

# THE RAMARAJU SURGICAL COTTON MILLS LIMITED

Manufacturers of Antiseptic Dressings

18<sup>th</sup> November, 2022

F.No. MSEI /2022-23\_53

Head-Listing,  
**Metropolitan Stock Exchange of India Limited,**  
Building A, Unit 205A, 2nd Floor,  
Piramal Agastya Corporate Park,  
LBS Road, Kurla West,  
Mumbai - 400 070.

Symbol: RAMARAJU

Dear Sir,

**Sub: Submission of Annual Report for the Financial year 2021-22 under Reg. 34 of SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

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Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the company for the financial year 2021-22.

The copy of the Annual Report is also available on the website of the company viz.,  
[www.ramarajusurgical.com](http://www.ramarajusurgical.com)

This is for your information and records.

Thanking You,

Yours faithfully,

For The Ramaraju Surgical Cotton Mills Limited,

**Walter Vasanth P J**  
Company Secretary & Compliance Officer



P.O. Box : 2, 119, 120, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Virudhunagar District. Tamil Nadu, India.

Ph : (0)91-4563 - 235904 E-mail : [rscm@ramcotex.com](mailto:rscm@ramcotex.com), [rscm@bsnl.in](mailto:rscm@bsnl.in) Web : [www.ramarajusurgical.com](http://www.ramarajusurgical.com)

CIN : L17111TN1939PLC002302 GSTIN : 33AAACT4308D1ZX

 **surgicom**

**sudarsanam**  
SPINNING MILLS

**sudarsanam**  
FABRICS

# 82<sup>nd</sup> Annual Report 2021-2022



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

Our Founder's Mentor



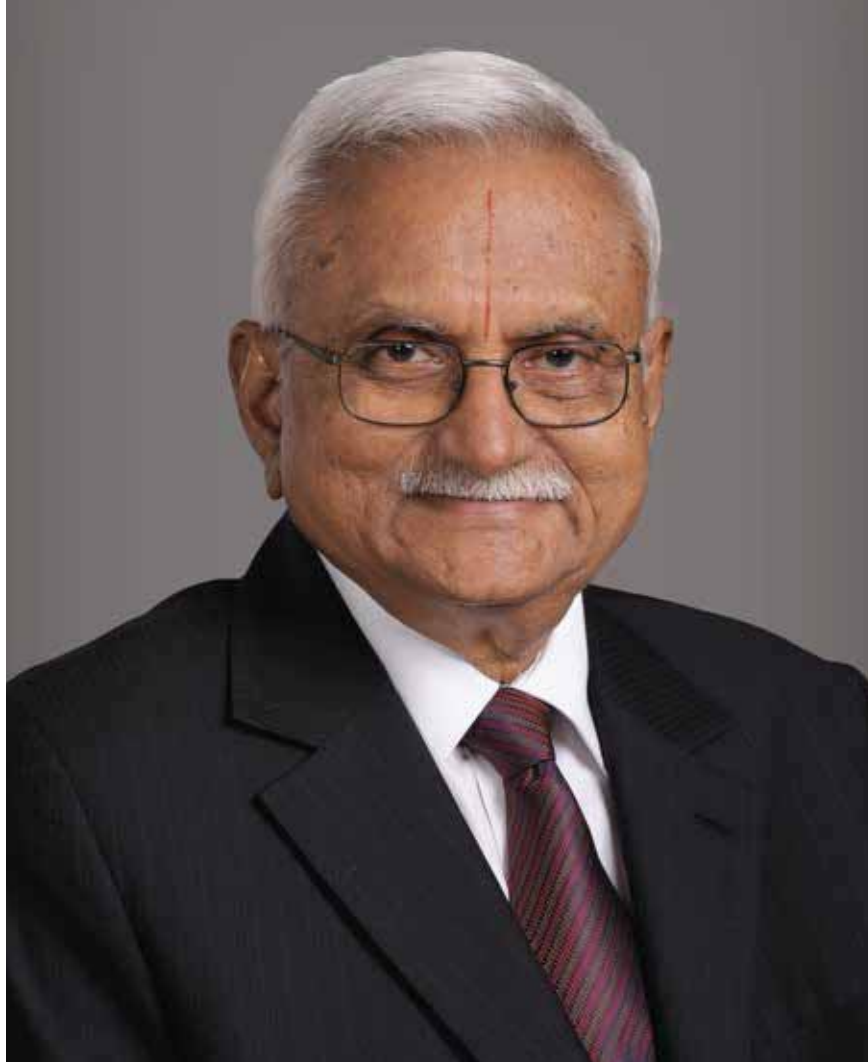
SHRI P.A.C. RAMASAMY RAJA

Our Founder



SHRI N.K. RAMARAJU





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

## CORPORATE INFORMATION



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

### Board of Directors

**Shri P.R. Venketrama Raja**, B.Tech., M.B.A.,  
Chairman

**Smt. Nalina Ramalakshmi**, B.Sc., M.S.C.S.,  
Managing Director

**Shri N.R.K. Ramkumar Raja**, B.Tech., M.E.,  
Managing Director

**Shri S.Sarathy Subburaj**, B.Tech.,  
(Nominee of Govt. of Tamilnadu)

**Shri N.K. Shrikantan Raja**, B.Com.,

**Shri P.J. Alaga Raja**, B.A.B.L.,

**Justice Shri P.P.S. Janarthana Raja**, B.L.,

**Shri V. Santhanaraman**, B.Com. C.A.I.I.B.,

**Shri P.J. Ramkumar Rajha**, B.Com.,

**Shri P.A.S. Alaghar Raja**, D.T.T.,

### Chief Financial Officer

**Shri N. Vijay Gopal**

### Company Secretary

**Shri Walter Vasanth P J**

### Registered Office

No. 2, 119/120,  
P.A.C. Ramasamy Raja Salai, Rajapalayam,  
Tamil Nadu - 626 117.

E-mail : rscm@ramcotex.com

Phone : 04563-235904

**Website:** www.ramarajusurgical.com

### Corporate Identification Number

L17111TN1939PLC002302

### Factories

#### Surgical Division

1. Rajapalayam
2. Perumalpatti

#### Textile Division

1. Rajapalayam
2. Subramaniapuram
3. Perumalpatti
4. Thirumalagiri Village, AP

### Bankers

Axis Bank Limited  
Canara Bank Limited  
Federal Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Indian Bank  
RBL Bank Limited  
Tamilnad Mercantile Bank Limited  
The Karur Vysya Bank Limited

### Auditors

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

### Secretarial Auditor

**Shri M.R.L. Narasimha,**  
Practising Company Secretary,  
'Lotus', 370-A Alagesan Road,  
SB Mission Post,  
Coimbatore - 641 011.

### Cost Auditor

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

## **Statutory Reports**

Notice to the Members .....	3
Directors' Report .....	27

## **Separate Financial Statements**

Independent Auditors' Report .....	83
Balance Sheet .....	98
Statement of Profit and Loss .....	99
Statement of Changes in Equity.....	100
Statement of Cash Flow .....	101
Notes to Separate Financial Statements .....	103
Disclosure forming part of Separate Financial Statements .....	148

## **Consolidated Financial Statements**

Independent Auditors' Report .....	169
Balance Sheet .....	180
Statement of Profit and Loss .....	181
Statement of Changes in Equity .....	182
Statement of Cash Flow .....	183
Notes to Consolidated Financial Statements .....	185
Disclosure forming part of Consolidated Financial Statements .....	231

## NOTICE



### To the Members

Notice is hereby given that the 82<sup>nd</sup> Annual General Meeting (AGM) of the Company will be held at 11.30 A.M. on Monday, the 12<sup>th</sup> December, 2022. This AGM is being conducted through Video Conferencing / Other Audio Visual Means (VC) the details of which are provided in the notes to this notice. The following are the business that would be transacted at this AGM.

### 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, 2022 and the Report of the Board of Directors and Auditors thereon be and are hereby considered and adopted.

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

**RESOLVED THAT** a Dividend of ₹ 1/- per share be and is hereby declared for the year ended 31<sup>st</sup> March, 2022 and the same be paid to those shareholders whose name appear in the Register of Members and Register of Depositories as on 06<sup>th</sup> December, 2022.

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

**RESOLVED THAT** Shri P.R.Venketrama Raja (DIN: 00331406), who retires by rotation, be and is hereby eligible for re-appointment as Director of the Company.

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

**RESOLVED THAT** Shri N.K.Shrikantan Raja (DIN: 00350693), who retires by rotation, be and is hereby eligible for re-appointment as Director of the Company.

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

**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, along with the relevant Rules made thereunder, and based on the recommendations of the audit committee and board of directors of the company M/s. N.A. Jayaraman & Co., Chartered Accountants (Firm Registration No. 001310S) be and are hereby re-appointed as Statutory Auditors of the Company, to hold office for a second term of five consecutive years from the conclusion of 82<sup>nd</sup> Annual General Meeting till the conclusion of 87<sup>th</sup> Annual General Meeting to be held in the year 2027, at such remuneration and out of pocket expenses, as may be decided by the board of directors of the company.

### SPECIAL BUSINESS

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

**RESOLVED THAT** pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and the applicable



provisions of the Companies Act, 2013, if any / rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) , based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, the approval of the members be and is hereby accorded for continuing the Directorship of Shri N.K.Shrikantan Raja (DIN:00350693), who attained the age of 75 years on 20<sup>th</sup> July, 2022, shall continue to occupy the position of Non-Executive Director of the Company.

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

**RESOLVED THAT** pursuant to Sections 196, 197 and 203 and other applicable provisions and the Rules thereunder, read with Schedule V of the Companies Act, 2013, the approval of the members of the Company be and is hereby accorded for re-appointment of Shri N.R.K.Ramkumar Raja (DIN: 01948373) as Managing Director of the Company for a period of 5 years with effect from 06-02-2022, at a remuneration equivalent to 5% of the net profits of the Company.

**RESOLVED FURTHER THAT** where in any financial year during the currency of his tenure, the Company has no profits or inadequate profit, Shri N.R.K.Ramkumar Raja, Managing Director shall be paid remuneration as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites.

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

**RESOLVED FURTHER THAT** the Nomination and Remuneration Committee be and is hereby authorized to fix the components, quantum and periodicity of the remuneration payable to the Managing Director subject to the aforementioned limits.

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

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

**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifty 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 2022-23 for auditing the Cost Records relating to manufacture of textile and pharmaceutical products, be and is hereby ratified and confirmed.

## NOTICE



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

**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 (“Act”) read with the applicable rules issued under the Act (including any statutory modification(s) or re-enactment thereof, for the time being in force), Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company’s Policy on “Materiality of Related Party Transactions and also on dealing with Related Party Transactions” and all other applicable laws and regulations, as amended, supplemented or re-enacted from time to time based on the recommendation of the Audit Committee, the approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/transaction(s) with M/s Taram Textiles, LLC, a related party of the Company, for effecting sale of Bed sheets and such other related textile products for an amount not exceeding ₹ 1250,00,00,000 (Rupees One Thousand Two Hundred and Fifty Crores Only) per financial year, for a period of three financial years commencing from the financial year 2023-2024 and upto and including financial year 2025-2026 provided that the said transactions are entered into/ carried out on arm’s length basis and in the ordinary course of business and on such terms and conditions as may be considered appropriate by the Board of Directors (including any authorised Committee thereof);

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which includes any Committee of the Board) be and are hereby authorized to do all necessary acts, deeds, things and execute all such documents, undertaking as may be necessary in this regard from time to time to give effect to the above resolution.”

10. To consider and pass the following Resolution as a **SPECIAL RESOLUTION:**

**RESOLVED THAT** in supersession of the Special Resolution passed vide Postal Ballot dated 27<sup>th</sup> January, 2022 and pursuant to Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money with or without security which together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, provided that the maximum amount of money so outstanding, shall not at any time exceed ₹ 1,000 Crores.

By Order of the Board,  
For The Ramaraju Surgical Cotton Mills Limited,

Rajapalayam  
25<sup>th</sup> May, 2022

**P.R. Venketrama Raja**  
Chairman

**Notes:**

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.
2. The Company has chosen to conduct this AGM through VC. The AGM would be conducted in accordance with the General Circular No: 03/2022 dated 05<sup>th</sup> May, 2022, issued by Ministry of Corporate Affairs, Government of India and Circular No: SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May 2022, issued by Securities and Exchange Board of India (SEBI) and such other instructions that may be issued by Statutory Authorities.
3. The Company would be providing the Central Depository Services (India) Limited's (CDSL) system for the members to cast their vote through remote e-voting and participate in the AGM through VC.
4. Proxies are not being sent to shareholders, as the meeting is being conducted through VC.
5. The Company is also releasing a Public Notice by way of advertisement in English in Business Line (All editions) and in Tamil in Makkal Kural (Madurai edition), containing the following information:
  - Convening of AGM through VC in compliance with applicable provisions of the Act.
  - Date and Time of the AGM.
  - Availability of Notice of the Meeting on the website of the Company, the stock Exchange, viz. Metropolitan Stock Exchange of India Limited, where the Company's shares are listed and at <https://www.evotingindia.com>.
  - Reference to the link of the Company's website, providing access to the full annual report
  - Requesting the members who have not registered their E-Mail addresses with the Company, to get the same registered with the Company.
6. The cut-off date will be 06<sup>th</sup> December, 2022, for determining the eligibility to vote by remote e-voting or in the AGM.
7. Pursuant to Rule 8 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company ([www.ramarajusurgical.com](http://www.ramarajusurgical.com)) and also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education 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. The details of due dates for transfer of such unclaimed dividend to the said Fund are:

## NOTICE



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

Financial Year Ended	Date of Declaration of Dividend	Last Date for claiming Unpaid Dividend	Due Date for Transfer to IEP Fund
31-03-2015	12-08-2015	11-08-2022	09-09-2022
31-03-2016 Interim Dividend	14-03-2016	13-03-2023	11-04-2023
31-03-2017	10-08-2017	09-08-2024	07-09-2024
31-03-2018	10-08-2018	09-08-2025	07-09-2025
31-03-2020	15-09-2020	14-09-2027	12-10-2027
31-03-2021	25-08-2021	24-08-2028	22-09-2028

8. In accordance with Section 125(5) of the Companies Act, 2013, the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over 7 years, to the IEPF established by the Central Government.
9. In accordance with Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016, the shares in respect of which, dividend has not been paid or claimed for 7 consecutive years or more have been transferred by the Company to IEPF. The shareholders / their legal heirs are entitled to claim the said shares and the dividend so transferred from the IEPF by making an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form are available at [www.ramarajusurgical.com](http://www.ramarajusurgical.com) and [www.iepf.gov.in](http://www.iepf.gov.in).
10. Dispatching of physical copies of the financial statements (including Director's report, Auditor's report or other documents required to be attached therewith), has been dispensed with. Such statements are being sent only by email to the members and to all other persons so entitled. The Annual Report will also be made available on the Company's Website - [www.ramarajusurgical.com](http://www.ramarajusurgical.com) and at the website of the Stock Exchange i.e. Metropolitan Stock Exchange of India Limited, where the Company's shares are listed and CDSL's e-voting portal at <https://www.evotingindia.com>.
11. Voting through electronic means;
  - A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing members remote e-voting facility to exercise their right to vote at the 82<sup>nd</sup> Annual General Meeting and the business may be transacted through such voting, through e-voting Services provided by CDSL.
  - B. The facility for **remote e-voting** shall remain open from **9.00 A.M** on **Friday**, the **09<sup>th</sup> December, 2022** to **5.00 P.M** on **Sunday**, the **11<sup>th</sup> December, 2022**. During this period,

## NOTICE

the members of the Company, holding shares either in physical form or in dematerialised form, as on the **cut-off date**, viz. **Tuesday, the 06<sup>th</sup> December, 2022**, may opt for remote e-voting. Remote e-voting shall not be allowed beyond 5.00 P.M. on Sunday, the 11<sup>th</sup> December, 2022.

- C. In terms of SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09<sup>th</sup> December, 2020 on e-voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants (DP). Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-voting facility.
- D. Pursuant to said SEBI Circular, Login method for e-voting and joining the AGM through VC for Individual shareholders holding securities in demat mode are given below:

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



## NOTICE



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

Type of Shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"><li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <b><a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></b> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on “Access to e-voting” under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li><li>2) If the user is not registered for IDeAS e-Services, option to register is available at <b><a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></b>. Select “Register Online for IDeAS “Portal or click at <b><a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></b></li><li>3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <b><a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a></b> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li></ol>

## NOTICE

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

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL help desk by sending a request at <b>helpdesk.evoting@cdslindia.com</b> or contact at 022- 23058738 and 022-23058542-43.
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL help desk by sending a request at <b>evoting@nsdl.co.in</b> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**F. Login method for e-voting and joining the AGM through VC for shareholders other than individual shareholders holding in demat form & physical shareholders.**

- The shareholders should log on to the e-voting website **www.evotingindia.com**.
- Click on “Shareholders” module.
- Now enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

## NOTICE



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

	<b>For Shareholders holding shares in Demat Form other than individual and Physical Form</b>
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)  Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.  If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

After entering these details appropriately, click on “SUBMIT” tab.

- G. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- H. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- I. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- J. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



## NOTICE

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- K. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- L. After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- M. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- N. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- O. If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- P. Facility for Non – Individual Shareholders and Custodians – Remote Voting
  - a. 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.
  - b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
  - c. 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.
  - d. 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.
  - e. 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.
  - f. Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at **canajco@gmail.com** and to the company at the email address viz; **rscm@ramcotex.com**, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- Q. All grievances connected with the facility for voting by electronic means may be addressed to Mr.Rakesh Dalvi, Sr. Manager, CDSL, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to **helpdesk.evoting@cdslindia.com** or call on 022-23058542/43.

## NOTICE



12. Instructions for shareholders attending the AGM through VC & e-voting during meeting are as under:
- A. The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
  - B. The Members can join the AGM in the VC mode upto 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC will be made available to at least 1,000 members on first come first served basis. This will not include Members holding 2% or more shareholding, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the AGM.
  - C. Members are requested to join the AGM through Laptops / IPads for better experience and will be required to have webcam and use Internet with a good speed to avoid any disturbance during the meeting.
  - D. Members are requested to use Stable Wi-Fi or LAN Connection to mitigate Audio/Video loss due to fluctuation in your network. Please avoid connecting through your Mobile Devices or Tablets or through Laptop via Mobile Hotspot.
  - E. Members who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request at least 3 days prior to meeting mentioning your name, demat account number / folio number, email id, mobile number (as registered with the Depository Participant (DP)/Company) to the mail id: **rscm@ramcotex.com** Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
  - F. Members who do not wish to speak during the AGM but have queries may send your queries at least 3 days prior to meeting mentioning your name, demat account number / folio number, email id, mobile number to the mail id: **rscm@ramcotex.com**. These queries will be replied by the company suitably by email.
  - G. Non-Individual members intending to authorize their representatives to attend the Meeting are requested to send a scanned certified copy of the board resolution authorizing their representative to attend on their behalf at the meeting. The said Resolution / Authorization shall be sent to the Scrutinizer by email through its registered email address with a copy marked to **helpdesk.evoting@cdslindia.com**.
  - H. The attendance of the Members attending the AGM through VC will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
  - I. The link for VC to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.



## NOTICE

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- J. Shareholders who have voted through remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
  - K. Only those shareholders, who are present in the AGM through VC and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
  - L. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
  - M. In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. Process for those shareholders whose e-mail / Mobile No. are not registered with the Company / DP.
- A. For Physical shareholders, please provide your e-mail ID / Mobile Number along with 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), AADHAAR (self-attested scanned copy of Aadhaar Card) by e-mail to Company.
  - B. For Individual demat shareholders, please update your email id & mobile no. with your respective DP which is mandatory while e-voting & joining the AGM through VC through Depository.
  - C. If you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting System, you can write an email to **helpdesk.evoting@cdslindia.com** or contact at 022- 23058738 and 022-23058542/43.
14. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 06<sup>th</sup> December, 2022 may obtain the Login ID and Password by following the procedures mentioned in Point No: 11 (D) or (F), as the case may be.
15. 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 06<sup>th</sup> December, 2022.
16. Shri R. Palaniappan, Chartered Accountant (Membership No. 205112), Partner, M/s. N.A. Jayaraman & Co., Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

## NOTICE



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

17. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through e-voting in the presence of at least two witnesses not in the employment of the company and make, not later than two working days of conclusion of the meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.
18. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at and on the website of CDSL immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the Metropolitan Stock Exchange of India Limited, Mumbai.

By Order of the Board,  
For **The Ramaraju Surgical Cotton Mills Limited,**

Rajapalayam  
25<sup>th</sup> May, 2022

**P.R. Venketrama Raja**  
Chairman

**Statement Pursuant to Section 102 of The Companies Act, 2013****Item No. 6**

Shri N.K.Shrikantan Raja (DIN: 00350693) attained the age of 75 years on 20<sup>th</sup> July, 2022 and hence his continuation of Directorship as a Non-Executive Director, requires the prior approval of members by way of a special resolution, pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. His period of office is subject to retirement by rotation.

The Nomination and Remuneration committee at their meeting held on 25<sup>th</sup> May, 2022 recommended the continuation of his directorship in the company and approved by the Board of Directors at their meeting held on 25<sup>th</sup> May, 2022 subject to the approval of shareholders. Hence a special resolution in this regard is being placed in the Notice for consideration and approval of the shareholders.

**Disclosure of Interest:**

Except Shri N.K.Shrikantan Raja, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in this Resolution.

**Item No. 7**

Shri. N.R.K.Ramkumar Raja (DIN: 01948373) was first appointed as Managing Director of the Company on 14.02.2016. At that time the net worth of the Company was ₹ 68.45 Crores and Turnover was ₹ 255.50 Crores. The Company's net worth has increased to ₹ 110.52 Crores as on 31-03-2022 with the Total Revenue of ₹ 377.97 Crores for the financial year 2021-22. Shri.N.R.K.Ramkumar Raja was reappointed as Managing Director of the Company by the Board of Directors at their meeting held on 27<sup>th</sup> January, 2022 subject to the approval of the Shareholders at the Annual General Meeting, for a further period of 5 years from 14-02-2022 to 13-02-2027 in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Schedule V and other applicable provisions of the Companies Act, 2013 on the following terms of remuneration

**Terms of Remuneration:****In case of adequate profits**

5% of the Net profits of the Company calculated as per Section 198 of the Companies Act, 2013.

**In case of no profits (or) inadequate profits**

Shri.N.R.K.Ramkumar Raja, Managing Director shall be paid remuneration as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the following perquisites.

- (i) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax, Act, 1961;

## NOTICE



- (ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- (iii) Encashment of leave at the end of the tenure and other perquisites as allowed under Section IV of Schedule V of the Companies Act, 2013 Remuneration aforesaid shall be exclusive of Sitting fees for attending Meetings of the Board or any Committee thereof.

The remuneration proposed is as per Schedule V of the Companies Act, 2013. The reappointment is being considered for a period of 5 years and proposed to be approved at this meeting by way of passing Ordinary Resolution.

The proposed reappointment and the payment of remuneration have also been approved by the Nomination and Remuneration Committee and Board Meeting held on 27<sup>th</sup> January, 2022.

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

Shri.N.R.K.Ramkumar Raja holds 2,12,460 equity shares in The Ramaraju Surgical Cotton Mills Limited including his HUF Shareholding. Shri.N.R.K.Ramkumar Raja is a Director in the following Companies / Limited Liability Partnership.

### Public Limited Companies

S.No.	Name of the Company	Designation
1	Shri Harini Media Limited	Director
2	Madras Chipboard Limited	Director

### Disclosure of Interest

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

## NOTICE

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

### I. General Information

1	Nature of Industry		Textiles & Surgical Dressings	
2	Date of Commencement of Business		20-02-1939	
3	Financial performance based on given indicators			
	Year	Total Revenue (₹ in Crores)	Net Profit after Tax (₹ in Crores)	Dividend Per Share (in ₹)
	2021-22	377.97	4.08	1.00
	2020-21	316.50	32.81	0.50
	2019-20	317.96	12.50	0.50
4	Foreign Investments or collaborations , if any			Nil

### II. Information about the appointee:

1	Background Details	Shri N.R.K.Ramkumar Raja is a Promoter and Managing Director
2	Past Remuneration	The shareholders of the Company has approved the remuneration of 5% of the net profits of the Company and in case of no profit or inadequate profits, Shri.N.R.K.Ramkumar Raja shall be paid remuneration as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013 along with the perquisites. As per Schedule V, in case of no profits or inadequate profits, the Managing Director was eligible for a minimum remuneration of ₹ 250 Lakhs per annum
3	Recognition or awards	-
4	Job profile and her suitability	In-charge for day-to-day affairs and promotion of the suitability Company. He is Masters in Engineering and has vast experience in the Management of the affairs of the Company. The Company has grown well under her management.
5	Remuneration proposed	5% of the net profits of the Company. In case of no profit or inadequate profit, Shri N.R.K.Ramkumar Raja shall be paid remuneration as provided under (A) of Section II, Part II of Schedule V of the Companies Act, 2013. He will also be entitled for sitting fees for meetings of the Board or its Committees.
6	Comparative Remuneration profile	Remuneration is comparable with respect to industry, size of the Company, profile of the position and person.
7	Relationship with managerial personnel	He is related to Shri P.R. Venketrama Raja, Smt. R. Nalina Ramalakshmi and Shri N.K. Shrikantan Raja, Directors of the Company. He has no pecuniary relationship other than the remuneration, he is entitled to receive. His transactions with the Company are disclosed under "Related Party Transactions" in Note No. 43.



## NOTICE



### III. Other Information:

1	Reasons of loss or inadequate profits	Not Applicable as the Company is making profits for the previous three financial years.
2	Steps taken or proposed to be taken for improvement	
3	Expected increase in productivity and profits in measurable terms	

### Other Disclosures:

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

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

### Item No. 8

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of Company, relating to manufacture of Textile and Pharmaceutical Products for the financial year 2022-23.

On the recommendation of the Audit Committee at its meeting held on 25<sup>th</sup> May, 2022, the Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of Textile and Pharmaceutical Products at a remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand Only) plus applicable taxes and out-of-pocket expenses for the financial year 2022-23.

The remuneration to be paid to 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. The Directors recommend the Resolution to the Members for their approval.

### Disclosure of Interest

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

### Item No. 9

The Company is proposing to enter into business transactions with Taram Textiles, LLC, a wholly owned foreign subsidiary of M/s. The Ramaraju Surgical Cotton Mills Limited for the financial year 2023-2024 and upto and including financial year 2025-2026. The nature of transactions is in the form of selling Bed sheets, Fabrics and such other related textile products.

The following information is furnished in accordance with SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated November 22, 2021 for the review of Audit Committee.

## NOTICE

Sr. No	Description	Details of proposed RPTs between the M/s. The Ramaraju Surgical Cotton Mills Limited (TRSCML) and Taram Textiles, LLC (TTL)
1	Name of the Related Party and its relationship with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise).	TTL, is a Wholly Owned Foreign Subsidiary of TRSCML. Nature of interest: TRSCML holds 99.99% of equity shares in TTL.
2	Type & Particulars of the proposed transaction	Sale of Bed sheets, Fabric & other Textile products /services.
3	Material terms & Pricing Mechanism	The pricing mechanism would be as per arm's length criteria based on the market price or alternative pricing method of relevant materials and/or services. Valuation report or other external report, as may be applicable, shall be obtained by the parties concerned. In the case of reimbursements / recoveries, same would be basis actual cost incurred.
4	Tenure of the proposed transaction	Financial Year 2023-2024 and upto and including Financial Year 2025-2026
5	Value of the proposed transaction	₹ 1,250 Crores
6	The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	439.77 %
7	Name of the Director or Key Managerial Personnel ('KMP') who is related, if any, and the nature of their relationship.	Selvi. Nithya Raja, is the Vice President (Brands & E-Commerce) in TTL, who is the daughter of Shri.N.R.K. Ramkumar Raja, and Smt. Nalina Ramalakshmi, Managing Directors of TRSCML. Their interest or concern or that of his relatives, is limited only to the extent of their holding directorship in TRSCML.

## NOTICE



Sr. No	Description	Details of proposed RPTs between the M/s. The Ramaraju Surgical Cotton Mills Limited (TRSCML) and Taram Textiles, LLC (TTL)
8	Justification as to why the RPT is in the interest of the listed entity	<p>One among the divisions of TRSCML in its Ordinary Course of business sells good quality Fabrics / Bed Sheets / Textile Products / and others.</p> <p>TRCML is planning to increase the production so as to export the products to TTL. TTL is incorporated as a Wholly Owned Foreign Subsidiary of TRSCML to transact the above mentioned products so it will boost the turnover of the company.</p> <p>It is in the long term interest of the Company.</p>
9	Any other information that may be relevant	All relevant information are mentioned in the Explanatory Statement setting out material facts, pursuant to Section 102(1) of the Act, forming part of this Notice.

It may be noted that as per the amended definition provided in the explanation to Regulation 23 (1) of SEBI LODR, 2015 which is effective April 01, 2022, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 Crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower. Further, all Material Related Party Transactions require prior approval of the Members through a Resolution and no related party shall vote to approve such resolution whether an entity is a related party to the particular transaction or not. The Directors recommend the Resolution to the Members for their approval.

### Disclosure of Interest

None of the Directors and Key Managerial Personnel except Shri. N.R.K.Ramkumar Raja and Smt. Nalina Ramalakshmi, Managing Directors of the company as relatives to Selvi. Nithya Raja, Vice President (Brands & E-Commerce) may be deemed to be concerned or interested in the Resolution.

### Item No. 10

The members of the Company vide Postal Ballot dated 27<sup>th</sup> January, 2022 has approved by way of a Special Resolution under Section 180(1)(c) of the Companies Act, 2013, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 600 Crores (Rupees Six Hundred Crores).

## NOTICE

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The Board of Directors of the Company shall not, except with the consent of Company by Special Resolution borrow money together with the money already borrowed, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeding the aggregate of the paid up capital and its free reserves as per the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") and its rules thereunder.

Keeping in view of the existing and future financial requirements to support its business operations, the Company may need additional funds. For this purpose, the Company may, from time to time, raise finance from various Banks and/or Financial Institutions and/ or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits from ₹ 600 crores to ₹ 1,000 Crores for the Company. The Directors recommend the Resolution to the Members for their approval.

### **Disclosure of Interest**

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

By Order of the Board,  
For **The Ramaraju Surgical Cotton Mills Limited**,

Rajapalayam  
25<sup>th</sup> May, 2022

**P.R. Venketrama Raja**  
Chairman

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**Details of Directors seeking Re-Appointment at the 82<sup>nd</sup> Annual General Meeting pursuant to Secretarial Standards on General Meetings**

**1. Shri P.R. Venketrama Raja**

Shri P.R. Venketrama Raja, has a Bachelor's Degree in Chemical Engineering from University of Madras and Masters in Business Administration from University of Michigan, USA. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 1992. He has more than 3 decades of Industrial Experience with specific knowledge in Textiles, Cement and Information Technology sectors.

He holds 5,400 Equity Shares in the Company as on 31<sup>st</sup> March, 2022.

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

He is also a Director in the following Companies: -

1. The Ramco Cements Limited
2. Ramco Systems Limited
3. Ramco Industries Limited
4. Rajapalayam Mills Limited
5. Sri Vishnu Shankar Mill Limited
6. Sandhya Spinning Mill Limited
7. Sri Sandhya Farms (India) Private Limited
8. RCDC Securities and Investments Private Limited
9. Nirmala Shankar Farms & Estates Private Limited
10. Ram Sandhya Farms Private Limited
11. Rajapalayam Textiles Limited
12. Ramamandiram Agricultural Estate Private Limited
13. Lynks Logistics Limited
14. Ramamandiram Management Consultancy Private Limited
15. Rajapalayam Chamber of Commerce and Industry
16. Ramco Management Private Limited

## NOTICE

He is also a Member in the following Committees:

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

None of the Directors and Key Managerial Personnel except Shri P.R. Venketrama Raja as appointee may be deemed to be concerned or interested in the Resolution.



## NOTICE



### 2. Shri N.K. Shrikantan Raja

Shri N.K. Shrikantan Raja, aged 75 years, has Bachelor Degree in Commerce. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2002.

He holds 11,920 shares in the Company as on 31<sup>st</sup> March, 2022.

He is also a Director in the following Companies: -

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

He is also a Member in the following Committees:

S. No.	Name of the Company	Name of the Committee	Position Held (Chairman / Member)
1.	The Ramaraju Surgical Cotton Mills Limited	Audit Committee	Member
		Nomination and Remuneration Committee	Member
		Corporate Social Responsibility Committee	Member
		Stakeholders Relationship Committee	Member
2.	Ramco Industries Limited	Nomination and Remuneration Committee	Member
		Stakeholders Relationship Committee	Member
3.	Sri Vishnu Shankar Mill Limited	Audit Committee	Chairman
		Nomination and Remuneration Committee	Chairman
		Corporate Social Responsibility Committee	Member
		Independent Director Committee	Chairman
		Share Transfer Committee	Member

## NOTICE

S. No.	Name of the Company	Name of the Committee	Position Held (Chairman / Member)
4.	Sandhya Spinning Mill Limited	Audit Committee	Chairman
		Nomination and Remuneration Committee	Chairman
		Corporate Social Responsibility Committee	Member
		Stakeholders Relationship Committee	Chairman
		Right Issue Committee	Member
5.	Sri Harini Textiles Limited	Share Transfer Committee	Member

None of the Directors and Key Managerial Personnel except Shri N.K. Shrikantan Raja as appointee may be deemed to be concerned or interested in the Resolution.

## To the Members

The Board of Directors have pleasure in presenting their 82<sup>nd</sup> Annual Report on the business and operations of the Company and the Audited Financial Statements (Separate and Consolidated) for the financial year ended 31<sup>st</sup> March, 2022.

## 1. Financial Results

The separate financial results for the year ended 31<sup>st</sup> March, 2022 after charging all expenses and contribution to Ramaraju Memorial Fund of ₹ 17.5 Lakhs but before deducting finance cost and depreciation have resulted in **EBITDA** of ₹ 6,892.70 Lakhs against ₹ 7,441.31 Lakhs for the previous financial year 2020-21. After deducting ₹ 1,925.27 Lakhs towards finance cost and providing ₹ 4,077.44 Lakhs towards Depreciation, the Profit before Tax for the year is ₹ 899.99 Lakhs against profit of ₹ 3,488.59 Lakhs of the previous financial year 2020-21. Summary of Separate Financial Results and Consolidated Financial Results of the Company is furnished below:

(₹ in Lakhs)

Particulars	Separate Financials		Consolidated Financials	
	Year Ended 31-03-2022	Year Ended 31-03-2021	Year Ended 31-03-2022	Year Ended 31-03-2021
Profit / (Loss) Before Tax	889.99	3,488.59	780.60	3,372.62
Less: Current Tax	135.91	611.65	135.91	611.65
Less: Deferred Tax (including MAT Credit Utilisation of ₹ 299.22 lakh)	345.93	(403.57)	343.64	(405.84)
Add: Other Comprehensive Income net of tax	(88.69)	(25.70)	(91.77)	(30.37)
Add: Share of Associates	-	-	1,273.13	1,060.30
<b>Total Comprehensive Income for the year</b>	<b>319.46</b>	<b>3,254.81</b>	<b>1,482.41</b>	<b>4,196.74</b>

Note: **EBITDA** includes ₹ 2,958.80 Lakhs on profit on sale of investment in 2020-21.

During the year 2021-22, the Company has revised its estimate of useful life in respect of certain items of property, plant and equipment. In the opinion of the management, the above change in estimate of useful life which was made based on technical evaluation made by internal experts will result in more reliable and relevant presentation of the items of property, plant and equipment in the financial statements. The increased impact in depreciation due to this change is ₹ 2,654.22 lakhs

**2. Share Capital and Listing on Stock Exchange**

The Authorized Share Capital of the Company is ₹ 500 Lakhs (Previous Year: ₹ 500 Lakhs) consisting of 50,00,000 Equity Shares of ₹ 10/- each and the Paid-up Share Capital of the Company is ₹ 394.66 Lakhs (Previous Year: ₹ 394.66 Lakhs) consisting of 39,46,560 Equity Shares of ₹ 10/- each. The equity shares of the Company are listed with Metropolitan Stock Exchange of India Limited, Mumbai.

**3. Dividend**

Your Directors have pleasure in recommending a Dividend of ₹ 1.00 per share (Previous Year: ₹ 0.50 per share). The total amount of Dividend outgo for the year will be ₹ 39.46 lakhs. As per Income Tax, 1961, the dividend will be taxable in the hands of the Shareholders and the Company will make the payment of dividend after deducting applicable TDS.

**4. Taxation**

An amount of ₹ 135.91 Lakhs towards Current Tax and Deferred Tax Liability of ₹ 46.71 Lakhs has been provided for the year 2021-22. The Company had utilized MAT Credit of ₹ 299.22 Lakhs during the year.

**5. Major events occurred during the year and till the date of this report**

The Board of Directors of the Company at its meeting held on 27<sup>th</sup> September, 2021, approved a draft Scheme of Amalgamation of Sri Harini Textiles Limited ("SHTL" or "Transferor Company") with The Ramaraju Surgical Cotton Mills Limited ("TRSCML" or "Transferee Company") and their respective shareholders and creditors, under Sections 230 to 232 of the Companies Act, 2013 and other applicable laws including the rules and regulations ("the Scheme"). The Scheme is subject to the receipt of requisite approvals, including approvals from the Hon'ble National Company Law Tribunal, Chennai Bench ("NCLT"), SEBI, Metropolitan Stock Exchange of India Limited and such other approvals, permissions, and sanctions of regulatory and other authorities as may be necessary. The Scheme shall be effective from the Appointed Date i.e., 01<sup>st</sup> April, 2021.

The Company has received observation letter with "no adverse observations" dated 28<sup>th</sup> January, 2022 from MSE in relation to the Scheme of Amalgamation. The NCLT vide its order dated 13<sup>th</sup> July, 2022 had dispensed with the requirement to hold the meeting of creditors of the Transferor Company and ordered to hold the meeting of creditors of the Transferee Company. Further, NCLT also ordered to hold the meetings of shareholders of the Transferor and Transferee Companies. The Transferor and Transferee Companies conducted the above said meetings as per the directions of NCLT on 08<sup>th</sup> September, 2022 and filed a petition with NCLT for approval of the Scheme providing for amalgamation of SHTL with the Company.

Since the Scheme of Amalgamation is pending for approval with National Company Law Tribunal, Chennai Bench ("NCLT"). Impact of the said scheme has not been considered in the Annual Accounts and other relevant business information in the Annual Report for the financial year 2021-22.

However, once the Scheme got approval from NCLT, all the figures from the appointed date shall be consolidated and restated for better understanding in succeeding financial year Annual Report.

## **6. Management Discussion and Analysis, Trade Conditions**

### **A) Textiles:**

During the first two quarter of 2021-22 cotton prices were at the typical levels for both Indian and imported cotton. However, the following two quarters saw a dramatic increase in cotton prices due lower opening cotton stocks in Oct 2021 caused by a 7% reduction in cotton production during the Oct 2020 to Sep 2021 cotton season along with a post COVID increase in manufacturing and consumption of 19%. Cotton Association of India estimates a 7.9% decline in cotton production in the Oct 2021 to Sep 2022 cotton season when compared to the previous year from 353 lakh bales to 325 lakh bales.

The company concentrates on high thread counts and high value-added products and continues to drive in this direction. This high-end product focus necessitates us to use a sizeable proportion of our raw material on long staple imported cotton. During fiscal 2021-22 the imported component of cotton rose to 61% from 50% in the previous year. This increase and the timely purchase of imported cotton from a variety of sources at reasonable prices helped to improve the operating margin in the financial year 2021-22.

The Government of India imposed an import duty on all varieties of imported cotton in February 2021 making imported cotton costlier by 11%. To keep Indian spinning mills competitive in the world markets the government allowed yarn exporters to import cotton under a "Advance Authorization Scheme". Under the scheme the importer commits to export at least 72% of cotton imported by weight and 115% by value within an 18-month period. With a strong export customer base, the company is well positioned to meet this obligation. The Government of India has temporarily withdrawn the duty effective 14th April 2022 till 30th September 2022.

Due to increased power costs and other overheads our Jaggaiahpet, AP unit has been unable to generate enough contribution to cover its fixed costs forcing its operations to be curtailed. The management is evaluating all viable options to generate enough revenues to run this operation successfully.



Our greige fabric weaving unit witnessed a steady demand during the initial quarters of 2021-22 from our wider width fabric customers but experienced a drop in the last two quarters. The stress in the global home textiles market that affected us in the last quarters of 2021-22 is expected to continue through for the next couple of quarters. Despite this pressure we have been able to keep a steady order inflow due to our reputation as a reliable quality supplier. However, we continue to be pressed to maintain margins. With increased emphasis on efficiency and capacity utilization we expect to weather the storm over the next few quarters.

**Made-ups Project** - Our project for installing a state of art fully automated cut and sew operations for manufacturing bedsheets is progressing, and we expect to start commercial production by the beginning of Q2-FY 2022-23. The company is in the process of setting up strong sales channels with our newly formed sales team. Since majority of our products are expected to be exported to the US we are opening an office in New York city. This will enable us to be close to our customers and be better positioned to sense the market dynamics at the ground level. We are also going to build a direct to customer web sales channel with product stocked at a US based third-party logistics warehouse. The goal this year is to steadily build our production output to maximize the available capacity.

## **B) Surgical Division**

The Company continues to retain its customers by delivering high quality absorbent cotton, gauze and bandages. We were able to maintain steady sales during the Financial Year 2021-22.

Our margins faced and continue to face headwinds due to rising cost of cotton for our absorbent cotton products and increased yarn prices for our gauze and bandages. In addition, other raw materials - processing chemicals and packaging materials – have also risen from previous levels. Our price increase at the beginning of the year were not sufficient to cover these steep upward costs resulting in lower margins in 2021-22 when compared to 2020-21. The company has again needed to raise its product prices this fiscal year to restore margins. The Company has invested capital to modernize its machines in 2021-22 in order to maintain quality and increase productivity. This investment is expected to help our margins for 2022-23

The Surgical Division has also been awarded ISO 13485:2016 Medical Devices- Quality Management System. This will help maintain and improve consistency and quality of our products as well as meet applicable regulatory requirements.



## **7. Exports**

On the export front during the year, the Company has made export of cotton yarn and greige fabrics (including merchant exports) for a value of ₹ 87.70 crores as against ₹ 49.78 crores of the previous year.

## **8. Power Cost**

During the financial year 2021-22, the Company was able to consume power from its own wind farms and Solar to the extent of 35% (PY: 34%) of total power requirement. The power cost has increased during the financial year 2021-22 to ₹ 2,197.71 lakh as compared to ₹ 2,029.30 lakh incurred during previous year, due to increased level of utilization of machineries.

## **9. Finance Cost**

The Finance cost has decreased to ₹ 1,925.27 Lakhs during the financial year 2021-22 from ₹ 2,199.86 Lakhs of previous financial year mainly due to the repayment of term loans, reduction in the rate of interest on term loans and working capital facilities.

## **10. Dividend Income**

During the financial year 2021-22, the Company has received dividend income of ₹ 0.79 Lakhs (2020-21: ₹ 106.15 Lakhs) and the particulars of dividend received are provided under Note No. 43(a)(ix).

## **11. Key Financial Ratios**

Pursuant to Schedule V(B) of SEBI (LODR) Regulations, 2015, the Key Financial Ratios for the year 2021-22 are given below:

<b>S. No.</b>	<b>Particulars</b>	<b>31-03-2022</b>	<b>31-03-2021</b>	<b>Formula adopted</b>
1	Debtors Turnover Ratio (Days)	<b>65</b>	<b>85</b>	365 Days / (Net Revenue / Average Trade Receivables)
2	Inventory Turnover Ratio (Days)	<b>73</b>	<b>89</b>	365 Days / (Net Revenue / Average Inventories)
3	Interest Coverage Ratio	<b>1.44</b>	<b>2.59</b>	(Profit Before Tax + Interest) / (Interest + Interest Capitalized)
4	Current Ratio	<b>1.14</b>	<b>1.13</b>	Current Assets / (Total Current Liabilities - Other Financial Liabilities - Current maturities of Long Term Debt)
5	Debt - Equity Ratio	<b>2.63</b>	<b>2.54</b>	Total Debt / Total Equity

S. No.	Particulars	31-03-2022	31-03-2021	Formula adopted
6	Operating Profit Margins (EBIDTA)	18%	16%	EBITDA / Net Revenue
7	Net Profit Margin	1%	10%	Net Profit / Net Revenue
8	Return on Networth	3%	36%	Total Comprehensive Income / Average Net Worth
9	Total Debt / EBITDA	4.21	6.10	Total Debt / EBITDA
10	Return on Capital Employed	6%	14%	(TCI + Interest)/ (Average of Equity + Total Debt)

**Notes:**

- Serial No. 3, 7, 8 and 10 had significant change (i.e. 25% or more) in the ratio compared to previous year mainly due to increase in depreciation due to change in estimate on useful lives of the Plant and Machinery.
- EBITDA denotes Profit Before Tax + Interest + Depreciation - Profit on sales of investments.

## 12. Prospects for the Current Year

The prices of all varieties of cotton are at an all-time high. Due to the upward in the prices, farmers are holding back inventory and releasing quantities at a very slow pace into the market. Multinational companies holding ginned cotton stock are also releasing cotton bales very slowly. In addition to cotton, all other commodity prices including fuel are also going up. This will put pressure on our operation margins this fiscal year. To combat high cotton prices the demand for alternate fibers - polyester and viscose - is increasing. This trend along with global market conditions could effect a correction in the cotton prices.

Retail sales of apparel products across the globe is witnessing an upward trend but home textiles are facing strong head winds. With consumer markets looking for alternatives to China, India has a reasonable opportunity to increase its share of global business. The recent trade agreements entered into between India and other countries like UAE and Australia will further boost the demand for Indian textile products in the export market in the forthcoming years.

The Company is continuously monitoring manufacturing process parameters and implementing various system controls to deliver consistent quality of yarn and fabric to its customers. With improvements implemented in our production lines - fully automatic contamination removal system at blow room stage, 100% ring spindle monitoring system, installation of latest power efficient autoconers – we have seen overall improvement in the operating efficiencies.

Some of the research and prediction modelling study conducted by leading Institutes in India suggests that there may be a possibility of fourth wave of the Covid-19 pandemic in India, which may pose a challenge; however, the Company is continuously following the SOPs to safeguard its employees from spreading of Covid-19.

We have begun the financial year 2022-23 on a positive note in the first quarter with good influx of orders from our major customers and the factory has seen a utilization of more than 90%. This is a positive performance given the weak global home textiles markets. The primary reason for this is our company continues to enjoy the patronage of our loyal customers based on our commitment towards quality, on time delivery and good customer service levels. We will continue to work hard on these areas in the coming this year and the years ahead.

The Home Textile Industry is facing significant headwinds due to the input cost rise, logistical challenges, inflationary pressures, recession and consumer sentiment putting downward pressure on margin and demand. The raw cotton prices in India is continuously on the rising side and at par with international prices. Companies are facing huge challenges in passing these higher prices to international customers.

The current financial year is expected to be an important milestone for the company in our journey from being a standalone yarn and fabric manufacturer to a fully integrated Home Textiles player serving the end consumer. This will help consolidate our supply chain from Farm to Home.

Integration will help reduce our dependency on other customers for selling our yarn and wider width fabrics and help us take long and steady positions on raw materials. This will enable us to dampen market volatility to reasonable levels and help deliver a more consistent performance and growth for the company.

### **13. Expansion & Modernization**

As a part of continuous expansion and thrust of modernization program, during 2022-23 the Company will be investing ₹ 81.05 Crores in total (Spinning ₹ 11.00 Crores, Weaving ₹ 4.0 Crores, Surgical ₹ 3.50 Crores and Made-ups ₹ 62.55 Crores).

### **14. Wind Mill**

The Company has wind mills with installed capacity of 8.30 MW for its captive power consumption.

The wind farm has generated 132.99 Lakhs Kwh as compared to 127.23 Lakhs Kwh of the previous year. The wind availability / velocity during the financial year 2021-22 were high as compared to the financial year 2020-21. 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 ₹ 8.87 Crores as against ₹ 8.48 Crores of previous year.

## **15. Solar Power**

The Company has 1.20 MW of Solar Power Panels for its captive power consumption. The Solar Power Panels has generated 16.13 lakh units during 2021-22 as compared to 14.40 lakh Units in 2020-21.

## **16. Credit Rating**

CRISIL Ratings has upgraded its ratings in the current year on the bank facilities of the Company as below:

Long Term Rating	CRISIL A-/ Positive (Upgraded from A-/ Stable)
Short Term Rating	CRISIL A2+

The rationale adopted in rating by CRISIL is on the basis of Company's improved business driven by higher capacity utilization and improved business realizations for its products over the medium term.

## **17. Subsidiary Companies**

### **a) Madras Chipboard Limited**

The Company vide its Extraordinary General Meeting held on 25<sup>th</sup> January, 2021 passed an ordinary resolution for acquiring the shares of Madras Chipboard Limited, Rajapalayam (MCBL). In line with the same, a letter of offer was sent to the shareholders of the MCBL dated 15<sup>th</sup> February, 2021 for the period upto 31<sup>st</sup> December, 2021. Accordingly, Company has acquired the shares of MCBL. The Company's holding in MCBL as on 31<sup>st</sup> March, 2022 is 18,143 shares, constituting 75.01 % of the paid up share capital.

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

### **b) Taram Textiles, LLC and Taram Textiles Online, Inc.**

The Company incorporated Taram Textiles, LLC on 06<sup>th</sup> April, 2022 which is a wholly owned subsidiary in the state of Delaware, United States of America. The Company holds 99.99% equity in Taram Textiles, LLC.

Taram Textiles Online, Inc. is a step down subsidiary of Taram Textiles, LLC incorporated on 25<sup>th</sup> April, 2022 in the state of Delaware, United States of America. Taram Textiles, LLC holds 99.99% equity in Taram Textiles Online, Inc.

Rule 5 of Companies (Accounts) Rules, 2014 will become applicable for Taram Textiles, LLC and Taram Textiles Online, Inc. for the financial year 2022-23

**18. Associate Companies**

The Company has 7 Associate Companies viz., M/s. The Ramco Cements Limited, M/s. Ramco Industries Limited, M/s. Ramco Systems Limited, M/s. Rajapalayam Mills Limited, M/s. Sri Vishnu Shankar Mill Limited, M/s. Sri Harini Textiles Limited and M/s. Shri Harini Media Limited.

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

**19. Consolidated Financial Statements**

As per provisions of Section 129(3) of the Companies Act, 2013 and Regulation 34 of SEBI (LODR), 2015, Companies are required to prepare Consolidated Financial Statements of its Subsidiary and Associates to be laid before the Annual General Meeting of the Company.

Accordingly, the Consolidated Financial Statements incorporating the accounts of its Subsidiary and Associate Companies, viz. M/s. Madras Chipboard Limited, M/s. The Ramco Cements Limited, M/s. Ramco Industries Limited, M/s. Ramco Systems Limited, M/s. Rajapalayam Mills Limited, M/s. Sri Vishnu Shankar Mill Limited, M/s. Sri Harini Textiles Limited and M/s. Shri Harini Media Limited along with the Auditors' Report thereon, forms part of this Annual Report. As per Section 136(1) of the Companies Act, 2013, the financial statements including Consolidated Financial Statements are available at the Company's website at the following link at [www.ramarajusurgical.com](http://www.ramarajusurgical.com).

The Consolidated Net Profit after tax of the Company amounted to ₹ 1,574.18 Lakhs for the year ended 31<sup>st</sup> March, 2022 as against net profit after tax of ₹ 4,227.11 Lakhs of the previous year.

The Consolidated Total Comprehensive Income for the year under review is ₹ 1,482.41 Lakhs as compared to ₹ 4,196.74 Lakhs of the previous year.

**20. Directors**

Based on the recommendation of the Nomination & Remuneration Committee, Audit Committee and Board Meeting meeting held on 27<sup>th</sup> January, 2022 and the Shareholders at their meeting to be held on 12<sup>th</sup> December, 2022 have to approve the appointment of Shri N.R.K. Ramkumar Raja as Managing Director for a further period of 5 years from 14<sup>th</sup> February, 2022 to 13<sup>th</sup> February, 2027.

Based on the recommendation of the Nomination & Remuneration Committee and Audit Committee meeting held on 27<sup>th</sup> May, 2019 and Board Meeting held on 28<sup>th</sup> May, 2019 and the Shareholders at their meeting held on 10<sup>th</sup> August, 2019 have approved the appointment of Smt Nalina Ramalakshmi as Managing Director for a further period of 3 years from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2023.

Shri S.Sarathysubburaj appointed as Nominee Director with effect from 20<sup>th</sup> November, 2021 based on the nomination by The Department of Textiles, Government of Tamilnadu. Dr. M.Karunakaran nomination been withdrawn by The Government of Tamilnadu with effect from 27<sup>th</sup> October, 2021.

The Shareholders of the Company at their meeting held on 10<sup>th</sup> August, 2018 has approved the appointment of following Independent Directors for a period of 5 consecutive years from 25<sup>th</sup> May, 2019 till 24<sup>th</sup> May, 2024

1. Justice Shri P.P.S. Janarthana Raja (DIN: 06702871)
2. Shri V. Santhanaraman (DIN: 00212334)
3. Shri P.J. Ramkumar Rajha (DIN: 00487193)

The Shareholders of the Company at their meeting held on 15<sup>th</sup> September, 2020 approved the continuation of Independent Directorship of Shri P.J Alaga Raja (DIN: 00446057) by way of Special Resolution Pursuant to the Regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 from 20<sup>th</sup> October, 2020 till 31<sup>st</sup> March, 2024.

The Shareholders of the Company at their meeting to be held on 25<sup>th</sup> August, 2021 have approved the appointment of Shri P.A.S. Alaghar Raja (DIN: 00487312) as an Additional Director of the Company in the category of Independent Director on 16<sup>th</sup> June, 2021 pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company for a period of 5 consecutive years from the date of his appointment, viz. 16<sup>th</sup> June, 2021. i.e, till 15<sup>th</sup> June, 2026.

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 reappointment.

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

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

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

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



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

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

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

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

As per Proviso to Section 178(4) of the Companies Act, 2013, the salient features of the Nomination and Remuneration Policy should be disclosed in the Board's Report. Accordingly, the following disclosures are given:

Salient Features of the Nomination and Remuneration Policy:

The objective of the Policy is to ensure that:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (c) remuneration to directors, key managerial personnel and senior management shall be appropriate to the working of the Company and its goals; and
- (d) to carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

The Nomination and Remuneration Committee and this Policy shall be in compliance with the Companies Act, 2013 and LODR. During the year under review, there has been no change in the policy.

The web address of the Policy is at **[www.ramarajusurgical.com/reports/Nomination-and-Remuneration-Policy.pdf](http://www.ramarajusurgical.com/reports/Nomination-and-Remuneration-Policy.pdf)**

## **21. Board Evaluation**

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

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

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

Pursuant to Regulation 4(f)(2)(ii) of SEBI (LODR) Regulations, 2015, 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. 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.

## **22. Meetings**

The Board of Directors has met 6 times during the year. The details of Meeting of the Board of Directors and its various Committees held during the financial year including the number of Meetings attended by each Director are given in the Corporate Governance Report.

## **23. Secretarial Standards**

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

## **24. 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<sup>st</sup> March, 2022 (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 ₹ 195.05 Lakhs from Directors as loan during the financial year 2021-22. It has repaid an amount of ₹ 932.53 Lakhs during the year 2021-22. The loans from Directors are not treated as deposits under Chapter V of the Companies Act, 2013.

**25. Orders Passed by Regulators**

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that, there are 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.

**26. Internal Financial Controls**

In accordance with Section 134(5)(e) of the Companies Act, 2013, the Company has Internal Financial Controls Policy by means of Policies and Procedures commensurate with the size & nature of its operations and pertaining to financial reporting. In accordance with Rule 8(5)(viii) of Companies (Accounts) Rules, 2014, it is hereby confirmed that the Internal Financial Controls are adequate with reference to the financial statements. ERP System developed by 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.

**27. Particulars of Loans, Guarantees and Investments**

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

- (a) the Company has not given any loans or guarantees during the year 2021-22 under Section 186 of the Companies Act, 2013.
- (b) the particulars of the investments are provided under Note No.10 of Notes to Separate Financial Statements.

**28. Corporate Social Responsibility**

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

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

Your Directors inform you that the Company have an obligation of ₹ 17.43 Lakhs pursuant to Section 135(5) of the Companies Act, 2013. However, the Company have spent ₹ 17.92 Lakhs on CSR during the year 2021-22.

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

**<http://www.ramarajusurgical.com/reports/corporate-social-responsibility-policy.pdf>**

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

## **29. Audits**

### **A) Statutory Audit**

M/s. N.A. Jayaraman & Co., Chartered Accountants (FRN: 001310S), are the Statutory Auditors of the Company.

The Shareholders of the Company at the meeting to be held on 12<sup>th</sup> December, 2022 have to approve the appointment of M/s. N.A. Jayaraman & Co., Chartered Accountants (FRN: 001310S), as the Statutory Auditors of the Company for a further period of 5 consecutive years from the financial year 2022-2023 and to hold office from the conclusion of 82<sup>nd</sup> Annual General Meeting till the conclusion of 87<sup>th</sup> Annual General Meeting to be held in the year 2027.

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

The report of the Statutory Auditors for the year ended 31<sup>st</sup> March, 2022 does not contain any qualification, reservation or adverse remarks. No fraud has been reported by the Company's Auditor.

### **B) Secretarial Audit**

Shri M.R.L. Narasimha, Practicing Company Secretary is the Secretarial Auditor of the Company. Pursuant to Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report issued by the Secretarial Auditor for the year ended 31<sup>st</sup> March, 2022 is enclosed as Annexure - III. The Secretarial Audit Report doesn't contain any qualification, reservation or adverse remarks.

As required under Regulation 34(3) read with Schedule V Para C (10) (i) of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015, Certificate from the Secretarial Auditor that none of the Company's Director have been debarred or disqualified from being appointed or continuing as directors of the Companies is enclosed as Annexure - IV.

### **C) 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 relating to manufacture of textile and pharmaceutical products for the year 2022-23 at a remuneration of ₹ 1.50 Lakhs plus applicable taxes and out-of-pocket expenses.



The remuneration of the Cost Auditor is required to be ratified by the Shareholders in accordance with the provisions of Section 148(3) of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014. Accordingly, the matter relating to their remuneration had been included in the Notice convening the 82<sup>nd</sup> Annual General Meeting scheduled to be held on 12<sup>th</sup> December, 2022, for ratification by the Members.

The Cost Audit Report for the financial year 2020-21 due to be filed with Ministry of Corporate Affairs within 180 days from the closure of the financial year, had been filed on 09<sup>th</sup> September, 2021. The Cost Audit Report for the financial year 2021-22 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.

### **30. 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 enclosed as Annexure - V.

### **31. 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 for the year ended 31<sup>st</sup> March, 2022 is available in the Company's website at the following link: <http://www.ramarajusurgical.com/investor.html>

The Annual Return for the year ended 31<sup>st</sup> March, 2021 in Form MGT-7, filed with Ministry of Corporate Affairs, is available in the Company's website at the following link: <http://www.ramarajusurgical.com/investor.html>

### **32. Corporate Governance**

The Company has complied with the requirements regarding Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015. As required under Schedule V(C) of SEBI (LODR) Regulations, 2015, a Report on Corporate Governance being followed by the Company is enclosed as Annexure - VI.

No complaints had been received pertaining to sexual harassment, during the year under review. The relevant statutory disclosure pertaining to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are provided at Point No. 11(xii) of Corporate Governance Report.

As required under Schedule V(E) of SEBI (LODR) Regulations, 2015, a Certificate from the Auditors confirming compliance is also enclosed as Annexure - VII to this Report. As required by the Listing Regulations, the CEO and CFO certification is provided in this Annual Report.

**33. Vigil Mechanism / Whistle Blower Policy**

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

**34. 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.

**35. Industrial Relations and Personnel**

The Company has 1,750 employees as on 31<sup>st</sup> March, 2022. 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.

**36. Related Party Transaction**

Prior approval / Omnibus approval are obtained from the Audit Committee for all related party transactions and the transactions are periodically placed before the Audit Committee for its approval. No transaction with the related party is material in nature, in accordance with Company's "Related Party Transaction Policy" and Regulation 23 of SEBI (LODR) Regulations, 2015. In accordance with Indian Accounting Standard - 24 (Related Party Disclosure), the details of transactions with the related parties are set out in Note No. 43 of disclosures forming part of Financial Statements.

As required under Regulation 46(2)(g) of SEBI (LODR) Regulations, 2015, The Company's Related Party Transaction Policy is disclosed in the Company's Website and its web link is <http://www.ramarajusurgical.com/reports/Related%20Party%20Transaction%20Policy.pdf>



As required under 46(2)(g) of SEBI (LODR) Regulations, 2015, the Company's Material Subsidiary Policy is disclosed in the Company's website and its web link is <http://www.ramarajusurgical.com/reports/Policy%20on%20Material%20Subsidiaries.pdf>

### **37. Risk Management Policy**

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) of SEBI (LODR) Regulations, 2015, the Company has developed and implemented a Risk Management Policy. The Policy envisages identification of risk and procedures for assessment and strategies to mitigate / minimization of risk thereof. The Risk Management Policy is available at the Company's website at the following web link <http://www.ramarajusurgical.com/reports/Risk%20Management%20Policy.pdf>

### **38. Investor Education and Protection Fund (IEPF)**

Dividend amount of ₹ 2,45,241/- remaining unclaimed / unpaid for a period of over 7 years was transferred to IEPF on 24<sup>th</sup> August, 2021.

During the year, the Company has transferred 840 equity shares to IEPF.

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

Year	Type of Dividend	Date of Declaration of Dividend	Last Date for Claiming Unpaid Dividend	Due Date for transfer to IEP Fund	No. of Shares of ₹ 10/- each	Amount of unclaimed / unpaid dividend as on 31 <sup>st</sup> March, 2022 in ₹
2014-2015	Dividend	12-08-2015	11-08-2022	09-09-2022	95,954	1,31,656.80
2015-2016	Interim Dividend	14-03-2016	13-03-2023	11-04-2023	1,27,258	1,27,358.00
2016-2017	Dividend	10-08-2017	09-08-2024	07-09-2024	1,99,242	99,621.00
2017-2018	Dividend	10-08-2018	09-08-2025	07-09-2025	1,31,526	83,597.00
2019-2020	Dividend	15-09-2020	14-09-2027	12-10-2027	1,46,439	73,219.50
2020-2021	Dividend	25-08-2021	24-08-2028	22-09-2028	2,01,576	1,00,788.00

### **39. Directors' Responsibility Statement**

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

- 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, 2022;

- (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, 2022 and of the profit of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **40. Acknowledgement**

We thank our customers, vendors, investors, bankers, various Departments and agencies of the Central and State Governments for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels.

By Order of the Board,  
For **The Ramaraju Surgical Cotton Mills Limited**,

Rajapalayam  
25<sup>th</sup> May, 2022

**P.R. Venketrama Raja**  
Chairman

**FORM AOC-1**

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

Statement containing the salient features of the financial statement of  
Subsidiary / Associate Companies

**Part A – Subsidiary Company**

<b>Particulars</b>	<b>2021-22</b>
Name of the Subsidiary Company	Madras Chipboard Limited
Date on which the Subsidiary was acquired	03-03-2021
Reporting Currency	INR in Lakhs
Share Capital	24.12
Reserves & Surplus	159.92
Total Assets	2,191.17
Total Liabilities	2,007.13
Investments	-
Total Income	2.55
Profit/(Loss) before Taxation	(35.26)
Provision for taxation	-
Profit /(Loss) after Taxation	(35.26)
Total Comprehensive Income	(35.26)
Percentage of Shareholding	75.01%

**Part B – Associate Company**

Particulars	2021-22			
Name of the Associate Company	The Ramco Cements Limited	Ramco Industries Limited	Ramco Systems Limited	Rajapalayam Mills Limited
Last Audited Balance Sheet date	31-03-2022			
No. of Shares held as on 31-03-2022	33,13,175	1,35,880	12,739	1,57,733
Amount of Investment in Associate as on 31-03-2022 (₹ in Lakhs)	18.16	0.53	12.15	141.19
Extent of Shareholding % as on 31-03-2022	1.40	0.16	0.04	1.83
Description of how there is significant influence	Note No. 1			
Reason why Associate is not consolidated	Not applicable			
Net worth attributable to Shareholding (₹ in Lakhs)	6,62,569.00	3,75,885.87	58,404.00	2,12,554.00
Profit / (Loss) for the Year (Consolidated) (₹ in Lakhs)	86,528.00	10,473.95	1,711.52	(7,346.00)
a) Considered in Consolidation (₹ in Lakhs)	1,280.20	16.22	31.84	(3.00)
b) Not considered in Consolidation (₹ in Lakhs)	85,247.80	10,457.73	1,679.68	(7,343.00)

Particulars	2021-22		
Name of the Associate Company	Sri Vishnu Shankar Mills Limited	Shri Harini Media Limited	Sri Harini Textiles Limited
Last Audited Balance Sheet date	31-03-2022		
No. of Shares held as on 31-03-2022	11,200	60,00,500	14,90,000
Amount of Investment in Associate as on 31-03-2022 (₹ in Lakhs)	1.68	60.01	149.00
Extent of Shareholding % as on 31-03-2022	0.75	2.65	49.67
Description of how there is significant influence	Note 1		
Reason why Associate is not consolidated	Not applicable		

**ANNEXURE I TO DIRECTORS' REPORT**

<b>Particulars</b>	<b>2021-22</b>		
<b>Name of the Associate Company</b>	<b>Sri Vishnu Shankar Mills Limited</b>	<b>Shri Harini Media Limited</b>	<b>Sri Harini Textiles Limited</b>
Net worth attributable to Shareholding (₹ in Lakhs)	21,667.57	Note No.4	
Profit / (Loss) for the Year (Consolidated) (₹ in Lakhs)	2,143.94		
a) Considered in Consolidation (₹ in Lakhs)	16.81		
b) Not considered in Consolidation (₹ in Lakhs)	2,127.13		

**Notes:**

- 1) Significant influence exists based on combined voting rights.
- 2) Names of associates or joint ventures which are yet to commence operations – Nil
- 3) Names of associates or joint ventures which have been liquidated or sold during the year - Nil
- 4) Due to negative net worth and net loss of the associates, it was not considered for the purpose of consolidation.

By Order of the Board,  
For **The Ramaraju Surgical Cotton Mills Limited**,

Rajapalayam  
25<sup>th</sup> May, 2022

**P.R. Venketrama Raja**  
Chairman

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**Annual Report on Corporate Social Responsibility Policy (CSR) Activities**

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

The objective of the CSR Policy is;

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

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

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

- i) Shri P.R. Venketrama Raja, Chairman
- ii) Smt Nalina Ramalakshmi, Member
- iii) Shri N.K. Shrikantan Raja, Member
- iv) Shri P.J. Ramkumar Rajha, Member

**3. Average net profit of the Company for last three financial years: Net Profit of ₹ 871.66 Lakhs**

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 17.43 lakhs**

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

- a. Total amount spent for the financial year : ₹ 17.92 Lakhs.
- b. Amount unspent, if any : Nil

## ANNEXURE II TO DIRECTORS' REPORT

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

(₹ in Lakhs)

Sl. No.	CSR Project or Activity identified & Sector in which the project is covered	Locations	Amount Outlay (Budget) project or programmes wise	Amount Spent on the project or programmes	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
			Actual	Direct / Indirect	Expenditure	Spent Directly / Indirectly
1.	Eradication of Hunger	Rajapalayam, (Tamil Nadu),	2.92	2.92	2.92	2.92
2.	Promotion of Education	Rajapalayam, (Tamil Nadu),	15.00	15.00	15.00	15.00
<b>TOTAL</b>			<b>17.92</b>	<b>17.92</b>	<b>17.92</b>	<b>17.92</b>

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

**Smt Nalina Ramalakshmi**  
Managing Director

**Shri P.R. Venketrama Raja**  
Chairman

Rajapalayam  
25<sup>th</sup> May, 2022



FORM MR-3

**Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2022**

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

To,

The Members,

**The Ramaraju Surgical Cotton Mills Limited,**

(CIN: L17111TN1939PLC002302)

P.A.C. Ramasamy Raja Salai,

Rajapalayam - 626 117.

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by THE RAMARAJU SURGICAL COTTON MILLS LIMITED (CIN: L17111TN1939PLC002302) (hereinafter called "the Company") during the financial year from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022 ("the year"/ "audit period"/ "period under review"). I have conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after 31<sup>st</sup> March, 2022 but before the issue of this report and the information provided by the Company, its officers, agents and authorised representatives during my conduct of the Secretarial Audit.

1. I hereby report that:

- 1.1. In my opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2022, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The Members are requested to read this report along with my letter of even date annexed to this report as Annexure – A.
- 1.2. I have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
  - (ii) Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
  - (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.

(iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'): -

- (a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except that the Company has delayed in compliance of Reg 29(2) of SEBI (LODR), 2015.

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

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

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

- (i) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India and
- (ii) The Listing Agreement entered into by the Company with M/s. Metropolitan Stock Exchange of India Limited.

1.4. During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March, 2022 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the applicable provisions/clauses of the Acts, Rules, Regulations, Agreements and Standards mentioned under paragraphs 1.2 and 1.3.

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

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

- (b) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (c) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (d) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - (e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client.
  - (f) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
  - (g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (ii) There was no law, other than those specified in paragraph 1.2(v) above, that was specifically applicable to the Company, considering the nature of its business. Hence, the requirement to report on compliance with specific laws did not arise.

2. I further report that:

- 2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman director.
- 2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at-least seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:
  - (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and
  - (ii) Additional subjects/ information/ presentation and supplementary notes.

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

## ANNEXURE III TO DIRECTORS' REPORT

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

3. I further report that:

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

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2022

**M.R.L. Narasimha**  
Membership No: 2851  
Certificate of Practice: 799  
PRNO:1420/2021  
UDIN:- F002851D000388381

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

To

The Members,

**The Ramaraju Surgical Cotton Mills Limited,**

(CIN: L17111TN1939PLC002302)

P.A.C. Ramasamy Raja Salai,

Rajapalayam - 626 117.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March, 2022 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed such audit practices and processes as I considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also considered compliance related action taken by the Company after 31<sup>st</sup> March, 2022 but before the issue of this report.
4. I have verified the secretarial records furnished to me on a test basis to see whether the correct facts are reflected therein. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. I have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**M.R.L. Narasimha**

Membership No: 2851

Certificate of Practice: 799

PRNO:1420/2021

UDIN:- F002851D000388381

Place: Coimbatore

Date: 25<sup>th</sup> May, 2022

**Certificate from Company Secretary in Practice**

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

To

The Members,

**The Ramaraju Surgical Cotton Mills Limited,**

(CIN: L17111TN1939PLC002302),

119/120, P.A.C. Ramasamy Raja Salai,

Rajapalayam – 626 117.

I hereby certify that, in my opinion, none of the directors on the Board of The Ramaraju Surgical Cotton Mills Limited (“the Company”) as on the 31<sup>st</sup> March, 2022, as listed below, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA):

Sl. No.	Name of Director	Nature of Directorship	Director's Identification Number
1	Poosapadi Ramasubrahmaneya Rajha Venketrama Raja	Chairman	00331406
2	Nalina Ramalakshmi	Managing Director	01364161
3	Namboor R Krishnama Raja Ramkumar Raja	Managing Director	01948373
4	Senthilvel SarathySubburaj	Nominee Director	07601727
5	Nambur Krishnama Raja Shrikantan Raja	Non Independent Director	00350693
6	Poosapadi Alaga Raja Jaganatha Raja	Independent Director	00446057
7	Posapadi Perumal Subba Raja Janarthana Raja	Independent Director	06702871
8	Vaidyanathan Santhanaraman	Independent Director	00212334
9	Poosapadi Jagadeeswara Raja Ramkumar Rajha	Independent Director	00487193
10	Poosapadi Sankarraja Alagharaja	Independent Director	00487312

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

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

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

Place: Coimbatore  
Date: 25<sup>th</sup> May, 2022

**M.R.L. Narasimha**  
Membership No: 2851  
Certificate of Practice: 799  
PRNO:1420/2021  
UDIN:- F002851D000388302



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

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

**A. Conservation of Energy**

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

(i)	the steps taken on conservation of energy;	<p>All the units have taken various measures in conservation of energy. The thrust is to measure the existing system parameters and then implement improvements. Emphasis is also given to optimise the operation of various Equipment which also lead to energy conservation.</p> <p>The Company has done the followings for conservation of energy during the year.</p> <ol style="list-style-type: none"> <li>1) Step Cleaner Machine installed instead of Willowing Machine.</li> <li>2) Hydraulic pressing machine installed in the place of manual kier cotton packing.</li> <li>3) New Hydro Extractor machine installed with inverter instead of lower Capacity.</li> <li>4) New drier machine replaced in the place of two old Drier machines.</li> <li>5) Optimum utilisation of 40HP Blower motor without affecting water quality.</li> <li>6) Boiler Id fan frequency reduced from 50 Hz to 36 Hz.</li> <li>7) Optimum utilisation of 7.5HP Compressor.</li> <li>8) Re engineering the drive belt to doffer pulley and eliminate brush motor in carding machine.</li> <li>9) Frequency of Hum Plant air fan supply reduced 50HZ to 40Hz</li> <li>10) Sizing hall Department High bay Light - Individual Lighting switch has been provided instead of Group control switch.</li> <li>11) New CDS motor changed in Ring Frames for 28 machines.</li> </ol>
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		<p>12) Two-way distributor commissioned in the place of One Blow room line (MBO &amp; Condenser)</p> <p>13) Spinning Ecorised conversion-13 M/c</p> <p>14) Spinning &amp; TFO - light weight Fan fixed in OHTC fan motor.</p> <p>15) All Humidification plant RDF running in intermittent time.</p> <p>16) Blow room Condenser fan motor Frequency reduced from 45 Hz to 40 Hz.</p>
	Impact on conservation of energy	<p>1) Changed new machine resulted in savings of 4,628 units for the year.</p> <p>2) New Hydraulic machine resulted in improved production from 440 kgs to 550 kgs resulted in savings of 66,528 units for the year.</p> <p>3) Inverter fixed in Hydro Extractor Machine resulted in savings of 2,721 units for the year.</p> <p>4) New drier machine resulted in savings of 56,548 units for the year.</p> <p>5) Optimization of the motor running time in ETP resulted in savings of 41,760 units for the year.</p> <p>6) Changed inverter frequency in Boiler ID fan its resulted in savings of 16,224 units for the year.</p> <p>7) Improvised compressor running time resulted in savings of 5,928 units for the year.</p> <p>8) Re engineering the drive belt to doffer pulley in carding machine resulted savings of 2,995 units for the year.</p> <p>9) In our Fabric "C- Unit" Hum Plant Supply Air Fan Reduced Frequency from 50HZ to 40Hz resulted savings of 45,444 units for the year.</p>

**ANNEXURE – V TO DIRECTORS' REPORT**

THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

		<p>10) Individual Control switch provided instead of Group Control switch for sizing machine hall lighting resulted savings of 7,200 units for the year.</p> <p>11) Changed New CDS motor in Spinning Machine resulted in Power savings of 3,62,880 units for the year.</p> <p>12) One Blow room line stopped resulted in power savings of 63,696 units for the year.</p> <p>13) Spinning Ecoriser conversion resulted in power savings of 3,36,960 units for the year.</p> <p>14) Spinning &amp; TFO light weight OHTC fan fixed resulted in power savings of 9,120 units for the year.</p> <p>15) Plant RDF time changed resulted in power savings of 21,600 units for the year.</p> <p>16) Frequency changed in B/R condenser resulted in power savings of 3,960 units for the year.</p>
(ii)	the capital investment on energy conservation equipments	₹ 226 Lakhs

**B. Technology Absorption**

(i)	the efforts made towards technology absorption;	The Company is continuously making efforts for adaptation of latest technology in all its units.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution;	-

(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	Not Applicable
	(a) the details of technology imported;	Nil
	(b) the year of import;	Nil
	(c) whether the technology been fully absorbed;	Not Applicable
	(d) if not fully absorbed, areas where absorption has not taken place and the reasons thereof; and	Not Applicable
(iv)	the expenditure incurred on Research and Development	Not Applicable

**C. Foreign Exchange Earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year and	₹ 6,248.35 Lakhs
The Foreign Exchange outgo during the year in terms of actual outflows.	₹ 7,781.61 Lakhs

By Order of the Board,  
For The Ramaraju Surgical Cotton Mills Limited,

Rajapalayam  
25<sup>th</sup> May, 2022

**P.R. Venketrama Raja**  
Chairman

**Report On Corporate Governance**

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

**1. Company's Philosophy on Code of Governance**

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

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

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

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

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

**2. Board of Directors**

The Board of Directors is headed by the Chairman Shri P.R. Venketrama Raja. The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Finance, Law, Engineering, Information Technology etc. The Board had 10 Directors as on 31<sup>st</sup> March, 2022. Except Smt. Nalina Ramalakshmi and Shri N.R.K. Ramkumar Raja, all other Directors are Non-Executive. As required under Regulation 17 of the SEBI (LODR) Regulations, 2015 not less than 50% of the Board consists of Independent Directors. There are no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

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

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

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

### **Directors Profile**

#### **Shri P.R. Venketrama Raja**

Shri P.R. Venketrama Raja, has a Bachelor's Degree in Chemical Engineering from University of Madras and Masters in Business Administration from University of Michigan, USA. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 1992. He has more than 3 decades of Industrial Experience with specific knowledge in Textiles, Cement and Information Technology sectors.

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

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

<b>Name of the Company</b>	<b>Category of Directorship</b>
The Ramco Cements Limited	Chairman & Managing Director
Ramco Industries Limited	Non-Executive & Non-Independent
Ramco Systems Limited	Non-Executive & Non-Independent
Rajapalayam Mills Limited	Non-Executive & Non-Independent

#### **Smt Nalina Ramalakshmi**

Smt Nalina Ramalakshmi, has a Bachelor's Degree in B.Sc., and Master Degree in M.S.C.S. She has knowledge and rich experience in Textile Industry and she has been on the board

## ANNEXURE VI TO DIRECTORS' REPORT



of The Ramaraju Surgical Cotton Mills Limited since 2005. She was appointed as Managing Director of the Company on 12<sup>th</sup> August, 2005. She is also holding the position of Managing Director in Shri Harini Media Limited.

Skill / Expertise / Competency	Expert in Strategy Management, Business Management and General Administration
--------------------------------	---

Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Smt Nalina Ramalakshmi does not hold Directorship in any other listed entity.

### **Shri N.R.K. Ramkumar Raja**

Shri N.R.K. Ramkumar Raja, has a Master Degree in Engineering. He has vast experience in Textiles and managing the affairs of the Company. He was in the Board of the Company from July, 2003 to May, 2014 and he has been appointed as Managing Director of the Company from 14<sup>th</sup> February, 2016.

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

Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Shri N.R.K. Ramkumar Raja does not hold Directorship in any other listed entity.

### **Shri N.K. Shrikantan Raja**

Shri N.K. Shrikantan Raja, has a Bachelor Degree in Commerce and he has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2002. He has vast knowledge and experience in Textile Industry and having more than 50 years of experience in doing business activity.

Skill / Expertise / Competency	Expert in Strategy Management, Business Management and General Administration
--------------------------------	---

Names of the listed entities other than M/s. The Ramaraju Surgical Cotton Mills Limited in which Shri N.K. Shrikantan Raja is a Director and his category of Directorship:

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

### **Shri S Sarathy Subburaj**

Shri S Sarathy Subburaj is B.Tech in Textiles. He served the Dept. of Handlooms and Textiles for the past three decades. At present, he is the Joint Director of Textiles. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since November, 2021.

Skill / Expertise / Competency	Expert in Textile Technology and Strategy Management.
--------------------------------	---



Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Shri S Sarathysubburaj does not hold Directorship in any other listed entity.

**Shri P.J. Alaga Raja**

Shri P.J. Alaga Raja, has a Bachelor's Degree in Law. He has vast knowledge in Legal & Textile Industry and he has been on the board of The Ramaraju Surgical Cotton Mills Limited since 1986. He is the Managing Director of Petha Raju Farms Private Limited.

Skill / Expertise / Competency	Expert in Legal and Business Management
--------------------------------	---

Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Shri P.J. Alaga Raja does not hold Directorship in any other listed entity.

**Justice Shri P.P.S. Janarthana Raja**

Justice Shri P.P.S. Janarthana Raja, has a graduate in Law from the Madras Law College and has more than 40 years of experience in Taxation matters. He was a Honourable Justice in the High Court of Madras from December, 2005 to January, 2013. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2014.

Skill / Expertise / Competency	Expert Legal Knowledge, Tax Planning and Management
--------------------------------	---

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

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

**Shri V. Santhanaraman**

Shri V. Santhanaraman, holds a degree in Commerce and C.A.I.I.B. He has been on the Board of The Ramaraju Surgical Cotton Mills Limited since 2014. He has more than 40 Years of experience in Banking Sector. He had held the positions of General Manager in Indian Bank from 1998 to 2006 and Executive Director in Bank of Baroda from October, 2006 to August, 2009.

Skill / Expertise / Competency	Banking & Financial Management, Risk Management including Foreign Exchange Management
--------------------------------	---

Names of the listed entities other than M/s. The Ramaraju Surgical Cotton Mills Limited in which Justice Shri V. Santhanaraman is a Director and his category of Directorship:

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

## ANNEXURE VI TO DIRECTORS' REPORT

### Shri P.J. Ramkumar Rajha

Shri P.J. Ramkumar Rajha, has a Bachelor's Degree in Commerce. He has knowledge and rich experience in Textile Industry and he has been on the board of The Ramaraju Surgical Cotton Mills Limited since 2014. He is the Managing Director of Senthur Textiles Private Limited.

Skill / Expertise / Competency	Expert in Business Management, Tax Planning and Management
--------------------------------	--

Other than M/s. The Ramaraju Surgical Cotton Mills Limited, Shri P.J. Ramkumar Rajha does not hold Directorship in any other listed entity.

### Shri P.A.S. Alaghar Raja

Shri P.A.S. Alaghar Raja, has a Diploma in Textile. He has vast experience in Textiles and managing the affairs of the Company.

Skill / Expertise / Competency	Expert in Textile Technology and Strategy Management
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Names of the listed entities other than M/s. The Ramaraju Surgical Cotton Mills Limited in which Shri P.A.S. Alaghar Raja is a Director and his category of Directorship.

Name of the Company	Category of Directorship
Rajapalayam Mills Limited	Non-Executive & Independent

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

Sl. No.	Name of the Director, Director Identification Number (DIN) & Directorship	04-06-2021	14-08-2021	27-09-2021	30-10-2021	27-01-2022	15-03-2022	Attendance at last AGM held on 25-09-2021
1.	Shri P.R. Venketrama Raja Chairman DIN: 00331406, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2.	Smt Nalina Ramalakshmi Managing Director DIN: 01364161, Directorship: P & E	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Shri N.R.K. Ramkumar Raja Managing Director DIN: 01948373, Directorship: P & E	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4.	Dr. M. Karunakaran * Nominee Director of Handloom & Textiles, Government of Tamilnadu DIN: 08524986, Directorship: NE	No	No	No	-	-	-	No
5.	Shri N.K. Shrikantan Raja DIN: 00350693, Directorship: NE	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6.	Shri P.J. Alaga Raja DIN: 00446057, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Sl. No.	Name of the Director, Director Identification Number (DIN) & Directorship	04-06-2021	14-08-2021	27-09-2021	30-10-2021	27-01-2022	15-03-2022	Attendance at last AGM held on 25-09-2021
7.	Justice Shri P.P.S. Janarthana Raja DIN: 06702871, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes	Yes
8.	Shri V. Santhanaraman DIN: 00212334, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9.	Shri P.J. Ramkumar Rajha DIN: 00487193, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10.	Shri P.A.S. Alaghar Raja DIN : 00487312, Directorship: NE & ID	No	Yes	Yes	Yes	Yes	Yes	No
11.	Shri S. Sarathy Subburaj** Joint Director of Textiles, Government of Tamilnadu, DIN: 07601727, Directorship: NE	No	No	No	No	Yes	No	No

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

\* Nomination withdrawn by the Department of Handlooms and Textiles, Government of Tamilnadu w.e.f. 27<sup>th</sup> October, 2021.

\*\* Nominated by Department of Handlooms, Government of Tamilnadu w.e.f. 20<sup>th</sup> November, 2021

### Other Directorships

The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on 31<sup>st</sup> March, 2022 is given below:

Sl. No.	Name of the Director	Other Directorships***	Committee Positions ****	
			Chairperson	Member
1.	Shri P.R.Venketrama Raja	8	3	3
2.	Smt Nalina Ramalakshmi	2	-	-
3.	Shri N.R.K. Ramkumar Raja	2	-	1
4.	Shri N.K. Shrikantan Raja	6	-	6
5.	Shri Dr. M. Karunakaran *	-	-	-
6.	Shri P.J. Alaga Raja	-	-	-
7.	Justice Shri P.P.S. Janarthana Raja	3	1	3
8.	Shri V. Santhanaraman	2	-	1
9.	Shri P.J. Ramkumar Rajha	5	-	2
10.	Shri P.A.S. Alaghar Raja	3	-	-
11	Shri S.Sarathy Subburaj**	-	-	-

\* Ceased w.e.f. 27<sup>th</sup> October 2021 as per the withdrawal of Nomination by the Department of Handlooms and Textiles, Government of Tamilnadu w.e.f. 27<sup>th</sup> October, 2021

\*\* Appointed w.e.f. 20<sup>th</sup> November, 2021 as per the Nomination provided by the Department of Textiles, Government of Tamilnadu.

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

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

During the year, separate meeting of the Independent Directors was held on 27<sup>th</sup> September, 2021 & 27<sup>th</sup> January, 2022 and all the Independent Directors were present at the meeting.

**Disclosure of relationships between Directors inter-se:**

- a) Shri P.R. Venketrama Raja is a brother of Smt Nalina Ramalakshmi.
- b) Smt Nalina Ramalakshmi is a Spouse of Shri N.R.K. Ramkumar Raja.
- c) Shri N.R.K. Ramkumar Raja is a Brother of Shri N.K. Shrikantan Raja.

**Details of familiarization programme for Independent Directors**

The details of the familiarization programme for Independent Directors are available at the Company's website, at the following link at <http://www.ramarajusurgical.com/reports/Familiarisation%20Programme%20for%20Independent%20Directors%202022.pdf>

The Board of Directors periodically review Compliance Reports pertaining to all Laws applicable to the Company. No non-compliance was reported during the year under review. The Board is also satisfied that plans are in place for orderly succession for appointment of Board of Directors and Senior Management. The Board of Directors is also satisfied itself that plans are in place for orderly succession for appointment of Board of Directors and Senior Management.

A Code of Conduct has been laid out for all Members of the Board and Senior Management suitably incorporating the duties of Independent Directors as laid down in the Companies Act, 2013. The Code is available at the Company's website, at the following link at <http://www.ramarajusurgical.com/reports/Code-of-Conduct-for-Board-Members-and-Senior-Management-Personnel.pdf>

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

**3. Audit Committee**

The terms of reference of the Audit Committee include:

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

- vii) To generally assist the Board to discharge their functions more effectively.
- viii) To review the financial statements and any investments made by the Company.

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

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

Sl. No.	Name of the Director	04-06-2021	14-08-2021	27-09-2021	30-10-2021	27-01-2022	15-03-2022
1.	Justice Shri P.P.S. Janarthana Raja, Chairman of the Committee	Yes	Yes	Yes	Yes	Yes	Yes
2.	Shri N.K. Shrikantan Raja,	Yes	Yes	Yes	Yes	Yes	Yes
3.	Shri P.J. Alaga Raja	Yes	Yes	Yes	Yes	Yes	Yes
4.	Shri P.J. Ramkumar Rajha	Yes	Yes	Yes	Yes	Yes	Yes
5.	Shri V. Santhanaraman	Yes	Yes	Yes	Yes	Yes	Yes

The Statutory Auditor and Chief Financial Officer and Head of Internal Audit and Internal Auditors are invitees to the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee. The representatives of the Cost Auditor and Secretarial Auditor are invited to attend the meeting of the Audit Committee when their reports are tabled for discussion.

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

#### **4. Nomination and Remuneration Committee**

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

The complete details about the terms of reference for Nomination and Remuneration Committee and Nomination and Remuneration Policy are available at Company's website <http://www.ramarajusurgical.com/reports/Nomination-and-Remuneration-Policy.pdf>

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

## ANNEXURE VI TO DIRECTORS' REPORT

Sl. No.	Name of the Director	04-06-2021	27-01-2022
1.	Shri P.J. Alaga Raja, Chairman of the Committee	Yes	Yes
2.	Shri N.K. Shrikantan Raja	Yes	Yes
3.	Shri P.J. Ramkumar Rajha	Yes	Yes

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

2/3<sup>rd</sup> of the member of the Nomination and Remuneration Committee are Independent Directors as stipulated in Regulation 19(1)(c) of LODR.

### 5. Remuneration to Directors

The Directors were paid Sitting Fee of ₹ 20,000/- per Meeting for attending the Board and ₹ 15,000/- per Meeting for Committees thereof.

There are no pecuniary relationships or transaction of the Non-Executive Directors vis-à-vis the Company, other than those reported in related party transactions under Note no. 43.

The appointment and remuneration to Managing Directors are governed by the Special Resolution passed by the Shareholders at the Annual General Meeting held on 10<sup>th</sup> August, 2018 and 14<sup>th</sup> August, 2019 and the remuneration is equivalent to 10% of the Net Profits of the Company i.e. 5% per Managing Director and in case of no profits or inadequate profits, as per Section II, Part II of Schedule V of the Companies Act, 2013.

The Details of remuneration paid for the financial year 2021-22 are as follows:

Name of the Director	Amount (₹ in Lakhs)		No. of Shares held
	Sitting Fees	Remuneration	
Shri P R Venketrama Raja	1.50	-	5,400
Smt Nalina Ramalakshmi	1.35	126.21*	15,19,720
Shri N.R.K. Ramkumar Raja (including HUF)	1.35	126.21*	2,12,460
Shri S. Sarathy Subburaj	0.20	-	-
Shri N.K. Shrikantan Raja	2.70	-	11,920
Shri P.J. Alaga Raja	2.70	-	11,760
Justice Shri P.P.S. Janarthana Raja	2.40	-	-
Shri V. Santhanaraman	2.40	-	-
Shri P.J. Ramkumar Rajha	3.00	-	8,040
Shri P.A.S Alaghar Raja	1.30	-	1,840

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

Particulars	Smt Nalina Ramalakshmi	Shri N.R.K. Ramkumar Raja
Gross Salary	120.00	120.00
Contribution to Provident Fund	4.71	4.71
Contribution to Superannuation Trust Fund	1.50	1.50
<b>Total</b>	<b>126.21</b>	<b>126.21</b>

## 6. Stakeholders Relationship Committee

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

Sl. No.	Name of the Director	04-06-2021
1.	Shri P.R. Venketrama Raja	Yes
2.	Shri N.K. Shrikantan Raja	Yes
3.	Shri N.R.K. Ramkumar Raja	Yes
4.	Shri P.J. Ramkumar Rajha	Yes

Name of Non-executive Director heading the Committee	Shri P.R. Venketrama Raja
Name and Designation of the Compliance Officer	Shri Walter Vasanth P J, Company Secretary & Compliance Officer
No. of complaints received during the year	Nil
No. of complaints not solved to the Satisfaction of shareholders	Nil
No. of pending complaints	Nil

## 7. General Meetings

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

Year ended	Date of AGM / EGM	Time	Venue
31 <sup>st</sup> March, 2021	25 <sup>th</sup> August, 2021	09.30 A.M	Held through VC
Extraordinary General Meeting	25 <sup>th</sup> January, 2021	10.00 A.M	The Ramaraju Surgical Cotton Mills Limited Premises, 119, P.A.C. Ramasamy Raja Salai, Rajapalayam – 626 117.
31 <sup>st</sup> March, 2020	15 <sup>th</sup> September, 2020	9.30 A.M	Held through VC



## ANNEXURE VI TO DIRECTORS' REPORT

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

Date of AGM	Subject Matter of the Special Resolution
15 <sup>th</sup> September, 2020	Appointment of Shri P.J. Alaga Raja, Independent Director of the Company who has attained 75 years of age for continuing his Directorship from 20 <sup>th</sup> October, 2020 to 31 <sup>st</sup> March, 2024.
14 <sup>th</sup> August, 2019	Appointment of Shri P.A.B. Raju as Director of the Company under Independent Director Category for a period of 5 consecutive years with effect from 29 <sup>th</sup> September, 2018
10 <sup>th</sup> August, 2018	Reappointment of Shri N.R.K. Ramkumar Raja as Managing Director for a period of three years with effect from 14 <sup>th</sup> February, 2019.  Reappointment of Independent Directors for further period of 5 years as below: 1. Shri P.J. Alaga Raja (01-04-2019 to 31-03-2024) 2. Justice Shri P.P.S. Janarthana Raja (25-05-2019 to 24-05-2024) 3. Shri V. Santhanaraman (25-05-2019 to 24-05-2024) 4. Shri P.J. Ramkumar Rajha (25-05-2019 to 24-05-2024)

- iii. Special Resolution on matters requiring postal ballot was passed during the year under review.

Date of Postal Ballot	Subject Matter of the Special Resolution
27 <sup>th</sup> January, 2022	1. To enhance the borrowing limits of the Company by ₹ 600 Crores 2. To secure the borrowings made by the Company

- iv. No Special Resolution is proposed to be passed through Postal Ballot.

## 8. Means of Communication

The Unaudited Quarterly and Half yearly financial results and Audited Annual Results are published in English in Business Line (All editions) and in Tamil in Makkal Kural (Virudhunagar edition). The results were also displayed on the Company's website at **[www.ramarajusurgical.com](http://www.ramarajusurgical.com)**.

All the financial results are provided to Stock Exchange and the same is also disseminated in Company's website.

## 9. General Shareholder Information

i.	Annual General Meeting	On 12 <sup>th</sup> December, 2022 at 11.30 AM at through Video Conference / Other Audio Visual means.
ii.	Financial Year	1 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022
iii.	Dividend Payment date	12 <sup>th</sup> December, 2022 onwards.
iv.	Name and address of Stock exchange at which the Company's Shares are listed	The Company's shares are listed in M/s. Metropolitan Stock Exchange of India Limited, Building A, Unit 205A, 2 <sup>nd</sup> Floor, Piramal Agastya Corporate Park, L.B.S Road, Kurla West, Mumbai - 400070. The Company has paid the listing fee to the Stock Exchange for the financial year 2021-22.
v.	Stock Code / Symbol – Metropolitan Stock Exchange of India Limited	RAMARAJU
vi.	Whether the securities are suspended from trading	No
vii.	Registrar and Transfer Agents	M/s. Cameo Corporate Services Limited, Subramanian Building, No. 1 Club House Road, Chennai - 600 002.
viii.	Share Transfer System	<p>For shares held in electronic mode, transfers are effected under the depository system of NSDL and CDSL. For shares held in physical mode, the transfers have been effected in-house till 31-03-2019.</p> <p>Vide Press Release No: 49/2018 dated 03-12-2018 of SEBI, only transmission or transposition of securities were effected in physical form till 23-01-2022.</p> <p>SEBI vide Gazette Notification no. SEBI/LADNRO/GN/2022/66 dated January 24, 2022, has mandated that the shares that are issued pursuant to investor service request shall henceforth be issued in demat mode only and hence the share certificates (wherever applicable) will be retained at Company's end.</p>
ix.	Distribution of Shareholding	Enclosed as Annexure - A.
x.	Dematerialization of Shares	As on 31 <sup>st</sup> March 2022, 92.12% of the shares are in demat.

## ANNEXURE VI TO DIRECTORS' REPORT



xi.	Outstanding GDRs/ ADRs /Warrants or any Convertible instruments, date and likely impact on equity	Nil
xii.	Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	With respect to Buyers' Credit in foreign currencies, forward contracts are booked taking in to account, the cost of hedging and the foreign currency receivables. The currency rate movements are monitored closely for taking covers with respect to un hedged portions, if any.

### xiii. Plant Locations

#### **Surgical:**

##### **The Ramaraju Surgical Cotton Mills Limited**

##### a. Rajapalayam

2,119, 120, P.A.C. Ramasamy Raja Salai, Rajapalayam – 626 117, Tamil Nadu.

##### b. Perumalpatti

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

#### **Textiles:**

##### **Sudarsanam Spinning Mills**

##### a. 118, P.A.C. Ramasamy Raja Salai, Rajapalayam – 626 117, Tamil Nadu.

##### b. 898, 899, Subramaniapuram, Vanniampatti Road, Pillayarkulam Village, Srivilliputtur Taluk – 626 137, Tamil Nadu.

##### c. Survey No. 52, 53, Thirumalagiri Village, Jaggaiahpet Mandal, Krishna Dist. – 521 178, Andhra Pradesh.

##### **Sudarsanam Fabrics**

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

##### **Taram Textiles**

53/6, Annamaraja Nagar, Sankarankoil Road, Rajapalayam – 626 117, Tamil Nadu.

##### **Wind Farms**

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



**xiv. Name, designation & address of the Compliance Officer:**

Walter Vasanth P J  
Company Secretary & Compliance Officer,  
The Ramaraju Surgical Cotton Mills Limited,  
2, 119, 120, P.A.C. Ramasamy Raja Salai,  
Rajapalayam – 626 117, Tamil Nadu.  
Phone: 04563-235904  
E-Mail: [rscm@ramcotex.com](mailto:rscm@ramcotex.com)

**xv Address of the Registrar and Transfer Agent**

Cameo Corporate Services Limited,  
"Subramanian Building",  
1, Club House Road,  
Anna Salai, Chennai - 600 002.  
Phone : +91 44 40020741  
Fax : +91 44 2846 0129  
Email : [investor@cameoindia.com](mailto:investor@cameoindia.com)

**xvi Address of the Stock Exchange**

Metropolitan Stock Exchange of India Limited,  
Building A, Unit 205A, 2<sup>nd</sup> Floor,  
Piramal Agastya Corporate Park,  
L.B.S Road, Kurla West, Mumbai - 400 070.

**xvii. Credit Rating**

CRISIL, the Company's credit rating agency vide their letter dated 06<sup>th</sup> July, 2022 have upgraded the credit rating against borrowing programmes as follows:

Facilities	Amount (₹ in Crores)	Rating
Cash Credits / Cash Term Loan / Proposed Long Term Bank Loan Facility / Corporate Loans	266.21	A- / Positive
Bank Guarantee	21.00	A2+

## 10. Other Disclosures

- i. There are no materially significant related party transactions made by the Company that may have potential conflict with the interests of the Company at large.
- ii. There are no instances of non-compliance by the Company, and no penalties or strictures were imposed on the company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.
- iii. The Company has a Whistle Blower Policy, available at the Company's website and it is affirmed that no personnel has been denied access to the Audit Committee. The policy is available at the following web link: **<http://www.ramarajusurgical.com/reports/whistle-blower-policy.pdf>**
- iv. The Company has complied with the Mandatory requirements of Corporate Governance stipulated under SEBI (LODR) Regulations, 2015. The status of adoption of the Non-Mandatory requirements are given below:
  - a. The Company's financial statements are unmodified audit opinion for the year 2021-22.
- v. The Material Subsidiary Policy is disclosed in the Company's website and its weblink is **<http://www.ramarajusurgical.com/reports/Policy%20on%20Material%20Subsidiaries.pdf>**
- vi. The Related Party Transaction Policy is disclosed in the Company's website and its web link is - **<http://www.ramarajusurgical.com/reports/Related%20Party%20Transaction%20Policy.pdf>**
- vii. The Company has not undertaken any transaction in commodity price risks and commodity hedging.
- viii. The Company has not raised any funds through Preferential Allotment or Qualified Institutional Placement.
- ix. Mr. M.R.L. Narasimha, Practising Company Secretary, have certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing of Directors of Companies by the Board / Ministry of Corporate Affairs or any such statutory authority.
- x. There has not been an occasion, where the Board had not accepted any recommendation of any Committee of the Board.
- xi. Total Fee paid to Statutory Auditors

The total fees for all the services paid by the Company on a consolidated basis to the Statutory Auditor are ₹ 3.21lakhs.

No other entity in the network firm or network entity of which the Statutory Auditor is a part has been hired for any services by our subsidiary. The Subsidiary Companies have separate Statutory Auditors not connected with the Company's Statutory Auditor.

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

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

- a) Number of Complaints filed during the financial year – Nil
- b) Number of Complaints disposed of during the financial year - Nil
- c) Number of Complaints pending as on end of the financial year - Nil

- 11. The Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of Schedule V of SEBI (LODR) Regulations, 2015.
- 12. The extent to which the discretionary requirements specified in Part E of Schedule II have been adopted, is given against Clause 11(iv) above.
- 13. The Company has complied with the corporate governance requirements specified in regulation 17 to 27 of LODR.
- 14. The Company has no material subsidiary as on 31<sup>st</sup> March, 2022.
- 15. The Minutes of the Meeting of the Board of Directors of the unlisted subsidiaries are being placed before the Board of Directors of the Company.
- 16. The Management of the unlisted subsidiary periodically bring to the notice of the Board, a statement on significant transactions and arrangements entered into by them.
- 17. Senior Management Personnel discloses to the Board of Directors all material, financial and commercial transactions where they have personal interest that may have a potential conflict with the Company's interest, if any.
- 18. The Company submits quarterly compliance report on Corporate Governance to the Stock Exchange, in the prescribed format within 21 days from the close of the quarter or within such time limit as extended by Securities and Exchange Board of India.

## **ANNEXURE VI TO DIRECTORS' REPORT**

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

- Terms and conditions of appointment of Independent Directors
- Composition of various committees of Board of Directors
- Code of Conduct of Board of Directors and Senior Management Personnel
- Details of establishment of Vigil Mechanism/Whistle Blower Policy
- Criteria of making payments to Non-Executive Directors
- Policy on dealing with Related Party Transactions
- Details of Familiarization Programmes imparted to Independent Directors

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

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

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

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>04-06-2021</b>
1.	Shri P.R. Venketrama Raja, Chairman	Yes
2.	Smt. Nalina Ramalakshmi, Member	Yes
3.	Shri N.K. Shrikantan Raja, Member	Yes
4.	Shri P. J. Ramkumar Rajha, Member	Yes

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

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

By Order of the Board,  
**For The Ramaraju Surgical Cotton Mills Limited,**

Rajapalayam  
25<sup>th</sup> May, 2022

**P.R. Venketrama Raja**  
Chairman



**CEO / CFO CERTIFICATION**

**DECLARATION**

I Nalina Ramalakshmi, Managing Director of the Company hereby declare that as provided under Schedule V (D) of the SEBI (LODR) Regulations, 2015, the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31<sup>st</sup> March, 2022.

By Order of the Board,  
For **The Ramaraju Surgical Cotton Mills Limited**,

Rajapalayam  
25<sup>th</sup> May, 2022

**Smt. Nalina Ramalakshmi**  
Managing Director

To

The Board of Directors,  
**The Ramaraju Surgical Cotton Mills Limited**,  
Rajapalayam – 626 117.

**Certificate Under Regulation 17(8) Of SEBI (LODR) Regulations, 2015**

We, Smt Nalina Ramalakshmi, Managing Director and Shri Narayan Vijay Gopal, Chief Financial Officer of The Ramaraju Surgical Cotton Mills Limited, Rajapalayam hereby confirm that;

- A. We have reviewed the financial statements and cash flow statement for the year 2021-22 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting that we have and evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee that –
1. there are no significant changes in internal control over financial reporting during the year;
  2. there are no significant changes in accounting policies during the year
  3. there are no instances of significant fraud of which we have become aware.

**Smt. Nalina Ramalakshmi**  
Managing Director

**Shri N. Vijay Gopal**  
Chief Financial Officer

Rajapalayam  
25<sup>th</sup> May, 2022

**ANNEXURE – A**  
**Pattern of Shareholding as on 31<sup>st</sup> March, 2022**

Description	Total Shareholders	%	Total Shares	%
<b>A. Promoters Holding</b>				
1. Promoter and Promoter Group	10	0.78	17,66,340	44.76
<b>Sub-total (A)</b>	<b>10</b>	<b>0.78</b>	<b>17,66,340</b>	<b>44.76</b>
<b>B. Non - Promoters Holding</b>				
1. Banks, FI'S INS. Cos, Govt.Institutions	3	0.21	86,760	2.20
2. NRIs / OCBs & Non-Domestic Companies	6	0.35	2,620	0.07
3. Private Corporate Bodies	25	1.69	44,282	1.12
4. IEPF	1	0.07	45,968	1.16
5. Residents	1,372	96.90	20,00,590	50.69
<b>Sub-total (B)</b>	<b>1,406</b>	<b>99.22</b>	<b>21,80,220</b>	<b>55.24</b>
<b>Total (A) + (B)</b>	<b>1,417</b>	<b>100.00</b>	<b>39,46,560</b>	<b>100.00</b>

**Distribution of Shareholding as on 31<sup>st</sup> March, 2022**

No. of Shares Held	Total Shareholders	%	Total Shares	%
Upto - 500	909	64.15	1,65,809	4.20
501-1000	205	14.47	1,61,452	4.09
1001-2000	129	9.10	2,06,132	5.22
2001-3000	53	3.74	1,32,489	3.36
3001-4000	24	1.69	88,845	2.25
4001-5000	15	1.06	69,590	1.76
5001-10000	32	2.26	2,27,945	5.78
10001 & above	50	3.53	28,94,298	73.34
<b>Total</b>	<b>1,417</b>	<b>100.00</b>	<b>39,46,560</b>	<b>100.00</b>

**Category of Shareholding as on 31<sup>st</sup> March, 2022**

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
NSDL	696	49.12	30,32,286	76.83
CDSL	340	23.99	6,04,838	15.33
Physical Form	381	26.89	3,09,436	7.84
<b>Total</b>	<b>1,417</b>	<b>100.00</b>	<b>39,46,560</b>	<b>100.00</b>

**Certificate Regarding Compliance of Conditions of Corporate Governance**

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

To

The Members of

**The Ramaraju Surgical Cotton Mills Limited,**

[CIN: L17111TN1939PLC002302]

P.A.C. Ramasamy Raja Salai,

Rajapalayam - 626 117.

We have examined the compliance of the conditions of Corporate Governance by The Ramaraju Surgical Cotton Mills Limited ("the Company") during the financial year ended 31<sup>st</sup> March, 2022, as stipulated under Regulation numbers 17 to 27, 46(2)(b) to (i), Schedule II and Schedule V (paragraphs C, D and E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

We hereby certify that, in our opinion and to the best of our information and based on the records furnished for our verification and the explanations given to us by the Company, its officers and agents, the Company has, during the year ended 31<sup>st</sup> March, 2022, complied with the applicable conditions of Corporate Governance.

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

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

**R. PALANIAPPAN,**  
Partner  
Membership No. 205112  
UDIN: 22205112AJNWRV6234

Chennai  
25<sup>th</sup> May, 2022



## ANNEXURE VIII TO DIRECTORS' REPORT

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

- i. & ii. The ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary in the Financial Year 2021-22.

Name of the Director / KMP and Designation	Remuneration of Director / KMP for the financial year 2021-22 (₹ in Lakhs)	% increase / (decrease) in remuneration in the financial year 2021-22	Ratio of remuneration of each Director / to median remuneration of employees
Shri P.R. Venketrama Raja Chairman	1.50	76	1
Smt Nalina Ramalakshmi Managing Director	126.21	(0.7)	99
Shri N.R.K. Ramkumar Raja Managing Director	126.21	0.91	99
Dr. M. Karunakaran Nominee Director	-	(60)	-
Shri N.K. Shrikantan Raja Non-Executive Director	2.70	125	2
Shri P.J. Alaga Raja Independent Director	2.70	135	2
Justice Shri P.P.S. Janarthana Raja Independent Director	2.40	129	2
Shri V. Santhanaraman Independent Director	2.40	153	2
Shri P.J. Ramkumar Rajha Independent Director	3.00	140	2
Shri P.A.S. Alaghar Raja Independent Director	1.30	100	1
Shri S. Sarathy Subburaj Independent Director	0.20	100	0.15
Shri N. Vijay Gopal Chief Financial Officer	78.56	48.56	60
Shri Walter Vasanth P J Company Secretary	12.25	396	9

- iii. The median remuneration of the employees during the financial year was ₹ 1,30,251 and the percentage increase in the median remuneration was 16.22%.
- iv. There were 1,750 Permanent employees on the rolls of the Company, as on 31<sup>st</sup> March, 2022.
- v. Average percentage of increase in the salaries of the employees other than the managerial personnel in the financial year i.e. 2021-22 was 17% whereas the increase in the managerial remuneration for the same financial year was 10%.
- vi. It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other employees.

**Disclosure Relating to Remuneration Under Section 197 (12) of the Companies Act, 2013 Read with Rule 5(2) And (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

Particulars of Top 10 Employees in term of remuneration drawn and Particulars of Employees employed throughout the financial year 2021-22 and was in receipt of remuneration in the aggregate of not less than ₹ 102 Lakhs.

Sl. No.	Name	Age (Years)	Designation	Remuneration Paid/ Payable (₹ in Lakhs)	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1.	Smt Nalina Ramalakshmi	59	Managing Director	126.21	B.Sc., M.S.C.S., (19 Years)	12.08.2005	-
2.	Shri N.R.K. Ramkumar Raja	64	Managing Director	126.21	B.Tech., M.E., (29 Years)	14.02.2016	-
3.	Shri N. Vijay Gopal	54	Chief Financial Officer	78.56	B.Com., FCA., (31 Years)	12.02.2020	Sterling Tools Limited
4.	Shri Hemanth Kumar K	40	Sr.Vice President - Sales & Supply Chain	47.32	B.Tech., MBA., (17 Years)	19.08.2021	Trident India Limited
5.	Shri V. Santhosh	49	Sr.General Manager (Works)	26.55	D.T.T. (30 Years)	03.02.2016	Premier Fine Linens Private Limited
6.	Shri Swapnil Karnik	42	Vice President - Sales	22.56	B.E., L.T.M., PGEMP., (20 Years)	04.10.2021	Welspun Global Brands Limited
7.	Shri Bhavanasi Srinivasa Rao	53	Sr.General Manager (Works)	18.82	D.T.T. (32 Years)	11.02.2008	Super spinning mills limited
8.	Shri K. Martin Luther	49	Deputy General Manager-Cotton	16.93	B.Com., (29 Years)	07.05.2019	Thiagarajar Mills Private Limited
9.	Shri S. Manikandan	40	Deputy General Manager - (PPC)	15.95	D.Tech, MBA (20 Years)	18.06.2018	VTM Limited
10.	Shri Rangaraj C	50	Deputy General Manager – Human Resource	15.62	MSW., PGDPMIR., PGDBA., DLL AL., (28 Years)	21.02.2021	Super Spinning Mills Limited

Note:

1. All appointments are contractual.
2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, but does not include Provision for Gratuity and Leave Encashment.
3. None of the employees mentioned above is related to any Director of the Company except Smt Nalina Ramalakshmi, Managing Director who is related to Shri P.R. Venketrama Raja, Chairman and Shri N.R.K. Ramkumar Raja, Managing Director. Shri N.R.K. Ramkumar Raja who is related to Shri N.K. Shrikantan Raja, Director.

By Order of the Board,  
For The Ramaraju Surgical Cotton Mills Limited,

Rajapalayam  
25<sup>th</sup> May, 2022

**P.R. Venketrama Raja**  
Chairman

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Separate Financial Statements**

#### **Opinion**

We have audited the Separate financial statements of The Ramaraju Surgical Cotton Mills Limited ("the Company"), which comprise the Separate balance sheet as at 31<sup>st</sup> March 2022, and the Separate Statement of Profit and Loss, the Separate Statement of changes in Equity and the Separate Statement of cash flows for the year ended on that date, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "the Separate Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid separate financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

We draw attention to Note No. 47 to the separate financial statements, which describes the uncertainties and the impact of the COVID-19 pandemic on the company's operations and results as assessed by the management. The Management has assessed that there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID 19 pandemic. Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion

thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matter	Auditor's Response
1	<p><b>Recognition and measurement of deferred taxes</b></p> <p>The recognition and measurement of deferred tax items requires determination of differences between the recognition and the measurement of assets, liabilities, income and expenses in accordance with the Income Tax Act and other applicable tax laws including application of ICDS and financial reporting in accordance with Ind AS.</p> <p>Assessment of Deferred Tax Assets is done by the management at the close of each financial year taking into account forecasts of future taxable results.</p> <p>We have considered the assessment of deferred tax liabilities and assets as a key matter due to the importance of management's estimation and judgment and the materiality of amounts.</p> <p><b>(Refer to Note No. 5 D (iv), (v), (vi) &amp; (vii) &amp; 5A (iv) to the Separate Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></p> <p>The key matter was addressed by performing audit procedures which involved assessment of underlying process and evaluation of internal financial controls with respect to measurement of deferred tax and re-performance of calculations and assessment of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable financial reporting standards.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the separate financial statements.</p>
2	<p><b>Evaluation of uncertain Tax Position/ Other contingent liabilities</b></p> <p>The Company has material uncertain tax position in respect of possible or actual taxation disputes, litigations and claims. The provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various legal forums.</p> <p><b>(Refer to Note No. 5 O (iv) &amp; 5A (vi) to the Separate Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></p> <p>The Audit addressed this Key Audit Matter by assessing the adequacy of tax Provisions by reviewing the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes.</p> <p>We reviewed the significant litigations and claims and discussed with the Company's legal counsel, external advisors about their views regarding the likely outcome and magnitude of and exposure to relevant litigation and claims.</p> <p>We also reviewed to relevant judgments and the opinions given by the company's advisers, which were relied on by the management for such claims.</p>



S. No.	Key Audit Matter	Auditor's Response
		Furthermore we assessed the adequacy and appropriateness of the disclosures in the separate financial statements.
3	<p><b>Existence and impairment of Trade Receivables</b></p> <p>Trade Receivables are significant to the Company's financial statements. The Collectability of trade receivables is a key element of the company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business and the requirements of customers, various contract terms are in place, there is a risk that the carrying values may not be reflective of their recoverable amounts as at the reporting date, which would require an impairment provision. Where there are indicators of impairment, the company undertakes assessment of the recoverability of the amounts. Given the magnitude and inherent uncertainty involved in the judgment, involved in estimating impairment assessment of trade receivables, we have identified this as a key audit matter.</p> <p><b>(Refer to Note No. 5 T (vii) &amp; 5 V (vi) (b) and 5A (vii) to the Separate Financial Statements)</b></p>	<p><b>Principal Audit Procedures:</b></p> <p>We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. Assessing the impact of impairment on trade receivables requires judgment and we evaluated management's assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.</p> <p>We also reviewed the system of obtaining monthly confirmation from the customers, which are kept in electronic mode by the company. We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures. Furthermore we assessed the adequacy and appropriateness of the disclosures in the separate financial statements.</p>
4	<p><b>Changes in useful life of Property, plant and equipment (PPE)</b></p> <p>As at March 31, 2022 the Company had a gross block of ₹ 34,108.72 Lakhs in plant and machinery and Electrical Machinery which constitutes 81.76 % of the property, plant and equipment of the company.</p> <p>In the current year, the Company has revised the useful life of the plant and machinery and Electrical Machinery. Assessment of useful lives of plant and machinery and Electrical Machinery involves management judgment,</p>	<p>Our audit procedures included and were not limited to the following:</p> <p>Evaluating the reasonableness of the assumptions considered by the management in estimation of useful life.</p> <p>Examining the useful economic lives assigned with reference to the Company's historical experience, technical evaluation by Registered Valuer and our understanding of the future utilisation of assets by the Company.</p>



S. No.	Key Audit Matter	Auditor's Response
	consideration of historical experiences, anticipated technological changes, etc. Accordingly, it has been determined as a key audit matter. <b>(Refer to Note No. 5 E &amp; 5A (ii) of the Separate financial statements)</b>	Assessing whether the impact on account of the change has been appropriately recognized in the financial statements. Review of the disclosures made in the financial statements in this regard.

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

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

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

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

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

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

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these separate financial statements that give a true and fair view of the state of affairs, profit or loss including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of Companies Act 2013 read with relevant rules issued there under and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the separate financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Separate Balance Sheet, the Separate Statement of Profit and Loss including Other Comprehensive Income, the Separate Statement of changes in equity and the Separate statement of Cash Flow dealt with by this Report are in agreement with the books of account.

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- (d) In our opinion, the aforesaid separate financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our Separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company’s internal financial control over financial reporting.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended.

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

- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the details of the pending litigations and its impact on the financial position in its separate financial statements have been disclosed in Note No. 40 of the Disclosures forming part of the Separate Financial Statements for the year ended 31<sup>st</sup> March 2022;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of Companies (Audit and Auditors) Rules, 2014, as provide under (a) and (b) above, contain any material mis-statement.
- v. As stated in Note 48 to the Separate financial statements, the dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

For **N.A. JAYARAMAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001310S

**R. PALANIAPPAN**  
Partner  
Membership Number: 205112  
UDIN: 22205112AJNWRT8351

Chennai  
25<sup>th</sup> May 2022

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**“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT**

With reference to the Annexure A referred to in the Independent Auditor’s Report to the members of company on the Separate financial statements for the year ended 31st March 2022, we report the following:

- (i) (a) A. The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) As explained to us, all the Property, Plant and Equipment have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- (c) According to the information and explanation given to us and on the basis of the verification of the records of the company the title deeds of immovable properties of the Company are held in the name of the Company.
- In respect of immovable properties taken on lease and disclosed as right of use assets in the Separate financial statements, the lease agreements are in the name of company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any Benami property under the Prohibition of Benami Property Transactions Act 1988 and rules made there under.
- (ii) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on verification between the physical stocks and the books records were properly dealt with in the books of accounts and were not material.
- (c) The Company has been sanctioned working capital limits in excess of five crore rupees from bankers on the basis of security of current assets and the quarterly statements filed with such banks are in agreement with the books of account of company.

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

₹ in Crores

Particulars	Investments	Guarantees	Loans
Aggregate amount granted during the year			
(i) Subsidiary & Associates	369.60	NIL	NIL
(ii) Other Companies	NIL	NIL	NIL
(iii) Others	NIL	NIL	NIL
Balance outstanding as at Balance Sheet date			
(i) Subsidiary & Associates	2975.15	NIL	NIL
(ii) Other Companies	12.10	NIL	NIL
(iii) Others	NIL	NIL	NIL

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in nature of loans and guarantees provided, prima facie, not prejudicial to the interest of the company.
- (c) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion, in respect of loans and advances in the nature of loans, where the schedule of repayment of principal and payment of interest has been stipulated, the repayments or receipts are regular.
- (d) According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not granted loans repayable on demand without specifying any terms or period of repayment.
- (iv) According to information and explanations give to us, the company has complied with the provisions of Section 185 and 186 of the Act in relation to loans, guarantees provided and investments made.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits or amounts which are deemed to be deposits during the year. Accordingly, reporting under this clause 3 (v) of the Order does not arise.
- (vi) The Central Government, under section 148 (1) of the Companies Act 2013 has specified maintenance of cost records and such accounts and records have been so made and maintained by the Company.
- (vii) (a) According to the records of the Company and information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, goods



and services tax, cess and any other statutory dues with the appropriate authorities. No undisputed amounts payable in respect of the above were in arrear as at 31<sup>st</sup> March 2022 for a period of more than six months from the date they become payable.

- (b) As at 31<sup>st</sup> March 2022, according to the records of the Company, the following are the particulars of the disputed dues on account of sales tax, income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of dispute:

₹ in Crores

Sl. No.	Name of the Statute	Forum where dispute is pending	Period to which it relates	31/03/2022	31/03/2021
1	Sales tax	Deputy Commissioner (Commercial Tax – Appellate)	AY 2011-12 AY 2013-14	NIL	8.45

- (viii) According to the Information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under Income tax act 1961 as income during the year.
- (ix) (a) Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the company has not defaulted in repayment of loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not a declared wilful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have not been used for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the separate financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associate companies as defined in the Act.
- (f) According to the information and explanations given to us and the procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its associate companies as defined under the Act.



- (x) (a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not raised moneys by way of initial public offer or further public offer during the year.  
  
(b) In our opinion and according to the information and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not raised funds by way of preferential allotment or private placement of shares during the year.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materially outlined in the Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.  
  
(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.  
  
(c) No whistle blower complaints received by the Company during the year. Accordingly, clause 3 (xi) (c) of the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Separate Financial Statements, as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations given to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.  
  
(b) We have considered the internal audit reports of the Company till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non - cash transactions with directors or persons connected to its Directors. Accordingly, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of clause 3 (xvi)(b) of the Order is not applicable to the Company

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

For **N.A. JAYARAMAN & CO.**,  
Chartered Accountants  
Firm Registration Number: 001310S

**R. PALANIAPPAN**  
Partner  
Membership Number: 205112  
UDIN: 22205112AJNWRT8351

Chennai  
25<sup>th</sup> May 2022

## **“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE SEPARATE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE INDIAN ACCOUNTING STANDARDS OF THE RAMARAJU SURGICAL COTTON MILLS LIMITED**

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

We have audited the internal financial controls over financial reporting of **M/s. THE RAMARAJU SURGICAL COTTON MILLS LIMITED** (“the Company”) as of March 31, 2022 in conjunction with our audit of the separate financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

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

### **Auditors’ Responsibility**

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

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

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

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

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

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

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

### **Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup>, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **N.A. JAYARAMAN & CO.**,  
Chartered Accountants  
Firm Registration Number: 001310S

**R. PALANIAPPAN**  
Partner  
Membership Number: 205112  
UDIN: 22205112AJNWRT8351

Chennai  
25<sup>th</sup> May 2022

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022**

(₹ in Lakhs)

	Note No	As at 31-03-2022	As at 31-03-2021
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
Property, Plant & Equipments	6	20,140.24	22,384.93
Capital Work-in-progress	7	1,295.99	116.17
Investment Property	8	5.62	5.80
Intangible Assets	9	1.56	1.82
Financial Assets			
Investments in Subsidiaries & Associates	10	2,975.15	2,605.56
Other Investments	11	12.10	13.80
Other Financial Assets	12	472.99	406.59
Other Non-Current Assets	13	1,742.01	552.64
<b>Sub Total ( A )</b>		<b>26,645.66</b>	<b>26,087.31</b>
<b>(2) Current Assets</b>			
Inventories	14	9,645.90	5,475.80
Financial Assets			
Trade Receivables	15	5,839.88	7,592.35
Cash and Cash Equivalents	16	742.22	232.79
Bank Balance other than Cash and Cash Equivalents	17	91.70	7.40
Other Financial Assets	18	161.20	1,416.64
Current Tax Assets		226.24	
Other Current Assets	19	1,639.14	1,046.53
<b>Sub Total ( B )</b>		<b>18,346.28</b>	<b>15,771.51</b>
<b>TOTAL ASSETS (A+B)</b>		<b>44,991.94</b>	<b>41,858.82</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
Equity Share Capital	20	394.66	394.66
Other Equity	21	10,656.84	10,357.11
<b>Total Equity ( A )</b>		<b>11,051.50</b>	<b>10,751.77</b>
<b>(2) Liabilities</b>			
<b>(A) Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	22	11,487.90	12,451.91
Provisions	23	75.90	62.91
Deferred Tax Liabilities (Net)	24	617.97	272.04
Deferred Government Grants	25	-	40.05
<b>Sub Total ( B )</b>		<b>12,181.77</b>	<b>12,826.91</b>
<b>(B) Current Liabilities</b>			
Financial Liabilities			
Borrowings	26	17,554.71	14,891.49
Trade Payables	27		
(i) Total Outstanding dues of micro enterprises and small enterprises		84.25	58.90
(ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises		1,111.71	1,371.40
Other Financial Liabilities	28	867.26	1,105.02
Other Current Liabilities	29	1,630.81	459.80
Provisions	30	509.93	359.18
Current Tax Liabilities		-	34.35
<b>Sub Total ( C )</b>		<b>21,758.67</b>	<b>18,280.14</b>
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>		<b>44,991.94</b>	<b>41,858.82</b>
Significant Accounting Policies, Judgements and Estimates	1 - 5		
See accompanying notes to the financial statements.	6-51		

As per our report annexed

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

**R. Palaniappan**  
Partner  
Membership No. 205112

Rajapalayam  
25<sup>th</sup> May, 2022

On behalf of the Board of Directors  
**For The Ramaraju Surgical Cotton Mills Limited**

**Shri P.R.Venketrama Raja**  
Chairman

**Smt. Nalina Ramalakshmi**  
Managing Director

**N.Vijay Gopal**  
Chief Financial Officer

**Walter Vasanth P J**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**



**THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED**

			(₹ In Lakhs)
	Note No.	For the Year Ended 31-03-2022	For the Year Ended 31-03-2021
<b>INCOME</b>			
<b>I</b> Revenue from operations	31	<b>37,603.20</b>	28,424.00
<b>II</b> Other Income	32	<b>193.53</b>	3,226.64
<b>III Total Income (I+II)</b>		<b>37,796.73</b>	31,650.64
<b>IV EXPENSES</b>			
Cost of Materials Consumed	33	<b>21,489.14</b>	12,974.01
Purchases of Stock- in- Trade		<b>505.04</b>	190.00
Changes in Inventories of Finished Goods and Work-in-Progress	34	<b>(1,000.31)</b>	3,041.75
Employee Benefit Expenses	35	<b>3,522.10</b>	2,843.32
Finance Costs	36	<b>1,925.27</b>	2,199.86
Depreciation and Amortisation Expenses	37	<b>4,077.44</b>	1,752.86
Other Expenses	38	<b>6,388.06</b>	5,160.25
<b>Total Expenses</b>		<b>36,906.74</b>	28,162.05
<b>V Profit before tax (III-IV)</b>		<b>889.99</b>	3,488.59
<b>VI Tax Expenses</b>			
Current Tax		<b>135.91</b>	611.65
Mat Credit Utilization		<b>299.22</b>	
Deferred Tax		<b>46.71</b>	(403.57)
<b>VII Profit for the Year (V-VI)</b>		<b>408.15</b>	3,280.51
<b>VIII Other Comprehensive Income</b>			
<b>Item that will not be reclassified subsequently to Profit and Loss:</b>			
Remeasurement (Losses) on defined benefit obligation (net)		<b>(86.98)</b>	(26.49)
Less: Income tax Savings		<b>(24.20)</b>	(4.63)
Add: Deferred Tax (including MAT Credit)		<b>24.20</b>	4.63
		<b>(86.98)</b>	(26.49)
Fair value Gain on Equity Instruments through OCI (Net)		<b>(1.71)</b>	0.79
Other Comprehensive Income for the year, net of tax		<b>(88.69)</b>	(25.70)
<b>IX Total Comprehensive Income for the year, net of tax (VII+VIII)</b>		<b>319.46</b>	3,254.81
<b>X Earnings per Equity Share of ₹ 10/- each</b>		<b>10.34</b>	83.12
(Basic & Diluted) (in Rupees)			
(Refer to Note No.42)			
Significant Accounting Policies, Judgements and Estimates	1 - 5		
See accompanying notes to the financial statements.	6-51		

As per our report annexed

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

**R. Palaniappan**  
Partner  
Membership No. 205112

Rajapalayam  
25<sup>th</sup> May, 2022

On behalf of the Board of Directors  
**For The Ramaraju Surgical Cotton Mills Limited**

**Shri P.R.Venketrama Raja**  
Chairman

**N.Vijay Gopal**  
Chief Financial Officer

**Smt. Nalina Ramalakshmi**  
Managing Director

**Walter Vasanth P J**  
Company Secretary

**A. Equity Share Capital** (Refer Note No. 20)

(₹ in Lakhs)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	Amount
Balance as at 31-03-2022	394.66
Changes in Equity Share Capital during the year 2021-22	-
Balance as at 01-04-2021	394.66
Equity Shares of ₹ 10 each issued, subscribed and fully paid	Amount
Balance as at 31-03-2021	394.66
Changes in Equity Share Capital during the year 2020-21	-
Balance as at 01-04-2020	394.66

**B. Other Equity** (Refer Note No. 21)

(₹ in Lakhs)

**For the year ended 31-03-2022**

Particulars	Reserves & Surplus			Items of OCI		Total Other Equity
	Capital Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
Other Equity as at 1 <sup>st</sup> April 2021	17.63	9,844.92	489.55	5.01	-	10,357.11
Financial Year 2021-22						
Add/(Less): Profit for the year			408.15	(1.71)		406.44
Add/(Less): Other Comprehensive Income					(86.98)	(86.98)
<b>Total Comprehensive Income</b>	-	-	408.15	(1.71)	(86.98)	319.46
Add/(Less): Dividend distribution to Shareholders			(19.73)			(19.73)
Add/(Less): Transfer from OCI			(86.98)		86.98	-
Add/(Less): Transfer to General Reserve			-			-
Add/(Less): Transfer from Retained Earnings			-			-
<b>Other Equity as at 31<sup>st</sup> March 2022</b>	17.63	9,844.92	790.99	3.30	-	10,656.84

**For the year ended 31-03-2021**

Particulars	Reserves & Surplus			Items of OCI		Total Other Equity
	Capital Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
Other Equity as at 1 <sup>st</sup> April 2020	17.63	5,844.92	1,255.26	4.22	-	7,122.03
Financial Year 2020-21						
Add/(Less): Profit for the Year			3,280.51	0.79		3,281.30
Add/(Less): Other Comprehensive Income					(26.49)	(26.49)
<b>Total Comprehensive Income</b>			3,280.51	0.79	(26.49)	3,254.81
Add/(Less): Dividend distribution to Shareholders			(19.73)			(19.73)
Add/(Less): Transfer from OCI			(26.49)		26.49	-
Add/(Less): Transfer to General Reserve			(4,000.00)			(4,000.00)
Add/(Less): Transfer from Retained Earnings		4,000.00	-			4,000.00
<b>Other Equity as at 31<sup>st</sup> March 2021</b>	17.63	9,844.92	489.55	5.01	-	10,357.11

As per our report annexed

On behalf of the Board of Directors

**For N.A. Jayaraman & Co**

**For The Ramaraju Surgical Cotton Mills Limited**

Chartered Accountants

Firm Registration No. 001310S

**R. Palaniappan**

Partner

Membership No. 205112

**Shri P.R.Venketrama Raja**

Chairman

**Smt. Nalina Ramalakshmi**

Managing Director

Rajapalayam

25<sup>th</sup> May, 2022

**N.Vijay Gopal**

Chief Financial Officer

**Walter Vasanth P J**

Company Secretary



**STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**


THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

	2021-22	2020-21
<b>A. Cash flows from Operating Activities</b>		
Profit before tax	889.99	3,488.59
Adjustments to reconcile profit before tax to Net Cash Flows:		
Depreciation & Amortisation	4,077.44	1,752.86
Finance Cost	1,925.27	2,199.86
Interest Received	(167.67)	(92.46)
Dividend Received	(0.79)	(106.15)
Loss/(Profit) on Sale of Investments	-	(2,958.80)
Loss/(Profit) on Sale of Assets	401.46	(3.97)
Gratuity and Government Grants	-	(29.83)
Bad Debts	4.46	5.89
Provision for Doubtful Debts	11.16	-
Operating Profit before Working capital Changes	7,141.32	4,255.99
Movements in Working Capital:		
Trade Receivables	1,736.85	(2,020.99)
Loans and Advances	(817.48)	(994.87)
Inventories	(4,170.10)	2,839.74
Trade Payables & Current liabilities	788.25	409.44
Cash generated from Operations	4,678.84	4,489.31
Income Tax Paid (Net)	(226.27)	(572.15)
<b>Net Cash Flows from Operating Activities</b>	<b>A</b>	<b>3,917.16</b>
<b>B. Cash Flows from Investing Activities :</b>		
Purchase of Fixed Assets Net of Capital Subsidies (Including Capital work-in-progress)	(3,780.64)	(243.10)
Investment in Shares	(367.88)	(1,511.05)
Sale of Investment	-	2,962.26
Proceeds from Sale of Property, Plant & Equipments	367.01	12.24
Interest Received	167.67	92.46
Dividend Received	0.79	106.15
<b>Net Cash Flows from Investing Activities</b>	<b>B</b>	<b>1,418.96</b>



STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022

(₹ in Lakhs)

		2021-22	2020-21
<b>C. Cash Flows from Financing Activities :</b>			
Proceeds from Long Term Borrowings		3,705.34	5,523.00
Repayment of Deposits - Related Parties		(737.03)	(535.00)
Repayment of Long Term Loan		(4,043.70)	(3,112.51)
Proceeds / (Repayment) of Short Term Borrowings (Net)		2,774.60	(4,927.03)
Payment of Dividend		(19.73)	(19.73)
Finance Cost		(1,925.27)	(2,199.86)
<b>Net Cash Flows used in Financing Activities</b>	<b>C</b>	<b>(245.79)</b>	<b>(5,271.13)</b>
<b>Net Increase in Cash and Cash Equivalent</b>	<b>D=(A+B+C)</b>	<b>593.73</b>	<b>64.99</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>240.19</b>	<b>175.20</b>
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D+E</b>	<b>833.92</b>	<b>240.19</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	31.03.2022	31.03.2021
Cash and Cash Equivalents (Refer Note No. 16)	742.22	232.79
Bank Balances other than Cash and Cash Equivalents (Refer Note No. 17)	91.70	7.40
	<b>833.92</b>	<b>240.19</b>

See accompanying notes to the financial statements (Refer to Note No.6 to 51)

As per our report annexed

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

**R. Palaniappan**  
Partner  
Membership No. 205112

Rajapalayam  
25<sup>th</sup> May, 2022

On behalf of the Board of Directors  
**For The Ramaraju Surgical Cotton Mills Limited**

**Shri P.R.Venketrama Raja**  
Chairman

**N.Vijay Gopal**  
Chief Financial Officer

**Smt. Nalina Ramalakshmi**  
Managing Director

**Walter Vasanth P J**  
Company Secretary

## NOTES TO SEPARATE FINANCIAL STATEMENTS

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### 1. Corporate Information

The Ramaraju Surgical Cotton Mills Limited (“the Company”) is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of the Companies Act. The company is listed on MSEI in India. The Registered office of the Company is located at The Ramaraju Surgical Cotton Mills Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu, India.

The Company is primarily engaged in manufacture of Surgical Dressings, Yarn and Greige Fabrics with its manufacturing facilities located in Rajapalayam, Subramaniapuram, Perumalpatti Village in Tamilnadu and in Jaggiyahpet, Andhrapradesh. The Company is also engaged in generation of electricity from its windmills and solar panel for its captive consumption.

The financial statements of the Company for the year ended 31-03-2022 were approved and adopted by Board of Directors of the Company in their meeting dated 25.05.2022.

### 2. Statement of Ind AS Compliance

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and presentation requirements of Division II of Ind AS compliant Schedule III to the Companies Act, 2013

#### Basis of Preparation of Separate Financial Statements

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

**3. 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.

**4. Significant Accounting Policies****A. Inventories**

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

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

**B. Statement of Cash Flows**

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before 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 that are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Statement of Cash flows

**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. Dividend together with applicable taxes is recognised directly in Other Equity.

**D. Income Taxes**

- (i) Current tax is payable is based on taxable profit for the year. Taxable profit differs from Profit before tax as reported in the Statement of Profit & Loss because of Items of Income or Expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period. The MAT Credit Entitlement being unused tax credits that are carried forward by the Company for a specified period, is grouped under Deferred Tax.
- (iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.
- (iv) Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date.
- (v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- (vi) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right to 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 “Other Equity” as the case may be.

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

- (i) PPEs are stated at cost of acquisition or construction less accumulated depreciation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The directly attributable costs include cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition.
- (ii) Government grants related to assets have been deducted in arriving at the carrying amount of the respective assets.
- (iii) Subsequent expenditures are included in the assets’ carrying amount and recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- (iv) Spares which meet the definition of PPE are capitalised from the date when it is available for use. Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (v) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised.
- (vi) 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.
- (vii) The Company follows the useful lives of the significant parts of certain class of PPE on the straight line basis.
- (viii) During the year, the company has re-assessed the useful life of the assets taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc. based on technical advice as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

## NOTES TO SEPARATE FINANCIAL STATEMENTS

Type of Plant and Machinery	Useful life of such component ranging from	
	Existing	Revised
Building	3 to 60 years	3 to 60 years
Textile Machines / Equipment	10 to 25 years	7 to 25 years
Wind Mills	5 to 30 years	5 to 30 years
HFO / DG Set	12 to 25 years	7 to 15 years
Solar Panel	25 years	25 years
Furniture and Fixtures	3 to 10 years	3 to 10 years
Electrical Machineries	3 to 25 years	3 to 15 years
Motor cars given to employees as per company's scheme	6 to 8 years	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. 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.

### F. Capital Work in progress / Capital Advances

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

The cost of assets not put to use before such date are disclosed under 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) Ind AS 116 requires lessees to account for all leases under a single on-balance sheet model. The Company, as a lessee, upon transition to Ind AS 116, elected to measure the lease liability for all leases whose non-cancellable lease term is more than 12 months, at the present value of remaining lease payments discounted using the incremental borrowing rate at the date of initial application and recognise the right-of-use asset at an amount equal to the lease liability, adjusted for prepaid lease payments recognised in the balance immediately before the date of initial application.
- (ii) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of an underlying asset and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a Lessee**

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



the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<b>Particulars</b>	<b>Useful Life</b>
Land - Right-of-Use Assets	99 Years

### **Company as a Lessor**

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

## **H. Revenue Recognition**

### **(i) Revenue from Operations**

#### **(a) Sale of products**

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. It comprises of invoice value of goods after deducting discounts, volume rebates and applicable taxes on sale including GST. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. The financing component with regard to sale of products are excluded from Revenue from operations and recognized as Interest Receipts over the credit periods as per Ind AS 115. The Company does not have any non-cash consideration.

#### **(b) Power generated from Windmills**

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

#### **(c) Scrap sales**

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

#### **(d) Income from Job Work**

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



**(ii) Other Income**

- a. Interest income is 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 Property, Plant and Equipments is recognised on a straight line basis over the terms of the relevant lease.

**I. Employee Benefits**

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's basic salary. The Company has no further obligations.
- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the eligible and opting officer's annual basic salary. Out of the said 15% contribution, a sum upto Rs.1.50 Lakhs per annum is remitted to The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund administered by trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.
- (v) The Company has its own Defined Benefit Plan viz., an approved Gratuity Fund for its employees. 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. Based on the Actuarial Valuation by an independent external actuary, the Company makes annual contributions to "The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund" administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the reporting date using Projected Unit Credit method

- (vi) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method. The Company presents the entire compensated absences as 'Short-term provisions' since employee has an unconditional right to avail the leave at any time during the year.
- (vii) Remeasurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to other comprehensive income in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

**J. Government Grants**

- (i) Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets"
- (iii) Government grants recoverable relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred grant income and are credited to the statement of profit and loss on a systematic basis over the expected lives of the related assets.
- (iv) As per the amendment in Ind-AS 20 w.e.f. 01.04.2018, Government grants relating to the purchase of property, plant and equipment the company has opted as deduction from the carrying value of such specific assets.

**K. Foreign currency transactions**

- (i) The financial statements are presented in Indian Rupees, which is also the Company's functional currency.
- (ii) All transactions in foreign currency are recorded on initial recognition at their functional currency exchange rates prevailing on that date.

- (iii) Monetary assets and liabilities in foreign currencies outstanding at the reporting date are translated to the functional currency at the exchange rates prevailing on the reporting date and the resultant gains or losses are recognised during the year in the Statement of Profit and Loss.

**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 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, interest on lease liabilities, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

**M. Earnings per Share**

- (i) Earnings per share is calculated by dividing the profit / (loss) attributable to equity shareholders by the weighted average number of equity shares.
- (ii) Where an item of income or expense which is otherwise required to be recognised in the Statement of Profit and Loss is debited or credited to Equity, the amount in respect thereof is suitably adjusted in Net profit for the purpose of computing Earnings per share.

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

- (i) The carrying values of assets including property, plant and equipment, investment properties, cash generating units and intangible assets are reviewed for impairment at each reporting date, if there is any indication of impairment based on internal and external factors.
- (ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.

- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

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

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

**P. Intangible Assets**

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) Intangible Assets are amortised over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Nature of Intangible Assets	Estimated useful life
Computer software	6 years

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

**Q. Investment Properties**

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

Asset type	Useful life
Buildings under Investment properties	60 years

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

**R. Segment Reporting**

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

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

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

- significant risk and rewards of the financial asset, or
- control of the financial asset

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

- (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.



## NOTES TO SEPARATE FINANCIAL STATEMENTS

- (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.

### U. Financial Liabilities

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

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

### V. Fair value measurement

- (i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.



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

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

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

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

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

a) **Investments in Equity**

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

b) **Trade and other receivables**

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

c) **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.

**The details of amendments to the existing standards that are relevant to the Company with effect from 01-04-2021 are given below:**

- (a) Conceptual framework for financial reporting under Ind AS issued by ICAI. The Framework is not a standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is a choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The MCA has notified the Amendments to Ind AS, consequential to Conceptual Framework under Ind AS vide notification date 18-06-2021 applicable for annual periods beginning on or after 01-04-2021.

These amendments had no impact on the financial statements of the Company.

- (b) Amendments to Ind AS 105, Ind AS 16 and Ind AS 28 The definition of 'Recoverable amount' is amended such that the words 'the higher of an asset's fair value less costs to sell and its value in use' are replaced with 'higher of an asset's fair value less costs of disposal and its value in use'.

These amendments had no impact on the financial statements of the Company.

## **5. Significant Estimates and Judgements**

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

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

### **(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) Segment Reporting**

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

**(vii) Contingent Liabilities**

Management 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.

**(viii) Impairment of Trade receivables**

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

**(ix) Impairment of Non-financial assets (PPE/Intangible Assets/Investment Properties)**

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

**(x) 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.

**(xi) 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.

**(xii) Impairment of Investments in Subsidiary / Associates**

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

**(xiii) Interests in other entities**

Significant management judgement is exercised in determining the interests in other entities. The management believes that wherever there is a significant influence over certain companies belonging to its group, such companies are treated as Associate companies even though it holds less than 20% of the voting rights. Significant management judgement is exercised whether such associate companies are individually immaterial or not for the purpose of disclosure requirements.



NOTES TO SEPARATE FINANCIAL STATEMENTS

Note No. 6

Property, Plant & Equipment

(₹ in Lakhs)

Particulars	Year	Gross Block				Depreciation				Net Block	
		As at the beginning of the year	Additions made during the year	Deductions / Adjustments	As at the end of the year	As at the beginning of the year	For the year (Note No.37)	Deductions / Adjustments	As at the end of the year	As at the end of the year	As at the beginning of the year
Land	2021-22	448.47	6.89	-	455.36	-	-	-	-	455.36	448.47
	2020-21	448.47	-	-	448.47	-	-	-	-	448.47	448.47
Land- Right-of-use asset	2021-22	-	372.93	-	372.93	-	3.77	-	3.77	369.16	-
	2020-21	-	-	-	-	-	-	-	-	-	-
Buildings	2021-22	6,063.84	8.72	-	6,072.56	1,712.61	194.93	-	1,907.54	4,165.02	4,351.23
	2020-21	6,051.53	12.31	-	6,063.84	1,513.79	198.82	-	1,712.61	4,351.23	4,537.74
Buildings - Right-of-use asset	2021-22	-	-	-	-	-	-	-	-	-	-
	2020-21	68.44	-	68.44	-	11.06	-	11.06	-	-	57.38
Plant and Machinery	2021-22	31,417.07	2,080.74	2,090.69	31,407.12	14,960.55	3,637.79	1,331.54	17,266.80	14,140.32	16,456.52
	2020-21	31,335.77	82.36	1.06	31,417.07	13,587.78	1,373.43	0.66	14,960.55	16,456.52	17,747.99
Electrical Machinery	2021-22	2,698.73	21.39	18.52	2,701.60	1,820.17	180.74	12.22	1,988.69	712.91	878.56
	2020-21	2,690.82	7.91	-	2,698.73	1,703.88	116.29	-	1,820.17	878.56	986.94
Furniture & Office Equipments	2021-22	344.69	36.23	-	380.92	230.26	32.68	-	262.94	117.98	114.43
	2020-21	311.55	33.14	-	344.69	198.97	31.29	-	230.26	114.43	112.58
Vehicles	2021-22	267.74	73.92	11.63	330.03	132.02	27.09	8.57	150.54	179.49	135.72
	2020-21	269.35	17.84	19.45	267.74	115.05	28.55	11.58	132.02	135.72	154.30
Total	2021-22	41,240.54	2,600.82	2,120.84	41,720.52	18,855.61	4,077.00	1,352.33	21,580.28	20,140.24	22,384.93
	2020-21	41,175.93	153.56	88.95	41,240.54	17,130.53	1,748.38	23.30	18,855.61	22,384.93	24,045.40

Other Disclosures:

(a) All the Fixed Assets has been pledged as security for borrowings.

(b) Change in Estimate:

During the year, the Company has revised its estimate of useful life in respect of certain items of property, plant and equipment. Had the Company used the earlier estimate, the depreciation for the year would have been lower by ₹2654.22 Lakhs with a consequential impact on the carrying value of the property, plant and equipment. In the opinion of the management, the above change in estimate of useful life which was made based on technical evaluation made by registered valuer will result in more reliable and relevant presentation of the above referred items of property, plant and equipment in the financial statements

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

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

(e) During FY 2021-22, the company has received a sum of ₹ 2.47 Crores (PY : ₹ Nil) as capital subsidy. The subsidy has been directly credited against the carrying value of the respective plant and machinery.

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
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**Note No. 7**

**Capital Work in Progress**

<b>As at the beginning of the year</b>	<b>116.17</b>	26.63
Add: Additions during the year	<b>3,780.64</b>	243.10
Less: Capitalized during the year	<b>2,600.82</b>	153.56
<b>As at the end of the year</b>	<b>1,295.99</b>	116.17

**Additional Disclosures**

- i) Capital work in progress includes borrowing cost of ₹ 26.93 Lakhs (PY: ₹ Nil), computed at a weighted average interest rate of 7.75% p.a. (PY: Nil.) applicable to entity's borrowings outstanding during the year.
- ii) CWIP Ageing Schedule

Particulars	Amount in CWIP for a period of			
	<1 year	1-3 years	>3 years	Total
<b>As at 31-03-2022</b>	<b>1,295.99</b>	-	-	<b>1,295.99</b>
As at 31-03-2021	109.29	-	6.88	116.17

- iii) The amount of expenditure recognized in the carrying amount of an item of Property, Plant and Equipment in the course of its construction, included in Capital Work-in-Progress are given below:

(₹ in Lakhs)

Particulars	31-03-2022
Pre-operative expenses incurred during the year	
Employee Benefit Expenses	100.71
Stores, Spares and Consumables	4.86
Repair and Maintenance	16.07
Insurance	0.50
Rent Paid	1.85
Legal Charges	1.94
Miscellaneous Expenses	33.27
Pre-operative expenses included in CWIP as at the end of the year	<b>159.20</b>

(₹ in Lakhs)

**Note No. 8**

**Investment Property**

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Building</b>		
As at the Beginning of the Year	<b>8.72</b>	8.72
Addition/Sale	-	-
As at the end of the Year	-	8.72
Accumulated depreciation as at the beginning of the year	<b>2.92</b>	2.73
Depreciation for the year	<b>0.18</b>	0.19
Less :		
Accumulated depreciation as at the end of the year	<b>3.10</b>	2.92
<b>Net Block</b>	<b>5.62</b>	5.80
<b>Total Investment Property</b>	<b>5.62</b>	5.80
<b>Fair Value of Investment Property</b>	<b>118.32</b>	118.32

## NOTES TO SEPARATE FINANCIAL STATEMENTS

### Additional Disclosures

- i) The company owns a flat in Krishna Towers, Adyar, Chennai. The property is used by the company and not letout. Apart from payment of property taxes, water tax and depreciation, the company has not incurred any additional expenditure towards maintenance of the flat.
- ii) The Company measured its Investment Properties at Cost in accordance with Ind AS 40.
- iii) The fair valuation of these investment property are determined by an internal technical team, who are specialists in valuing these types of investment properties by using the technic of quoted prices for similar assets in active markets or recent price of similar properties in less active markets and adjusted to reflect those differences. Since the valuation is done by internal technical team as at 31.03.2022 the fair value of investment property as disclosed above is not based on valuation by a register valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.
- iv) The Company has no restrictions on the disposal of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- v) Fair value hierarchy disclosures for investment properties have been provided in Note No. 46.

### Note No. 9

#### Intangible Assets

(₹ in Lakhs)

Particulars	Year	Gross Block				Depreciation				Net Block	
		As at the beginning of the year	Additions made during the year	Deductions / Adjustments	As at the end of the year	As at the beginning of the year	For the year (Note No.34)	Deductions / Adjustments	As at the end of the year	As at the end of the year	As at the beginning of the year
Computer software	2021-22	27.14	-	-	27.14	25.32	0.26	-	25.58	1.56	1.82
	2020-21	181.60	-	154.46	27.14	175.49	4.29	154.46	25.32	1.82	6.11

#### Other Disclosures:

- (a) Deductions / adjustments represent intangible assets de-recognised from the financial statements since no future economic benefit is expected.
- (b) The Company has not revalued its Intangible Asset since the Company has adopted cost model as its accounting policy to an entire class of Intangible Asset in accordance with Ind AS 38.



**Note No. 10**

**Investment In Subsidiary & Associates**

(₹ in Lakhs)

Particulars	Face Value ₹ per share	As at 31-03-2022		As at 31-03-2021	
		Number of Shares	Amount	Number of Shares	Amount
<b>Quoted Investment - Fully paid up Equity Shares</b>					
<b>Associates</b>					
The Ramco Cements Limited	1	33,13,175	18.16	33,13,175	18.16
Ramco Industries Limited	1	1,35,880	0.53	1,35,880	0.53
Rajapalayam Mills Limited	10	1,57,733	141.19	1,35,200	12.98
Ramco Systems Limited	10	12,739	12.15	12,739	12.15
<b>Total Quoted Investments (A)</b>			<b>172.03</b>		<b>43.82</b>
<b>Unquoted Investment - Fully paid up Equity Shares</b>					
<b>Subsidiary</b>					
Madras Chipboard Limited	100	18,143	1,752.43	15,644	1,511.05
<b>Associates</b>					
Sri Vishnu Shankar Mill Limited	10	11,200	1.68	11,200	1.68
Sri Harini Textiles Limited	10	14,90,000	149.00	14,90,000	149.00
Shri Harini Media limited	1	60,00,500	60.01	60,00,500	60.01
<b>Total Unquoted Investments (B)</b>			<b>1,963.12</b>		<b>1,721.74</b>
<b>Investment in Preference Shares, Non Trade- Unquoted</b>					
Shri Harini Media Limited- 9% Redeemable Preference shares	1	8,40,00,000	840.00	8,40,00,000	840.00
<b>Total Investment in Preference Shares, Non Trade- Unquoted (C)</b>			<b>840.00</b>		<b>840.00</b>
<b>Aggregate Value of Total Investment (A+B+C)</b>			<b>2,975.15</b>		<b>2,605.56</b>
<b>Aggregate Value of:</b>					
Quoted Investments - Cost (A)			172.03		43.82
Market Value			27,228.78		34,617.61
Unquoted Investments - Cost (B)			2,803.12		2,561.74
<b>Total Quoted &amp; Unquoted investments (A+B)</b>			<b>2,975.15</b>		<b>2,605.56</b>

## NOTES TO SEPARATE FINANCIAL STATEMENTS

- 1) The Company has accounted for investments in Subsidiary and Associates at Cost. Refer Note 43 for information on principal place of business / country of incorporation and the Company's ownership interest / percentage of shareholding in the above subsidiaries and associates
- 2) The carrying amount of Investment in Subsidiary and Associates is tested for impairment in accordance with Ind AS 36. These investments are strategic and long term in nature. Hence considering the long term prospects, no impairment is considered necessary as at the reporting date
- 3) During the year, the Company has made addition to its strategic investments in equity shares of Madras Chipboard Limited (2,499 Shares) for ₹ 2.41 Crores and also subscribed the rights issue by its associate M/s Rajapalayam Mills Limited (22,533 shares) amounting to ₹ 1.28 Crores

### Note No. 11

#### Other Investment (Designated At FVTOCI)

(₹ in Lakhs)

Particulars	Face Value ₹ per share	As at 31-03-2022		As at 31-03-2021	
		Number of Shares	Amount	Number of Shares	Amount
Ramco Industrial and Technology Services Limited	10	26,350	5.94	26,350	7.64
Ramco Windfarms Limited	1	6,16,000	6.16	6,16,000	6.16
<b>Total Other Investments</b>			<b>12.10</b>		<b>13.80</b>

Note:

- 1) Refer to Note No. 46 for information about fair value hierarchy under Disclosure of Fair Value Measurement.

### Note No. 12

#### Other Financial Assets (Non Current)

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Unsecured and Considered Good</b>		
Security Deposits with Electricity Board / Others	472.99	406.59
<b>Total</b>	<b>472.99</b>	<b>406.59</b>

### Note No. 13

#### Other Non Current - Assets

##### Unsecured and Considered Good

Capital Advance	1,742.01	552.64
<b>Total</b>	<b>1,742.01</b>	<b>552.64</b>

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 14</b>		
<b>Inventories (Valued at lower of cost or net realisable value)</b>		
Raw Materials	5,318.75	2,200.22
Work in Progress	1,474.88	941.96
Finished goods	2,568.58	2,101.19
Stores and Spares	283.69	232.43
<b>Total</b>	<b>9,645.90</b>	<b>5,475.80</b>

Additional Disclosures

- i) The total carrying amount of inventories as at reporting date has been pledged as security for Borrowings.
- (ii) The mode of valuation of inventories has been stated in the Note No. 4A.

**Note No. 15**

**Trade Receivables**

Unsecured and Considered Good	5,839.88	7,592.35
Unsecured and which have significant increase in Credit Risk	11.16	-
Less: Impairment allowanaces for Trade Receivables	(11.16)	-
<b>Total</b>	<b>5,839.88</b>	<b>7,592.35</b>

Additional Disclosures

- a) Trade receivables are non-interest bearing.
- b) Trade receivables are neither due from directors or other officers of the Company either severally or jointly with any other person, nor any trade or other receivables 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.  
Refer Note No.46 for information about risk profile of Trade Receivables.
- d) Additional regulatory information as required under Companies Act 2013 / Indian Accounting Standards.

## NOTES TO SEPARATE FINANCIAL STATEMENTS

### Trade Receivables Ageing Schedule

Particulars	Outstanding for the following periods from the due date of payment as at 31-03-2022						Total
	Not Due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	1,087.19	2,050.25	838.72	1,393.05	470.67	-	5,839.88
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	11.16	-	-	-	11.16
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1,087.19</b>	<b>2,050.25</b>	<b>849.88</b>	<b>1,393.05</b>	<b>470.67</b>	<b>-</b>	<b>5,851.04</b>

Particulars	Outstanding for the following periods from the due date of payment as at 31-03-2021						Total
	Not Due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	67.08	5,554.93	324.36	1,645.98	-	-	7,592.35
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>67.08</b>	<b>5,554.93</b>	<b>324.36</b>	<b>1,645.98</b>	<b>-</b>	<b>-</b>	<b>7,592.35</b>

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
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### Note No. 16

#### Cash And Cash Equivalents

Cash on hand	2.32	1.02
Balance with bank		
In Current Account	722.49	231.27
In Deposit Account for Margin Money	17.41	0.50
<b>Total</b>	<b>742.22</b>	<b>232.79</b>

#### Additional Disclosures

a) Refer Note No.46 for information about risk profile of cash and cash equivalents under Financial Risk Management.

## NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 17</b>		
<b>Bank Balances Other than Cash And Cash Equivalents</b>		
Fixed Deposits with Banks (maturity of more than 3 months but less than 12 months)	85.88	-
Earmarked balances with Banks for Unclaimed Dividend	5.82	7.40
<b>Total</b>	<b>91.70</b>	<b>7.40</b>

### Note No. 18

#### Other Financial Assets (Current)

Government Grants Receivable	32.65	32.65
Export Incentives Receivables	128.55	46.80
Security Deposit	-	11.50
Investments Sale Proceeds Receivable	-	1,325.69
<b>Total</b>	<b>161.20</b>	<b>1,416.64</b>

### Note No. 19

#### Other Current Assets

##### Unsecured, considered good

Advance to Suppliers / Others	1,142.36	548.32
Tax Credit and Refund due	162.65	121.24
Accrued Income	165.15	209.65
Prepaid Expenses	167.04	165.56
Other Current Assets	1.94	1.76
<b>Total</b>	<b>1,639.14</b>	<b>1,046.53</b>

## NOTES TO SEPARATE FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
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### Note No. 20

#### Equity Share Capital

##### Authorised

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

39,46,560 Equity Shares of ₹ 10/- each (PY: 39,46,560 Equity Shares of ₹ 10/- each)	394.66	394.66
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#### Additional Disclosures

##### i. Reconciliation of the number of shares outstanding

Particulars	As at 31.03.2022		As at 31.03.2021	
	No of Shares	Amount	No of Shares	Amount
Number of shares at the beginning	39,46,560	394.66	39,46,560	394.66
Issued/Bought Back during the year	-	-	-	-
Number of Shares at the end	39,46,560	394.66	39,46,560	394.66

##### ii. Term / 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.

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

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. Nalina Ramalakshmi	15,19,720	38.51	14,91,860	37.80
Shri. N.R.K. Ramkumar Raja & Shri. N.R.K. Ramkumar Raja HUF	2,12,460	5.38	1,74,260	4.42

**iv. Shareholders holding of Promoters**

**As at 31.03.2022**

Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1. Smt. Nalina Ramalakshmi	15,19,720	38.51	0.71%
2. Shri. N.R.K. Ramkumar Raja	2,12,460	5.38	0.96%
3. Shri. N.R.K. Ramkumar Raja HUF			
4. Smt Saradha Deepa	9,400	0.24	
5. Smt. R. Sudarsanam	9,360	0.24	
6. Shri. P.R.Venketrama Raja	5,400	0.14	
7. M/s Rajapalayam Mills Limited	4,000	0.10	
8. Smt. P.V. Srisandhya	3,400	0.09	
9. M/s Sri Vishnu Shankar Mill Limited	2,200	0.06	
10. Smt. P.V. Nirmala	400	0.01	
Total	17,66,340	44.77	

**As at 31.03.2021**

Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1. Smt. Nalina Ramalakshmi	14,91,860	37.80	
2. Shri. N.R.K. Ramkumar Raja	1,74,260	4.42	0.71%
3. Smt Saradha Deepa	9,400	0.24	
4. Smt. R. Sudarsanam	9,360	0.24	
5. Shri. P.R.Venketrama Raja	5,400	0.14	
6. M/s Rajapalayam Mills Limited	4,000	0.10	
7. Smt. P.V. Srisandhya	3,400	0.09	
8. M/s Sri Vishnu Shankar Mill Limited	2,200	0.06	
9. Smt. P.V. Nirmala	400	0.01	
Total	17,00,280	43.10	

## NOTES TO SEPARATE FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 21</b>		
<b>Other Equity</b>		
<b>Capital Reserve</b>		
Balance as per last financial statement	17.63	17.63
Additional Disclosures		
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.		
<b>General Reserve</b>		
Balance as per last financial statement	9,844.92	5,844.92
Add: Amount transferred from Retained Earnings	-	4,000.00
<b>Total</b>	<b>9,844.92</b>	<b>9,844.92</b>
Additional Disclosures		
The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.		
<b>Retained Earnings</b>		
Balance as per last financial statement	489.55	1,255.26
Add : Profit for the year	408.15	3,280.51
Add : Transfer from FVTOCI Reserve	(86.98)	(26.49)
Balance available for Appropriations	810.72	4,509.28
Less: Appropriations		
Final Dividend including Dividend distribution tax	(19.73)	(19.73)
Transfer to General Reserve	-	(4,000.00)
<b>Total</b>	<b>790.99</b>	<b>489.55</b>
Additional Disclosures		
Represents that portion of the net income of the Company that has been retained by the Company.		
Note: The Board of Directors have recommended the payment of final dividend ₹ 1/- per share for the year 2021-22 (PY: ₹ 0.50 per share). This proposed dividend is subject to the approval of Shareholders in the ensuing AGM.		
<b>FVOTCI Reserve</b>		
Balance as per last financial statement	5.01	4.22
Add: Other Comprehensive Income for the year	(1.71)	0.79
Less: Transfer to Retained Earnings	-	-
<b>Total</b>	<b>3.30</b>	<b>5.01</b>
Additional Disclosures		
Fair Value through Other Comprehensive Income Reserve represents the balance in equity for items to be accounted in Other Comprehensive Income (OCI). The Company has opted to recognise the changes in the fair value of certain investments in equity instruments and remeasurement of defined benefit obligations in OCI. The Company transfers amounts from this reserve to Retained Earnings in case of actuarial loss / gain and in case of fair value recognition of equity instrument, the same will be transferred when the respective equity instruments are derecognised		
<b>Total Other Equity</b>	<b>10,656.84</b>	<b>10,357.11</b>



(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 22</b>		
<b>Non Current Borrowings</b>		
<b>Secured</b>		
Term Loan from Banks	3,544.18	4,762.76
Working Capital Term Loan from Bank	4,084.30	2,661.15
<b>Unsecured</b>		
Working Capital Term Loan from Bank	3,859.42	5,028.00
<b>Total</b>	<b>11,487.90</b>	<b>12,451.91</b>

**Additional Disclosures**

a) Term Loan from Banks

Term loan from Karur Vysya Bank and Indian Bank are secured by pari-passu 1st charge on the fixed assets of the Company and pari-passu second charge on current assets of the Company carry interest rate linked to MCLR which stood at 8.90% p.a and 7.80% p.a respectively as at the reporting date.

Term loan from Indian Bank are secured by pari-passu 1st charge on the moveable fixed assets of the Company and pari-passu second charge on current assets and term loan from ICICI Bank is secured by pari-passu first charge on the moveable fixed assets of the Company carry interest rate linked to MCLR which stood at 7.50% p.a and 8.00% p.a. respectively as at the reporting date.

b) Working Capital Term Loan

Working capital loan from Canara Bank is secured by pari-passu 1st charge on Current Assets and Working Capital Term Loan under ECLGS from RBL Bank Ltd. is secured by pari-passu 2nd charge on the moveable fixed assets and current assets of the Company carry interest rate linked to MCLR which stood at 7.25% p.a and 7.50% p.a respectively as at the reporting date.

c) Unsecured Working Capital Term Loan

Unsecured Working Capital Term Loan under Emergency Credit Line Guarantee (ECLGS) from Federal Bank is availed as unsecured and covered under 100% Government Guarantee carry interest rate linked to Repo Rate which stood at 7.55% p.a as at the reporting date.

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

e) The interest rates are reset on overnight / monthly / yearly basis. The term loans are repayable in equal monthly / quarterly / half yearly instalments at various dates and the year wise repayment is as follows:

Repayment Due	Amount	Amount
2022-23	-	4,388.79
2023-24	4,204.90	3,941.71
2024-25	4,320.36	3,064.68
2025-26	2,412.64	1,056.73
2026-27	550.00	-
<b>Total</b>	<b>11,487.90</b>	<b>12,451.91</b>

f) Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the ROC, within the prescribed time or within the extended time requiring the payment of additional fees.

g) Refer Note No.46 for information about risk profile of borrowings under Financial Risk Management.

## NOTES TO SEPARATE FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 23</b>		
<b>Provisions (Non Current)</b>		
Provision for Employee benefits	75.90	62.91
<b>Total</b>	<b>75.90</b>	<b>62.91</b>

### Note No. 24

#### Deferred Tax Liability (Net)

Particulars	As on 01-04-2021	Credit Utilized/ Reversed	Recognition in P&L Account	As on 31-03-2022
Tax impact on difference between book base and tax base of assets	3,641.63	-	(553.00)	3,088.63
Tax effect on unabsorbed deprecation under Income Tax Act, 1961	(644.10)	-	644.10	-
Tax effect on Provision for Bonus and Leave Encashment	(71.83)	-	(24.94)	(96.77)
Unused tax credits (ie. MAT Credit Entitlement)	(2,653.66)	279.77	-	(2,373.89)
Others	-	-	-	-
<b>Total</b>	<b>272.04</b>	<b>-</b>	<b>345.93</b>	<b>617.97</b>

Particulars	As on 01-04-2020	Credit Utilized/ Reversed	Recognition in P&L Account	As on 31-03-2021
Tax impact on difference between book base and tax base of assets	3,767.66	-	(126.03)	3,641.63
Tax effect on unabsorbed deprecation under Income Tax Act, 1961	(953.60)	-	309.50	(644.10)
Tax effect on Provision for Bonus and Leave Encashment	(96.44)	-	24.61	(71.83)
Unused tax credits (ie. MAT Credit Entitlement)	(2,046.64)	-	(607.02)	(2,653.66)
Others	-	-	-	-
<b>Total</b>	<b>670.98</b>	<b>-</b>	<b>(398.94)</b>	<b>272.04</b>

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Reconciliation of Deferred tax Liabilities (Net)</b>		
Balance at the beginning of the year	272.04	670.98
Deferred Tax Expense during the year recognised in the Statement of Profit and Loss	66.16	208.08
MAT Credit Utilized/(recognized) during the year	279.77	(607.02)
<b>Balance at the end of the year</b>	<b>617.97</b>	<b>272.04</b>
<b>Components of Tax Expenses</b>		
<b>Profit and Loss Section</b>		
<b>Current Tax</b>		
Current Income Tax Charge	135.91	611.65
Current Tax adjustments of earlier years		
<b>Deferred Tax</b>		
Relating to the temporary difference	66.16	208.08
MAT Credit Recognition	303.97	(607.02)
Deferred Tax adjustments of earlier years		
<b>Other Comprehensive Income Section</b>		
Charged in Other Comprehensive Income	(24.20)	(4.63)
<b>Total Tax Expenses recognized in the Statement of Profit or Loss account</b>	<b>481.84</b>	<b>208.08</b>
<b>Reconciliation of the Income tax provision to the amount computed by applying the statutory Income tax rate to the Income before taxes is summarized as below:</b>		
<b>Accounting Profit before tax (including OCI)</b>	<b>801.30</b>	<b>3,462.89</b>
Corporate Tax Rate%	29.12%	29.12%
<b>Computed Tax Expense</b>	<b>233.34</b>	<b>1,008.40</b>
Increase/(Reduction) in taxes on account of :		
Tax adjustments of earlier years		
Non-deductible expenses	868.26	
Income exempt / eligible for deduction under chapter VI-A	-	(20.60)
MAT Credit Recognition / Utilization	19.45	
Additional allowances / deductions for tax purposes	(685.92)	(987.80)
<b>(A)</b>	<b>435.13</b>	<b>0.00</b>

## NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Income Tax under MAT</b>		
<b>Accounting Profit before tax (including OCI)</b>	<b>801.30</b>	3,462.89
Corporate Tax Rate	<b>16.69%</b>	17.47%
<b>Computed Tax Expense</b>	<b>133.74</b>	604.97
Increase/(Reduction) in taxes on account of :		
Tax adjustments of earlier years		
Non-deductible expenses	<b>2.16</b>	4.55
Income exempt / eligible for deduction under chapter VI-A		
Additional allowances / deductions for tax purposes		(2.50)
<b>(B)</b>	<b>135.91</b>	607.02
<b>Tax Expenses recognised in the Statement of Profit and Loss</b>	<b>435.13</b>	<b>607.02</b>
<b>Higher of A &amp; B Above</b>		

### Additional Disclosures

i) A new Section 115BAA in the Income Tax Act, 1961, vide the Taxation Laws (Amendment) Ordinance 2019, is introduced providing domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01-04-2019 subject to certain conditions. Since new tax regime are not beneficial in view of various deductions, exemptions and MAT Credit Entitlement available under existing tax regime, the Company has not adopted new tax rates for the year and continue to adopt tax rates under existing tax regime. Accordingly, the Company has recognised deferred tax at the existing rates.

## Note No. 25

### Deferred Government Grants

Government Grants	-	40.05
<b>Total</b>	<b>-</b>	<b>40.05</b>

### Additional Disclosures

(i) Industrial Promotion Assistance (IPA) provided by Department of Industries, Government of Andhra Pradesh towards creation of infrastructure facilities is recognised as 'Grant Income' over the useful life of the underlying PPE. Since the company has curtailed its operation in Andhra Pradesh, the grant has been written back in the current year.

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 26</b>		
<b>Current Borrowings</b>		
<b>Secured</b>		
Loan from Banks *	10,967.91	9,178.57
Current Maturities of Long Term Borrowings	3,333.90	3,891.23
<b>Unsecured and Considered Good</b>		
Loan Repayable on Demand from Banks	1,999.99	1,000.00
Loan from Other Parties	-	0.33
Current Maturities of Long Term Borrowings	1,168.58	-
Loans and Advances from Related Parties [Refer to Note No. 43(b)(i)]	84.33	821.36
<b>Total</b>	<b>17,554.71</b>	<b>14,891.49</b>

Additional Disclosures

- Loan Repayable on Demand from Banks are secured by pari-passu first charge on the current assets of the Company and paripassu second charge on the fixed assets of the Company
- Loan from Banks and Loan repayable on demand carry interest rate for cash credit from 8.45% to 9.25%, Short term borrowings from 6.15% to 7.70%
- The quarterly returns or statements filed by the Company with the banks or financial institutions are in agreement with the books of accounts
- The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.
- Refer Note No.46 for information about risk profile of borrowings under Financial Risk Management.

**Note No. 27**

**Trade Payables**

Dues of micro enterprises and small enterprises	84.25	58.90
Dues of creditors other than micro enterprises and small enterprises		
Others	1,111.71	1,371.40
<b>Total</b>	<b>1,195.96</b>	<b>1,430.30</b>

Additional Disclosures

- Disclosures as required under Micro, Small and Medium Enterprises Development Act, 2006  
The categorization of supplier as MSME registered under The Micro, Small and Medium Enterprises Development Act, 2006, has been determined based on the information available with the company as at the reporting date. The disclosures as per the requirement of the Act are furnished as below:

## NOTES TO SEPARATE FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
a. (i) The principal amount remaining unpaid to any supplier at the end of the financial year included in Trade payables	84.25	58.90
(ii) The interest due on the above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Act	-	-
c. The amount of the payment made to the supplier beyond the appointed day during the financial year	-	-
d. The amount of interest accrued and remaining unpaid at the end of financial year	-	-
e. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act	-	-

b) Trade Payables ageing schedule

As at 31/03/2022

Particulars		Outstanding for the following periods from the due date of payment					
		Not Due	< 1 Year	1 - 2 years	2 - 3 years	> 3 years	Total
(i)	MSME	84.25	-	-	-	-	84.25
(ii)	Others	822.32	271.18	1.40	16.81	-	1,111.71
(iii)	Disputed dues - MSME	-	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-	-
(v)	Unbilled dues	-	-	-	-	-	-
<b>Total</b>		<b>906.57</b>	<b>271.18</b>	<b>1.40</b>	<b>16.81</b>	<b>-</b>	<b>1,195.96</b>

As at 31/03/2021

Particulars		Outstanding for the following periods from the due date of payment					
		Not Due	< 1 Year	1 - 2 years	2 - 3 years	> 3 years	Total
(i)	MSME	58.90	-	-	-	-	58.90
(ii)	Others	985.34	287.50	13.52	80.58	4.46	1,371.40
(iii)	Disputed dues - MSME	-	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-	-
(v)	Unbilled dues	-	-	-	-	-	-
<b>Total</b>		<b>1,044.24</b>	<b>287.50</b>	<b>13.52</b>	<b>80.58</b>	<b>4.46</b>	<b>1,430.30</b>

c) Refer to Note No 46 information about risk profile of Trade Payables under Financial Risk Management and Ageing schedule

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 28</b>		
<b>Other Current Financial Liabilities</b>		
Unclaimed Dividends	5.82	7.40
Ramaraju Memorial Fund	463.97	447.47
Liabilities for Other Finance	364.21	489.34
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	33.26	160.81
<b>Total</b>	<b>867.26</b>	<b>1,105.02</b>

Additional Disclosures

a) Unclaimed Dividends represent amount not due for transfer to IEPF.

**Note No. 29**

**Other Current Liabilities**

Other Current Payables	519.60	345.43
Statutory Liabilities Payable	-	114.37
Current Payable - Capital Goods	1,111.21	-
<b>Total</b>	<b>1,630.81</b>	<b>459.80</b>

**Note No. 30**

**Provisions (Short Term)**

Provision for Employee Benefits	420.43	269.68
Provision for Taxation for Earlier years Assessment	89.50	89.50
<b>Total</b>	<b>509.93</b>	<b>359.18</b>

Additional Disclosures

a) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method.

## NOTES TO SEPARATE FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
-------------	----------------------------------	----------------------------------

### Note No. 31

#### Revenue From Operation

##### Sale of Products

Textiles	32,938.96	24,455.86
Surgical Dressings	3,976.80	3,481.77
Waste Sales	462.94	353.89
	<b>37,378.70</b>	<b>28,291.52</b>

##### Other operating Revenues

Export Incentive	155.27	101.04
Job Work Charges Received	69.23	31.44
<b>Total</b>	<b>37,603.20</b>	<b>28,424.00</b>

#### Additional Disclosures

a) The Company's Revenue from sale of products is recognised upon transfer of control of such products to the customer at a point in time.

### Note No. 32

#### Other Income

Interest Receipts	167.67	92.46
Rent Receipts	14.06	55.88
Dividend Income	0.79	106.15
Carbon Credit Sale	7.11	-
Government Grants	-	3.34
Profit on sale of Investments	-	2,958.80
Profit on sale of Property, Plant and Equipment	-	3.97
Miscellaneous Income	3.90	6.04
<b>Total</b>	<b>193.53</b>	<b>3,226.64</b>

### Note No. 33

#### Cost Of Materials Consumed

##### Raw Materials consumed

Cotton and Cotton Waste, Yarn and Greige Fabrics	21,489.14	12,974.01
<b>Total</b>	<b>21,489.14</b>	<b>12,974.01</b>



## NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>Note No. 34</b>		
<b>Changes in Inventories of Finished Goods And Work- In-Progress</b>		
<b>Opening stock</b>		
Finished Goods	2,101.19	4,954.18
Work-in-Progress	<u>941.96</u>	<u>1,130.72</u>
	3,043.15	6,084.90
<b>Closing Stock</b>		
Finished Goods	2,568.58	2,101.19
Work-in-Progress	<u>1,474.88</u>	<u>941.96</u>
	4,043.46	3,043.15
<b>Net (Increase) / Decrease in Stock</b>	<u>(1,000.31)</u>	<u>3,041.75</u>

### Note No. 35

#### Employee Benefits

Salaries, Wages and Bonus	3,060.05	2,488.62
Contribution to Provident and Other Funds	280.59	233.05
Staff and Labour Welfare & Training Expenses	<u>181.46</u>	<u>121.65</u>
<b>Total</b>	<u>3,522.10</u>	<u>2,843.32</u>

#### Additional Disclosures

- (a) Amount recognised in Other Comprehensive Income represent remeasurement losses on defined benefit obligations i.e Gratuity fund, recognised in OCI
- (b) Refer Note No.41 for disclosures pertaining to defined contribution plan and defined benefit obligations under Ind AS 19.

## NOTES TO SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>Note No. 36</b>		
<b>Finance Cost</b>		
Interest on Debts and Borrowings	1,705.88	2,165.69
Exchange differences on Foreign Currency Borrowings regarded as on adjustment to Borrowing Cost	219.39	10.60
Interest on shortfall in payment of Advance Income-Tax	-	23.57
<b>Total</b>	<b>1,925.27</b>	<b>2,199.86</b>

### Additional Disclosures

- (a) Interest on Debt & Borrowings represent interest calculated using the effective interest rate method.
- (b) Refer Note No.46 for information about Interest rate risk exposure under Financial Risk Management.
- (c) The above Finance Costs is net of transfer to Capital Work in Progress portion of ₹ 26.93 Lakhs (PY: Nil) attributable to the qualifying assets.

## Note No. 37

### Depreciation And Amortization Expenses

Depreciation of Plant ,Property and Equipment (Refer Note No.6)	4,077.00	1,748.38
Amortization of Intangible assets (Refer Note No.7)	0.26	4.29
Depreciation on Investment Properties (Refer Note No.9)	0.18	0.19
<b>Total</b>	<b>4,077.44</b>	<b>1,752.86</b>

### Additional Disclosures

- (a) Depreciation adjustments comprise of additional ₹ 2,654.22 Lakhs in current year. This is on account of technical evaluation of plant and machinery and electrical machineries installed in the factory premises being carried out.
- b) The estimation of useful life of Property, Plant and Equipment has been provided under Note No. 4E

## NOTES TO SEPARATE FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>Note No. 38</b>		
<b>Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	2,197.71	2,029.30
Production Consumables	367.40	293.18
Packing Materials Consumption	509.56	373.41
Job work Charges Paid	150.10	26.41
Repairs to Buildings	73.66	108.53
Repairs to Plant and Machinery	659.95	632.81
Repairs - General	511.09	504.50
	<b>4,469.47</b>	<b>3,968.14</b>
<b>Establishment Expenses</b>		
Managing Director's Remuneration	252.42	252.82
Rates and Taxes	92.29	62.28
Postage and Telephone	10.64	9.46
Printing and Stationery	15.66	8.46
Travelling Expenses	11.66	7.58
Vehicle Maintenance	97.59	70.71
Insurance	147.70	167.84
Directors Sitting Fees	18.90	9.45
Rent	8.96	18.14
Audit and Legal Expenses	37.67	26.95
Loss on Sale of Assets	401.46	-
Corporate Social Responsibility Expenses	35.56	70.74
Advertisement	16.10	8.29
Bank Charges	43.90	32.31
Covid-19 Welfare Expenses	2.50	8.34
Miscellaneous Expenses	42.10	19.26
	<b>1,235.11</b>	<b>772.63</b>

## NOTES TO SEPARATE FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>Selling Expenses</b>		
Sales Commission	232.06	185.14
Export Expenses	283.58	103.24
Bad Debts Written off	4.46	5.89
Impairment Allowance for Trade Receivables	11.16	-
Other Selling Expenses	152.22	125.21
	<u>683.48</u>	<u>419.48</u>
<b>Total</b>	<u>6,388.06</u>	<u>5,160.25</u>

### Additional Disclosures

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

### (b) Audit Fees & Expenses

#### Statutory Auditors

Statutory Audit	1.60	1.60
GST Annual Audit	-	2.10
Income Tax Assessment Matters	-	0.75
Other Certification work	1.11	0.40

#### Tax Auditors

Tax Audit	0.50	0.50
<b>Total</b>	<u>3.21</u>	<u>5.35</u>

(₹ in Lakhs)

As at  
31-03-2022

As at  
31-03-2021

**Note No. 39**

**Commitments**

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

**NIL**

**NIL**

**Note No. 40**

**Contingent Liabilities**

Guarantees given by the bankers on behalf of company

**100.40**

100.14

Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to – TNVAT

**NIL**

8.45

- i. 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 ₹ 159.49 Lakhs (PY: ₹ 159.49 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. 41**

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

**Defined Contribution Plan:**

Employer’s Contribution to Provident Fund

**202.57**

171.63

Employer’s Contribution to Superannuation Trust Fund

**18.99**

20.34

**Defined Benefit Plan – Gratuity**

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

# DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

2021-22 2020-21

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

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

Opening defined Benefit Obligation	528.51	528.63
Current Service Cost	42.98	43.57
Past Service Cost	NIL	NIL
Interest Cost	34.33	32.50
Actuarial (Gain) / Loss	85.03	3.75
Benefits paid	(-)71.98	(-)79.94
Closing Defined Benefit obligation	618.87	528.51

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

Opening Fair Value of Plan Assets	590.04	515.02
Expected Return on Plan Assets	40.64	36.29
Actuarial Gain / (Loss)	(-)1.94	(-) 22.73
Employer Contribution	58.03	141.40
Benefits Paid	(71.98)	(-) 79.94
Closing Fair Value of Plan Assets	614.78	590.04

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

Present value of obligation	618.87	528.51
Fair value of plan assets	614.78	590.04
Present value of Funded defined obligation	4.09	(-) 61.53

### Cost of defined benefit plan:

Current Service Cost	42.98	43.57
Interest Cost	(-) 6.31	(-) 3.79
Past Service Cost	NIL	NIL
Net Cost Recognized statement in the Income Statement	36.67	39.78
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	1.94	22.73
Actuarial (Gain) / Loss	85.03	3.75
Net Cost recognized in the Other Comprehensive Income	86.98	26.48

(₹ in Lakhs)

2021-22 2020-21

**Major Categories of Plan Assets:**

GOI Securities	NIL	NIL
Funds with LIC	610.53	542.51
Others	4.25	47.53
<b>Total</b>	<b>614.78</b>	<b>590.04</b>

**Actuarial Assumptions:**

Discount rate P.A.	7.36%	6.97%
Rate of escalation in salary P.A.	5.00%	4.00%
Attrition rate	0.50%	0.50%

**Estimate of Expected Benefit payments:**

Particulars	31-03-2022	31-03-2021
Year 1	20.36	20.96
Year 2	56.22	35.36
Year 3	50.40	36.20
Year 4	49.61	48.27
Year 5	73.37	44.69
Next 5 Years	325.96	285.89

**Quantitative Sensitivity Analysis for Significant Assumptions:**

Particulars	31-03-2022	31-03-2021
0.50% Increase in Discount Rate	45.66	40.46
0.50% Decrease in Discount Rate	51.69	45.74
0.50% Increase in Salary Growth Rate	51.77	45.83
0.50% Decrease in Salary Growth Rate	45.57	40.36

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

# DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS



(₹ in Lakhs)

2021-22 2020-21

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

### Movement in the present value of defined benefit Obligation:

Opening defined Benefit Obligation	70.91	134.86
Current Service Cost	14.58	18.20
Interest Cost	4.34	7.80
Actuarial (Gain) / Loss	5.39	(-) 54.89
Benefits paid	(-) 11.42	(-) 35.06
Closing defined Benefit obligation	83.80	70.91

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

Opening fair value of plan assets	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial Gain / (Loss)	NIL	NIL
Employer Contribution	11.42	35.06
Benefits paid	(-) 11.42	(-) 35.06
Closing fair value of plan assets	NIL	NIL

### Actual Return of plan assets:

Expected return of plan assets	NIL	NIL
Actuarial Gain / (Loss) on plan assets	NIL	NIL
Actual return on plan assets	NIL	NIL

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

Fair value of plan assets	NIL	NIL
Present value of obligation	83.80	70.91
Present value of Funded define obligation	83.80	70.91

### Cost of defined benefit Plan:

Current Service Cost	14.58	18.20
Interest Cost	4.34	7.80
Actuarial (Gain) / Loss	5.39	(-) 54.89
Net Cost recognized in the Income Statement	24.31	(-) 28.89



(₹ in Lakhs)

31-03-2022 31-03-2021

**Major Categories of Plan Assets:**

GOI Securities	NIL	NIL
Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

**Actuarial Assumptions:**

Discount rate p.a	7.36%	6.65%
Rate of escalation in salary p.a	5.00%	4.00%
Attrition rate	0.50%	0.50%

**Estimate of Expected Benefit payments**

Year 1	3.47	2.59
Year 2	10.85	7.79
Year 3	7.01	3.43
Year 4	3.46	6.08
Year 5	8.53	2.73
Next 5 Years	40.04	34.21

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	15.75	13.82
0.50% Decrease in Discount Rate	17.51	15.40
0.50% Increase in Salary Growth Rate	17.53	15.42
0.50% Decrease in Salary Growth Rate	15.72	13.79

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

**Note No. 42**

**Earnings per Share**

Net Profit after tax (₹ in Lakhs) (A)	408.15	3,280.51
Weighted average number of Equity shares [In Lakhs] (B)	39.47	39.47
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) (in ₹)	10.34	83.12

**Note No. 43****RELATED PARTY TRANSACTIONS**

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March 2022:

**i. Subsidiary Company**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2022	31-03-2021
M/s. Madras Chipboard Limited	India	75.01	64.68

**ii. Associate Companies**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2022	31-03-2021
M/s. The Ramco Cements Limited	India	1.40	1.40
M/s. Ramco Industries Limited	India	0.16	0.16
M/s. Ramco Systems Limited	India	0.04	0.04
M/s. Rajapalayam Mills Limited	India	1.83	1.83
M/s. Sri Vishnu Shankar Mill Limited	India	0.75	0.75
M/s. Sri Harini Textiles Limited	India	49.67	49.67
M/s. Shri Harini Media Limited	India	2.65	2.65

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

Name of the Key Managerial Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt Nalina Ramalakshmi	Managing Director
Shri N.R.K. Ramkumar Raja	Managing Director
Shri S. Sarathy Subburaj *	Nominee Director
Shri N.K. Shrikantan Raja	Non-Executive Director
Shri P.J. Alaga Raja	Independent Director
Justice Shri P.P.S. Janarthana Raja	Independent Director
Shri V. Santhanaraman	Independent Director
Shri P.J. Ramkumar Rajha	Independent Director
Shri P.A.S Alaghar Raja **	Independent Director
Shri N. Vijay Gopal	Chief Financial Officer
Shri Walter Vasanth P J	Company Secretary

\*Appointed w.e.f. 20.11.2021

\*\*Appointed w.e.f. 25.08.2021

**iv. Relatives of Key Managerial Personnel**

Name of the Relative of KMP	Relationship
Smt. R. Sudarsanam	Mother of Shri. P.R.Venketrama Raja
Smt. Saradha Deepa	Sister of Shri. P.R. Venketrama Raja
Smt. P.V. Nirmala	Spouse of Shri P.R. Venketrama Raja
Shri. Abhinav Ramasubramaniam Raja	Son of Shri P.R. Venketrama Raja
Smt. B. Sri Sandhya Raju	Daughter of Shri P.R. Venketrama Raja
Shri N.K. Ramasuwamy Raja	Brother of Shri N.R.K. Ramkumar Raja
Shri N.R.K. Venkatesh Raja	Brother of Shri N.R.K. Ramkumar Raja
Smt. P.S. Ramani Devi	Sister of Shri N.R.K. Ramkumar Raja
Smt. N.S. Gitalakshmi	Spouse of Shri N.K. Shrikantan Raja

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

M/s. Sandhya Spinning Mill Limited  
M/s. Rajapalayam Textile Limited  
M/s. Ramco Windfarms Limited  
M/s. N.R.K. Infra System Private Limited  
M/s. Tirupathi Yartex Spinners Pvt Ltd  
M/s. Vinvent Chemilab Private Limited  
M/s. Digvijai Polytex Private Limited

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

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

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

M/s. P.A.C.R. Sethurammammal Charity Trust  
M/s. P.A.C. Ramasamy Raja Centenary Trust  
M/s. N.R.K. Distribution Services  
M/s. Gowrihouse Metal Works LLP  
M/s. Gowrilakshmi Screws  
Smt. Lingammal Ramaraju Shastra Prathishta Trust  
P.A.C. Ramasamy Raja Education Charity Trust

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

**a. Transactions during the year at Arm's length basis or its equivalent** (₹ in Lakhs)

Name of the Related Party	Value	
	2021-22	2020-21
<b>i. Goods Supplied / Services rendered Associates</b>		
M/s. Rajapalayam Mills Limited	1,874.18	564.70
M/s. Ramco Industries Limited	1,181.25	522.90
M/s. The Ramco Cements Limited	NIL	0.10
M/s. Sri Vishnu Shankar Mill Limited	905.99	353.40
M/s. Sri Harini Textiles Limited	797.56	1,407.81

DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

Name of the Related Party	(₹ in Lakhs)	
	Value	
	2021-22	2020-21
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Sandhya Spinning Mill Limited	847.80	366.34
M/s. Rajapalayam Textile Limited	0.05	45.01
M/s. Digvijai Polytex Private Limited	0.19	0.34
M/s. Tirupathi YarnTex Spinners Pvt Ltd	0.13	NIL
<b>Other Entities over which there is a significant influence</b>		
M/s. Gowrihouse Metal Works LLP	0.22	0.20
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	209.00	NIL
M/s. Rajapalayam Mills Limited	1.48	NIL
M/s. Sri Vishnu Shankar Mill Limited	NIL	0.15
<b>iii. Cost of Goods &amp; Services purchased/availed</b>		
<b>Subsidiaries</b>		
M/s. Madras Chipboard Limited	NIL	1.02
<b>Associates</b>		
M/s. The Ramco Cements Limited	11.70	4.68
M/s. Ramco Industries Limited	209.12	472.29
M/s. Ramco Systems Limited	22.98	21.28
M/s. Rajapalayam Mills Limited	1,870.33	483.28
M/s. Sri Vishnu Shankar Mill Limited	197.47	759.92
M/s. Shri Harini Media Limited	11.78	4.04
M/s. Sri Harini Textiles Limited	NIL	17.27
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Ramco Windfarms Limited	286.42	281.73
M/s. Sandhya Spinning Mill Limited	33.08	928.52
M/s. Rajapalayam Textile Limited	1.91	324.73
M/s. N.R.K. Infra Systems Private Limited	5.48	5.85
M/s. Vincent Chemilab Private Limited	12.07	0.40
M/s. Tirupathi YarnTex Spinners Pvt Ltd*	1,166.36	NIL
* from 16.06.2021		
<b>Other entities over which there is a significant influence</b>		
M/s. P.A.C.R. Sethurammam Charity Trust	21.85	15.24
M/s. P.A.C. Ramasamy Raja Centenary Trust	12.59	10.26
M/s. N.R.K. Distribution Services	102.07	62.97
M/s. Gowrihouse Metal Works LLP	0.03	0.05
<b>Relative of KMP exercise significant Influence</b>		
Smt. N.S. Gitalakshmi	0.10	0.08

	(₹ in Lakhs)	
Name of the Related Party	2021-22	2020-21
<b>iv. Purchase of Fixed Assets</b>		
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	NIL	0.17
<b>Purchase of Right Issues</b>		
M/s. Rajapalayam Mills Limited	128.21	NIL
<b>v. Leasing Arrangements – Rent Paid</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	0.72	0.72
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	(13.94)	(55.76)
<b>vi. Share of Enterprise Agreement License Systems for Microsoft Products - Paid</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	7.21	7.03
<b>vii. Share of Issuance Levy for Verified Carbon Units - Paid</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	2.91	NIL
<b>viii. Dividend Paid</b>		
<b>Key Managerial Personnel</b>		
Shri. P.R. Venketrama Raja	0.03	0.03
Smt. Nalina Ramalakshmi	7.46	7.46
Shri. N.R.K. Ramkumar Raja	0.89	0.87
<b>Associates</b>		
M/s. Rajapalayam Mills Limited	0.02	0.02
M/s. Sri Vishnu Shankar Mill Limited	0.01	0.01
<b>Relatives of Key Managerial Personnel</b>		
Smt. R. Sudarsanam	0.05	0.05
Smt. Saradha Deepa	0.05	0.05
Shri. N.K. Ramasuwami Raja	0.06	0.06
Shri. N.K. Shrikantan Raja	0.06	0.06
Shri. N.R.K. Venkatesh Raja	0.10	0.10
Smt. P.S. Ramani Devi	0.07	0.07



	(₹ in Lakhs)	
Name of the Related Party	2021-22	2020-21
<b>ix. Dividend Received Associates</b>		
M/s. The Ramco Cements Limited	NIL	103.44
M/s. Ramco Industries Limited	NIL	1.36
M/s. Rajapalayam Mills Limited	0.79	1.35
<b>x. Carbon Units Received Associates</b>		
M/s. The Ramco Cements Limited	10.72	NIL
<b>xi. Purchase of Equity Instruments Relatives of Key Managerial Personnel</b>		
Shri. N.K. Shrikantan Raja	NIL	78.91
Shri. P.J. Ramkumar Rajha	NIL	4.93
Shri. N.K. Ramasuwami Raja	NIL	657.78
Shri. N.R.K. Venkatesh Raja	NIL	141.70
Smt. P.S. Ramani Devi	NIL	59.89
Shri. N.S. Krishnama Raja	NIL	66.65
Smt. B. Annaphurni	NIL	38.64
M/s Rajapalayam Mills Limited	128.22	Nil
<b>xii. Sale of Equity Instruments Associates</b>		
M/s. Ramco Industries Limited	NIL	2967.94
<b>xiii. Interest Paid / (Received) Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	31.04	86.90
Shri. N.R.K. Ramkumar Raja	3.85	8.15
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	NIL	(1.05)
<b>xiv. Director's Sitting Fees Key Managerial Personnel</b>		
Shri. P.R. Venketrama Raja	1.50	0.85
Smt. Nalina Ramalakshmi	1.35	0.80
Shri. N.R.K. Ramkumar Raja	1.35	0.80
Shri. N.K. Shrikantan Raja	2.70	1.20
Shri. P.J. Alaga Raja	2.70	1.15
Justice Shri. P.P.S. Janarthana Raja	2.40	1.05
Shri. V. Santhanaraman	2.40	0.95
Shri. P.J. Ramkumar Rajha	3.00	1.25
Dr. M. Karunakaran	NIL	0.60
Shri. P.A.B. Raju	NIL	0.80
Shri S. Sarathy Subburaj	0.20	NIL
Shri P.A.S Alaghar Raja	1.30	NIL

(₹ in Lakhs)

Name of the Related Party	2021-22	2020-21
<b>xv. Remuneration to Key Managerial Personnel (Other than Sitting Fees)</b>		
Smt. Nalina Ramalakshmi, Managing Director	126.21	127.49
Shri. N.R.K. Ramkumar Raja, Managing Director	126.21	125.33
Shri. N. Vijay Gopal, Chief Financial Officer	78.56	52.88
Shri. A. Emarajan, Ex. Company Secretary	-	7.29
Shri. Walter Vasanth, Company Secretary	12.20	2.46
<b>xvi. Contribution to Superannuation Trust Fund / Gratuity Fund</b>		
<b>Other entities over which there is a significant influence</b>		
The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund	18.99	20.34
The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund	30.00	100.00
<b>xvii. Maximum amount of loans and advance/ (borrowings) outstanding during the year Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	(731.86)	(1,277.86)
Shri. N.R.K. Ramkumar Raja	(204.50)	(111.50)
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	NIL	10.00
<b>xviii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL Associates</b>		
M/s. The Ramco Cements Limited	NIL	1.95
<b>xix. CSR Donation Given:</b>		
Other Entities over which there is a significant influence		
Smt. Lingammal Ramaraju Sastra Prathista Trust	16.00	1.00
<b>b. Outstanding balance including commitments</b>		
<b>i. Borrowings: Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	(34.83)	(731.86)
Shri. N.R.K. Ramkumar Raja	(49.50)	(89.50)
<b>ii. Outstanding balance on supply of goods / services Associates</b>		
M/s. Sri Harini Textiles Limited	2,768.84	2,884.54
<b>iii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL Associates</b>		
M/s. The Ramco Cements Limited	NIL	11.50
<b>iv. Security deposit Received by virtue of Joint Ownership of shares with APGPCL Associates</b>		
M/s. The Ramco Cements Limited	11.50	NIL

## DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS



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

Particulars	31-03-2022	31-03-2021
Short – Term Benefits (1)	298.99	298.99
Defined Contribution Plan (2)	18.08	18.08
Defined Benefit Plan /		
Other Long-Term Benefits(3)	NIL	NIL
<b>Total</b>	<b>317.07</b>	<b>317.07</b>

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

### Note No. 44

#### Disclosure of Fair value measurements

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

Financial Instruments by category

(₹ In Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2022</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	840.00	-	-	840.00	840.00
Other Investments	-	-	12.10	12.10	12.10
Trade Receivables	5,839.88	-	-	5,839.88	5,839.88
Cash and Cash Equivalents	742.22	-	-	742.22	742.22
Bank Balance other than Cash and Cash Equivalents	91.70	-	-	91.70	91.70
Other Financial Assets	161.20	-	-	161.20	161.20
<b>Financial Liabilities</b>					
Borrowings	29,042.61	-	-	29,042.61	29,042.61
Trade Payables	1,195.96	-	-	1,195.96	1,195.96
Other Financial Liabilities	867.26	-	-	867.26	867.26



(₹ In Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2021</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	840.00	-	-	840.00	840.00
Other Investments	-	-	13.80	13.80	13.80
Trade Receivables	7,592.35	-	-	7,592.35	7,592.35
Cash and Cash Equivalents	232.79	-	-	232.79	232.79
Bank Balance other than Cash and Cash Equivalents	7.40	-	-	7.40	7.40
Other Financial Assets	1,416.64	-	-	1,416.64	1,416.64
<b>Financial Liabilities</b>					
Borrowings	27,343.40	-	-	27,343.40	27,343.40
Trade Payables	1,430.30	-	-	1,430.30	1,430.30
Other Financial Liabilities	1,105.02	-	-	1,105.02	1,105.02

#### Fair value hierarchy

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

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

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

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

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
<b>Investment in unlisted securities</b>				
<b>As at 31-03-2022</b>	-	-	<b>12.10</b>	<b>12.10</b>
As at 31-03-2021	-	-	13.80	13.80
<b>Financial Instruments at FVTPL</b>				
<b>As at 31-03-2022</b>	-	<b>33.26</b>	-	<b>33.26</b>
As at 31-03-2021	-	160.81	-	160.81

**DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS****THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED****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:

<b>Nature of Financial Instrument</b>	<b>Valuation Technique</b>	<b>Remarks</b>
Investment in Listed securities / Mutual Funds	Market Value	Closing Price as at reporting date in Stock Exchange
Investment in Unlisted securities	Adjusted Net Assets	Net Assets value as per Balance Sheet of respective Companies as at reporting date.
Foreign exchange forward contracts	Mark to Market	Based on MTM valuation provided by the Banker

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**THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED**

**DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

**Note No. 45**

**Segment Information for the year ended 31<sup>st</sup> March, 2022**

Particulars	Textiles		Surgicals		Windmill Power		Total	
	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021
<b>REVENUE</b>								
External Sales / Other Operating Income	33,590.65	24,902.94	4,012.55	3,521.07	-	-	37,603.20	28,424.01
Inter Segment Sale	849.09	616.11	-	-	886.71	848.35	1,735.80	1,464.46
Total Sales	34,439.74	25,519.05	4,012.55	3,521.07	886.71	848.35	39,339.00	29,888.47
Other Income	25.07	67.51	-	1.72	-	-	25.07	69.23
<b>Total Revenue</b>	<b>34,464.81</b>	<b>25,586.56</b>	<b>4,012.55</b>	<b>3,522.79</b>	<b>886.71</b>	<b>848.35</b>	<b>39,364.07</b>	<b>29,957.70</b>
<b>RESULT</b>								
Segment Result	<b>1,604.28</b>	1,917.34	599.22	779.58	546.50	466.70	2,750.00	3,163.62
Unallocated Income							0.79	3,064.95
Unallocated Expenses							103.20	632.58
Operating Profit							2,647.59	5,595.99
Interest Expenses							1,925.27	2,199.86
Interest Income							167.67	92.46
Provision for Taxation							135.91	607.02
Current Tax							46.71	208.08
Deferred Tax							299.22	(607.02)
MAT Credit entitlement							408.15	3,280.51
Income Tax related to earlier Years							(86.98)	(26.49)
Profit from ordinary activities							(1.71)	0.79
Other Comprehensive Income							319.46	3,254.81
<b>Net Profit</b>								
<b>OTHER INFORMATION</b>								
Segment Assets	<b>38,587.41</b>	34,559.46	2,174.07	1,828.08	1,243.21	1,526.23	42,004.69	37,913.77
Unallocated Assets							2,987.25	3,945.05
Total Assets	<b>38,587.41</b>	34,559.46	2,174.07	1,828.08	1,243.21	1,526.23	44,991.94	41,858.82
Segment Liabilities	<b>32,567.36</b>	30,640.29	1,373.08	466.76		-	33,940.44	31,107.05
Unallocated Liabilities							-	-
Total Liabilities	<b>32,567.36</b>	30,640.29	1,373.08	466.76	-	-	33,940.44	31,107.05
Capital Expenditure							2,600.82	153.56
Unallocated Capital Expenditure	2,347.87	128.89	252.95	24.67			-	-
Depreciation	<b>3,847.15</b>	1,524.14	88.57	87.42	141.72	141.29	4,077.44	1,752.85
Unallocated Depreciation Expenditure							-	-
Non-Cash expenses other than Depreciation							-	-

**Note No. 46****Financial Risk Management**

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

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

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

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

***Credit Risk***

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

***Receivables***

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Company extends credit to its customers in the normal course of business by considering the factors such as financial reliability of customers. The Company evaluates the concentration of the risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. In case of Corporate / Export Customer, credit risks are mitigated by way of enforceable securities. However, unsecured credits are extended based on 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 31-03-2022	Due less than 45 days	46 to 90 days	More than 90 days	Total
Gross carrying amount	2,519.53	153.19	3,178.32	5,851.04
Expected Loss Rate	0%	0%	0.35%	0.35%
Expected Credit Losses	-	-	11.16	11.16
Carrying amount of trade receivables net of impairment	2,519.53	153.19	3,167.16	5,839.88

(₹ In Lakhs)

As at 31-03-2021	Due less than 45 days	46 to 90 days	More than 90 days	Total
Gross carrying amount	3,624.21	1,162.06	2,806.08	7,592.35
Expected Loss Rate	0%	0%	0%	0%
Expected Credit Losses	-	-	-	-
Carrying amount of trade receivables net of impairment	3,624.21	1,162.06	2,806.08	7,592.35

#### Financial Instruments and Cash deposits

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

#### Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

#### Fund Management

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

#### Financial arrangements

The Company has access to the following undrawn borrowing facilities:

(₹ In Lakhs)

Particulars	31-03-2022	31-03-2021
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	3,564.74	5,229
Term Loans	4,794.56	NIL

**DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**



**Maturities of Financial Liabilities**

(₹ In Lakhs)

Nature of Financial Liability	< 1 Year	1 – 5 Years	>5 years	Total
<b>As at 31-03-2022</b>				
Borrowings	17,554.71	11,487.90	-	29,042.61
Trade payables	1,195.96	-	-	1,195.96
Other Financial Liabilities (Incl. Interest)	867.26	-	-	867.26
<b>As at 31-03-2021</b>				
Borrowings	14,891.49	12,451.91	-	27,343.40
Trade payables	1,430.30	-	-	1,430.30
Other Financial Liabilities (Incl. Interest)	1,105.02	-	-	1,105.02

**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 uses derivative financial instruments viz. Foreign Exchange Forward Contracts exclusively for hedging currency risks that arise from imports / exports transactions. The Company measures the risk by forecasting foreign currency cash flows and manages its currency risks by appropriately hedging the transactions. When a forward contract is entered into for the purpose of being a hedge, the Company finalizes the terms of those forward contracts to match the terms of the hedged exposure i.e. receivables / payables / Firm Commitments. All identified exposures are managed as per the policy duly approved by the Board of Directors.

**The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities / Firm Commitments as at the end of reporting periods are given below :**

**As at 31-03-2022**

Type	Particulars	USD	EURO
<b>Hedged Items</b>	<b>Financial Assets / Firm Commitments related to Financial Assets</b>		
	a) Trade Receivables	10.01	
	b) Export sale Contracts	36.68	7.41
	<b>Financial liabilities / Firm Commitments related to Financial Liabilities</b>		
	a) Buyers Credit Loan	36.54	
	b) Foreign Currency Loan	30.00	
<b>Hedging Instruments (forward Contracts)</b>	<b>Instruments for hedging the currency risk on Financial Assets</b>		
	a) PCFC Loan	16.69	
	b) Bill Discount - Export	1.36	
	<b>Instruments for hedging the currency risk on Financial Liabilities</b>		
	a) Forward Contract for Buyers Credit Loan	36.54	
	b) Forward contract for Foreign Currency Loan	30.00	

**As at 31-03-2021**

Type	Particulars	USD	EURO
<b>Hedged Items</b>	<b>Financial Assets / Firm Commitments related to Financial Assets</b>		
	c) Trade Receivables	0.68	-
	d) Export sale Contracts	2.57	0.24
	<b>Financial liabilities / Firm Commitments related to Financial Liabilities</b>		
	c) Buyers Credit Loan	1.96	-
	d) Foreign Currency Loan	-	-
<b>Hedging Instruments (forward Contracts)</b>	<b>Instruments for hedging the currency risk on Financial Assets</b>		
	c) PCFC Loan	-	1.15
	d) Bill Discount - Export	0.22	-
	<b>Instruments for hedging the currency risk on Financial Liabilities</b>		
	c) Forward Contract for Buyers Credit Loan	1.73	-
	d) Forward contract for Foreign Currency Loan	-	-

**Cash flow and fair value interest rate risk**

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

*Interest rate risk exposure*

(₹ in Lakhs)

Particulars	31-03-2022	31-03-2021
Variable Rate Borrowings	15,990.38	16,343.14
Fixed Rate Borrowings	-	-

The Company does not have any interest rate swap contracts.

**Sensitivity on Interest rate fluctuation**

Incremental Interest Cost works out to	31-03-2022	31-03-2021
1% Increase in Interest Rate	159.90	163.14

**Note No. 47**

**Impact of Covid - 19:**

The resurgence of COVID-19 in India has forced State Government to impose complete lockdown from 24-05-2021 to 31-05-2021 and Mills were temporarily shutdown during that period. However, there is no material impact in the financial statements for the year ended 31-03-2022 due to such related restrictions.

**Note No. 48****Events After the Reporting Period – Distribution Made and Proposed**

Particulars	31-03-2022	31-03-2021
<b>Cash Dividends on Equity Shares declared and paid</b>		
Final Dividend for the year ended 31 <sup>st</sup> March, 2021 ₹ 0.50/- per share (PY: ₹ 0.50 per Share)	<b>19.73</b>	19.73
<b>Proposed Dividends on Equity Shares</b>		
Final Dividend for the year ended 31 <sup>st</sup> March, 2022 ₹ 1.00/- per share (PY: ₹ 0.50 per Share)	<b>39.46</b>	19.73

**Note No.49****Additional Regulatory Information as required under Companies Act, 2013 / IND AS**

## a) Details of loans granted to Promoters, Directors, KMP and related parties:

Type of Borrower	Amount of Loan outstanding as on 31-03-2022	% to the Total Loans and advances in the nature of Loans
Nil		

- b) Undisclosed Income The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.
- c) Benami property  
The Company did not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- d) Relationship with Struck off Companies The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.
- e) Details of Crypto Currency or Virtual Currency The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence disclosure relating to it are not applicable.
- f) The Company has neither advanced or loaned or invested, nor received any fund, to or from, any other persons or entities (intermediaries) with the understanding that the intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.



f) Key Financial Ratio:

Sl. No.	Particulars	UOM	31-03-2022	31-03-2021	Variation in %
a	Current Ratio	in multiple	1.14	1.13	0.56
b	Debt - Equity Ratio	in multiple	2.63	2.54	3.33
c	Debt Service Coverage Ratio	in multiple	1.13	1.29	(12.35)
d	Return on Equity Ratio	in %	3%	36%	(91.71)
e	Inventory Turnover Ratio	in Days	73	89	(17.12)
f	Trade Receivable Turnover Ratio	in Days	65	85	(22.90)
g	Trade Payable Turnover Ratio	in Days	13	18	(30.44)
h	Net Capital Turnover Ratio	in Days	126	155	(18.70)
i	Net Profit Ratio	in %	1%	10%	(90.35)
j	Return on Capital Employed	in %	6%	14%	(60.90)
k	Return on Investments (Assets)	in %	1%	8%	(90.87)

Formula adopted for above Ratios:

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

**Reasons for Variation for more than 25%**

**Return on Equity Ratio/ Net Profit Ratio/ Return on Capital Employed/Return on Investment (Assets)**

This is due to increase in profits in the previous Financial Year 2020-21 mainly due to profit on sale of investments and due to change in Depreciation on account of change in estimates of useful life of PPE in FY 2021-22.

**Trade Payable Turnover Ratio**

The reduction in Trade Payable turnover ratio is due to increase in the turnover during the financial year 2021-22 coupled with increase in selling prices of yarn and fabrics. Also increase in sales volume took place on account of better capacity utilisation.

**DISCLOSURES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**



**g) Disclosures related to CSR activities**

(₹ in Lakhs)

Particulars	Amount
Amount required to be spent by the company during the year	17.43
Amount of expenditure incurred	17.92
Shortfall at the end of the year	Nil
Total of previous years shortfall	Nil
Reason for shortfall	Not Applicable
Nature of CSR activities	Refer Table A
Details of related party transactions	Refer Table A

Note : The Company has not made any provision related to CSR activities for the FY 2021-22 and FY 2020-21.

**Table A - Nature of CSR Activities:**

(₹ in Lakhs)

Sl. No.	CSR Project or Activity identified & Sector in which the project is covered	Locations	Amount
			Actual
1.	Eradication of Hunger	Rajapalayam, (Tamil Nadu),	2.92
2.	Promotion of Education *	Rajapalayam, (Tamil Nadu),	15.00
<b>TOTAL</b>			<b>17.92</b>

\* Paid to Lingammal Ramaraju Shastra Prathishta Trust (Related Party Transaction).

**Note No. 50: Reclassification of previous year figures upon complying with Schedule III Amendments**

The Company had voluntarily adopted to comply with the amendments in Schedule III of Companies Act, 2013 notified on 24-03-2021, for the financial year 2021-22, though the applicability is spelt out with effect from 01-04-2021. Accordingly, the Company has complied with such disclosures and reclassified the following items in the previous years, to conform to current year classification.

Nature of Reclassification	Amount of each item reclassified	Reason for reclassification
Hitherto, Current maturities of Long term borrowings was included in Other Current Financial Liabilities. As per the requirement under amendments to Schedule III, the same has been presented under 'Short Term Borrowings' as a separate line and previous year figure has been reclassified.	2021-22: ₹ 4,502.48 Lakhs 2020-21: ₹ 3,891.23 Lakhs	Schedule III Amendments in the Companies Act, 2013

The Company had voluntarily adopted to comply with the amendments in Schedule III of Companies Act, 2013 notified on 24-03-2021, from the financial year 2021-22, though the applicability is spelt out with effect from 01-04-2021. Hitherto, investments in subsidiaries and associates was presented outside 'Financial Assets' as a separate line item on the face of a balance sheet for the reason that, the interests in subsidiaries and associates that are accounted in accordance with Ind AS 27 Separate Financial Statements, Ind AS 110 Consolidated Financial Statements or Ind AS 28 Investment in Associates, are scoped out from the applicability of Ind AS 107 and Ind AS 109. However, investments in subsidiaries and associates should be presented within financial assets, since such investments still meet the definition of financial instruments, as per the Guidance Note issued by ICAI during January 2022 vide para no. 8.1.8.4. Accordingly the Company has complied with such disclosures and reclassified previous year figures, wherever necessary, to conform to current year classification.

**Note No.51**
**Capital Management**

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

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	31-03-2022	31-03-2021
Long Term Borrowings	<b>11,487.90</b>	12,451.91
Current maturities of Long Term borrowings	<b>4,502.48</b>	3,891.23
Short Term Borrowings	<b>13,052.23</b>	11,000.26
Less: Cash and Cash Equivalents	<b>833.92</b>	240.19
Net Debt (A)	<b>28,208.69</b>	27,103.21
Equity Share Capital	<b>394.66</b>	394.66
Other Equity	<b>10,656.84</b>	10,357.11
Total Equity (B)	<b>11,051.50</b>	10,751.77
Total Capital Employed (C) = (A) + (B)	<b>39,260.19</b>	37,854.98
Capital Gearing Ratio (A) / (C)	<b>72%</b>	72%

In order to achieve the 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 year ended 31-03-2022 and 31-03-2021.

As per our report annexed

**For N.A. Jayaraman & Co**

Chartered Accountants

Firm Registration No. 001310S

**R. Palaniappan**

Partner

Membership No. 205112

Rajapalayam

25<sup>th</sup> May, 2022

On behalf of the Board of Directors

**For The Ramaraju Surgical Cotton Mills Limited**

**Shri P.R.Venketrama Raja**

Chairman

**Smt. Nalina Ramalakshmi**

Managing Director

**N.Vijay Gopal**

Chief Financial Officer

**Walter Vasanth P J**

Company Secretary

## INDEPENDENT AUDITOR'S REPORT

To the Members of **The Ramaraju Surgical Cotton Mills Limited**

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the Consolidated financial statements of **THE RAMARAJU SURGICAL COTTON MILLS LIMITED** ("the Holding Company"), its subsidiary (collectively referred to as "the Company" or "the Group") and its associates, comprising of the consolidated balance sheet as at 31<sup>st</sup> March 2022, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at 31<sup>st</sup> March 2022, and the consolidated profit/loss, and its consolidated cash flows for the year ended and consolidated changes in the equity on that date.

#### Basis for Opinion

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

#### Emphasis of Matter

We draw attention to Note No. 50 to the consolidated financial statements, which describes the uncertainties and the impact of the COVID 19 pandemic on the operations and results on financial results. The Management has assessed that there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID 19 pandemic. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

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

S. No.	Key Audit Matter	Auditor's Response
1	<p><b>Recognition and measurement of deferred taxes</b></p> <p>The recognition and measurement of deferred tax items requires determination of differences between the recognition and the measurement of assets, liabilities, income and expenses in accordance with the Income Tax Act and other applicable tax laws including application of ICDS and financial reporting in accordance with Ind AS.</p> <p>Assessment of Deferred Tax Assets is done by the management at the close of each financial year taking into account forecasts of future taxable results.</p> <p>We have considered the assessment of deferred tax liabilities and assets as a key matter due to the importance of management's estimation and judgment and the materiality of amounts.</p> <p><b>(Refer to Note No. 6 D (iv),(v),(vi),(vii) &amp; 7(iv) to the Consolidated Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></p> <p>The key matter was addressed by performing audit procedures which involved assessment of underlying process and evaluation of internal financial controls with respect to measurement of deferred tax and assessment of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable financial reporting standards.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the consolidated financial statements.</p>
2	<p><b>Evaluation of uncertain Tax Position / Other contingent liabilities</b></p> <p>The Company has material uncertain tax position in respect of possible or actual taxation disputes, litigations and claims. The provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various legal forums.</p> <p><b>(Refer to Note No. 6(O) (iv) &amp; 7 (vi) to the Consolidated Financial Statements)</b></p>	<p><b>Principal Audit Procedures</b></p> <p>The Audit addressed this Key Audit Matter by assessing the adequacy of tax Provisions by reviewing the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We reviewed the significant litigations and claims and discussed with the Company's legal counsel, external advisors about their views regarding the likely outcome and magnitude of and exposure to relevant litigation and claims.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the Consolidated financial statements.</p>

S. No.	Key Audit Matter	Auditor's Response
3	<p><b>Existence and impairment of Trade Receivables</b></p> <p>Trade Receivables are significant to the Company's financial statements. The Collectability of trade receivables is a key element of the company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business, the requirements of customers and various contract terms are in place, there is a risk that the carrying values may not reflect of their recoverable amounts as at the reporting date, which would require an impairment provision. Where there are indicators of impairment, the company undertakes assessment of the recoverability of the amounts. Given the magnitude and inherent uncertainty involved in the judgement, in estimating impairment assessment of trade receivables, we have identified this as a key audit matter.</p> <p><b>(Refer to Note No. 6 V (vii), 6 X (vi)(b) and 7(vii) to the Consolidated Financial Statements)</b></p>	<p><b>Principal Audit Procedures:</b></p> <p>We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. Assessing the impact of impairment on trade receivables requires judgement and we evaluated management's assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.</p> <p>We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the consolidated financial statements.</p>
4	<p><b>Changes in useful life of Property, plant and equipment (PPE)</b></p> <p>As at March 31, 2022 the Holding Company had a gross block of ₹ 34,108.72 Lakhs in plant and machinery and Electrical Machinery which constitutes 81.76% of the property, plant and equipment of the Holding Company. In the current year, the Holding Company has revised the useful life of the plant and machinery and Electrical Machinery. Assessment of useful lives of plant and machinery and Electrical Machinery involves management judgment, consideration of historical experiences, anticipated technological changes, etc. Accordingly, it has been determined as a key audit matter.</p> <p><b>(Refer to Note No. 6 E &amp; 7 (ii) of the consolidated financial statements)</b></p>	<p>Our audit procedures included and were not limited to the following:</p> <p>Evaluating the reasonableness of the assumptions considered by the management in estimation of useful life.</p> <p>Examining the useful economic lives assigned with reference to the Holding Company's historical experience, technical evaluation by Registered Valuer and our understanding of the future utilisation of assets by the Holding Company.</p> <p>Assessing whether the impact on account of the change has been appropriately recognized in the financial statements.</p> <p>Review of the disclosures made in the financial statements in this regard.</p>



### **Information Other than the Consolidated Financial Statements and Auditors' Report Thereon**

The Holding Company's management and board of directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the financial statements and our auditor's report thereon.

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

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

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

### **Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, the respective Management and Board of Directors of the entities included in the Group and of its associates are responsible for assessing the ability of each entity and its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group and its Associates are responsible for overseeing the financial reporting process of each entity.

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

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

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

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



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

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

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

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

### **Other Matters**

- a. The Consolidated financial statements include financial statements of one subsidiary which reflect the total assets of ₹ 2191.17 Lakhs as at 31st March, 2022, the total revenue of ₹ 2.55 Lakhs and net cash outflow of ₹ 49.92 Lakhs for the year ended 31st March, 2022 which was audited by another independent auditor whose report has been furnished to us.
- b. The consolidated financial statements also include the Group's share of profit after tax of ₹ 1273.13 Lakhs and total comprehensive income of ₹ 1270.05 Lakhs for the year ended 31<sup>st</sup> March 2022 as considered in the consolidated audited financial statements in respect of all the seven associates. The financial results / financial information of one associate has been audited by us along with another joint auditor and six associates have been audited by an Independent Auditor, whose reports have been furnished to us by the management and our report on the consolidated financial statements in so far as it relates to the amounts that have been derived from such audited financial statements is solely based on the reports of the other auditors.

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

## Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March 2022 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its associates incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31<sup>st</sup> March 2022 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “**Annexure**”, which is based on the auditor’s reports of the company and its subsidiary and its associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reason stated there in.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and best of our information and according to the explanations given to us, the remuneration paid to the directors during the current year by the Holding Company and its subsidiary and associates which are incorporated in India is in accordance with the provision of section 197 (16) of the Act. The remuneration paid to any director by the Holding Company and its subsidiary and associates which are incorporated in India, is not in excess of limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended;

In our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary and associate companies incorporated in India during the year ended 31<sup>st</sup> March 2022.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of Companies (Audit and Auditors) Rules, 2014, as provide under (a) and (b) above, contain any material mis-statement.
- v. As stated in Note 51 to the consolidated financial statements, the dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

For **N.A. JAYARAMAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001310S

**R. PALANIAPPAN**  
Partner  
Membership Number: 205112  
UDIN: 22205112AJOTVB8907

Chennai  
25<sup>th</sup> May 2022

## **Annexure to the Independent Auditor's Report**

Referred to in Paragraph (f) of Report on Other Legal and Regulatory Requirements of our Report of even date

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

In conjunction with our audit of the consolidated financial statements of The Ramaraju Surgical Cotton Mills Limited (The Holding Company) as of and for the year ended 31<sup>st</sup> March 2022, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary and associate companies which are companies incorporated in India, as of that date.

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

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

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting with reference to financial statements of the Holding Company and its subsidiary and associates which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note, issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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

## Opinion

In our opinion, based on the test checks conducted by us, the Holding Company and its subsidiary and associate companies which are companies incorporated in India, have, in all material respects, reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were prima facie operating effectively as at 31<sup>st</sup> March 2022, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **N.A. JAYARAMAN & CO.,**  
Chartered Accountants  
Firm Registration Number: 001310S

**R. PALANIAPPAN**  
Partner  
Membership Number: 205112  
UDIN: 22205112AJOTVB8907

Chennai  
25<sup>th</sup> May 2022

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2022

(₹ in Lakhs)

	Note No	As at 31-03-2022	As at 31-03-2021
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
Property, Plant & Equipment	8	22,142.38	24,469.84
Capital Work-in-progress	9	2,497.60	121.51
Investment Property	10	5.62	5.80
Goodwill		69.12	69.12
Other Intangible Assets	11	1.56	1.82
Financial Assets			
Investments in Associates	12	18,246.33	16,848.85
Other Investments	13	12.10	13.80
Other Financial Assets	14	325.45	406.59
Other Non-Current Assets	15	1,742.01	552.64
<b>Sub Total ( A )</b>		<b>45,042.17</b>	<b>42,489.97</b>
<b>(2) Current Assets</b>			
Inventories	16	9,645.90	5,511.06
Financial Assets			
Trade Receivables	17	5,839.88	7,604.88
Cash and Cash Equivalents	18	844.99	380.60
Bank Balance other than Cash and Cash Equivalents	19	93.45	10.77
Other Financial Assets	20	161.20	1,419.63
Current Tax Assets		226.24	-
Other Current Assets	21	2,500.22	1,054.08
<b>Sub Total ( B )</b>		<b>19,311.88</b>	<b>15,981.02</b>
<b>TOTAL ASSETS (A+B)</b>		<b>64,354.05</b>	<b>58,470.99</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
Equity Share Capital	22	394.65	394.65
Other Equity	23A	27,571.24	26,093.68
Equity Attributable to the Equity Shareholders		27,965.89	26,488.33
Non Controlling Interest	23B	521.36	777.62
<b>Total Equity ( A )</b>		<b>28,487.25</b>	<b>27,265.95</b>
<b>(2) Liabilities</b>			
<b>(A) Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	24	13,190.40	12,451.91
Provisions	25	75.90	62.91
Deferred Tax Liabilities (Net)	26	694.04	350.40
Deferred Government Grants	27	-	40.05
<b>Sub Total ( B )</b>		<b>13,960.34</b>	<b>12,905.27</b>
<b>(B) Current Liabilities</b>			
Financial Liabilities			
Borrowings	28	17,583.71	14,891.49
Trade Payables	29		
(i) Total Outstanding dues of micro enterprises and small enterprises		84.25	58.90
(ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises		1,228.73	1,378.72
Other Financial Liabilities	30	869.64	1,108.39
Other Current Liabilities	31	1,626.41	468.74
Provisions	32	513.72	359.18
Current Tax Liabilities		-	34.35
<b>Sub Total ( C )</b>		<b>21,906.46</b>	<b>18,299.77</b>
<b>TOTAL EQUITY AND LIABILITIES (A+B+C)</b>		<b>64,354.05</b>	<b>58,470.99</b>
Significant Accounting Policies, Judgements and Estimates	1 - 7		
See accompanying notes to the financial statements.	8-55		

As per our report annexed

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

**R. Palaniappan**  
Partner  
Membership No. 205112

Rajapalayam  
25<sup>th</sup> May 2022

On behalf of the Board of Directors  
**For The Ramaraju Surgical Cotton Mills Limited**

**Shri P.R.Venketrama Raja**  
Chairman

**Smt. Nalina Ramalakshmi**  
Managing Director

**N.Vijay Gopal**  
Chief Financial Officer

**Walter Vasanth P J**  
Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ In Lakhs)

	Note No.	For the Year Ended 31-03-2022	For the Year Ended 31-03-2021
<b>INCOME</b>			
I Revenue from Operations	33	37,603.20	28,424.00
II Other Income	34	195.29	3,141.35
<b>III Total Income (I+II)</b>		<b>37,798.49</b>	<b>31,565.35</b>
<b>IV EXPENSES</b>			
Cost of Materials Consumed	35	21,491.23	12,974.01
Purchases of Stock- in- Trade		505.04	190.00
Changes in Inventories of Finished Goods and Work-in-Progress	36	(1,000.31)	3,041.75
Employee Benefit Expenses	37	3,529.59	2,850.11
Finance Costs	38	1,925.27	2,199.86
Depreciation and Amortisation Expenses	39	4,082.88	1,753.37
Other Expenses	40	6,484.19	5,183.63
<b>Total Expenses</b>		<b>37,017.90</b>	<b>28,192.73</b>
<b>V Profit before tax (III-IV)</b>		<b>780.60</b>	<b>3,372.62</b>
<b>VI Income Tax Expenses / (Savings)</b>			
Current Tax - MAT		135.91	611.65
Mat Credit Utilization		299.22	
Deferred Tax		44.42	(405.84)
<b>VII Profit for the year before share of Profit of Associates (V-VI)</b>		<b>301.05</b>	<b>3,166.81</b>
<b>VIII Share of Net Profit After Tax (PAT) of Associates accounted using Equity Method</b>		<b>1,273.13</b>	<b>1,060.30</b>
<b>IX Profit for the Year (VII+VIII)</b>		<b>1,574.18</b>	<b>4,227.11</b>
<b>X Other Comprehensive Income</b>			
Item that will not be reclassified subsequently to Profit and Loss:			
Remeasurement (Losses) on defined benefit obligation (net)		(86.98)	(26.49)
Less: Income tax Savings		(24.20)	(4.63)
Add: Deferred Tax (MAT Credit Entitlement)		24.20	4.63
		(86.98)	(26.49)
Fair value Gain/(Loss) on Equity Instruments through OCI (Net)		(1.71)	0.79
Other Comprehensive Income for the year, net of tax		(88.69)	(25.70)
Share of OCI of Associates accounted for using the equity method		(3.08)	(4.67)
		(91.77)	(30.37)
<b>IX Total Comprehensive Income for the year, net of tax (IX-X)</b>		<b>1,482.41</b>	<b>4,196.74</b>
Profit for the year attributable to:			
Shareholders of the Company		1,602.94	4,229.78
Non controlling Interest		(28.76)	(2.67)
Total comprehensive income for the year attributable to :			
Shareholders of the Company		1,511.17	4,199.41
Non controlling Interest		(28.76)	(2.67)
<b>X Earnings per Equity Share of Rs. 10/- each</b>		<b>40.62</b>	<b>107.20</b>
(Basic & Diluted) (in Rupees)			
(Refer to Note No.45)			
Significant Accounting Policies, Judgements and Estimates	1 - 7		
See accompanying notes to the financial statements.	8-55		

As per our report annexed

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

**R. Palaniappan**  
Partner  
Membership No. 205112

Rajapalayam  
25<sup>th</sup> May 2022

On behalf of the Board of Directors  
**For The Ramaraju Surgical Cotton Mills Limited**

**Shri P.R.Venketrama Raja**  
Chairman

**N.Vijay Gopal**  
Chief Financial Officer

**Smt. Nalina Ramalakshmi**  
Managing Director

**Walter Vasanth P J**  
Company Secretary



**A. Equity Share Capital** (Refer Note No. 22)

(₹ in Lakhs)

Equity Shares of ₹ 10 each issued, subscribed and fully paid	Amount
Balance as at 31 <sup>st</sup> March, 2022	394.65
Changes in Equity Share Capital during the year 2021-22	
Balance as at 31 <sup>st</sup> March, 2021	394.65
Changes in Equity Share Capital during the year 2020-21	
Balance as at 01 <sup>st</sup> April, 2020	394.65

**B. Other Equity** (Refer Note No. 23A & 23B)

(₹ in Lakhs)

**For the year ended 31-03-2022**

Particulars	Reserves & Surplus				Non Controlling Interest	Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserve on Consolidation	General Reserve	Retained Earnings		FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	Share of OCI of Associates	
Other Equity as at 01 <sup>st</sup> April, 2021	17.63	10,337.79	15,175.71	557.54	777.62	5.01	-	-	26,871.30
Add/(Less): Profit for the Year	-	-	-	1,602.94	(28.76)	(1.71)	-	-	1,572.47
Add/(Less): Purchase of NCI shares in Subsidiary	-	-	-	(13.88)	(227.50)	-	-	-	(241.38)
Add/(Less): Other Comprehensive Income	-	-	-	-	-	-	(86.98)	(3.08)	(90.06)
<b>Total Comprehensive Income</b>	-	-	-	<b>1,589.05</b>	<b>(256.26)</b>	<b>(1.71)</b>	<b>(86.98)</b>	<b>(3.08)</b>	<b>1,241.03</b>
Add/(Less): Cash Dividend	-	-	-	(19.73)	-	-	-	-	(19.73)
Add/(Less): Transfer from OCI	-	-	-	(90.06)	-	-	86.98	3.08	-
Other Equity as at 31 <sup>st</sup> March, 2022	17.63	10,337.79	15,175.71	2,036.81	521.36	3.30	-	-	28,092.60

**For the year ended 31-03-2021**

Particulars	Reserves & Surplus				Non Controlling Interest	Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserve on Consolidation	General Reserve	Retained Earnings		FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	Share of OCI of Associates	
Other Equity as at 1 <sup>st</sup> April, 2020	17.63	11,327.78	6,516.30	5,391.55	-	4.22	-	-	23,257.48
Add/(Less): Profit for the Year	-	-	-	4,229.78	(2.67)	0.79	-	-	4,227.90
Add/(Less): Other Comprehensive Income	-	-	-	-	-	-	(26.49)	(4.67)	(31.16)
<b>Total Comprehensive Income</b>	-	-	-	<b>4,229.78</b>	<b>(2.67)</b>	<b>0.79</b>	<b>(26.49)</b>	<b>(4.67)</b>	<b>4,196.74</b>
Add/(Less): On Acquisition of Subsidiary	-	-	-	-	1,005.00	-	-	-	1,005.00
Add/(Less): Purchase of NCI shares in Subsidiary	-	-	-	(12.90)	(224.71)	-	-	-	(237.61)
Add/(Less): Cash Dividend	-	-	-	(19.73)	-	-	-	-	(19.73)
Add/(Less): Declassification of Associate Share	-	(989.99)	(340.59)	-	-	-	-	-	(1,330.58)
Add/(Less): Transfer from OCI	-	-	-	(31.16)	-	-	26.49	4.67	-
Add/(Less): Transfer to General Reserve	-	-	-	(9,000.00)	-	-	-	-	(9,000.00)
Add/(Less): Transfer from Retained Earnings	-	-	9,000.00	-	-	-	-	-	9,000.00
Other Equity as at 31 <sup>st</sup> March, 2021	17.63	10,337.79	15,175.71	557.54	777.62	5.01	-	-	26,871.30

As per our report annexed

On behalf of the Board of Directors

**For N.A. Jayaraman & Co**

**For The Ramaraju Surgical Cotton Mills Limited**

Chartered Accountants

Firm Registration No. 001310S

**Shri P.R.Venketrama Raja**  
Chairman

**Smt. Nalina Ramalakshmi**  
Managing Director

**R. Palaniappan**

Partner

Membership No. 205112

**N.Vijay Gopal**  
Chief Financial Officer

**Walter Vasanth P J**  
Company Secretary

Rajapalayam  
25<sup>th</sup> May 2022



(₹ in Lakhs)

31-03-2022 31-03-2021

**A. Cash flows from Operating Activities**

Profit Before Tax	780.60	3,372.62
Adjustments to reconcile Profit Before Tax to Net Cash Flows:		
Depreciation & Amortisation	4,082.88	1,753.37
Finance Costs	1,925.27	2,199.86
Interest Received	(167.92)	(91.23)
Loss/(Profit) on Sale of Investments	-	(2,958.80)
Loss/(Profit) on Sale of Assets	481.95	(1.90)
Gratuity and Government Grants	-	(29.83)
Bad Debts	11.03	-
Provision for Doubtful Debts	11.16	5.92
Operating Profit before Working capital Changes	7,124.97	4,250.01

Movements in Working Capital:

Trade Receivables	1,742.81	(2,021.44)
Loans and Advances	(1,521.13)	(994.82)
Inventories	(4,134.83)	2,840.96
Trade Payables & Current liabilities	887.41	417.55
Cash generated from Operations	4,099.23	4,492.26
Income tax Paid	(223.98)	(572.15)
<b>Net Cash Flows from Operating Activities</b>	<b>3,875.25</b>	<b>3,920.11</b>

A

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

Purchase of Fixed Assets net of subsidies (Including Capital work-in-progress)	(4,980.02)	(248.17)
Investment in Associates	(369.59)	(1,123.81)
Sale of Investment	-	2,962.26
Proceeds from Sale of Property, Plant & Equipments	367.01	17.14
Interest Received	167.92	91.23
Dividend Received	0.79	106.15
<b>Net Cash Flows from Investing Activities</b>	<b>(4,813.89)</b>	<b>1,804.80</b>

B



(₹ in Lakhs)

31-03-2022 31-03-2021

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

Proceeds from Long Term Borrowings		5,436.84	5,523.00
Repayment of Deposits - Related Parties		(708.03)	(535.00)
Repayment of Long Term Loans		(4,043.70)	(3,112.51)
Proceeds / (Repayment) of Short Term Borrowings (Net)		2,986.98	(4,927.03)
Acquisition of Non Controlling Interest		(241.38)	(237.61)
Payment of Dividend		(19.73)	(19.73)
Finance Costs		(1,925.27)	(2,199.86)
<b>Net Cash Flows used in Financing Activities</b>	<b>C</b>	<b>1,485.71</b>	<b>(5,508.74)</b>

**Net Increase in Cash and Cash Equivalent** D=(A+B+C) **547.07** 216.17

**Opening balance of Cash and Cash Equivalents** E **391.37** 175.20

**Closing balance of Cash and Cash Equivalents** D+E **938.44** 391.37

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:

<b>PARTICULARS</b>	<b>31-03-2022</b>	<b>31-03-2021</b>
Cash and Cash Equivalents (Refer Note No. 18)	844.99	380.60
Bank Balances other than Cash and Cash Equivalents (Refer Note No. 19)	93.45	10.77
	<b>938.44</b>	<b>391.37</b>

See accompanying notes to the financial statements (Refer to Note No.8 to 55)

As per our report annexed

**For N.A. Jayaraman & Co**

Chartered Accountants

Firm Registration No. 001310S

**R. Palaniappan**

Partner

Membership No. 205112

Rajapalayam

25<sup>th</sup> May 2022

On behalf of the Board of Directors

**For The Ramaraju Surgical Cotton Mills Limited**

**Shri P.R.Venketrama Raja**

Chairman

**Smt. Nalina Ramalakshmi**

Managing Director

**N.Vijay Gopal**

Chief Financial Officer

**Walter Vasanth P J**

Company Secretary

## **1. Corporate Information**

The Ramaraju Surgical Cotton Mills Limited (“the Company”) is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of the Companies Act. The company is listed on MSEI in India. The Registered office of the Company is located at The Ramaraju Surgical Cotton Mills Premises, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu, India.

The Company is primarily engaged in manufacture of Surgical Dressings, Yarn and Greige Fabrics with its manufacturing facilities located in Rajapalayam, Subramaniapuram, Perumalpattti Village in Tamilnadu and in Jaggiahpet, Andhrapradesh. The Company is also engaged in generation of electricity from its windmills and solar panel for its captive consumption.

The Consolidated Financial Statements (CFS) for the year ended 31-03-2022 were approved and adopted by Board of Directors of the Company in their meeting dated 25.05.2022.

## **2. Statement of Ind AS Compliance**

- (i) The CFS are prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.

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

- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.6.
- (iii) Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by Ministry of Corporate Affairs that the disclosures made already under the separate financial statements are not repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.
- (iv) The CFS comprises the financial statements of The Ramaraju Surgical Cotton Mills Limited, its Subsidiaries hereinafter collectively referred as ‘Group’ and its Associates. The list of companies which are included in consolidation and the Parent’s holding and voting rights therein are as under:

Name of the Subsidiary	% of ownership interest	
	31-03-2022	31-03-2021
Madras Chipboard Limited	75.01%	64.68%

The following companies are considered as Associates based on existence of significant influence over such companies:

Name of the Company	% of Shareholding & Voting Power	
	31-03-2022	31-03-2021
The Ramco Cements Limited	1.40%	1.40%
Ramco Industries Limited	0.16%	0.16%
Ramco Systems Limited	0.04%	0.04%
Rajpalayam Mills Limited	1.83%	1.83%
Sri Vishnu Shankar Mill Limited	0.75%	0.75%
Sri Harini Textiles Limited	49.67%	49.67%
Shri Harini Media Limited	2.65%	2.65%

The above companies are incorporated in India and financial statements of the respective companies are drawn up to the same reporting date as that of the Parent (i.e.) 31-3-2022.

- (v) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (vi) 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.
- (vii) 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.
- (viii) The CFS are presented in Indian Rupees rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as ₹ 0.00 Lakhs.
- (ix) The CFS comprises the financial statements of The Ramaraju Surgical Cotton Mills Limited and its Subsidiary & Associate Companies. The following companies are considered as Associates based on existence of significant influence over such companies:
- (x) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

#### **4. Principles of Consolidation**

- (a) The financial statements of the Parent and its subsidiaries have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after elimination of intra-group balances and intra-group transactions resulting in unrealized Profits/Losses.

- (b) 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 Parent's separate financial statements.
- (c) Non-controlling interest in the net assets of subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and equity of the Parent's shareholders. Non-controlling interest in the net assets of subsidiary consists of :
  - (a) The amount of subscribed equity share capital attributable to non-controlling interest during the year.
  - (b) The movement of non-controlling interest in equity since the date the parent subsidiary relationship came into existence.
- (d) 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.
- (e) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate Companies from the date on which it becomes an associate and any difference between the cost of the investment and the Parent's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:
  - (i) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.
  - (ii) Subsequently, the carrying amount of investment is adjusted to recognize the share of post-acquisition profits or losses of its Associates in the Parent's Statement of Profit & Loss.
  - (iii) The equity method shall be discontinued from the date when the investment ceases to be an Associate and it shall measure the retained interest shall be measured at fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset. The difference between the fair value of retained interest & any proceeds from disposing of a part interest in the Associate and the carrying amount of investment at the date the equity method was discontinued will be recognized in profit or loss.
- (f) Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.
- (g) Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated to the extent of the Group's interest in these entities unless the transaction provides evidence of an impairment of the asset transferred.

- (h) At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group provides for impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'Share of profit of an associates' in the Statement of Profit & Loss.

## **5. Basis of Measurement**

The consolidated financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer to Note No. 6(U) - Accounting Policy for Financial Instruments) and defined benefit plan assets which are measured at fair value

## **6. Significant Accounting Policies**

### **A. Inventories**

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

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



**B. Statement of Cash Flows**

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before 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 that are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents for the purpose of Statement of Cash flows..

**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. Dividend together with applicable taxes is recognised directly in Other Equity.

**D. Income Taxes**

- (i) Current tax payable is based on taxable profit for the year. Taxable profit differs from Profit before tax as reported in the Statement of Profit & Loss because of Items of Income or Expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period. The MAT Credit Entitlement being unused tax credits that are carried forward by the Company for a specified period, is grouped under Deferred Tax.
- (iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.



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

#### **E. Property, Plant and Equipment’s (PPE)**

- (i) PPEs are stated at cost of acquisition or construction less accumulated depreciation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The directly attributable costs include cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition.
- (ii) Government grants related to assets have been deducted in arriving at the carrying amount of the respective assets.
- (iii) Subsequent expenditures are included in the assets’ carrying amount and recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- (iv) Spares which meet the definition of PPE are capitalised from the date when it is available for use. Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (v) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised.

- (vi) 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.
- (vii) The Company follows the useful lives of the significant parts of certain class of PPE on the straight line basis.
- (viii) During the year, the company has re-assessed the useful life of the assets taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the Asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc. based on technical advice as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Type of Plant and Machinery	Useful life of such component ranging from	
	Existing	Revised
Building	3 to 60 years	3 to 60 years
Textile Machines / Equipment	10 to 25 years	7 to 25 years
Wind Mills	5 to 30 years	5 to 30 years
HFO / DG Set	12 to 25 years	7 to 15 years
Solar Panel	25 years	25 years
Furniture and Fixtures	3 to 10 years	3 to 10 years
Electrical Machineries	3 to 25 years	3 to 15 years
Motor cars given to employees as per company's scheme	6 to 8 years	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. 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.

#### **F. Capital Work in progress / Capital Advances**

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

The cost of assets not put to use before such date are disclosed under 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) Ind AS 116 requires lessees to account for all leases under a single on-balance sheet model. The Company, as a lessee, upon transition to Ind AS 116, elected to measure the lease liability for all leases whose non-cancellable lease term is more than 12 months, at the present value of remaining lease payments discounted using the incremental borrowing rate at the date of initial application and recognise the right-of-use asset at an amount equal to the lease liability, adjusted for prepaid lease payments recognised in the balance immediately before the date of initial application.
- (ii) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of an underlying asset and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **Company as a Lessee**

- a. The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- b. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- (i) The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.
- (ii) The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and Equipment' and Lease liabilities in 'Borrowings' in the Balance sheet.
- (iii) The Company has opted not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<b>Particulars</b>	<b>Useful Life</b>
Land - Right-of-Use Assets	99 Years

### **Company as a Lessor**

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

## **H. Revenue Recognition**

### **(i) Revenue from Operations**

#### **(a) Sale of products**

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. It comprises of invoice value of goods after deducting discounts, volume rebates and applicable taxes on sale including GST. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. The financing component with regard to sale of products are excluded from Revenue from operations and recognized as Interest Receipts over the credit periods as per Ind AS 115. The Company does not have any non-cash consideration.

(b) **Power generated from Windmills**

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

(c) **Scrap sales**

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

(d) ***Income from Job Work***

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

(ii) **Other Income**

- a. Interest income is 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 Property, Plant and Equipments is recognised on a straight line basis over the terms of the relevant lease.

**I. Employee Benefits**

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 10% / 12% of employee's basic salary. The Company has no further obligations.

- (iv) The Company also contributes for superannuation a sum equivalent to 15% of the eligible and opting officer's annual basic salary. Out of the said 15% contribution, a sum upto Rs.1.50 Lakhs per annum is remitted to The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund administered by trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.
- (v) The Company has its own Defined Benefit Plan viz., an approved Gratuity Fund for its employees. 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. Based on the Actuarial Valuation by an independent external actuary, the Company makes annual contributions to "The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund" administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the reporting date using Projected Unit Credit method.
- (vi) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method. The Company presents the entire compensated absences as 'Short-term provisions' since employee has an unconditional right to avail the leave at any time during the year.
- (vii) Remeasurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to other comprehensive income in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

**J. Government Grants**

- (i) Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets"

- (iii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred grant income and are credited to the statement of profit and loss on a systematic basis over the expected lives of the related assets.

**K. Foreign currency transactions**

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

**L. Borrowing Costs**

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

**M. Earnings per Share**

- (i) Earnings per share is calculated by dividing the profit / (loss) attributable to equity shareholders by the weighted average number of equity shares.



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

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

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

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

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



that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

**P. Business Combinations**

Business Combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the asset transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests share of subsequent changes in equity of subsidiary

The purchase price is allocated to assets acquired and liabilities assumed based upon the determination of fair values at the date of acquisition

The excess of the purchase consideration paid over the fair value of net assets acquired has been attributed to goodwill.

**Q. Goodwill**

- (i) Goodwill comprises the portion of the purchase price for an acquisition that exceeds the Group's share in the identifiable assets, with deductions for liabilities, calculated on the date of acquisition of M/s. Madras Chipboard Limited.
- (ii) Goodwill is deemed to have an indefinite useful life and is reported at acquisition value. An impairment test of goodwill is conducted once every year or more often if there is an indication of a decrease in value.

**R. Intangible Assets**

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

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

<b>Nature of Intangible Assets</b>	<b>Estimated useful life</b>
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 assets are reviewed at each reporting date and adjusted prospectively, if appropriate.

## **S. Investment Properties**

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

<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. 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 periodically included at each reporting date.

#### **T. Segment Reporting**

The Company has Three operating/reportable segments viz. Textiles, Surgicals 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.

#### **U. 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.

#### **V. Financial Assets**

- (i) Financial assets comprise of investments in equity, trade receivables, cash and cash equivalents and other financial assets.
- (ii) Depending on the business model (i.e) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:

- a) Amortised cost; or
- b) Fair value through other comprehensive income (FVTOCI); or
- c) Fair value through profit or loss (FVTPL)

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

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

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

<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

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

- (vi) Upon 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.

## W. Financial Liabilities

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

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

**X. Fair value measurement**

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

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

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

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

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

**a) Investments in Equity**

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

**b) Trade and other receivables**

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

**c) 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.

**The details of amendments to the existing standards that are relevant to the Company with effect from 01-04-2021 are given below:**

- (a) Conceptual framework for financial reporting under Ind AS issued by ICAI. The Framework is not a standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is a choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The MCA has notified the Amendments to Ind AS, consequential to Conceptual Framework under Ind AS vide notification date 18-06-2021 applicable for annual periods beginning on or after 01-04-2021.

These amendments had no impact on the financial statements of the Company.

- (b) Amendments to Ind AS 105, Ind AS 16 and Ind AS 28 The definition of 'Recoverable amount' is amended such that the words 'the higher of an asset's fair value less costs to sell and its value in use' are replaced with 'higher of an asset's fair value less costs of disposal and its value in use'.

These amendments had no impact on the financial statements of the Company.

**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.

**(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) Segment Reporting**

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



**(vii) Contingent Liabilities**

Management 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.

**(viii) Impairment of Trade receivables**

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

**(ix) Impairment of Non-financial assets (PPE/Intangible Assets/Investment Properties)**

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

**(x) 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.

**(xi) 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.

**(xii) Impairment of Investments in Subsidiary / Associates**

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

**(xiii) Interests in other entities**

Significant management judgement is exercised in determining the interests in other entities. The management believes that wherever there is a significant influence over certain companies belonging to its group, such companies are treated as Associate companies even though it holds less than 20% of the voting rights. Significant management judgement is exercised whether such associate companies are individually immaterial or not for the purpose of disclosure requirements.



**THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note No. 8

#### Property, Plant & Equipment

(₹ in Lakhs)

Particulars	Year	Gross Block				Depreciation				Net Block	
		As at the beginning of the year	Additions made during the year	Additions due to acquisition of Subsidiary	Deductions / Adjustments	As at the end of the year	As at the beginning of the year	For the year (Note No.39)	Deductions / Adjustments	As at the end of the year	As at the beginning of the year
Land	2021-22	2,236.47	6.89	-	-	2,243.36	-	-	-	2,243.36	2,236.47
	2020-21	448.47	-	1,788.00	-	2,236.47	-	-	-	2,236.47	448.47
Land- Right of use asset	2021-22	-	372.93	-	-	372.93	-	3.77	-	369.16	-
	2020-21	-	-	-	-	-	-	-	-	-	-
Buildings	2021-22	6,359.38	8.72	-	75.11	6,292.99	1,713.08	199.43	0.12	1,912.39	4,380.60
	2020-21	6,051.53	12.31	295.54	-	6,359.38	1,513.79	199.29	-	1,713.08	4,646.30
Buildings - Right of use asset	2021-22	-	-	-	-	-	-	-	-	-	-
	2020-21	68.44	-	-	68.44	-	11.06	-	11.06	-	57.38
Plant and Machinery	2021-22	31,417.42	2,080.74	-	2,092.81	31,405.35	14,960.55	3,637.84	1,331.54	17,266.85	14,138.50
	2020-21	31,335.77	82.36	10.31	11.02	31,417.42	13,587.78	1,373.43	0.66	14,960.55	16,456.87
Electrical Machinery	2021-22	2,699.53	21.39	-	18.52	2,702.40	1,820.18	181.26	11.99	1,989.45	712.95
	2020-21	2,690.82	7.91	0.88	0.08	2,699.53	1,703.88	116.30	-	1,820.18	879.35
Furniture & Office Equipments	2021-22	344.81	36.23	-	-	381.04	230.27	32.74	-	263.01	118.03
	2020-21	311.55	33.14	0.17	0.05	344.81	198.97	31.30	-	230.27	114.54
Vehicles	2021-22	268.35	73.92	-	11.63	330.64	132.04	27.40	8.58	150.86	179.78
	2020-21	269.35	17.84	0.75	19.59	288.35	115.05	28.57	11.58	132.04	136.31
<b>Total</b>	2021-22	43,325.96	2,600.82	-	2,198.07	43,728.71	18,856.12	4,082.44	1,352.23	21,586.33	22,142.38
	2020-21	41,175.93	153.56	2,095.65	99.18	43,325.96	17,130.53	1,748.89	23.30	18,856.12	24,469.84

#### Other Disclosures:

(a) All the Fixed Assets has been pledged as security for borrowings.

(b) Change in Estimate:

During the year, the Company has revised its estimate of useful life in respect of certain items of property, plant and equipment. Had the Company used the earlier estimate, the depreciation for the year would have been lower by ₹2654.22 Lakhs with a consequential impact on the carrying value of the property, plant and equipment. In the opinion of the management, the above change in estimate of useful life which was made based on technical evaluation made by registered valuer will result in more reliable and relevant presentation of the above referred items of property, plant and equipment in the financial statements.

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

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

(e) During FY 2021-22, the company has received a sum of Rs. 2.47 Crores (PY : Rs. Nil) as capital subsidy. The subsidy has been directly credited against the carrying value of the respective plant and machinery.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 9</b>		
<b>Capital Work in Progress</b>		
<b>As at the beginning of the year</b>	<b>121.51</b>	26.63
Add: Additions during the year	<b>4,976.91</b>	94.88
Less: Capitalized during the year	<b>2,600.82</b>	-
<b>As at the end of the year</b>	<b>2,497.60</b>	121.51

### Additional Disclosures

- i) Capital work in progress includes borrowing cost of ₹ 26.93 Lakhs (PY: ₹ Nil), computed at a weighted average interest rate of 7.75% p.a. (PY: Nil.) applicable to entity's borrowings outstanding during the year.
- ii) CWIP Ageing Schedule

Particulars	Amount in CWIP for a period of			
	<1 year	1-3 years	>3 years	Total
<b>As at 31-03-2022</b>	<b>2,497.60</b>	-	-	<b>2,497.60</b>
As at 31-03-2021	114.63	-	6.88	121.51

- iii) The amount of expenditure recognized in the carrying amount of an item of Property, Plant and Equipment in the course of its construction, included in Capital Work-in-Progress are given below:

(₹ in Lakhs)

Particulars	31-03-2022
Pre-operative expenses incurred during the year	
Employee Benefit Expenses	100.71
Stores, Spares and Consumables	4.86
Repair and Maintenance	16.07
Insurance	0.50
Rent Paid	1.85
Legal Charges	1.94
Miscellaneous Expenses	33.27
Pre-operative expenses included in CWIP as at the end of the year	<b>159.20</b>

(₹ in Lakhs)

**Note No. 10**

**Investment Property**

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Building</b>		
As at the Beginning of the Year	8.72	8.72
Addition/Sale	-	-
As at the end of the Year	-	-
Accumulated depreciation as at the beginning of the year	2.92	2.73
Depreciation for the year	0.18	0.19
Less :		
Accumulated depreciation as at the end of the year	3.10	2.92
<b>Net Block</b>	<b>5.62</b>	<b>5.80</b>
<b>Total Investment Property</b>	<b>5.62</b>	<b>5.80</b>
<b>Fair Value of Investment Property</b>	<b>118.32</b>	<b>118.32</b>

**Additional Disclosures**

- The company owns a flat in Krishna Towers, Adyar, Chennai. The property is used by the company and not letout. Apart from payment of property taxes, water tax and depreciation, the company has not incurred any additional expenditure towards maintenance of the flat.
- The Company measured its Investment Properties at Cost in accordance with Ind AS 40.
- The fair valuation of these investment property are determined by an internal technical team, who are specialists in valuing these types of investment properties by using the technic of quoted prices for similar assets in active markets or recent price of similar properties in less active markets and adjusted to reflect those differences. Since the valuation is done by internal technical team as at 31.03.2022 the fair value of investment property as disclosed above is not based on valuation by a register valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.
- The Company has no restrictions on the disposal of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- Fair value hierarchy disclosures for investment properties have been provided in Note No. 49.

**Note No. 11**

**Intangible Assets**

(₹ in Lakhs)

Particulars	Year	Gross Block				Depreciation				Net Block	
		As at the beginning of the year	Additions made during the year	Deductions / Adjustments	As at the end of the year	As at the beginning of the year	For the year (Note No.36)	Deductions / Adjustments	As at the end of the year	As at the end of the year	As at the beginning of the year
Computer software	2021-22	27.14	-	-	27.14	25.32	0.26	-	25.58	1.56	1.82
	2020-21	181.60	-	154.46	27.14	175.49	4.29	154.46	25.32	1.82	6.11

**Other Disclosures**

- Deductions / adjustments represent intangible assets de-recognised from the financial statements since no future economic benefit is expected.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

### Note No. 12

#### Investment In Associates

(₹ in Lakhs)

Particulars	Face Value ₹ per share	As at 31-03-2022		As at 31-03-2021	
		Number of Shares	Amount	Number of Shares	Amount
Quoted Investment - Fully paid up Equity Shares					
Associates					
The Ramco Cements Limited	1	33,13,175	15,655.52	33,13,175	14,447.32
Ramco Industries Limited	1	1,35,880	221.00	1,35,880	204.78
Rajapalayam Mills Limited	10	1,57,733	1,363.86	1,35,200	1,204.60
Ramco Systems Limited	10	12,739	85.36	12,739	88.37
Total Quoted Investments (A)			17,325.74		15,945.07
Unquoted Investment - Fully paid up Equity Shares					
Associates					
Sri Vishnu Shankar Mill Limited	10	11,200	80.59	11,200	63.78
Sri Harini Textiles Limited	10	14,90,000	-	14,90,000	-
Shri Harini Media limited	1	60,00,500	-	60,00,500	-
Total Unquoted Investments (B)			80.59		63.78
Investment in Preference Shares, Non Trade- Unquoted					
Shri Harini Media Limited- 9% Redeemable Preference shares	1	8,40,00,000	840.00	8,40,00,000	840.00
Total Investment in Preference Shares, Non Trade- Unquoted (C)			840.00		840.00
Aggregate Value of Total Investment (A+B+C)			18,246.33		16,848.85
Aggregate Value of:					
Quoted Investments - Carrying Value (A)			17,325.74		15,945.07
Market Value			27,228.78		34,617.61
Unquoted Investments - Carrying Value (B)			920.59		903.78
Total Quoted & Unquoted investments (A+B)			18,246.33		16,848.85

- 1) Refer Note 46 (a) for additional information about the Company's ownership interest / percentage of shareholding in the above associates.
- 2) The carrying amount of Investment in Associates is tested for impairment in accordance with Ind AS 36. These investments are strategic and long term in nature. Hence considering the long term prospects, no impairment is considered necessary as at the reporting date.

3) During the year, the Company has subscribed to the rights issue by its associate M/s Rajapalayam Mills Limited (22533 shares) amounting to ₹ 1.28 Crores.

**Note No. 13**

**Other Investment (Designated At FVTOCI)**

(₹ in Lakhs)

Particulars	Face Value ₹ per share	As at 31-03-2022		As at 31-03-2021	
		Number of Shares	Amount	Number of Shares	Amount
Ramco Industrial and Technology Services Limited	10	26,350	5.94	26,350	7.64
Ramco Windfarms Limited	1	6,16,000	6.16	6,16,000	6.16
<b>Total Other Investments</b>			<b>12.10</b>		<b>13.80</b>

Note:

1) Refer to Note No. 49 for information about fair value hierarchy under Disclosure of Fair Value Measurement.

**Note No. 14**

**Other Financial Assets (Non Current)**

**Unsecured and Considered Good**

Security Deposits with Electricity Board / Others	325.45	406.59
<b>Total</b>	<b>325.45</b>	<b>406.59</b>

**Note No. 15**

**Other Non Current - Assets**

**Unsecured and Considered Good**

Capital Advance	1,742.01	552.64
<b>Total</b>	<b>1,742.01</b>	<b>552.64</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 16</b>		
<b>Inventories (Valued at lower of cost or net realisable value)</b>		
Raw Materials	5,318.75	2,234.33
Work in Progress	1,474.88	941.96
Finished goods	2,568.58	2,101.19
Stores and Spares	283.69	233.58
<b>Total</b>	<b>9,645.90</b>	<b>5,511.06</b>

### Additional Disclosures

- i) The total carrying amount of inventories as at reporting date has been pledged as security for Borrowings.
- (ii) The mode of valuation of inventories has been stated in the Note No. 6A.

## Note No. 17

### Trade Receivables

Unsecured and Considered Good	5,839.88	7,604.88
Unsecured and which have significant increase in Credit Risk	11.16	-
Less: Impairment allowanaces for Trade Receivables	(11.16)	-
<b>Total</b>	<b>5,839.88</b>	<b>7,604.88</b>

### Additional Disclosures

- a) Trade receivables are non-interest bearing.
- b) Trade receivables are neither due from directors or other officers of the Company either severally or jointly with any other person, nor any trade or other receivables 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.  
Refer Note No.49 for information about risk profile of Trade Receivables.
- d) Additional regulatory information as required under Companies Act, 2013 / Indian Accounting Standards.



**Trade Receivables Ageing Schedule**

Particulars	Outstanding for the following periods from the due date of payment as at 31-03-2022						Total
	Not Due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	1,087.19	2,050.25	838.72	1,393.05	470.67	-	5,839.88
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	11.16	-	-	-	11.16
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>1,087.19</b>	<b>2,050.25</b>	<b>849.88</b>	<b>1,393.05</b>	<b>470.67</b>	<b>-</b>	<b>5,851.04</b>

Particulars	Outstanding for the following periods from the due date of payment as at 31-03-2021						Total
	Not Due	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	79.61	5,554.93	324.36	1,645.98	-	-	7,604.88
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>79.61</b>	<b>5,554.93</b>	<b>324.36</b>	<b>1,645.98</b>	<b>-</b>	<b>-</b>	<b>7,604.88</b>

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
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**Note No. 18**

**Cash And Cash Equivalents**

<b>Cash on hand</b>	<b>2.33</b>	<b>1.20</b>
Balance with bank		
In Current Account	<b>825.25</b>	<b>378.90</b>
In Deposit Account for Margin Money	<b>17.41</b>	<b>0.50</b>
<b>Total</b>	<b>844.99</b>	<b>380.60</b>

**Additional Disclosures**

a) Refer Note No.49 for information about risk profile of cash and cash equivalents under Financial Risk Management.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 19</b>		
<b>Bank Balances Other than Cash And Cash Equivalents</b>		
Fixed Deposits with Banks (maturity of more than 3 months but less than 12 months)	85.88	-
Earmarked balances with Banks for Unclaimed Dividend	7.57	10.77
<b>Total</b>	<b>93.45</b>	<b>10.77</b>

### Note No. 20

#### Other Financial Assets (Current)

Government Grants Receivable	32.65	32.65
Export Incentives Receivables	128.55	46.80
Security Deposit	-	14.49
Investments Sale Proceeds Receivable	-	1,325.69
<b>Total</b>	<b>161.20</b>	<b>1,419.63</b>

### Note No. 21

#### Other Current Assets

##### Unsecured, considered good

Advance to Suppliers / Others	2,002.57	548.62
Tax Credit and Refund due	162.65	121.61
Accrued Income	165.15	209.65
Prepaid Expenses	167.91	166.07
Other Current Assets	1.94	8.13
<b>Total</b>	<b>2,500.22</b>	<b>1,054.08</b>

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
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**Note No. 22**

**Equity Share Capital**

**Authorised**

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

39,46,560 Equity Shares of ₹ 10/- each (PY: 39,46,560 Equity Shares of ₹ 10/- each)	394.65	394.65
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**Additional Disclosures**

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

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	39,46,560	394.65	39,46,560	394.65
Issued/Bought Back during the year	-	-	-	-
Number of Shares at the end	39,46,560	394.65	39,46,560	394.65

**ii.Term/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.

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

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. Nalina Ramalakshmi	15,19,720	38.51	14,91,860	37.80
Shri. N.R.K. Ramkumar Raja & Shri. N.R.K. Ramkumar Raja HUF	2,12,460	5.38	1,74,260	4.42

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

### iv. Shareholders holding of Promoters

As at 31.03.2022

Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1. Smt. Nalina Ramalakshmi	15,19,720	38.51	0.71%
2. Shri. N.R.K. Ramkumar Raja	2,12,460	5.38	0.96%
3. Shri. N.R.K. Ramkumar Raja HUF			
4. Smt Saradha Deepa	9,400	0.24	
5. Smt. R. Sudarsanam	9,360	0.24	
6. Shri. P.R.Venketrama Raja	5,400	0.14	
7. M/s Rajapalayam Mills Limited	4,000	0.10	
8. Smt. P.V. Srisandhya	3,400	0.09	
9. M/s Sri Vishnu Shankar Mill Limited	2,200	0.06	
10. Smt. P.V. Nirmala	400	0.01	
Total	17,66,340	44.77	

As at 31.03.2021

Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1. Smt. Nalina Ramalakshmi	14,91,860	37.80	
2. Shri. N.R.K. Ramkumar Raja	1,74,260	4.42	0.71%
3. Smt Saradha Deepa	9,400	0.24	
4. Smt. R. Sudarsanam	9,360	0.24	
5. Shri. P.R.Venketrama Raja	5,400	0.14	
6. M/s Rajapalayam Mills Limited	4,000	0.10	
7. Smt. P.V. Srisandhya	3,400	0.09	
8. M/s Sri Vishnu Shankar Mill Limited	2,200	0.06	
9. Smt. P.V. Nirmala	400	0.01	
Total	17,00,280	43.10	

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
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### Note No. 23A

#### Other Equity

#### Capital Reserve

Balance as per last financial statement	17.63	17.63
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#### Additional Disclosures

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Capital Reserve on Consolidation</b>		
Balance as per last financial statement	10,337.79	10,337.79
Additional Disclosures		
Capital Reserve on consolidation represents excess of the Parents' share of the net fair value of the investments in Associates over the cost of the investment which is recognised directly in equity as capital reserve upon transition to Ind AS.		
<b>General Reserve</b>		
Balance as per last financial statement	15,175.71	6,516.30
Add: Amount transferred from Retained Earnings	-	9,000.00
Less: Declassification of Associates	-	(340.59)
<b>Total</b>	<b>15,175.71</b>	<b>15,175.71</b>
Additional Disclosures		
The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.		
<b>Retained Earnings</b>		
Balance as per last financial statement	557.54	5,391.55
Add : Profit for the year	1,602.94	4,229.78
Add : Transfer from FVTOCI Reserve	(86.98)	(26.49)
Add: Share of OCI from Associates	(3.08)	(4.67)
Balance available for Appropriations	2,070.42	9,590.16
Less: Appropriations		
Final Dividend including Dividend distribution tax	(19.73)	(19.73)
Add: Purchase of Non-Controlling Interest	(13.88)	(12.90)
Transfer to General Reserve	-	(9,000.00)
<b>Total</b>	<b>2,036.81</b>	<b>557.54</b>
Additional Disclosures		
Represents that portion of the net income of the Company that has been retained by the Company.		
Note: The Board of Directors have recommended the payment of final dividend ₹ 1/- per share for the year 2021-22 (PY: ₹ 0.50 per share). This proposed dividend is subject to the approval of Shareholders in the ensuing AGM.		
<b>FVOTCI Reserve</b>		
Balance as per last financial statement	5.01	4.22
Add: Other Comprehensive Income for the year	(1.71)	0.79
Less: Transfer to Retained Earnings	-	-
<b>Total</b>	<b>3.30</b>	<b>5.01</b>
Additional Disclosures		
Fair Value through Other Comprehensive Income Reserve represents the balance in equity for items to be accounted in Other Comprehensive Income (OCI). The Company has opted to recognise the changes in the fair value of certain investments in equity instruments and remeasurement of defined benefit obligations in OCI. The Company transfers amounts from this reserve to Retained Earnings in case of actuarial loss / gain and in case of fair value recognition of equity instrument, the same will be transferred when the respective equity instruments are derecognised.		
<b>Total Other Equity</b>	<b>27,571.24</b>	<b>26,093.68</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
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### Note No. 23B

#### Non Controlling Interest

Particulars	As at 31-03-2022	As at 31-03-2021
Balance as per last financial statement	777.62	-
Share of Capital in Subsidiary	(227.50)	780.29
Share of Profit in Subsidiary	(28.76)	(2.67)
<b>Total</b>	<b>521.36</b>	<b>777.62</b>

### Note No. 24

#### Non Current Borrowings

##### Secured

Term Loan from Banks	5,246.68	4,762.76
Working Capital Term Loan from Bank	4,084.30	2,661.15

##### Unsecured

Working Capital Term Loan from Bank	3,859.42	5,028.00
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<b>Total</b>	<b>13,190.40</b>	<b>12,451.91</b>
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#### Additional Disclosures

##### a) Term Loan from Banks

Term loan from Karur Vysya Bank and Indian Bank are secured by pari-passu 1<sup>st</sup> charge on the fixed assets of the Company and pari-passu second charge on current assets of the Company carry interest rate linked to MCLR which stood at 8.90% p.a and 7.80% p.a respectively as at the reporting date.

Term loan from Indian Bank are secured by pari-passu 1<sup>st</sup> charge on the moveable fixed assets of the Company and pari-passu second charge on current assets and term loan from ICICI Bank is secured by pari-passu first charge on the moveable fixed assets of the Company carry interest rate linked to MCLR which stood at 7.50% p.a and 8.00% p.a. respectively as at the reporting date.

Term loan from Axis Finance Limited are secured by 1<sup>st</sup> charge on the fixed assets of the Company and carry interest rate linked to MCLR which stood at 10.25% p.a. respectively as at the reporting date.

##### b) Working Capital Term Loan

Working capital loan from Canara Bank is secured by pari-passu 1<sup>st</sup> charge on Current Assets and Working Capital Term Loan under ECLGS from RBL Bank Ltd. is secured by pari-passu 2<sup>nd</sup> charge on the moveable fixed assets and current assets of the Company carry interest rate linked to MCLR which stood at 7.25% p.a and 7.50% p.a respectively as at the reporting date.

##### c) Unsecured Working Capital Term Loan

Unsecured Working Capital Term Loan under Emergency Credit Line Guarantee (ECLGS) from Federal Bank is availed as unsecured and covered under 100% Government Guarantee carry interest rate linked to Repo Rate which stood at 7.55% p.a as at the reporting date.

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

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
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e) The interest rates are reset on overnight / monthly / yearly basis. The term loans are repayable in equal monthly / quarterly / half yearly instalments at various dates and the year wise repayment is as follows:

Repayment Due	Amount	Amount
2022-23		4,388.79
2023-24	4,396.57	3,941.71
2024-25	4,433.22	3,064.68
2025-26	2,548.34	1,056.73
2026-27	675.13	-
2027-28	151.51	-
2028-29	168.07	-
Above 2029	817.56	
<b>Total</b>	<b>13,190.40</b>	<b>12,451.91</b>

f) Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the ROC, within the prescribed time or within the extended time requiring the payment of additional fees.

g) Refer Note No.49 for information about risk profile of borrowings under Financial Risk Management.

#### Note No. 25

##### Provisions (Non Current)

Provision for Employee benefits	75.90	62.91
<b>Total</b>	<b>75.90</b>	<b>62.91</b>

#### Note No. 26

##### Deferred Tax Liability (Net)

Particulars	As on 01-04-2021	Credit Utilized/ Reversed	Recognition in P&L Account	As on 31-03-2022
Tax impact on difference between book base and tax base of assets	3,719.99	-	(572.32)	3,147.67
Tax effect on unabsorbed depreciaition under Income Tax Act, 1961	(644.10)	-	644.10	-
Tax effect on Provision for Bonus and Leave Encashment	(71.83)	-	(27.36)	(99.19)
Unused tax credits (i.e. MAT Credit Entitlement)	(2,653.66)	299.22	-	(2,354.44)
Others	-	-	-	-
<b>Total</b>	<b>350.40</b>	<b>299.22</b>	<b>44.42</b>	<b>694.04</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	As on 01-04-2020	Credit Utilized/ Reversed	Recognition in P&L Account	As on 31-03-2021
Tax impact on difference between book base and tax base of assets	3,767.66		(47.67)	3,719.99
Tax effect on unabsorbed deprecation under Income Tax Act, 1961	(953.60)		309.50	(644.10)
Tax effect on Provision for Bonus and Leave Encashment	(96.44)		24.61	(71.83)
Unused tax credits (ie. MAT Credit Entitlement)	(2,046.64)		(607.02)	(2,653.66)
Others	-			-
<b>Total</b>	<b>670.98</b>		<b>(320.58)</b>	<b>350.40</b>

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Reconciliation of Deferred tax Liabilities (Net)</b>		
Balance at the beginning of the year	<b>350.40</b>	670.98
Deferred Tax Expense during the year recognised in the Statement of Profit and Loss	<b>44.42</b>	286.44
MAT Credit Utilized/(recognized) during the year	<b>299.22</b>	(607.02)
<b>Balance at the end of the year</b>	<b>694.04</b>	<b>350.40</b>
<b>Components of Tax Expenses</b>		
<b>Current Tax</b>		
Current Income Tax Charge	<b>135.90</b>	611.65
Current Tax adjustments of earlier years	-	-
<b>Deferred Tax</b>		
Relating to the temporary difference	<b>63.87</b>	208.08
MAT Credit Recognition	<b>303.97</b>	(607.02)
Deferred Tax adjustments of earlier years	-	-
<b>Other Comprehensive Income Section</b>		
Charged in Other Comprehensive Income	<b>(24.20)</b>	(4.63)
<b>(A)</b>	<b>479.54</b>	<b>208.08</b>



(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Reconciliation of the Income tax provision to the amount computed by applying the statutory Income tax rate to the Income before taxes is summarized as below:</b>		
<b>Accounting Profit before tax (including OCI)</b>	<b>1,574.17</b>	<b>3,254.81</b>
Corporate Tax Rate%	<b>29.12%</b>	29.12%
<b>Computed Tax Expense</b>	<b>458.40</b>	<b>947.80</b>
Increase/(Reduction) in taxes on account of :		
Tax adjustments of earlier years		
Non-deductible expenses	<b>644.75</b>	-
Income exempt / eligible for deduction under chapter VI-A	-	(20.60)
MAT Credit Recognition/ Utilization	<b>19.45</b>	-
Additional allowances / deductions for tax purposes	<b>(685.93)</b>	(927.20)
<b>(A)</b>	<b>436.67</b>	<b>0.00</b>
<b>Income Tax under MAT</b>		
<b>Accounting Profit before tax (including OCI)</b>	<b>1,574.17</b>	<b>3,488.59</b>
Corporate Tax Rate%	<b>17.47%</b>	17.47%
<b>Computed Tax Expense</b>	<b>275.01</b>	<b>609.53</b>
Increase/(Reduction) in taxes on account of :		
Tax adjustments of earlier years	-	-
Non-deductible expenses	<b>(138.18)</b>	-
Income exempt / eligible for deduction under chapter VI-A	-	-
Additional allowances / deductions for tax purposes	-	(2.51)
<b>(B)</b>	<b>136.83</b>	<b>607.02</b>
<b>Tax Applicable Higher of A &amp; B Above</b>	<b>436.67</b>	<b>607.02</b>

**Additional Disclosures**

- i) A new Section 115BAA in the Income Tax Act, 1961, vide the Taxation Laws (Amendment) Ordinance 2019, is introduced providing domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01-04-2019 subject to certain conditions. Since new tax regime are not beneficial in view of various deductions, exemptions and MAT Credit Entitlement available under existing tax regime, the Company has not adopted new tax rates for the year and continue to adopt tax rates under existing tax regime. Accordingly, the Company has recognised deferred tax at the existing rates.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 27</b>		
<b>Deferred Government Grants</b>		
Government Grants	-	40.05
<b>Total</b>	-	40.05

### Additional Disclosures

- (i) Industrial Promotion Assistance (IPA) provided by Department of Industries, Government of Andhra Pradesh towards creation of infrastructure facilities is recognised as 'Grant Income' over the useful life of the underlying PPE. Since the company has seized its operation in Andhra Pradesh, the grant has been written back in the current year.

## Note No. 28

### Current Borrowings

#### Secured

Loan from Banks	10,967.91	9,178.57
Current Maturities of Long Term Loans	3,333.90	3,891.23

#### Unsecured and Considered Good

Loan Repayable on Demand from Banks	1,999.99	1,000.00
Loan from Other Parties	-	0.33
Current Maturities of Long Term Loans	1,168.58	-
Loans and Advances from Related Parties [Refer to Note No. 46 b (i)]	113.33	821.36

<b>Total</b>	<b>17,583.71</b>	<b>14,891.49</b>
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### Additional Disclosures

- 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.
- Loan from Banks and Loan repayable on demand carry interest rate for cash credit from 8.45% to 9.25%, Short term borrowings from 6.15% to 7.70%.
- The quarterly returns or statements filed by the Company with the banks or financial institutions are in agreement with the books of accounts.
- The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.
- Refer Note No.49 for information about risk profile of borrowings under Financial Risk Management.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
<b>Note No. 29</b>		
<b>Trade Payables</b>		
Dues of micro enterprises and small enterprises	84.25	58.90
Dues of creditors other than micro enterprises and small enterprises	-	-
Others	1,228.73	1,378.72
<b>Total</b>	<b>1,312.98</b>	<b>1,437.62</b>

### Additional Disclosures

#### a) Disclosures as required under Micro, Small and Medium Enterprises Development Act, 2006

The categorization of supplier as MSME registered under The Micro, Small and Medium Enterprises Development Act, 2006, has been determined based on the information available with the company as at the reporting date. The disclosures as per the requirement of the Act are furnished as below:

a. (i) The principal amount remaining unpaid to any supplier at the end of the financial year included in Trade payables	84.25	58.90
(ii) The interest due on the above	-	-
b. The amount of interest paid by the buyer in terms of section 16 of the Act	-	-
c. The amount of the payment made to the supplier beyond the appointed day during the financial year	-	-
d. The amount of interest accrued and remaining unpaid at the end of financial year	-	-
e. The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act	-	-

#### b) Trade Payables ageing schedule

##### As at 31/03/2022

Particulars		Outstanding for the following periods from the due date of payment					Total
		Not Due	< 1 Year	1 - 2 years	2 - 3 years	> 3 years	
(i)	MSME	84.25	-	-	-	-	84.25
(ii)	Others	822.32	388.20	1.40	16.81	-	1,228.73
(iii)	Disputed dues - MSME	-	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-	-
(v)	Unbilled dues	-	-	-	-	-	-
<b>Total</b>		<b>906.57</b>	<b>388.20</b>	<b>1.40</b>	<b>16.81</b>	<b>-</b>	<b>1,312.98</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	As at 31-03-2022	As at 31-03-2021
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### As at 31/03/2021

Particulars		Outstanding for the following periods from the due date of payment					Total
		Not Due	< 1 Year	1 - 2 years	2 - 3 years	> 3 years	
(i)	MSME	58.90	-	-	-	-	58.90
(ii)	Others	985.34	294.82	13.52	80.58	4.46	1,378.72
(iii)	Disputed dues - MSME	-	-	-	-	-	-
(iv)	Disputed dues - Others	-	-	-	-	-	-
(v)	Unbilled dues	-	-	-	-	-	-
<b>Total</b>		<b>1,044.24</b>	<b>294.82</b>	<b>13.52</b>	<b>80.58</b>	<b>4.46</b>	<b>1,437.62</b>

c) Refer to Note No. 49 information about risk profile of Trade Payables under Financial Risk Management and Ageing schedule.

### Note No. 30

#### Other Current Financial Liabilities

Unclaimed Dividends	7.57	10.77
Ramaraju Memorial Fund	463.97	447.47
Liabilities for Other Finance	364.84	489.34
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	33.26	160.81
<b>Total</b>	<b>869.64</b>	<b>1,108.39</b>

#### Additional Disclosures

a) Unclaimed Dividends represent amount not due for transfer to IEPF.

### Note No. 31

#### Other Current Liabilities

Current Payable - Capital Goods	1,111.21	-
Statutory Liabilities Payable	-	114.37
Other Current Payables	515.20	354.37
<b>Total</b>	<b>1,626.41</b>	<b>468.74</b>

### Note No. 32

#### Provisions (Short Term)

Provision for Employee Benefits	424.22	269.68
Provision for Taxation for Earlier years Assessment	89.50	89.50
<b>Total</b>	<b>513.72</b>	<b>359.18</b>

#### Additional Disclosures

a) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>Note No. 33</b>		
<b>Revenue From Operation</b>		
<b>Sale of Products</b>		
Textiles	32,938.96	24,455.86
Surgical Dressings	3,976.80	3,481.77
Waste Sales	462.94	353.89
	<b>37,378.70</b>	<b>28,291.52</b>
<b>Other operating Revenues</b>		
Export Incentive	155.27	101.04
Job Work Charges Received	69.23	31.44
<b>Total</b>	<b>37,603.20</b>	<b>28,424.00</b>

### Additional Disclosures

a) The Company's Revenue from sale of products is recognised upon transfer of control of such products to the customer at a point in time.

### Note No. 34

#### Other Income

Interest Receipts	167.92	91.23
Rent Receipts	14.06	55.88
Carbon Credit Sale	7.11	-
Government Grants	-	3.34
Profit on sale of Investments	-	2,958.80
Profit on sale of Property, Plant and Equipment	-	6.03
Miscellaneous Income	6.20	26.07
<b>Total</b>	<b>195.29</b>	<b>3,141.35</b>

### Note No. 35

#### Cost Of Materials Consumed

##### Raw Materials consumed

Cotton and Cotton Waste, Yarn and Greige Fabrics	21,491.23	12,974.01
<b>Total</b>	<b>21,491.23</b>	<b>12,974.01</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>Note No. 36</b>		
<b>Changes in Inventories of Finished Goods And Work- In-Progress</b>		
<b>Opening stock</b>		
Finished Goods	2,101.19	4,954.18
Work-in-Progress	941.96	1,130.72
	<b>3,043.15</b>	6,084.90
<b>Closing Stock</b>		
Finished Goods	2,568.58	2,101.19
Work-in-Progress	1,474.88	941.96
	<b>4,043.46</b>	3,043.15
<b>Net (Increase) / Decrease in Stock</b>	<b>(1,000.31)</b>	<b>3,041.75</b>

### Note No. 37

#### Employee Benefits

Salaries and Wages and Bonus	3,066.74	2,493.64
Contribution to Provident and Other Funds	281.25	234.77
Staff and Labour Welfare & Training Expenses	181.60	121.70
<b>Total</b>	<b>3,529.59</b>	<b>2,850.11</b>

#### Additional Disclosures

- (a) Amount recognised in Other Comprehensive Income represent remeasurement losses on defined benefit obligations i.e Gratuity fund, recognised in OCI.
- (b) Refer Note No. 43 for disclosures pertaining to defined contribution plan and defined benefit obligations under Ind AS 19.

(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>Note No. 38</b>		
<b>Finance Cost</b>		
Interest on Debts and Borrowings	1,705.88	2,165.69
Exchange differences on Foreign Currency Borrowings regarded as on adjustment to Borrowing Cost	219.39	10.60
Interest on shortfall in payment of Advance Income-Tax	-	23.57
<b>Total</b>	<b>1,925.27</b>	<b>2,199.86</b>

**Additional Disclosures**

- (a) Interest on Debt, Borrowings and Debentures represent interest calculated using the effective interest rate method.
- (b) Refer Note No.49 for information about Interest rate risk exposure under Financial Risk Management.

**Note No. 39**

**Depreciation And Amortization Expenses**

Depreciation of Plant, Property and Equipment (Refer Note No.8)	4,082.44	1,748.89
Amortization of Intangible assets (Refer Note No.11)	0.26	4.29
Depreciation on Investment Properties (Refer Note No.10)	0.18	0.19
<b>Total</b>	<b>4,082.88</b>	<b>1,753.37</b>

**Additional Disclosures**

- (a) Depreciation adjustments comprise of additional Rs. 2654.22 Lakhs in current year. This is on account of technical evaluation of plant and machinery and electrical machineries installed in the factory premises being carried out.
- (b) The estimation of useful life of Property, Plant and Equipment has been provided under Note No. 6E

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>Note No. 40</b>		
<b>Other Expenses</b>		
<b>Manufacturing Expenses</b>		
Power and Fuel	2,197.71	2,028.38
Production Consumables	367.40	293.18
Packing Materials Consumption	509.56	373.41
Job work Charges Paid	150.10	26.41
Repairs to Buildings	73.66	108.58
Repairs to Plant and Machinery	660.15	636.77
Repairs - General	511.09	504.50
	<b>4,469.67</b>	<b>3,971.23</b>
<b>Establishment Expenses</b>		
Managing Director's Remuneration	252.42	252.82
Rates and Taxes	94.18	62.28
Postage and Telephone	11.12	9.58
Printing and stationery	16.35	8.76
Travelling expenses	11.70	7.58
Vehicle maintenance	98.43	70.81
Insurance	148.71	167.84
Directors Sitting Fees	20.95	9.45
Rent	8.96	18.14
Audit and Legal Expenses	38.94	28.12
Loss on Sale of Assets	481.95	-
Impairment Loss on Assets	-	18.27
Corporate Social responsibility Expenses	35.56	70.74
Advertisement	16.65	8.29
Bank Charges	43.95	32.31
Covid-19 Welfare Expenses	2.50	8.34
Miscellaneous Expenses	42.10	19.54
	<b>1,324.47</b>	<b>792.87</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>Selling Expenses</b>		
Sales commission	232.06	185.14
Impairment Allowance for Trade Receivables	11.03	5.92
Doubtful Debts	11.16	-
Export Expenses	283.58	103.24
Other Selling Expenses	152.22	125.23
	<b>690.05</b>	<b>419.53</b>
<b>Total</b>	<b>6,484.19</b>	<b>5,183.63</b>

### Additional Disclosures

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

(b) Audit Fees & Expenses

### Statutory Auditors

Statutory Audit	1.60	1.60
GST Annual Audit	-	2.10
Income Tax Assessment Matters	-	0.75
Other Certification work	1.11	0.40

### Tax Auditors

Tax Audit	0.50	0.50
<b>Total</b>	<b>3.21</b>	<b>5.35</b>



(₹ in Lakhs)

As at 31-03-2022	As at 31-03-2021
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**Note No. 41****Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	NIL	NIL
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**Note No. 42****Contingent Liabilities**

Guarantees given by the bankers on behalf of company	100.40	100.14
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to – TNVAT	NIL	8.45

**Note No. 43**

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

**Defined Contribution Plan:**

Employer’s Contribution to Provident Fund	202.57	171.63
Employer’s Contribution to Superannuation Trust Fund	18.99	20.34

**Defined Benefit Plan – Gratuity**

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

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

Opening defined Benefit Obligation	528.51	528.63
Current Service Cost	42.98	43.57
Past Service Cost	NIL	NIL
Interest Cost	34.33	32.50
Actuarial (Gain) / Loss	85.03	3.75
Benefits paid	(-)71.98	(-)79.94
Closing Defined Benefit obligation	618.87	528.51

	(₹ in Lakhs)	
	2021-22	2020-21
<b>Movement in the present value of plan assets:</b>		
Opening Fair Value of Plan Assets	590.04	515.02
Expected Return on Plan Assets	40.64	36.29
Actuarial Gain / (Loss)	(-) <b>1.94</b>	(-) 22.73
Employer Contribution	58.03	141.40
Benefits Paid	<b>(71.98)</b>	(-) 79.94
Closing Fair Value of Plan Assets	<b>614.78</b>	590.04
<b>The amount included in the Statement of Financial position arising from the entity's obligation in respect of its defined benefit plans:</b>		
Present value of obligation	<b>618.87</b>	528.51
Fair value of plan assets	<b>614.78</b>	590.04
Present value of Funded defined obligation	<b>4.09</b>	(-) 61.53
<b>Cost of defined benefit plan:</b>		
Current Service Cost	<b>42.98</b>	43.57
Interest Cost	(-) <b>6.31</b>	(-) 3.79
Past Service Cost	<b>NIL</b>	NIL
Net Cost Recognized statement in the Income Statement	<b>36.67</b>	39.78
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	<b>1.94</b>	22.73
Actuarial (Gain) / Loss	<b>85.03</b>	3.75
Net Cost recognized in the Other Comprehensive Income	<b>86.97</b>	26.48
<b>Major Categories of Plan Assets:</b>		
GOI Securities	<b>NIL</b>	NIL
Funds with LIC	<b>610.53</b>	542.51
Others	<b>4.25</b>	47.53
<b>Total</b>	<b>614.78</b>	590.04
<b>Actuarial Assumptions:</b>		
Discount rate P.A.	<b>7.36%</b>	6.97%
Rate of escalation in salary P.A.	<b>5.00%</b>	4.00%
Attrition rate	<b>0.50%</b>	0.50%



(₹ in Lakhs)

2021-22 2020-21

**Estimate of Expected Benefit payments:**

Particulars	31-03-2022	31-03-2021
Year 1	20.36	20.96
Year 2	56.22	35.36
Year 3	50.40	36.20
Year 4	49.61	48.27
Year 5	73.37	44.69
Next 5 Years	325.96	285.89

**Quantitative Sensitivity Analysis for Significant Assumptions:**

Particulars	31-03-2022	31-03-2021
0.50% Increase in Discount Rate	45.66	40.46
0.50% Decrease in Discount Rate	51.69	45.74
0.50% Increase in Salary Growth Rate	51.77	45.83
0.50% Decrease in Salary Growth Rate	45.57	40.36

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

**Details of Leave encashment plan (Unfunded) are as follows:****Movement in the present value of defined benefit Obligation:**

Opening defined Benefit Obligation	70.91	134.86
Current Service Cost	14.58	18.20
Interest Cost	4.34	7.80
Actuarial (Gain) / Loss	5.39	(-) 54.89
Benefits paid	(-) 11.42	(-) 35.06
Closing defined Benefit obligation	83.80	70.91

	(₹ in Lakhs)	
	2021-22	2020-21
<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	11.42	35.06
Benefits paid	(-) 11.42	(-) 35.06
Closing fair value of plan assets	<u>NIL</u>	<u>NIL</u>
<b>Actual Return of plan assets:</b>		
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	83.80	70.91
Present value of Funded define obligation	<u>83.80</u>	<u>70.91</u>
<b>Cost of defined benefit Plan:</b>		
Current Service Cost	14.58	18.20
Interest Cost	4.34	7.80
Actuarial (Gain) / Loss	5.39	(-) 54.89
Net Cost recognized in the Income Statement	<u>24.31</u>	<u>(-) 28.89</u>



(₹ in Lakhs)

31-03-2022 31-03-2021

**Major Categories of Plan Assets:**

GOI Securities	NIL	NIL
Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

**Actuarial Assumptions:**

Discount rate p.a	7.36%	6.65%
Rate of escalation in salary p.a	5.00%	4.00%
Attrition rate	0.50%	0.50%

**Estimate of Expected Benefit payments**

Year 1	3.47	2.59
Year 2	10.85	7.79
Year 3	7.01	3.43
Year 4	3.46	6.08
Year 5	8.53	2.73
Next 5 Years	40.04	34.21

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	15.75	13.82
0.50% Decrease in Discount Rate	17.51	15.40
0.50% Increase in Salary Growth Rate	17.53	15.42
0.50% Decrease in Salary Growth Rate	15.72	13.79

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

**Note No.44**

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

Name of the Company	Location	Principal activities of Business
<b>Material Associates</b>		
M/s. The Ramco Cements Limited	India	Manufacture of Building materials
M/s. Rajapalayam Mills Limited	India	Manufacturer of Cotton yarn
<b>Immaterial Associates</b>		
M/s. Ramco Industries Limited	India	Manufacture of Building materials
M/s. Ramco Systems Limited	India	Software development
M/s. Sri Vishnu Shankar Mill Limited	India	Manufacturer of Cotton yarn
M/s. Sri Harini Textiles Limited	India	Manufacturer of Cotton yarn
M/s. Shri Harini Media Limited	India	Publications

Name of the Company	% of Shareholding as at	
	31-03-2022	31-03-2021
M/s.The Ramco Cements Limited	1.40	1.40
M/s.Ramco Industries Limited	0.16	0.16
M/s.Ramco Systems Limited	0.04	0.04
M/s.Rajapalayam Mills Limited	1.83	1.83
M/s.Sri Vishnu Shankar Mill Limited	0.75	0.75
M/s. Sri Harini Textiles Limited	49.67	49.67
M/s. Shri Harini Media Limited	2.65	2.65

(₹ In Lakhs)

**Summarised financial information for Associates:**

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

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
<b>As at 31-03-2022</b>						
The Ramco Cements Limited	11,18,187.00	26,962.00	1,70,737.00	3,75,048.00	2,78,269.00	6,62,569.00
Rajapalayam Mills Limited	77,511.00	1,81,709.00	40,514.00	36,371.00	50,809.00	2,12,554.00
Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
<b>As at 31-03-2021</b>						
The Ramco Cements Limited	9,71,692.00	27,909.00	1,45,891.00	3,29,754.00	2,41,937.00	5,73,801.00
Rajapalayam Mills Limited	62,918.00	1,55,213.00	25,182.00	31,060.00	37,007.00	1,75,246.00

**DISCLOSURE FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**



(₹ In Lakhs)

Profit and Loss	The Ramco Cements Limited		Rajapalayam Mills Limited	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Total Revenue	6,03,169.00	5,32,137.00	70,425.09	41,836.22
Profit before tax	80,344.00	1,14,350.00	5,722.04	(4,907.78)
Tax expenses	(8,941.00)	37,992.00	3,838.39	(1,171.06)
Profit after Tax	89,285.00	76,358.00	1,883.65	(3,736.72)
Share of profit in Associates	(1,116.00)	2,006.00	14,774.07	133.41
Other Comprehensive Income	(248.00)	(358.00)	16.36	69.69
Share of OCI of Associate	-	-	(45.47)	(26.63)
Total Comprehensive Income	87,921.00	78,006.00	16,628.61	(3,560.25)

**Fair Value of Investments**

Name of the material Associates	31-03-2022	31-03-2021
The Ramco Cements Limited	15,655.52	14,447.32
Rajapalayam Mills Limited	1,363.86	1,204.60

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

Name of the material Associates	31-03-2022	31-03-2021
The Ramco Cements Limited	85,962.00	76,461.00
Rajapalayam Mills Limited	-	750.64

**Reconciliation to the carrying amount of investment in associates as on 31-03-2022 and 31-03-2021:**

Profit and Loss	The Ramco Cements Limited		Rajapalayam Mills Limited	
	31-03-2022	31-03-2021	31-03-2022	31-03-2021
Entity's TCI	87,921.00	78,006.00	16,628.61	10,217.00
Entity's Adjusted TCI	87,921.00	78,006.00	16,628.61	10,217.00
Effective shareholding %	1.40	1.40	1.83	1.83
Associates share of profit / OCI	1,208.20	1,063.29	31.84	(45.62)
Amount recognized in P & L	1,208.20	1,063.29	31.84	(45.62)
<b>Reconciliation</b>				
Opening Carrying amount	14,447.32	14,819.76	1,204.60	1,251.57
Add: Associate's share of Profit / OCI	1,208.20	1,063.29	31.84	(45.62)
Less: Dividend received	-	103.44	0.79	1.35
De-recognition of Associates	-	1,332.29	-	-
Add: Subscription to Rights Issue	-	-	128.21	-
Net Carrying amount	15,655.52	14,447.32	1,363.86	1,204.60



(₹ In Lakhs)

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:	31-03-2022	31-03-2021
Profit after Tax	30.32	35.83
Other Comprehensive Income	(0.30)	2.13
Total Comprehensive Income	30.02	37.96

#### Note No. 45

##### Earnings per Share

Net Profit / (Loss) after tax (₹ in Lakhs) (A)	1,602.93	4229.78
Weighted average number of Equity shares [In Lakhs] (B)	39.47	39.47
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) (in ₹)	40.62	107.20

**Note No. 46****RELATED PARTY TRANSACTIONS**

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31<sup>st</sup> March, 2022:

**a. Associate Companies**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2022	31-03-2021
M/s.The Ramco Cements Limited	India	1.40	1.40
M/s.Ramco Industries Limited	India	0.16	0.16
M/s.Ramco Systems Limited	India	0.04	0.04
M/s.Rajpalayam Mills Limited	India	1.83	1.83
M/s.Sri Vishnu Shankar Mill Limited	India	0.75	0.75
M/s.Sri Harini Textiles Limited	India	49.67	49.67
M/s.Shri Harini Media Limited	India	2.65	2.65

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

Name of the Key Managerial Personnel	Designation
Shri P.R. Venketrama Raja	Chairman
Smt Nalina Ramalakshmi	Managing Director
Shri N.R.K. Ramkumar Raja	Managing Director
Shri S. Sarathy Subburaj *	Nominee Director
Shri N.K. Shrikantan Raja	Non-Executive Director
Shri P.J. Alaga Raja	Independent Director
Justice Shri P.P.S. Janarthana Raja	Independent Director
Shri V. Santhanaraman	Independent Director
Shri P.J. Ramkumar Rajha	Independent Director
Shri P.A.S Alaghar Raja **	Independent Director
Shri N. Vijay Gopal	Chief Financial Officer
Shri Walter Vasanth P J	Company Secretary

\*Appointed w.e.f

\*\*Appointed w.e.f



**c. Relatives of Key Managerial Personnel**

Name of the Relative of KMP	Relationship
Smt. R. Sudarsanam	Mother of Shri. P.R.Venketrama Raja
Smt. Saradha Deepa	Sister of Shri. P.R. Venketrama Raja
Smt. P.V. Nirmala	Spouse of Shri P.R. Venketrama Raja
Shri. Abhinav Ramasubramaniam Raja	Son of Shri P.R. Venketrama Raja
Smt. B. Sri Sandhya Raju	Daughter of Shri P.R. Venketrama Raja
Shri. N.K. Ramasuwayy Raja	Brother of Shri N.R.K. Ramkumar Raja
Shri. N.R.K. Venkatesh Raja	Brother of Shri N.R.K. Ramkumar Raja
Smt. P.S. Ramani Devi	Sister of Shri N.R.K. Ramkumar Raja
Smt. N.S. Gitalakshmi	Spouse of Shri N.K. Shrikantan Raja

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

M/s. Sandhya Spinning Mill Limited  
M/s. Rajapalayam Textile Limited  
M/s. Ramco Windfarms Limited  
M/s. N.R.K. Infra System Private Limited  
M/s. Tirupathi YarnTex Spinners Pvt Ltd\*  
M/s. Vinvent Chemilab Private Limited  
M/s. Digvijai Polytex Private Limited

\* w.e.f. 16.06.2021

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

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

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

M/s. P.A.C.R. Sethurammam Charity Trust  
M/s. P.A.C. Ramasamy Raja Centenary Trust  
M/s. N.R.K. Distribution Services  
M/s. Gowrihouse Metal Works LLP  
M/s. Gowrilakshmi Screws  
Smt. Lingammal Ramaraju Shastra Prathishta Trust  
P.A.C. Ramasamy Raja Education Charity Trust

# DISCLOSURE FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

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

## a. Transactions during the year at Arm's length basis or its equivalent (₹ in Lakhs)

Name of the Related Party	Value	
	2021-22	2020-21
<b>i. Goods Supplied / Services rendered</b>		
<b>Associates</b>		
M/s. Rajapalayam Mills Limited	1,874.18	564.70
M/s. Ramco Industries Limited	1,181.25	522.90
M/s. The Ramco Cements Limited	NIL	0.10
M/s. Sri Vishnu Shankar Mill Limited	905.99	353.40
M/s. Sri Harini Textiles Limited	797.56	1,407.81
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Sandhya Spinning Mill Limited	847.80	366.34
M/s. Rajapalayam Textile Limited	0.05	45.01
M/s. Digvijai Polytex Private Limited	0.19	0.34
M/s. Tirupathi YarnTex Spinners Pvt Ltd	0.13	NIL
<b>Other Entities over which there is a significant influence</b>		
M/s. Gowrihouse Metal Works LLP	0.22	0.20
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	209.00	NIL
M/s. Rajapalayam Mills Limited	1.48	NIL
M/s. Sri Vishnu Shankar Mill Limited	NIL	0.15
<b>iii. Cost of Goods &amp; Services purchased/availed</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	11.70	4.68
M/s. Ramco Industries Limited	209.12	472.29
M/s. Ramco Systems Limited	22.98	21.28
M/s. Rajapalayam Mills Limited	1,870.33	483.28
M/s. Sri Vishnu Shankar Mill Limited	197.47	759.92
M/s. Shri Harini Media Limited	11.78	4.04
M/s. Sri Harini Textiles Limited	NIL	17.27
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
M/s. Ramco Windfarms Limited	286.42	281.73
M/s. Sandhya Spinning Mill Limited	33.08	928.52
M/s. Rajapalayam Textile Limited	1.91	324.73
M/s. N.R.K. Infra Systems Private Limited	5.48	5.85
M/s. Vincent Chemilab Private Limited	12.07	0.40
M/s. Tirupathi YarnTex Spinners Pvt Ltd*	1,166.36	NIL

\* from 16.06.2021



Name of the Related Party	(₹ in Lakhs)	
	Value	
	2021-22	2020-21
<b>Other entities over which there is a significant influence</b>		
M/s. P.A.C.R. Sethurammam Charity Trust	21.85	15.24
M/s. P.A.C. Ramasamy Raja Centenary Trust	12.59	10.26
M/s. N.R.K. Distribution Services	102.07	62.97
M/s. Gowrihouse Metal Works LLP	0.03	0.05
<b>Relative of KMP exercise significant Influence</b>		
Smt. N.S. Gitalakshmi	0.10	0.08
<b>iv. Purchase of Fixed Assets</b>		
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	NIL	0.17
<b>Purchase of Right Issues</b>		
M/s. Rajapalayam Mills Limited	128.21	NIL
<b>v. Leasing Arrangements – Rent Paid</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	0.72	0.72
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	(13.94)	(55.76)
<b>vi. Share of Enterprise Agreement License Systems for Microsoft Products - Paid</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	7.21	7.03
<b>vii. Share of Issuance Levy for Verified Carbon Units - Paid</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	2.91	NIL
<b>viii. Dividend Paid</b>		
<b>Key Managerial Personnel</b>		
Shri. P.R. Venketrama Raja	0.03	0.03
Smt. Nalina Ramalakshmi	7.46	7.46
Shri. N.R.K. Ramkumar Raja	0.87	0.87
<b>Associates</b>		
M/s. Rajapalayam Mills Limited	0.02	0.02
M/s. Sri Vishnu Shankar Mill Limited	0.01	0.01



Name of the Related Party	(₹ in Lakhs)	
	Value	
	2021-22	2020-21
<b>Relatives of Key Managerial Personnel</b>		
Smt. R. Sudarsanam	0.05	0.05
Smt. Saradha Deepa	0.05	0.05
Shri. N.K. Ramasuwami Raja	0.06	0.06
Shri. N.K. Shrikantan Raja	0.06	0.06
Shri. N.R.K. Venkatesh Raja	0.10	0.10
Smt. P.S. Ramani Devi	0.07	0.07
<b>ix. Dividend Received</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	NIL	103.44
M/s. Ramco Industries Limited	NIL	1.36
M/s. Rajapalayam Mills Limited	0.79	1.35
<b>x. Carbon Units Received</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	10.72	NIL
<b>xi. Purchase of Equity Instruments</b>		
<b>Relatives of Key Managerial Personnel</b>		
Shri. N.K. Shrikantan Raja	NIL	78.91
Shri. P.J. Ramkumar Rajha	NIL	4.93
Shri. N.K. Ramasuwami Raja	NIL	657.78
Shri. N.R.K. Venkatesh Raja	NIL	141.70
Smt. P.S. Ramani Devi	NIL	59.89
Shri. N.S. Krishnama Raja	NIL	66.65
Smt. B. Annaphurni	NIL	38.64
<b>xii. Sale of Equity Instruments</b>		
<b>Associates</b>		
M/s. Ramco Industries Limited	NIL	2,967.94
<b>xiii. Interest Paid / (Received)</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	31.04	86.90
Shri. N.R.K. Ramkumar Raja	3.85	8.15
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	NIL	(1.05)



Name of the Related Party	(₹ in Lakhs)	
	Value	
	2021-22	2020-21
<b>xiv. Director's Sitting Fees</b>		
<b>Key Managerial Personnel</b>		
Shri. P.R. Venketrama Raja	1.50	0.85
Smt. Nalina Ramalakshmi	1.35	0.80
Shri. N.R.K. Ramkumar Raja	1.35	0.80
Shri. N.K. Shrikantan Raja	2.70	1.20
Shri. P.J. Alaga Raja	2.70	1.15
Justice Shri. P.P.S. Janarthana Raja	2.40	1.05
Shri. V. Santhanaraman	2.40	0.95
Shri. P.J. Ramkumar Rajha	3.00	1.25
Dr. M. Karunakaran	NIL	0.60
Shri. P.A.B. Raju	NIL	0.80
Shri S. Sarathy Subburaj	0.20	NIL
Shri P.A.S Alaghar Raja	1.30	NIL
<b>xv. Remuneration to Key Managerial Personnel (Other than Sitting Fees)</b>		
Smt. Nalina Ramalakshmi, Managing Director	126.21	127.49
Shri. N.R.K. Ramkumar Raja, Managing Director	126.21	125.33
Shri. N. Vijay Gopal, Chief Financial Officer	78.56	52.88
Shri. A. Emarajan, Ex. Company Secretary	-	7.29
Shri. Walter Vasanth PJ, Company Secretary	12.20	2.46
<b>xvi. Contribution to Superannuation Trust Fund / Gratuity Fund</b>		
<b>Other entities over which there is a significant influence</b>		
The Ramaraju Surgical Cotton Mills Limited Officers' Superannuation Trust Fund	18.99	20.34
The Ramaraju Surgical Cotton Mills Limited Employees Gratuity Fund	30.00	100.00
<b>xvii. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>		
<b>Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	(731.86)	(1,277.86)
Shri. N.R.K. Ramkumar Raja	(204.50)	(111.50)
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	NIL	10.00
<b>xviii. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	NIL	1.95



(₹ in Lakhs)

Name of the Related Party	Value	
	2021-22	2020-21
<b>xix. CSR Donation Given:</b>		
<b>Other Entities over which there is a significant influence</b>		
Smt. Lingammal Ramaraju Sastra Prathista Trust	16.00	1.00
<b>b. Outstanding balance including commitments</b>		
<b>i. Borrowings: Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	(34.83)	(731.86)
Shri. N.R.K. Ramkumar Raja	(78.50)	(89.50)
<b>ii. Outstanding balance on supply of goods / services</b>		
<b>Associates</b>		
M/s. Sri Harini Textiles Limited	2,768.84	2,884.54
<b>iii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL</b>		
<b>Associates</b>		
M/s. The Ramco Cements Limited	NIL	11.50
<b>c. Disclosure of Key Managerial Personnel compensation in total and for each of the following categories:</b>		
Particulars	31-03-2022	31-03-2021
Short – Term Benefits (1)	298.99	298.99
Defined Contribution Plan (2)	18.08	18.08
Defined Benefit Plan / Other Long-Term Benefits (3)	NIL	NIL
<b>Total</b>	<b>317.07</b>	<b>317.07</b>
1. It includes bonus, sitting fees, and value of perquisites.		
2. It includes contribution to Provident fund and Superannuation fund.		
3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.		





DISCLOSURE FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

**Note No. 47**

**Segment Information for the year ended 31<sup>st</sup> March, 2022**

Particulars	Textiles		Surgical		Windmill Power		Total	
	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021	31-Mar-2022	31-Mar-2021
<b>INCOME</b>								
External Sales / Other Operating Income	33,590.65	24,902.94	4,012.55	3,521.07	-	-	37,603.20	28,424.01
Inter Segment Sale	849.09	616.11	-	-	886.71	848.35	1,735.80	1,464.46
Total Sales	34,439.74	25,519.05	4,012.55	3,521.07	886.71	848.35	39,339.00	29,888.47
Other Income	25.07	67.51	-	1.72	-	-	25.07	69.23
<b>Total Income</b>	34,464.81	25,586.56	4,012.55	3,522.78	886.71	848.35	39,364.07	29,957.69
<b>RESULT</b>								
Segment Result	1,604.28	1,917.34	599.22	779.58	546.50	466.70	2,750.00	3,163.62
Unallocated Income							2,30	2,948.98
Unallocated Expenses							214.38	632.58
Operating Profit							2,537.92	5,480.02
Interest Expenses							1,925.27	2,199.86
Interest Income							167.92	92.46
Provision for Taxation								
Current Tax							135.91	607.02
Deferred Tax							44.42	205.81
MAT Credit entitlement							299.22	( 607.02)
Profit from ordinary activities							301.05	3,166.81
Other Comprehensive Income							( 86.98)	( 26.49)
Fair value gain on Equity Instruments							( 1.71)	0.79
Share of TCI from Associates							1,270.05	1,055.63
<b>Total Comprehensive Income</b>							1,482.41	4,196.74
<b>OTHER INFORMATION</b>								
Segment Assets	38,587.41	34,559.46	2,174.07	1,828.08	1,243.21	1,526.23	42,004.69	37,913.77
Unallocated Assets							22,349.36	20,557.22
<b>Total Assets</b>	38,587.41	34,559.46	2,174.07	1,828.08	1,243.21	1,526.23	64,354.05	58,470.99
Segment Liabilities	32,567.36	30,640.29	1,373.08	466.76		-	33,940.43	31,107.05
Unallocated Liabilities							1,926.37	97.99
<b>Total Liabilities</b>	32,567.36	30,640.29	1,373.08	466.76	-	-	35,866.80	31,205.04
Capital Expenditure	2,347.86	128.89	252.95	24.67			2,600.82	153.56
Unallocated Capital Expenditure							-	2,095.64
Depreciation	3,847.15	1,524.15	88.57	87.42	141.72	141.29	4,077.44	1,752.85
Unallocated Depreciation Expenditure							5.44	0.50
Non-Cash expenses other than Depreciation							-	-



(₹ In Lakhs)

**Note No. 48****Disclosure of Fair value measurements**

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

**Financial Instruments by category**

(₹ In Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2022</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	840.00	-	-	840.00	840.00
Other Investments	-	-	12.10	12.10	12.10
Trade Receivables	5,839.88	-	-	5,839.88	5,839.88
Cash and Cash Equivalents	844.99	-	-	844.99	844.99
Bank Balance other than Cash and Cash Equivalents	93.45	-	-	93.45	93.45
Other Financial Assets	161.20	-	-	161.20	161.20
<b>Financial Liabilities</b>					
Borrowings	30,774.11	-	-	30,774.11	30,774.11
Trade Payables	1,312.98	-	-	1,312.98	1,312.98
Other Financial Liabilities	869.64	-	-	869.64	869.64
<b>As at 31-03-2021</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	840.00	-	-	840.00	840.00
Other Investments	-	-	13.80	13.80	13.80
Trade Receivables	7,604.88	-	-	7,604.88	7,604.88
Cash and Cash Equivalents	380.60	-	-	380.60	380.60
Bank Balance other than Cash and Cash Equivalents	10.77	-	-	10.77	10.77
Other Financial Assets	1,419.63	-	-	1,419.63	1,419.63
<b>Financial Liabilities</b>					
Borrowings	27,343.40	-	-	27,343.40	27,343.40
Trade Payables	1,437.62	-	-	1,437.62	1,437.62
Other Financial Liabilities	1,108.39	-	-	1,108.39	1,108.39

### Fair value hierarchy

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

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

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

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

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
<b>Investment in unlisted securities</b>				
<b>As at 31-03-2022</b>	-	-	<b>12.10</b>	<b>12.10</b>
As at 31-03-2021	-	-	13.80	13.80
<b>Financial Instruments at FVTPL</b>				
<b>As at 31-03-2022</b>	-	<b>33.26</b>	-	<b>33.26</b>
As at 31-03-2021	-	160.81	-	160.81

### Valuation techniques used to determine the fair value

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

Nature of Financial Instrument	Valuation Technique	Remarks
Investment in Listed securities / Mutual Funds	Market Value	Closing Price as at reporting date in Stock Exchange
Investment in Unlisted securities	Adjusted Net Assets	Net Assets value as per Balance Sheet of respective Companies as at reporting date.
Foreign exchange forward contracts	Mark to Market	Based on MTM valuation provided by the Banker

**Note No. 49****Financial Risk Management**

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

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

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

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

***Credit Risk***

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

***Receivables***

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

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

(₹ In Lakhs)

As at 31-03-2022	Due less than 45 days	46 to 90 days	More than 90 days	Total
Gross carrying amount	2,519.53	153.19	3,178.32	5,851.04
Expected Loss Rate	0%	0%	0.35%	0.35%
Expected Credit Losses	-	-	11.16	11.16
Carrying amount of trade receivables net of impairment	2,519.53	153.19	3,167.16	5,839.88

(₹ In Lakhs)

As at 31-03-2021	Due less than 45 days	46 to 90 days	More than 90 days	Total
Gross carrying amount	3,624.21	1,162.06	2,806.08	7,592.35
Expected Loss Rate	0%	0%	0%	0%
Expected Credit Losses	-	-	-	-
Carrying amount of trade receivables net of impairment	3,624.21	1,162.06	2,806.08	7,592.35

### Financial Instruments and Cash deposits

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

### Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

### Fund Management

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

### Financial arrangements

The Company has access to the following undrawn borrowing facilities:

(₹ In Lakhs)

Particulars	31-03-2022	31-03-2021
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	3,564.74	5,229.00
Term Loans	4,794.56	NIL

**Maturities of Financial Liabilities****(₹ In Lakhs)**

Nature of Financial Liability	< 1 Year	1 – 5 Years	>5 years	Total
<b>As at 31-03-2022</b>				
Borrowings	17,583.71	13,190.40	-	30,774.11
Trade payables	1,312.98	-	-	1,312.98
Other Financial Liabilities (Incl. Interest)	869.64	-	-	869.64
<b>As at 31-03-2021</b>				
Borrowings	14,891.49	12,451.91	-	27,343.40
Trade payables	1,437.62	-	-	1,437.62
Other Financial Liabilities (Incl. Interest)	1,108.39	-	-	1,108.39

**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 uses derivative financial instruments viz. Foreign Exchange Forward Contracts exclusively for hedging currency risks that arise from imports / exports transactions. The Company measures the risk by forecasting foreign currency cash flows and manages its currency risks by appropriately hedging the transactions. When a forward contract is entered into for the purpose of being a hedge, the Company finalizes the terms of those forward contracts to match the terms of the hedged exposure i.e. receivables / payables / Firm Commitments. All identified exposures are managed as per the policy duly approved by the Board of Directors.

**The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities / Firm Commitments as at the end of reporting periods are given below :**

**As at 31-03-2022**

Type	Particulars	USD	EURO
<b>Hedged Items</b>	<b>Financial Assets / Firm Commitments related to Financial Assets</b>		
	a) Trade Receivables	10.01	
	b) Export sale Contracts	36.68	7.41
	<b>Financial liabilities / Firm Commitments related to Financial Liabilities</b>		
	a) Buyers Credit Loan	36.54	
	b) Foreign Currency Loan	30.00	
<b>Hedging Instruments (forward Contracts)</b>	<b>Instruments for hedging the currency risk on Financial Assets</b>		
	a) PCFC Loan	16.69	
	b) Bill Discount - Export	1.36	
	<b>Instruments for hedging the currency risk on Financial Liabilities</b>		
	a) Forward Contract for Buyers Credit Loan	36.54	
	b) Forward contract for Foreign Currency Loan	30.00	

**As at 31-03-2021**

Type	Particulars	USD	EURO
<b>Hedged Items</b>	<b>Financial Assets / Firm Commitments related to Financial Assets</b>		
	c) Trade Receivables	0.68	-
	d) Export sale Contracts	2.57	0.24
	<b>Financial liabilities / Firm Commitments related to Financial Liabilities</b>		
	c) Buyers Credit Loan	1.96	-
	d) Foreign Currency Loan	-	-
<b>Hedging Instruments (forward Contracts)</b>	<b>Instruments for hedging the currency risk on Financial Assets</b>		
	c) PCFC Loan	-	1.15
	d) Bill Discount - Export	0.22	-
	<b>Instruments for hedging the currency risk on Financial Liabilities</b>		
	c) Forward Contract for Buyers Credit Loan	1.73	-
	d) Forward contract for Foreign Currency Loan	-	-

**Cash flow and fair value interest rate risk**

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

**Interest rate risk exposure**

(₹ in Lakhs)

Particulars	31-03-2022	31-03-2021
Variable Rate Borrowings	17,692.88	16,344.70
Fixed Rate Borrowings	-	-

The Company does not have any interest rate swap contracts.

**Sensitivity on Interest rate fluctuation**

Incremental Interest Cost works out to	31-03-2022	31-03-2021
1% Increase in Interest Rate	176.93	163.45

**Note No. 50**

**IMPACT OF COVID - 19:**

The resurgence of COVID-19 in India has forced State Government to impose complete lockdown from 24-05-2021 to 31-05-2021 and Mills were temporarily shutdown during that period. However, there is no material impact in the financial statements for the year ended 31-03-2022 due to such related restrictions.

**Note No. 51****Events After the Reporting Period – Distribution Made and Proposed**

Particulars	31-03-2022	31-03-2021
<b>Cash Dividends on Equity Shares declared and paid</b>		
Final Dividend for the year ended 31 <sup>st</sup> March, 2021 ₹ 0.50/- per share (PY: ₹ 0.50 per Share)	<b>19.73</b>	19.73
<b>Proposed Dividends on Equity Shares</b>		
Final Dividend for the year ended 31 <sup>st</sup> March, 2022 ₹ 1.00/- per share (PY: ₹ 0.50 per Share)	<b>39.46</b>	19.73

**Note No.52****Additional Regulatory Information as required under Companies Act, 2013 / IND AS**

a) Details of loans granted to Promoters, Directors, KMP and related parties:

Type of Borrower	Amount of Loan outstanding as on 31-03-2022	% to the Total Loans and advances in the nature of Loans
Nil		

- b) Undisclosed Income The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.
- c) Benami property  
The Company did not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- d) Relationship with Struck off Companies The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.
- e) Details of Crypto Currency or Virtual Currency The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence disclosure relating to it are not applicable.
- f) The Company has neither advanced or loaned or invested, nor received any fund, to or from, any other persons or entities (intermediaries) with the understanding that the intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.





g) Disclosures related to CSR activities	(Rs. in Lakhs)
Particulars	Amount
Amount required to be spent by the company during the year	17.43
Amount of expenditure incurred	17.92
Shortfall at the end of the year	Nil
Total of previous years shortfall	Nil
Reason for shortfall	Not Applicable
Nature of CSR activities	Refer Table A
Details of related party transactions	Refer Table A

Note : The Company has not made any provision related to CSR activities for the FY 2021-22 and FY 2020-21.

Table A - Nature of CSR Activities:

(₹ in Lakhs)

Sl. No.	CSR Project or Activity identified & Sector in which the project is covered	Locations	Amount
			Actual
1.	Eradication of Hunger	Rajapalayam, (Tamil Nadu),	2.92
2.	Promotion of Education *	Rajapalayam, (Tamil Nadu),	15.00
<b>TOTAL</b>			<b>17.92</b>

\* Paid to Lingammal Ramaraju Shastra Prathishta Trust (Related Party Transaction).

**Note No. 53:**

**Reclassification of previous year figures upon complying with Schedule III Amendments**

The Company had voluntarily adopted to comply with the amendments in Schedule III of Companies Act, 2013 notified on 24-03-2021, for the financial year 2021-22, though the applicability is spelt out with effect from 01-04-2021. Accordingly, the Company has complied with such disclosures and reclassified the following items in the previous years, to conform to current year classification.

Nature of Reclassification	Amount of each item reclassified	Reason for reclassification
Hitherto, Current maturities of Long term borrowings was included in Other Current Financial Liabilities. As per the requirement under amendments to Schedule III, the same has been presented under 'Short Term Borrowings' as a separate line and previous year figure has been reclassified.	2021-22: Rs. 4,502.48 Lakhs 2020-21: Rs. 3,891.23 Lakhs	Schedule III Amendments in the Companies Act, 2013



The Company had voluntarily adopted to comply with the amendments in Schedule III of Companies Act, 2013 notified on 24-03-2021, from the financial year 2021-22, though the applicability is spelt out with effect from 01-04-2021. Hitherto, investments in subsidiaries and associates was presented outside 'Financial Assets' as a separate line item on the face of a balance sheet for the reason that, the interests in subsidiaries and associates that are accounted in accordance with Ind AS 27 Separate Financial Statements, Ind AS 110 Consolidated Financial Statements or Ind AS 28 Investment in Associates, are scoped out from the applicability of Ind AS 107 and Ind AS 109. However, investments in subsidiaries and associates should be presented within financial assets, since such investments still meet the definition of financial instruments, as per the Guidance Note issued by ICAI during January 2022 vide para no. 8.1.8.4. Accordingly the Company has complied with such disclosures and reclassified previous year figures, wherever necessary, to conform to current year classification.

**Note No.54****Capital Management**

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

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

		₹ In Lakhs)
Particulars	31-03-2022	31-03-2021
Long Term Borrowings	13,190.40	12,451.91
Current maturities of Long Term borrowings	4,502.48	3,891.23
Short Term Borrowings	13,081.23	11,000.26
Less: Cash and Cash Equivalents	938.44	391.37
Net Debt (A)	29,835.67	26,952.03
Equity Share Capital	394.65	394.65
Other Equity	28,092.60	26,871.30
Total Equity (B)	28,487.24	27,265.95
Total Capital Employed (C) = (A) + (B)	58,322.92	54,217.98
Capital Gearing Ratio (A) / (C)	51%	49%

In order to achieve the 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 31-03-2022 and 31-03-2021.



**Note No.55**

**Additional Information, as required under Schedule III of the Companies Act, 2013 of Enterprises Consolidated as Subsidiary / Associates for the year 2021-22**

Name of the entity	Net Assets ie Total assets minus liabilities		Share in Profit / (Loss)		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	% of Consolidated net assets	Rs. In Lakhs	% of Consolidated net assets	Rs. In Lakhs	% of Consolidated net assets	Rs. In Lakhs	% of Consolidated net assets	Rs. In Lakhs
<b>Parent</b>								
The Ramaraju Surgical Cotton Mills Limited	29.69	8,458.90	26.44	416.14	96.63	(88.69)	22.09	327.45
<b>Subsidiary</b>								
Madras Chipboard Limited	7.37	2,100.64	(5.48)	(86.34)	0.00	-	(5.82)	(86.34)
Minority Interest in Subsidiary	1.83	521.36	(1.83)	(28.76)	0.00	-	(1.94)	(28.76)
<b>Associates ( Investments as per Equity Method)</b>								
M/s The Ramco Cements Limited	54.96	15,655.52	76.95	1,211.39	3.48	(3.19)	81.50	1,208.20
M/s The Ramco Industries Limited	0.78	221.00	1.04	16.42	0.23	(0.21)	1.09	16.22
M/s The Ramco Systems Limited	0.30	85.37	(0.20)	(3.11)	(0.12)	0.11	(0.20)	(3.00)
M/s The Rajapalayam Mills Limited	4.79	1,363.86	2.00	31.42	(0.45)	0.41	2.15	31.83
M/s Sri Vishnu Shankar Mill Limited	0.28	80.59	1.08	17.01	0.23	(0.21)	1.13	16.81
M/s Sri Harini Textiles Limited	-	-	-	-	-	-	-	-
M/s Shri Harini Media Limited	-	-	-	-	-	-	-	-

As per our report annexed

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

**R. Palaniappan**  
Partner  
Membership No. 205112

Rajapalayam  
25<sup>th</sup> May 2022

On behalf of the Board of Directors  
**For The Ramaraju Surgical Cotton Mills Limited**

**Shri P.R.Venketrama Raja**  
Chairman

**N.Vijay Gopal**  
Chief Financial Officer

**Smt. Nalina Ramalakshmi**  
Managing Director

**Walter Vasanth P J**  
Company Secretary



THE RAMARAJU  
SURGICAL COTTON  
MILLS LIMITED

119, P.A.C. Ramasamy Raja Salai, Rajapalayam 626 117, Tamilnadu, India