(₹ in lakhs)	
	31-03-2020	31-03-2019
<b>Quantitative Sensitivity Analysis for Significant Assumptions</b>		
0.50% Increase in Discount Rate	36.53	34.50
0.50% Decrease in Discount Rate	41.17	38.68
0.50% Increase in Salary Growth Rate	41.25	38.77
0.50% Decrease in Salary Growth Rate	36.44	34.41
<b>Details of Leave encashment plan (Unfunded) are as follows:</b>		
<b>Movement in the present value of define benefit Obligation:</b>		
Opening defined Benefit Obligation	172.49	151.04
Current Service Cost	13.62	11.05
Interest Cost	12.01	10.91
Actuarial (gain) / loss	56.56	18.89
Benefits paid	(-) 31.50	(-)19.40
Closing defined Benefit obligation	223.18	172.49
<b>Movement in the present value of plan assets:</b>		
Opening fair value of plan assets	Nil	Nil
Expected return on plan assets	Nil	Nil
Actuarial gain / (loss)	Nil	Nil
Employer Contribution	31.50	19.40
Benefits paid	(-) 31.50	(-) 19.40
Closing fair value of plan assets	Nil	Nil
Expected return of plan assets	Nil	Nil
Actuarial gain / (loss) on plan assets	Nil	Nil
Actual return on plan assets	Nil	Nil
<b>The amount included in the Statement of Financial position arising from the entity's obligation in respect of its define benefit plans:</b>		
Fair value of plan assets	Nil	Nil
Present value of obligation	223.18	172.49
Present value of Funded define obligation	223.18	172.49
<b>Cost of define benefit Plan:</b>		
Current Service Cost	13.63	11.05
Interest Cost	12.01	10.91
Actuarial (gain) / loss	56.56	18.89
Net Cost recognized in the Income Statement	82.19	40.86

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(₹ in Lakhs)	
	2019-20	2018-19
<b>Major Categories of Plant Assets:</b>		
GOI Securities	Nil	Nil
Funds with LIC	Nil	Nil
Bank balance	Nil	Nil
Total		
<b>Actuarial assumptions:</b>		
Discount rate p.a	6.66%	7.66%
Rate of escalation in salary p.a	3.75%	4.00%
<b>Estimate of Expected Benefit payments</b>		
Year 1	5.93	9.88
Year 2	21.93	27.71
Year 3	5.71	8.05
Year 4	8.18	4.79
Year 5	116.29	6.49
Next 5 Years	30.29	115.80
<b>Quantitative Sensitivity Analysis for Significant Assumptions</b>		
0.50% Increase in Discount Rate	13.21	12.89
0.50% Decrease in Discount Rate	14.93	14.43
0.50% Increase in Salary Growth Rate	14.96	14.46
0.50% Decrease in Salary Growth Rate	13.18	12.86

**NOTE NO. 40**

**EARNINGS PER SHARE**

Particulars	31-03-2020	31-03-2019
Net profit after tax (₹ in Lakhs) (A)	1,901.74	1,429.27
Weighted average number of Equity shares [In Lakhs] (B)	15.00	15.00
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) in ₹	126.80	95.30



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE NO. 41**

**DISCLOSURE OF INTERESTS IN ASSOCIATES UNDER EQUITY METHOD**

Name of the Company	Location	Principal activities of Business
<b>Material Associates</b>		
M/s.The Ramco Cements Limited	India	Manufacture of Building Materials
<b>Immaterial Associates</b>		
M/s. Rajapalayam Mills Limited	India	Manufacturer of Cotton Yarn
M/s. The Ramaraju Surgical Cotton Mills Limited	India	Manufacturer of Cotton Yarn

Name of the Company	% of Shareholding as at	
	31-03-2020	31-03-2019
M/s. The Ramco Cements Limited	1.38	1.52
M/s. Rajapalayam Mills Limited	0.40	0.40
M/s. The Ramaraju Surgical Cotton Mills Limited	0.06	0.06

**Summarised financial information for Associates:**

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

₹ in Lakhs

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
<b>As at 31-03-2020</b>						
The Ramco Cements Limited	8,30,716.00	24,989.00	1,57,571.00	2,78,945.00	2,33,632.00	5,00,699.00
<b>As at 31-03-2019</b>						
The Ramco Cements Limited	6,59,129.00	23,199.00	1,38,051.00	1,59,454.00	2,06,755.00	4,54,170.00

₹ in Lakhs

Profit and Loss	The Ramco Cements Limited	
	31-03-2020	31-03-2019
Total Revenue	5,42,280.00	5,18,730.00
Profit before tax	79,224.00	71,807.00
Tax expenses	18,785.00	21,061.00
Profit after Tax	60,439.00	50,746.00
Share of profit in Associates	(25.00)	397.00
OCI	(496.00)	(268.00)
Share of OCI of Associate	-	160.00
Total Comprehensive Income	59,918.00	51,035.00

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**Fair Value of Investments**

₹ in Lakhs

Name of the material Associates	31-03-2020	31-03-2019
The Ramco Cements Limited	13,464.00	13,966.93

**Share of contingent Liabilities in respect of associates**

Name of the material Associates	31-03-2020	31-03-2019
The Ramco Cements Limited	14,928.00	1,595.26

**Reconciliation to the carrying amount of investment in associates as on 31-03-2020 and 31-03-2019**

Profit and Loss	The Ramco Cements Limited	
	31-03-2020	31-03-2019
Entity's TCI	60,439.00	50,964.00
Entity's Adjusted TCI	59,943.00	49,725.00
Effective shareholding %	1.57%	1.57%
Associates share of profit / OCI	904.81	782.78
Amount recognized in P & L	904.81	782.78
<b>Reconciliation</b>		
Opening Carrying amount	13,966.93	14,447.18
Less: Other Adjustments	1,219.28	1146.53
Add: Associate's share of Profit / OCI	904.81	782.78
Less: Dividend received	188.46	116.50
Net Carrying amount	13,464.00	13,966.93

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.

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:	31-03-2020	31-03-2019
Profit after Tax	10.84	10.84
Other Comprehensive Income	(0.34)	(0.34)
Total Comprehensive Income	10.50	10.50

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**RELATED PARTY TRANSACTIONS**

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31<sup>st</sup> March 2019:

**a. Associates Company**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2020	31-03-2019
The Ramco Cements Limited	India	1.38%	1.52%
Rajapalayam Mills Limited	India	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	India	0.06%	0.06%
JKR Enterprise Limited	India	0.001%	0.001%

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

Name of the Key Management Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt. S. Sharada Deepa	Managing Director
Shri S.S. Ramachandra Raja	Non-Executive Director
Smt. R. Chittammal	Non-Executive Director
Shri N.K. Shrikantan Raja	Independent Director
Shri S.R. Srirama Raja	Non-Executive Director
Shri Arunkumar Goenka	Non-Executive Director
Shri S. Kanthimathinathan	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. Nalina Ramalakshmi	Sister of Shri. P.R. Venketrama Raja

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

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

Thanjavur Spinning Mill Limited Sandhya Spinning Mill Limited Sri Harini Textiles Limited Rajapalayam Textile Limited	Shri Harini Media Limited
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**e. Employee Benefit Funds where control exists**

Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund
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**f. Other entities over which there is a significant influence**

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

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

Name of the Related party	(₹ in Lakhs)	
	2019-20	2018-19
<b>i. Good Supplied / Services rendered</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	1,072.27	1,039.06
The Ramaraju Surgical Cotton Mills Limited	452.12	847.97
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Ramco Industries Limited	1530.63	1646.60
Sandhya Spinning Mill Limited	389.70	301.16
Rajapalayam Textile Limited	225.16	7.09
Sri Harini Textiles Limited	2.36	241.46
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	120.02	278.95
The Ramaraju Surgical Cotton Mills Limited	19.47	0.00

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Name of the Related party	(₹ in Lakhs)	
	2019-20	2018-19
<b>iii. Sale of Equity Shares of The Ramco Cements Limited</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	–	1,081.60
Ramco Industries Limited	<b>993.30</b>	1,000.48
<b>iv. Cost of Goods &amp; Services purchased / availed</b>		
<b>Associates</b>		
The Ramco Cements Limited	<b>2.81</b>	4.00
The Ramaraju Surgical Cotton Mills Limited	<b>33.48</b>	393.21
Rajapalayam Mills Limited	<b>502.01</b>	1,065.29
JKR Enterprise Limited	<b>0.04</b>	0.00
<b>Companies / Other entities over KMP / Relative of KMP exercise significant influence</b>		
Ramco Industries Limited	<b>309.94</b>	769.99
Ramco Systems Limited	<b>17.46</b>	13.04
Ramco Windfarms Limited	<b>309.57</b>	325.44
Sandhya Spinning Mill Limited	<b>497.96</b>	280.26
Rajapalayam Textile Limited	<b>270.45</b>	438.17
Sri Harini Media Limited	<b>0.73</b>	70.00
Sri Harini Textiles Limited	<b>2.36</b>	1.18
<b>Other entities over which there is significant influence</b>		
PACR Sethurammam Charity Trust	<b>23.58</b>	63.35
<b>v. Dividend Received</b>		
<b>Associates</b>		
The Ramco Cements Limited	<b>188.46</b>	116.50
Rajapalayam Mills Limited	<b>1.19</b>	1.19
The Ramaraju Surgical Cotton Mills Limited	<b>0.01</b>	0.01
<b>vi. Rent Received</b>		
JKR Enterprise Limited	<b>1.65</b>	1.24
<b>vii. Interest Paid / (Received)</b>		
<b>Key Managerial Personnel</b>		
Smt. S. Sharada Deepa	<b>6.83</b>	17.40
Shri S.S. Ramachandra Raja	<b>2.07</b>	1.91
Smt. R. Chittammal	<b>14.12</b>	15.25

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

		(₹ in Lakhs)	
Name of the Related party		Value	
		2019-20	2018-19
<b>viii. Sitting Fees</b>			
<b>Key Managerial Personnel</b>			
Shri P.R. Venketrama Raja		0.75	0.75
Smt. S. Sharada Deepa		0.75	0.45
Shri S.S. Ramachandra Raja		0.90	0.90
Smt. R. Chittammal		0.60	0.60
Shri S.R. Srirama Raja		0.45	0.60
Shri N.K. Shrikantan Raja		1.80	1.95
Shri S. Kanthimathinathan		1.50	1.50
Shri Arunkumar Goenka		0.15	0.15
Shri P.A.S. Alaghar Raja		1.20	1.65
<b>ix. Remuneration to Key Managerial Personnel (Other than Sitting Fees)</b>			
<b>Key Managerial Personnel</b>			
Smt. S. Sharada Deepa, Managing Director		203.10	203.10
<b>x. Contribution to Superannuation Fund / Gratuity Fund</b>			
<b>Other entities over which there is a significant influence</b>			
Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund		8.01	9.96
Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund		2.20	2.51
<b>xi. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>			
<b>Key Managerial Personnel</b>			
Smt. S. Sharada Deepa		(369.95)	(1000.48)
Shri S.S. Ramachandra Raja		(24.20)	(22.33)
Smt. R. Chittammal		(186.49)	(183.39)

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

	(₹ in Lakhs)	
Name of the Related party	Value	
	2019-20	2018-19
<b>xii. Usage charges paid or Power Consumed by virtue of Joint Ownership of Shares with APGPCL</b>		
<b>Associates</b>		
The Ramco Cements Limited	–	1.54
<b>b. Outstanding balance including commitments</b>		
<b>i) Borrowings:</b>		
<b>Key Managerial Personnel</b>		
Shri S.S. Ramachandra Raja	<b>24.20</b>	22.33
Smt. R. Chittammal	<b>172.15</b>	154.35
Smt. S. Sharada Deepa	<b>128.96</b>	319.95
<b>c. Disclosure of Key Management Personnel compensation in total and for each of the following categories:</b>		
Particulars	<b>31-03-2020</b>	31-03-2019
Short - Term Benefits <sup>[1]</sup>	<b>210.27</b>	210.27
Defined Contribution Plan <sup>[2]</sup>	<b>26.00</b>	26.00
Defined Benefit Plan / Other Long-Term Benefits <sup>[3]</sup>	–	–
Total	<b><u>236.27</u></b>	<u>236.27</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.		

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE NO. 42**

SEGMENT INFORMATION FOR THE YEAR ENDED 31-03-2020

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019	31-Mar-2020	31-Mar-2019
<b>REVENUE</b>						
External Sales (Net)	16,384.66	20,739.49	-	-	16,384.66	20,739.49
Inter Segment Sale	-	-	1,328.03	1,455.56	1,328.03	1,455.56
Total Sales	16,384.66	20,739.49	1,328.03	1,455.56	17,712.69	22,195.05
Other Income	2,891.86	2,354.41	-	-	2,891.86	2,354.41
<b>Total Revenue</b>	<b>19,276.52</b>	<b>23,093.90</b>	<b>1,328.03</b>	<b>1,455.56</b>	<b>20,604.55</b>	<b>24,549.46</b>
<b>RESULT</b>						
Segment Profit	1,799.79	1,383.47	757.08	853.40	2,556.87	2,236.87
Unallocated Income	-	-	-	-	(105.24)	(91.86)
Unallocated Expenses	-	-	-	-	-	-
Operating Profit	-	-	-	-	2,451.63	2,145.01
Interest Expenses	-	-	-	-	1,785.89	1,827.34
Interest Income	-	-	-	-	105.24	91.87
Provision for Taxation	-	-	-	-	-	-
Current Tax	-	-	-	-	-	59.20
Income Tax related to earlier years	-	-	-	-	-	-
Deferred Tax	-	-	-	-	(381.02)	(496.10)
MAT Credit entitlement	-	-	-	-	-	-
MAT Credit entitlement-py	-	-	-	-	-	-
Profit from ordinary activities	-	-	-	-	1,152.00	846.45
Other Comprehensive Income	-	-	-	-	(42.59)	7.60
Exceptional Items	-	-	-	-	-	-
<b>Net Profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,109.41</b>	<b>854.05</b>
<b>OTHER INFORMATION</b>						
Segment Assets	20,067.32	22,203.48	2,363.76	2,582.55	22,431.08	24,786.03
Unallocated Assets	-	-	-	-	-	-
Total Assets	-	-	-	-	22,431.08	24,786.03
Segment Liabilities	918.25	974.21	-	-	918.25	974.21
Unallocated Liabilities	-	-	-	-	18,134.60	21,566.79
Total Liabilities	-	-	-	-	19,052.84	22,541.00
Capital Expenditure	802.72	673.59	-	-	802.72	673.59
Unallocated Capital Expenditure	-	-	-	-	-	-
Depreciation	1,172.83	1,686.05	218.79	218.19	1,391.62	1,904.24
Unallocated Depreciation Expenditure	-	-	-	-	-	-
Non-Cash expenses other than Depreciation	-	-	-	-	-	-

**NOTE NO. 43**

**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.



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2020</b>					
<b>Financial Assets</b>					
Investments In					
Preference Shares	795.00	–	–	795.00	795.00
Other Investments	0.00	–	13.00	13.00	13.00
Loans	0.00	–	–	0.00	0.00
Trade Receivables	1,933.22	–	–	1,933.22	1,933.22
Cash and Cash Equivalents	17.06	–	–	17.06	17.06
Bank Balance other than Cash and Cash Equivalents	1.48	–	–	1.48	1.48
Other Financial Assets	66.78	–	–	66.78	66.78
<b>Financial Liabilities</b>					
Borrowings	6,284.40	–	–	6,284.40	6,284.40
Trade Payables	105.07	–	–	105.07	105.07
Other Financial Liabilities	2,330.18	–	–	2,330.18	2,330.18
<b>As at 31-03-2019</b>					
<b>Financial Assets</b>					
Investments In					
Preference Shares	795.00	–	–	795.00	795.00
Other Investments	0.00	–	11.42	11.42	11.42
Loans	0.00	–	–	0.00	0.00
Trade Receivables	2,881.29	–	–	2,881.29	2,881.29
Cash and Cash Equivalents	9.58	–	–	9.58	9.58
Bank Balance other than Cash and Cash Equivalents	1.48	–	–	1.48	1.48
Other Financial Assets	0.00	–	–	0.00	0.00
<b>Financial Liabilities</b>					
Borrowings	7,987.46	–	–	7,987.46	7,987.46
Trade Payables	88.54	–	–	88.54	88.54
Other Financial Liabilities	2,809.21	–	–	2,809.21	2,809.21

**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.

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
<b>Investment in unlisted securities</b>				
As at 31-03-2020	-	-	13.00	13.00
As at 31-03-2019	-	-	11.42	11.42

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

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

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

**NOTE NO. 43**

**FINANCIAL RISK MANAGEMENT**

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

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

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

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

**Credit Risk**

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**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 31-03-2020	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,201.22	513.02	81.63	137.35	1,933.22
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,201.22	513.02	81.63	137.35	1,933.22

As at 31-03-2019	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	2,122.85	637.52	82.27	38.65	2,831.50
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	2,122.85	637.52	82.27	38.65	2,831.50

**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.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**Financial arrangements**

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

Particulars	31-03-2020	31-03-2019
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	4,872.00	3,354.00
Term Loans	-	-
<b>Expiring beyond year</b>		
Term Loans	400.00	400.00

**Maturities of Financial Liabilities**

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
<b>As at 31-3-2020</b>				
Borrowings from Banks	1,940.61	1,887.46	6,100.00	10,391.97
Trade payables	105.08	-	-	105.08
Other Financial Liabilities (Incl. Interest)	388.09	-	-	388.09
<b>As at 31-3-2019</b>				
Borrowings from Banks	2,404.41	1,887.46	6,100.00	10,391.97
Trade payables	88.55	-	-	88.55
Other Financial Liabilities (Incl. Interest)	406.01	-	-	406.01

**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.

**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
<b>USD in Millions</b>				
As at 31-03-2020	-	-	-	-
As at 31-03-2019	-	-	-	-
<b>EURO in Millions</b>				
As at 31-03-2020	-	-	-	-
As at 31-03-2019	-	-	-	-

Risk sensitivity on foreign currency fluctuation

(₹ in Lakhs)

Foreign Currency	31-03-2020	31-03-2019
	1% Increase	1% increase
USD	-	-

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

**Cash flow and fair value interest rate risk**

(₹ in Lakhs)

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	31-03-2020	01-04-2019
Variable rate borrowings	18,090.62	20,751.07
Fixed rate borrowings	-	-

The Company does not have any interest rate swap contracts

**Sensitivity on Interest rate fluctuation**

Incremental Interest Cost works out to	31-03-2020	31-03-2019
1% Increase in Interest Rate	180.90	207.51

**NOTE NO. 44**

**CAPITAL MANAGEMENT**

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

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

Particulars	31-03-2020	31-03-2019
Long Term Borrowings	6,284.40	7,987.46
Current maturities of Long Term borrowings	1,940.61	2404.41
Short Term Borrowings	9,866.22	11,008.95
Less: Cash and Cash Equivalents	18.54	11.06
<b>Net Debt (A)</b>	<b>18,109.77</b>	<b>21,389.76</b>
Equity Share Capital	150.00	150.00
Other Equity	3,204.36	2095.02
<b>Total Equity (B)</b>	<b>3,354.36</b>	<b>2245.02</b>
Total Capital Employed (C) = (A) + (B)	<b>21,464.13</b>	<b>23,634.78</b>
Capital Gearing Ratio (A) / (C)	<b>84.37%</b>	<b>90.50%</b>

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 31-03-2020 and 31-03-2019.

As per our report annexed

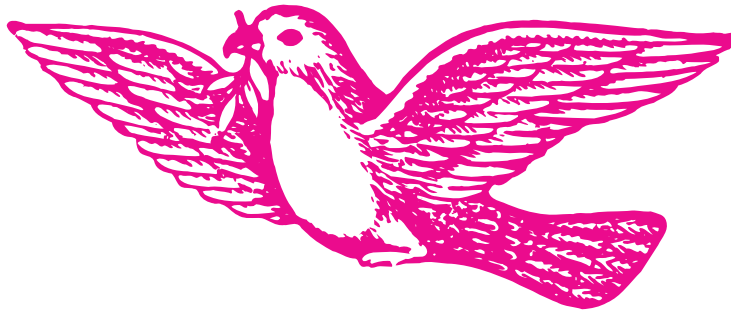
For M.S. JAGANNATHAN & N. KRISHNASWAMI  
Chartered Accountants  
Firm Registration No. 001208S  
K. SRINIVASAN  
Partner,  
Membership No. 021510  
Rajapalayam,  
24<sup>th</sup> June, 2020.

Shri P.R. VENKETRAMA RAJA  
CHAIRMAN

Smt. S. SHARADA DEEPA  
MANAGING DIRECTOR



SRI VISHNU SHANKAR MILL LIMITED



RAJAPALAIYAM