

*40<sup>th</sup>*  
*Annual Report*  
*2020 - 2021*

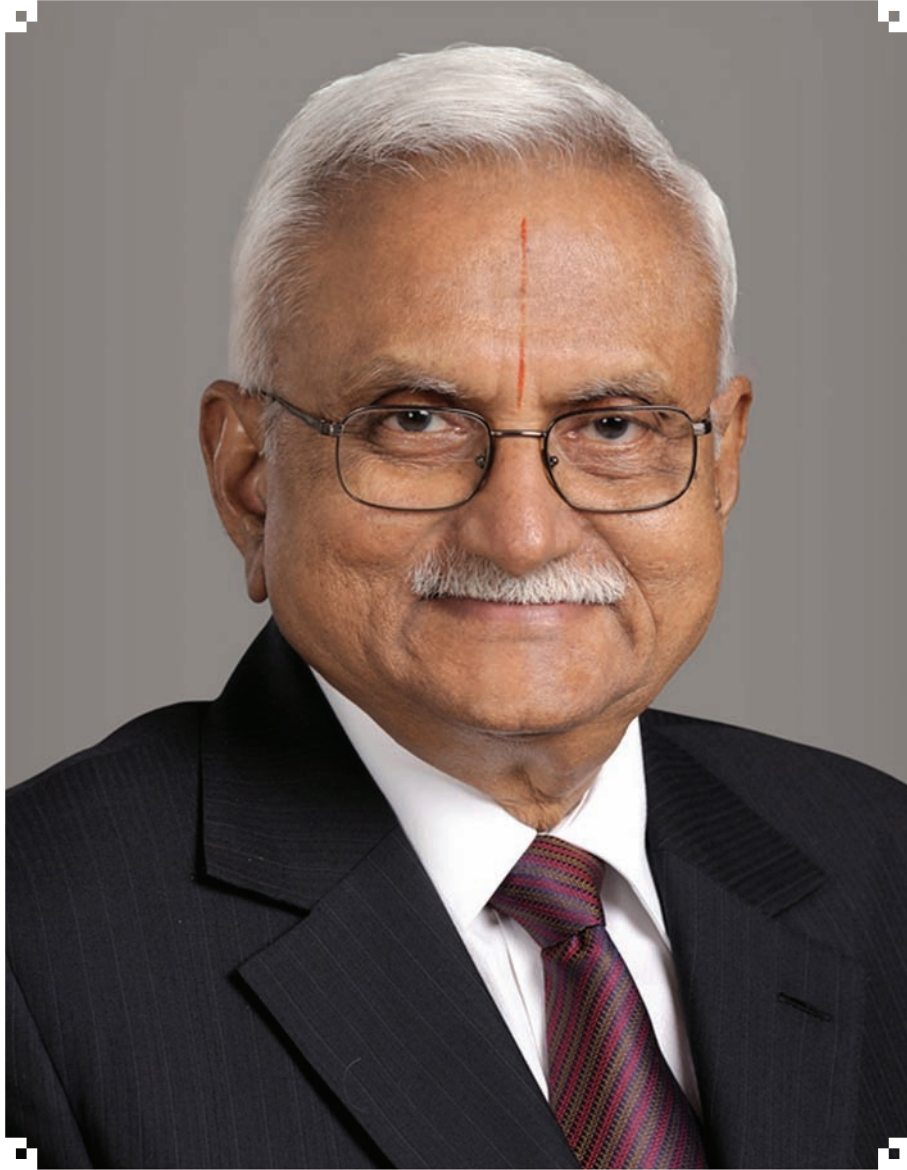


Our Founder's Mentor



SHRI P.A.C. RAMASAMY RAJA





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



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**BOARD OF DIRECTORS**

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

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

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

Smt. R. CHITTAMMAL

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

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

Shri ARUNKUMAR GOENKA, B.Com.,

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

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

**BANKERS**

THE FEDERAL BANK LIMITED

INDUSIND BANK LIMITED

TAMILNAD MERCANTILE BANK LIMITED

TATA CAPITAL FINANCIAL SERVICES  
LIMITED

CITI BANK LIMITED

IDBI BANK LIMITED

INDIAN BANK

**Auditors**

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

**Secretarial Auditor**

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

**Cost Auditor**

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

**REGISTERED OFFICE**

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

E-mail : svsm@ramcotex.com

Phone : 04563-235555

Fax : 04563-236493

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

**Corporate Identification Number:**

U17301TN1981PLC008677

**FACTORIES**

**Unit I**

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

**Unit II**

Subramaniapuram Village  
Srivilliputhur - 626 137.

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## SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM

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### NOTICE TO THE MEMBERS

Notice is hereby given that the 40<sup>th</sup> Annual General Meeting of the Company will be held at 10.30 AM on Wednesday the 25<sup>th</sup> August, 2021 This Annual General Meeting is being conducted through Video Conferencing (VC), Other Audio Visual Means (OAVM), the details of which are provided in the Notes to this Notice. The following are the businesses that would be transacted at this Annual General Meeting.

### ORDINARY BUSINESS

1. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:  
"RESOLVED THAT the Company's Separate and Consolidated Audited Financial Statements for the year ended 31<sup>st</sup> March, 2021 and the Reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted."
2. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:  
"RESOLVED THAT Shri S.S. Ramachandra Raja (DIN: 00331491), who retires by rotation, be and is hereby re-appointed as Director of the Company."
3. To consider and pass the following Resolution, as an ORDINARY RESOLUTION:  
"RESOLVED THAT Smt. R. Chittammal (DIN: 00380765), who retires by rotation, be and is hereby re-appointed as Director of the Company."

### SPECIAL BUSINESS

4. To consider and pass the following Resolution, as an SPECIAL RESOLUTION  
"RESOLVED that subject to the approval of the Financial Institutions / Banks, in supersession of the resolution passed at the Annual General Meeting held on 4<sup>th</sup> August, 2014 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 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 moneys so outstanding, shall not at any time exceed ₹ 400 Crores (Rupees Four hundred crores only)."

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

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

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration of ₹ 80,000/- (Rupees Eighty 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 2021-22 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified and confirmed."

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2021.

P.R. VENKETRAMA RAJA  
CHAIRMAN

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**NOTES:**

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special business is annexed hereto.
2. The Company has chosen to conduct this Annual General Meeting in through Video Conferencing, in view of COVID-19 pandemic. The Annual General Meeting would be conducted in accordance with the General Circulars No: 02/2021 dated 13<sup>th</sup> January 2021, issued by Ministry of Corporate Affairs, Government of India and such other instructions that may be issued by Statutory Authorities

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

3. The Company would be providing the Central Depository Services (India) Limited's (CDSL) system for the members to cast their vote through remote e-Voting and participate in the Annual General Meeting through Video Conference.
4. Proxies are not being sent to shareholders, as the meeting is being conducted through Video Conference.

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**NOTICE**

5. The Company is also releasing a Public Notice by way of advertisement being published in English in Business Line (All editions) and in Tamil in Dinamani (Madurai editions), containing the following information:
- Convening of Annual General Meeting through Video Conference in compliance with applicable provisions of the Act.
  - Date and Time of the Annual General Meeting.
  - Availability of Notice of the Meeting on the website of the Company and at <http://www.evotingindia.com>.
  - 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 Thursday the 19<sup>th</sup> August, 2021 for determining the eligibility to vote by remote e-Voting or in the Annual General Meeting.
7. Pursuant to Rule 8 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company ([www.vishnushankarmill.co.in](http://www.vishnushankarmill.co.in)), as also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Hence, the Members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund.

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

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

8. In accordance with Section 124(5) of the Companies Act, 2013, the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over seven years, to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
9. In accordance with Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more have been transferred by the Company to IEPF. The shareholders / their legal heirs are entitled

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**NOTICE**

to claim the said shares and the dividend so transferred from the IEPF by making an online application. The procedure is available at **www.iepf.gov.in**.

10. Despatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), has been dispensed with. Such statements are being sent only by email to the members, trustees for the debenture-holders and to all other persons so entitled. The Annual Report will also be made available on the Company's Website - **www.vishnushankarmill.co.in** .

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, the Company is providing members facility to exercise their right to vote at the 40<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through such voting through e-Voting Services provided by Central Depository Services(India) Limited (CDSL).
- b) The facility for remote e-Voting shall remain open from 9.00 A.M. on Sunday, the 22<sup>nd</sup> August, 2021 to 5.00 P.M. on Tuesday the 24<sup>th</sup> August, 2021. During this period, the Members of the Company, holding Shares either in physical form or in dematerialised form, as on the cut-off-date, viz., Thursday, the 19<sup>th</sup> August, 2021, may opt for remote e-voting. E-Voting shall not be allowed beyond 5.00 PM on 24<sup>th</sup> August, 2021.
- c) The facility for voting, through electronic voting system shall be made available at the time of meeting and members attending the meeting through VC and who have not already cast their vote by remote e-Voting shall be able to exercise their right during the meeting. If any votes are cast by the members through the e-Voting available during the AGM and if the same members have not participated in the meeting through VC, then the votes cast by such members shall be considered invalid as the facility of e-Voting during the meeting is available only to the members attending the meeting.
- d) Login method for e-Voting and joining the AGM through VC for Individual shareholders holding securities in Demat mode are given below:

<b>Type of shareholders</b>	<b>Login Method</b>
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <b><a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a></b> or visit

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<b>Type of shareholders</b>	<b>Login Method</b>
	<p><b>www.cdslindia.com</b> and click on Login icon and select New System Myeasi.</p> <p>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 the AGM through VC &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi / Easiest, option to register is available at <b><a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></b></p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <b>www.cdslindia.com</b> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders (holding securities in demat mode) login through their DPs	You can also login using the login credentials of your demat account through your DP registered with 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 CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining the AGM through VC & voting during the meeting.

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

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**NOTICE**

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

<b>Login type</b>	<b>Helpdesk details</b>
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <b>helpdesk.evoting@cdslindia.com</b> or contact at 022-23058738 and 022-23058542/43.

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

1. The shareholders should log on to the e-Voting website **www.evotingindia.com**
2. Click on "Shareholders" module.
3. Now enter your User ID
  - a) For CDSL: 16 digits beneficiary ID,
  - b) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier e-Voting of any company, then your existing password is to be used.
6. If you are a first-time user follow the steps given below:

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company / DP are requested to use the first two letters of their name and the 8 digits of the Folio No. in the PAN field.  In case the Folio No is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is GUHAN.S with folio number 1 then enter GU00000001 in the PAN Field.
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**NOTICE**

- 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 Sri Vishnu Shankar Mill Limited, on which you choose to vote.
- j) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- k) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire 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.
  - (i) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves in the "Corporates" module.
  - (ii) A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
  - (iii) After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

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**NOTICE**

- (iv) 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.
  - (v) 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.
  - (vi) Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority letter, etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at **srinivasan.k@msjandnk.com** and to the Company at the email address viz. **svsm@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 - 400013 or send an email to **helpdesk.evoting@cdslindia.com** or call on 022-23058542/43.
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 1000 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



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**NOTICE**

mentioning your name, demat account number / folio number, email id, mobile number (as registered with the Depository Participant (DP) / Company) to the E-mail ID: **svsm@ramcotex.com**. Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.

- 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, E-mail ID, mobile number to the E-mail ID: **svsm@ramcotex.com**. These queries will be replied by the company suitably by email.
  - g) Non-Individual members intending to authorize their representatives to attend the Meeting are requested to send a scanned certified copy of the board resolution authorizing their representative to attend on their behalf at the meeting. The said Resolution / Authorization shall be sent to the Scrutinizer by email through its registered email address with a copy marked to **helpdesk.evoting@cdslindia.com**.
  - h) The attendance of the Members attending the AGM through VC will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
  - i) The link for VC to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-Voting.
  - j) Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
  - k) Only those shareholders, who are present in the AGM through VC and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
  - l) 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), AADHAR (self-attested scanned copy of Aadhar Card) by E-mail to Company.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

- 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 E-mail 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 despatch of the Notice and holding shares as of the cut-off date i.e. 19<sup>th</sup> August 2021, 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 Thursday, the 19<sup>th</sup> August, 2021.
16. Shri K. Srinivasan, Chartered Accountant (Membership No: 021510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants will act as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
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 three days of conclusion of the meeting, a consolidated scrutiniser'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.

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2021.

P.R. VENKETRAMA RAJA  
CHAIRMAN

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTICE**

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

**Item No. 4**

The Members of the Company at the Annual General Meeting held on 04-08-2014 have passed a Special Resolution, permitting the Board of Directors to borrow upto a limit of ₹ 300 Crores (apart from temporary loans, obtained in the ordinary course of business) under Section 180(1)(c) of the Companies Act, 2013. The Company has modernization and business expansion plans, which could be implemented depending on the favourable market conditions and in case of the Company going for expansion and modernization, the existing borrowing limits will not be sufficient to meet out the above proposals. Hence, it is proposed to increase the borrowings limits from the existing amount of ₹ 300 Crores to ₹ 400 Crores.

Under Section 180(1)(c) of the Companies Act, 2013 the Board of Directors are entitled to borrow in excess of the Company's Paid-up Capital and Free Reserves and Securities Premium, with the consent of the Members by way of Special Resolution. Accordingly, approval is sought from Members by way of Special Resolution to authorize the Board of Directors to borrow such that the maximum outstanding shall not at any time exceed ₹ 400 Crores.

As provided under Section 180(1)(c) of the Companies Act, 2013, the limit is exclusive of loans repayable on demand or within six months from the date of the loan such as short term, cash credit, discounting of bills and other short term loans of seasonal character.

Your Directors recommend the resolution for your approval.

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

**Item No. 5**

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

On the recommendation of the Audit Committee at its meeting held on 27-05-2021 the Board had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of Textile Products for the financial year 2021-22. at a remuneration of ₹ 80,000/- (Rupees Eighty thousand only) plus applicable Taxes and out-of-pocket expenses.

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

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**NOTICE**

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

Details of Director Seeking Re-appointment at the 40<sup>th</sup> Annual General Meeting Pursuant to Secretarial Standards on General Meetings:

Name of the Director	Shri S.S. Ramachandra Raja
Director Identification Number (DIN)	00331491
Age	86 years
Qualification & Experience	Shri S.S. Ramachandra Raja is a Bachelor Degree in Science. He has been on the Board of Sri Vishnu Shankar Mill Limited since 1986. He has more than 3 decades of Industrial experience with specific knowledge in Textiles.
Terms and conditions of reappointment	Director liable to retire by rotation, under Section 152(6) of the Companies Act, 2013.
Date of First Appointment to the Board	25-04-1986
Shareholding in the Company as on 31-03-2021	13,410 Equity Shares of ₹ 10/- each
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Shri S.S. Ramachandra Raja is the uncle of Shri P.R. Venketrama Raja, Chairman of the Company. Shri S.S. Ramachandra Raja is the father-in law of Smt. Sharada Deepa, Managing Director of the Company. Shri S.S. Ramachandra Raja is the husband of Smt. R. Chittammal, Director of the Company. Shri S.S. Ramachandra Raja is the father of Shri S.R. Srirama Raja, Director of the Company.
No. of Meetings of the Board attended during the year	4
Other Directorships as on 31-03-2021	Ramco Industries Limited Rajapalayam Mills Limited Ramco Management Private Limited Sudharsanam Investments Limited Sri Sethu Ramasamy Farms Private Limited Rajapalayam Chamber of Commerce and Industry
Memberships and Chairmanships of Committees of other Board	Rajapalayam Mills Limited Details given below

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**NOTICE**

<b>S.No.</b>	<b>Name of the Company</b>	<b>Name of the Committee</b>	<b>Position held (Chairman / Member)</b>
1.	Sri Vishnu Shankar Mill Limited	Corporate Social Responsibility Committee	Member
2	Rajapalayam Mills Limited	Stakeholders Relationship Committee	Member

Name of the Director	Smt. R. Chittammal
Director Identification Number (DIN)	00380765
Age	84 years
Qualification & Experience	Smt. R. Chittammal is a Bachelor Degree. She has been on the Board of Sri Vishnu Shankar Mill Limited since 1997. He has more than 2 decades of Industrial experience with specific knowledge in Textiles.
Terms and conditions of reappointment	Director liable to retire by rotation, under Section 152(6) of the Companies Act, 2013.
Date of First Appointment to the Board	24-03-1997
Shareholding in the Company as on 31-03-2021	7,320 Equity Shares of ₹ 10/- each
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Smt. R. Chittammal is the aunty of Shri P.R. Venketrama Raja, Chairman of the Company. Smt. R. Chittammal is the aunty / mother-in law of Smt. Sharada Deepa, Managing Director of the Company. Smt. R. Chittammal is the wife of Shri S.S. Ramachandra Raja, Director of the Company. Smt. R. Chittammal is the mother of Shri S.R. Srirama Raja, Director of the Company.
No. of Meetings of the Board attended during the year	4
Other Directorships as on 31-03-2021	Ramco Agencies Private Limited Ramco Private Limited Sudarasana Farms Private Limited Rajapalayam Farms Private Limited Chittammal Farms Private Limited

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**DIRECTORS' REPORT**

**TO THE MEMBERS**

Your Directors have pleasure in presenting their 40<sup>th</sup> Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2021.

**1. FINANCIAL RESULTS**

The financial results for the year ended 31<sup>st</sup> March, 2021 after charging all expenses but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of ₹ 3,614.84 Lakhs against ₹ 3,948.48 Lakhs for the previous financial year 2019-20.

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

(₹ in Lakhs)

Financial Results	Separate Financials	
	Year ended 31-03-2021	Year ended 31-03-2020
Revenue	19,949.09	19,276.52
Operating Profit :		
Profit before Interest, Depreciation and Tax (PBIDT)	3,614.84	3,948.48
Less: Interest	1,539.29	1,785.88
Profit before Depreciation and Tax (PBDT)	2,075.55	2,162.60
Less: Depreciation	1,277.82	1,391.62
<b>Profit before Tax</b>	<b>797.73</b>	<b>770.98</b>
Less: Tax Expenses		
Current Tax	—	—
Excess Income Tax provision related to Earlier Years withdrawn	—	—
Deferred Tax (withdrawal)	(87.82)	(393.70)
Profit after Tax	885.55	1,164.68
Other Comprehensive Income for the Year (Net of Tax)	76.72	(31.47)
<b>Total Comprehensive Income for the Year (TCI)</b>	<b>962.27</b>	<b>1,133.21</b>

**2. SHARE CAPITAL**

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

**DIRECTORS' REPORT**

**3. DIVIDEND**

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

**4. TAXATION**

The Company has not provided any amount towards Current Tax since total income under regular computation is Nil. The Company is exercising option under Section 115BAA of the Income Tax Act, 1961 for reduced income tax rate of 22% and hence is not liable Minimum Alternative Tax under Section 115JB. Deferred Tax of ₹ 62.28 Lakhs (PY: ₹ 404.84 Lakhs) has been withdrawn for the year 2020-21.

**5. MANAGEMENT DISCUSSION AND ANALYSIS**

**TRADE CONDITIONS**

• **COTTON**

In India, the opening stock of cotton for the current cotton season 2020-21 (October to September) was historically at high level of 120 Lakhs Bales. The main reason for such high level of carry over stock was due to lower consumption of cotton by Mills in India due to disruptions in manufacturing activities caused by Covid-19 pandemic. This, coupled with higher production estimate of cotton during the current cotton crop season of 360 Lakhs bales has pulled down the cotton prices during the initial cotton season. Due to this, CCI has purchased large volume of cotton under MSP operation, during peak arrivals of cotton bales in the market.

However, the sentiment in the markets had slowly turned positive soon after the manufacturing activities started picking up due to relaxations announced by Government, which was earlier disrupted on account of Covid-19 pandemic. The cotton prices have gone-up by more than 30% compared to the price ruled during the initial cotton season. The prices of some of the imported cotton varieties especially the long stable fibre had also increased very steeply to the extent of 40% to 75% within a period of 3 to 4 months' time.

The Company is focusing to produce more value added count and in order to meet the quality requirement of value added counts, more volume high quality imported cotton has been procured when the prices were cheaper. This strategy has helped the Company to procure diversified varieties of cotton across the global and to quote competitive prices for our yarn, which helped to improve the operating margin in the last quarter of the financial year 2020-21.

**DIRECTORS' REPORT**

• **YARN PRODUCTION**

The production volume has decreased to 44.25 Lakhs Kgs during the financial year 2020-21 as against 48.31 Lakhs Kgs of last year due to lock down imposed by Government for 2 months during April, 2020 & May, 2020.

• **SALE OF YARN**

Despite the adverse conditions prevailed during first 6 months of the financial year under review due to COVID-19 pandemic, there is no slowdown in Company's focus on new product development, innovation and cost-effective production. In spite of reduction in production volume by 8%, the Company was able to achieve growth in sale volume due to liquidation of stock. The sale volume has decreased in line with production and accumulation of stock at the end of the financial year 2020-21. The sale volume for the FY 2020-21 stood at 49.79 Lakh Kgs as compared to 48.18 Lakh Kgs of last year an increase 3%. The sale value of yarn has increased to ₹ 176.36 Crores during the FY 2020-21 as compared to ₹ 157.33 Crores of last year registering growth of 3%.

The Company's quality of yarn in value added segment has been well appreciated by the customers and the Company is receiving very good volume of orders for value added counts. The Company is taking various steps to expand its market presence both in domestic and international markets and hope to achieve higher volume of sales in value added yarns in the forthcoming years.

The Company was able to overcome the challenges posed by pandemic by continuous engagement with the Customers and none of the sales contracts was cancelled during this challenging period, though there was some deferment in the delivery schedule, which has been subsequently shipped successfully.

The yarn market in India has bounced back after witnessing a slowdown in last 2 years. Due to geopolitical factors like trade, war between US and China and diversion of sourcing textile products by many top global garment brands from China to India boosted the demand for textile products including yarn manufactured in India. Due to good demand from domestic market, the Company was able to liquidate the yarn stock from ₹ 30.34 Crores as on 01-04-2020 to ₹ 8.15 Crores as on 31-03-2021.



**DIRECTORS' REPORT**

• **EXPORTS**

We have made export of Cotton Yarn (including merchant exports) for a value of ₹ 42.44 Crores as against ₹ 55.00 Crores of the previous year. In addition to our regular International Market, our sales volume has grown considerably in new markets viz. Turkey, Portugal etc. where our yarn quality is well accepted.

Your Directors are thankful to M/s. Lameirinho-Industria Testil S.A., Portugal, M/s. Somelos Tecidos SA, Portugal, M/s. Yirmi Tekstil Sanayi Ve Ticaret A.S, Turkey, M/s. Elvy Weaving S.A.E, Egypt, M/s. Mantafil Spa, Italy, M/S. Mundifios S.A., Portugal, M/s. BEZ TEKSTIL, Denizli etc., for their continued support and efforts for promotion of exports.

• **POWER COST**

During the financial year 2020-21, the Company was able to consume power from its own wind farms to the extent of 69% (PY: 60%) of total power requirement. Because of lower power generation from windmills, the Company was forced to consume power from other sources, which are high cost. The power cost has been decreased during the financial year 2020-21 to ₹ 10.88 Crores as compared to ₹ 14.93 Crores incurred during previous year. The reduction in power cost is partly due to lockdown imposed by Government for 2 months during April 2020 & May 2020 on account of Covid-19 pandemic and also because of various energy conservation measures taken by the Company.

• **FINANCE COST**

The Finance cost has decreased to ₹ 1,539.29 Lakhs during the financial year 2020-21 from ₹ 1,785.88 Lakhs of previous financial year mainly due to reduction in cost of borrowings.

• **DIVIDEND INCOME**

During the financial year 2020-21, the Company has received dividend income of ₹ 93.13 lakhs (PY: ₹ 189.65 lakhs) and the particulars of Dividend received are provided under Note No. 42(a)(v).

**6. MODERNISATION / EXPANSION**

As a part of continuous thrust on modernization programme, the Company has replaced 2 Nos. old Open End Spinning Machines with most modern fully automatic OE Machines at a cost of ₹ 12 Crores. The Company has already received these New OE Machines and the installation of all machines has been completed on 30-04-2021. With the installation of these advanced machines, the Company will focus to sell the OE yarn in different value added segments like OE yarn for knitting segments, Denim Segments etc. which are untapped by the Company so far.

**DIRECTORS' REPORT**

The Company has also planned to increase the spindles capacity of the Company from the existing 62958 spindles and 1008 rotors to 80238 Spindles and 1008 rotors at project cost of about ₹ 40 Crores. Orders for the machines have already been placed and delivery of the machine is expected in August 2021.

As a part of continuous thrust on modernization and expansion program, the Company has invested about ₹ 8.00 Crores in textile machinery & equipment's like, used good condition LR6-S Ring Frames by replacing old G5/1 Ring Frames, K43 Rieter Ring Frame, Texpart Top Arm, Suessen Compact CDS System, Flexi Clean and Unimix & New Waste Collection System etc.

**7. PROSPECTS FOR THE CURRENT YEAR**

The Cotton Association of India's estimates suggested that out of total cotton availability of 496 Lakhs Bales for the cotton crop year 2020-2021, the consumption will be around 330 Lakhs Bales and export will be around 60 Lakhs Bales leaving the carryover stock to the next season of 106 Lakhs Bales. According to data published by Foreign Agricultural Service of USDA, the world cotton production for 2021-22 season is expected to rise at 4.70%. It also estimated a strong cotton consumption growth in 2021-22 as the world economy recovers from the severe 2020 downturn. The global cotton consumption is expected to grow by 4.10% and this will be the second consecutive year when world consumption will exceed the production of cotton. As a result, the world cotton stocks are expected to reduce and strong cotton consumption growth will support the price of cotton and cotton price is expected to go upwards in the coming cotton season. The Government of India has imposed import duty on long staple variety of cotton also and this will make imported cotton dearer by 11% for Indian Spinning Mills.

Retail sales of textile products across the globe is witnessing a robust trend along with lower levels of inventory with a Retailers will boost the demand for yarn manufactured in India for the current financial year 2021-22. India is becoming a strong alternative sourcing base to China for textile products. The Company has reshaped itself to a better position by strengthening its product lines with more value added customized yarn counts viz. Mercerized Yarn, Melange Yarn and Core Yarn etc., to take full advantage of the current market trend. The Company is continuously monitoring various process parameters and implemented various system controls to deliver consistent quality of yarn to the end customers. The Company has also strengthened the product lines with more automation like fully automatic contamination removal system at blow room stage, 100% ring spindle monitoring system, installation of linkconers etc. which has resulted in overall improvement of efficiency of the Mill.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

The Company's strategic decision to focus on more value added counts has started yielding results and good volume of yarn orders in Q1 and Q2 of the current financial year 2021-22 with PIMA and GIZA varieties cotton have been booked. The prudent purchase policy of imported cotton when the prices were lower will also help to sustain the operating margins in FY 2021-22.

Efforts are being taken continuously to scale up the production & sale of value added counts like Mélange yarn, Mercerized yarn, core spun yarn etc., which will replace commodity counts in the forthcoming years. The spreading of Covid-19 in India and other Countries during its second wave is posing continuous challenges and the Company is strictly and continuously following the SoPs to safeguard its employees and thrive to deliver World-class yarns to its Customers. With the flexibility to produce value added super fine counts, the Company is poised to post decent growth both in topline as well as bottom line for the financial year 2021-22.

**8. WIND MILL**

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

The wind farm has generated 197 Lakhs Kwh as compared to 198 Lakhs Kwh of the previous year. The wind availability / velocity during the financial year 2020-21 was low as compared to the financial year 2019-20. All the Units generated by wind mills were adjusted for captive consumption at our Mills in Tamil Nadu. The income during the year from the Wind Mill Division was ₹ 13.19 Crores as against ₹ 13.28 Crores of previous year.

**9. ASSOCIATE COMPANY**

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

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

**10. CONSOLIDATED FINANCIAL STATEMENTS**

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

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

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

The consolidated net profit after tax of the Company amounted to ₹ 1,810.46 Lakhs for the year ended 31<sup>st</sup> March, 2021 as compared to ₹ 1901.74 Lakhs of the previous year.

The Consolidated Total Comprehensive Income for the year under review is ₹ 1,905.31 Lakhs as compared to ₹ 1,851.64 Lakhs of the previous year.

#### **11. INTERNAL FINANCIAL CONTROLS**

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

#### **12. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In accordance with Section 177(9) and (10) of the Companies Act, 2013 the Company has established a Vigil Mechanism and has a Whistle Blower Policy. The policy is available at the Company's website. The Policy provides the mechanism for the receipt, retention and treatment of complaints and to protect the confidentiality and anonymity of the stakeholders. The complaints can be made in writing to be dropped into the Whistle Blower Drop Boxes or through E-Mail to dedicated mail IDs. The Corporate Ombudsman shall have the sole access to these. The Policy provides to the complainant access to the Chairman of the Audit Committee. The weblink for the Vigil Mechanism is disclosed in the Corporate Governance Report.

**DIRECTORS' REPORT**

**13. DIRECTORS**

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

1. Shri S.S Ramachandra Raja, (DIN: 00331491)
2. Smt. R. Chittammal, (DIN: 00380765)

All the Independent Directors have registered themselves with the Independent Directors Data Bank, as required under Rule 6 of Companies (Appointment & Qualification of Directors) Rules, 2014. All the Independent Directors have been exempted from passing the online proficiency self-assessment test, conducted by The Indian Institute of Corporate Affairs.

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.

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

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

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

Salient Features of the Nomination and Remuneration Policy:

**DIRECTORS' REPORT**

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 are in compliance with the Companies Act, 2013. During the year under review, there has been no change in the policy.

**14. EVALUATION OF BOARD**

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

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

The Board of Directors have evaluated the performance of Independent Directors and observed the same to be satisfactory and their deliberations beneficial in Board / Committee meetings.

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

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

**15. MEETINGS**

**MEETINGS OF THE BOARD**

During the year under review, five minutes of the Board Meetings were held on 24-06-2020, 12-08-2020, 09-11-2020 & 04-02-2021.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**DIRECTORS' REPORT**

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

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

**MEETING OF THE COMMITTEES**

**AUDIT COMMITTEE**

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

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

No. of meeting held during the year: 4

Date of Meeting: 23-06-2020, 12-08-2020, 09-11-2020 & 04-02-2021.

**NOMINATION AND REMUNERATION COMMITTEE**

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

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

No. of meeting held during the year: 1

Date of Meeting: 23-06-2020.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**DIRECTORS' REPORT**

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

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

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

No. of meeting held during the year: 1

Date of Meeting: 23-06-2020.

**INDEPENDENT DIRECTORS COMMITTEE**

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

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

No. of meeting held during the year: 1

Date of Meeting: 03-02-2021.

**16. SECRETARIAL STANDARD**

The Director have devised proper System to ensure Compliance with the provisions of applicable Secretarial Standard and that such System are adequate and operating effectively.

**17. PUBLIC DEPOSITS**

Pursuant to Rule 8(5)(v) & (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review. There was no outstanding of deposits as on 31-03-2021 (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 ₹ 216 Lakhs from Directors as deposit / loan during the financial year 2020-21. It has repaid an amount of ₹ 342 Lakhs during the year 2020-21. The loans from Directors are not treated as deposits under Chapter V of the Companies Act, 2013.



**DIRECTORS' REPORT**

**18. ORDERS PASSED BY REGULATORS**

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

**19. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

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

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

**20. CORPORATE SOCIAL RESPONSIBILITY**

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

The Company has undertaken various projects in the areas of rural development, poverty elimination, environment protection, livelihood enhancement projects, etc. largely in accordance with Schedule VII of the Companies Act, 2013.

The CSR obligations pursuant to Section 135(5) of the Companies Act, 2013, for the year 2020-21 is ₹ 3.72 Lakhs. As against this, the Company has spent an amount of ₹ 5.10 Lakhs on CSR. The Company had also spent a sum of ₹ 0.19 lakhs on other social causes and projects, which do not qualify as CSR expenditure under the classifications listed out in Schedule VII of the Companies Act, 2013.

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

**21. AUDITS**

**STATUTORY AUDIT**

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**DIRECTORS' REPORT**

The report of the Statutory Auditors for the year ended 31<sup>st</sup> March, 2021 does not contain any qualification, reservation or adverse remark. No fraud has been reported by the Company's Auditors'.

**SECRETARIAL AUDIT**

Shri M.R.L. Narasimha, a Practicing Company Secretary is the Secretarial Auditor of the Company. Pursuant to Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report submitted by the Secretarial Auditor for the year ended 31<sup>st</sup> March, 2021 is attached as Annexure - III. The report does not contain any qualification, reservation or adverse remark.

**COST AUDIT**

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

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records for the year 2021-22 at a remuneration of ₹ 80,000/- (Rupees Eighty thousand only) plus applicable taxes and out of pocket expenses.

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

The Cost Audit Report for the financial year 2019-20 due to be filed with Ministry of Corporate Affairs by 30-09-2019 had been filed on 04-09-2020. The Cost Audit Report for the financial year 2019-20 is due to be submitted by the cost auditor within 180 days from the closure of the financial year will be filed with the Ministry of Corporate Affairs, within 30 days thereof.

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

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

**DIRECTORS' REPORT**

**23. EXTRACT OF ANNUAL RETURN**

In Accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of Companies (Management and Administration) Rules, 2014, the copy of the Annual Return for the year ended 31-03-2020 has been placed on the Website of the Company and Web link of such Annual Return is [www.vishnushankarmill.co.in/pdf/annual-return-31-03-2020.pdf](http://www.vishnushankarmill.co.in/pdf/annual-return-31-03-2020.pdf)

**24. 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 - V.

**25. INDUSTRIAL RELATIONS AND PERSONNEL**

The Company has 1,054 employees as on 31-03-2021. Industrial relations with employees remained cordial during the year. Human Resources Development activities received considerable focus. The emphasis was on imparting training and development of the skill-set of the employees to enable them to face the challenges in the work environment.

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

**26. RELATED PARTY TRANSACTION**

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

**27. RISK MANAGEMENT POLICY**

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**DIRECTORS' REPORT**

**28. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2021;
- (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, 2021 and the profit of the Company for the year ended on that date;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the Annual Accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENT**

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

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2021.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE I TO DIRECTORS' REPORT**

**Form AOC-1**

*[Pursuant to first proviso to sub-section (3) of Section 129,  
read with Rule 5 of Companies (Accounts) Rules, 2014]*

Statement containing salient features of the financial statement of  
Associate Companies

**PART A - SUBSIDIARY COMPANY**

There is no Subsidiary Company

**PART B - ASSOCIATE COMPANY**

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

Particulars	2019-20			
	The Ramco Cements Limited	Rajapalayam Mills Limited	The Ramaraju Surgical Cotton Mills Limited	JKR Enterprise Limited
Last audited Balance Sheet date	31-03-2021			
Date on which the Associate was associated / acquired	01-04-2016	01-04-2016	01-04-2016	01-04-2016
No. of Shares held as on 31 <sup>st</sup> March 2021	30,94,200	29,750	2,200	100
Amount of Investment in Associate as on 31 <sup>st</sup> March 2021 (₹ in Lakhs)	19.19	8.76	0.36	0.001
Extent of Shareholding % as on 31 <sup>st</sup> March 2021	1.31	0.40	0.06	0.001
Description of how there is significant influence	Note (1)			
Reason why Associate is not consolidated	Not applicable			Due to insignificant amount of investment
Net worth attributable to Shareholders (₹ in Lakhs)	5,73,801	1,89,020	27,287	Not Applicable
Profit / Loss for the Year (Consolidated) (₹ in Lakhs)	78,006	10,214	4,218	Not Applicable
a) Considered in Consolidation (₹ in Lakhs)	378	(10)	2	Not Applicable
b) Not considered in Consolidation (₹ in Lakhs)	78,384	10,204	4,216	Not Applicable

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

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

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

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2021.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE II TO DIRECTORS REPORT**

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

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

The objective of the CSR Policy is:

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

Web line to the CSR Policy: [www.vishnushankarmill.co.in](http://www.vishnushankarmill.co.in)

2. The Composition of the CSR Committee:

S.No	Name of the Director	Designation / Nature of Directorship	No.of meetings of CSR held during the year	No.of meetings of CSR attended during the year
1.	Shri P.R. Venketrama Raja	Chairman	1	1
2	Shri S.S. Ramachandra Raja	Non - Independent Director	1	1
3	Shri N.K. Shrikantan Raja	Independent Director	1	1

3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 - Not Applicable
4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year - NIL
5. Average net profit of the company as per Section 135(5) ₹ 557.40 lakhs.
6.
  - a) Two percent of average net profit of the company as per Section 135(5) - ₹ 3.72 lakhs.
  - b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - NIL.
  - c) Amount required to be set off for the financial year, if any - NIL
  - d) Total CSR obligation for the financial year (7a + 7b - 7c) - ₹ 3.72 Lakhs
7. CSR amount spent or unspent for the financial year.
8. (a) CSR amount spent or unspent for the financial year:

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

- b) Details of CSR amount spent against ongoing projects for the financial year - Not Applicable

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE II TO DIRECTORS REPORT**

c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local Area (Yes / No)	Location of the Project - District / State	Amount Spent for the Project (₹ In Lakhs)	Mode of implementation - Direct (Yes / No)	Mode of implementation through Agency
1	Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare	[Clause (i)]	Yes	Tirunelveli, Dindigul, Virudhunagar, Madurai & Tenkasi District (Tamil Nadu)	0.62	Yes	Directly
2	Measures for the benefit of armed forces veterans, war windows and their dependents Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows	[Clause(iv)]	Yes	Virudhunagar District (Tamil Nadu)	0.05	Yes	Directly
3.	Rural Development Projects	[Clause(x)]	Yes	Ramanathapuram District, (Tamil Nadu)	4.43	Yes	Directly
	TOTAL				5.10		

d) Amount spent in Administrative Overheads - NIL

e) Amount spent on Impact Assessment, if applicable - Not applicable

f) Total amount spent for the Financial Year (8b + 8c + 8d + 8e) - ₹ 5.10 Lakhs

g) Excess amount for set off, if any - NIL

9. a) Details of Unspent CSR amount for the preceding three financial years - NIL

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NIL

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

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

**Shri P.R. VENKETRAMA RAJA**  
CHAIRMAN

**Smt. S. SHARADA DEEPA**  
MANAGING DIRECTOR

RAJAPALAIYAM,  
28<sup>th</sup> May, 2021.

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

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**Form No. MR-3**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021**

*[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,

**Sri Vishnu Shankar Mill Limited**, [CIN:U17111TN1981PLC008677]

Sri Vishnu Shankar Mills Premises

P.A.C Ramasamy Raja Salai,

Post Box No. 109, Rajapalayam - 626 117

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Sri Vishnu Shankar Mill Limited (hereinafter called "the Company") during the financial year from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021 ("the year" / "audit period" / "period under review"). I conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after 31<sup>st</sup> March 2021 but before the issue of this audit report and the information provided by the Company, its officers, agents and authorized 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 2021, 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.



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**ANNEXURE III TO DIRECTORS REPORT**

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(iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.

(iv) The following laws, that are specifically applicable to the Company:

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

(b) The Electricity Act, 2003.

I have been informed that for the financial year ended 31<sup>st</sup> March 2021, the Company was not required to maintain books, forms, and returns or other records according to the provisions of the regulations and guidelines prescribed under the Securities and Exchange Board Of India, 1992 ('SEBI ACT') as the company is not a listed entity

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

1.4. During the period under review, and also considering the compliance related action taken by the Company after 31<sup>st</sup> March 2021 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the applicable provisions / Clauses of the Acts, Rules, Regulations, Agreements, Guidelines and Standards mentioned under paragraphs 1.2 and 1.3 above.

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

(i) Due to non-occurrence of certain events, the Company was not required to comply with the following laws / guidelines / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

(a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(ii) There was no law, other than those specified in paragraph 1.2 (iv) 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.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**ANNEXURE III TO DIRECTORS REPORT**

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2. I further report that:

2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also have two Woman Directors.

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

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

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

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

2.4 There were no instances of public / rights / preference issue of shares / debentures / sweat equity, redemption / buy-back of securities and no major decisions were taken by the members pursuant to Section 180 of Companies Act 2013, reconstruction etc., foreign technical collaboration.

3. I further report that:

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

Coimbatore  
28<sup>th</sup> May 2021

M.R.L. Narasimha  
Practicing Company Secretary  
Membership No: 2851  
Certificate of Practice 799  
UDIN: F002851C000382461  
Peer Review No:-517/2017

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE III TO DIRECTORS REPORT**

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

To

The Members,

**Sri Vishnu Shankar Mill Limited**, [CIN:U17111TN1981PLC008677]

Sri Vishnu Shankar Mills Premises

P.A.C Ramasamy Raja Salai,

Post Box No. 109, Rajapalayam - 626 117.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March, 2021 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 2021 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  
Practicing Company Secretary  
Membership No: 2851  
Certificate of Practice 799  
UDIN: F002851C000382461  
Peer Review No:-517/2017

Coimbatore  
28<sup>th</sup> May 2021

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ANNEXURE IV TO DIRECTORS REPORT

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

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

**A. CONSERVATION OF ENERGY**

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

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

**B. TECHNOLOGY ABSORPTION**

- (i) The efforts made towards technology absorption and the benefits derived like product improvement, cost reduction, product development or import substitution
  - I. The Company has installed the latest Uster Jossi Machine 1 No. to improve quality of yarn and reduce the manpower cost.
  - II. The Company has installed 5 Nos of Rieter K43 Ring frames & 9 Nos. LR 6/1 to improve quality of yarn for Corporate Customers.
  - III. The Company has installed 1 No. Flexi Clean and 1 No. Rieter Unimix to improve quality of yarn and improve production.
  - IV. The Company has installed back process machines like 2 Nos. DK740 Carding Machine for strengthen preparatory process to equip for any count pattern and improve the Yarn Quality.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**ANNEXURE IV TO DIRECTORS REPORT**

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned in terms of actual inflows during the year and : ₹ 2,743.60 Lakhs

The Foreign Exchange outgo during the year in terms of actual outflows. : ₹ 5,373.49 Lakhs

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2021.

P.R. VENKETRAMA RAJA  
CHAIRMAN

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE V 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 in the Financial Year 2020-21.

Name of the Director / KMP and Designation	Remuneration of Director / KMP for financial year 2020-21 (₹ in lakhs)	% increase in remuneration in the financial year 2020-21	Ratio of remuneration of each Director / to median remuneration of employees
Shri P.R. Venketrama Raja, Chairman	0.75	-	1
Smt. Sharada Deepa, Managing Director	188.10	(8)	71
Shri S.S. Ramachandra Raja	0.90	(20)	1
Smt. R. Chittammal	0.60	-	1
Shri N.K. Shrikantan Raja	1.80	9	1
Shri S.R. Srirama Raja	0.60	25	1
Shri Arunkumar Goenka	0.60	75	1
Shri P.A.S. Alaghar Raja	1.50	20	1
Shri S. Kanthimanthinathan	1.50	(67)	1

iii. The median remuneration of the employees during the financial year was ₹ 2,53,018/- and the percentage decrease in the median remuneration was 0.01%.

iv. There were 1,054 Permanent employees on the rolls of the Company, as on 31<sup>st</sup> March, 2021.

v. Average percentage increase made in the salaries of the employees other than the managerial personnel in the financial year i.e. 2020-21 was 0.3% whereas the decrease in the managerial remuneration for the same financial year was 8.37%.

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**ANNEXURE V TO DIRECTORS REPORT**

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

Particulars of Top 10 employees in the terms of remuneration drawn and Particulars of Employees Employed throughout the financial year 2020-21 and were in receipt of remuneration in the aggregate of not less than ₹ 102 Lakhs.

Sl. No.	Name	Age (Yrs)	Designation	Remuneration Paid / Payable ₹ in lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. S. Sharada Deepa	55	Managing Director	203.10	B.E. (16)	31-01-2005	–

NOTE:

1. The Managing Director's employment is contractual.
2. Remuneration includes Salary, Medical Reimbursement Company's contribution to Provident Fund and Superannuation Fund, but does not include Provision for Gratuity and Leave encashment.
3. None of the employees mentioned above is related to any Director of the company except Smt. Sharada Deepa, Managing Director who is related to Shri P.R.Venketrana Raja Chairman, Shri S.R. Srirama Raja, Director, Shri S.S. Ramachandra Raja, Director and Smt. R.Chittammal, Director.

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

RAJAPALAIYAM,  
28<sup>th</sup> May, 2021.

P.R. VENKETRAMA RAJA  
CHAIRMAN

## **SEPARATE FINANCIAL STATEMENTS**



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Separate Financial Statements**

**Opinion**

We have audited the accompanying Separate financial statements drawn in accordance with the Indian Accounting Standards ("the Financial Statements"), of Sri Vishnu Shankar Mill Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow for the year ended on 31<sup>st</sup> March 2021 and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Separate 'Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March 2021, its Profit (financial performance including Other Comprehensive Income), Changes in Equity and its Cash Flows for the year ended on 31<sup>st</sup> March 2021.

**Basis for Opinion**

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

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

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

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

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

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

**Auditor's Responsibility**

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

**Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of accounts.
  - d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2021 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) We have enclosed our report in "Annexure B" with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in Note No 38 (iii) of the 'Notes forming part of Separate Financial Statements' for the year ended 31<sup>st</sup> March, 2021;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts that were required to be transferred by the Company to the Investor Education and Protection Fund.

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

K SRINIVASAN  
Partner  
Membership No. 021510  
UDIN: 21021510AAAABO6008

Trichy  
28<sup>th</sup> May, 2021

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**AUDITORS' REPORT TO SHAREHOLDERS**

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

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date to the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2021:

1) Fixed Assets

1.1 The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

1.2 The fixed assets were physically verified during the year by the Management in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed during such verification.

1.3 According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2) Inventory

2.1 The Management has conducted the physical verification of inventory at reasonable intervals.

2.2 The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of accounts and were not material.

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

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

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

6) Undisputed and disputed taxes and duties

6.1 The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Services Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31<sup>st</sup> March 2021 for a period of more than six months from the date they became payable.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

- 7) The Company has not defaulted in repayment of dues to Financial Institutions, Banks, Debenture holders or Government.
- 8) The Company did not raise any money by way of initial public offer or further public offer. The Company has raised term loans from Banks/Institutions during the year and the proceeds have been applied for the purposes for which they were raised. The Company has not issued any debentures during the year.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 10) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- 11) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 12) In our opinion, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- 13) Based upon the audit procedures performed and the information and explanations given by the Management, the Company has not entered into any non-cash transactions with Directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
- 14) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of Clause 3 (xvi) of the Order are not applicable to the Company.

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

K SRINIVASAN  
Partner

Membership No. 021510  
UDIN: 21021510AAAABO6008

Trichy  
28<sup>th</sup> May, 2021

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

We have audited the internal financial controls over financial reporting of Sri Vishnu Shankar Mill Limited. ("the Company") as of March 31, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on 31<sup>st</sup> March, 2021.

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

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

**Auditors' Responsibility**

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

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

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



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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

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

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

**Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

K SRINIVASAN  
Partner

Membership No. 021510  
UDIN: 21021510AAAABO6008

Trichy  
28<sup>th</sup> May, 2021

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2021**

(₹ in Lakhs)

	Note No.	As at 31-03-2021	As at 31-03-2020	
<b>I ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment	6	9,687.17	10,245.91	
(b) Capital Work-in-progress		380.00	310.73	
(c) Intangible Assets	6	3.12	3.12	
(d) Investment Property	7	188.47	191.45	
(e) Assets held for Sales	8	109.15	89.73	
(f) Investment in Associates	9	823.31	824.26	
(g) Financial Assets				
Other Investment	9	13.79	13.00	
Other Financial Assets	10	522.26	511.15	
(h) Deferred Tax Assets (Net)	11	347.17	284.89	
(i) Other Non-Current Assets	12	4.03	4.03	
		<u>12,078.47</u>	<u>12,478.27</u>	
<b>(2) Current Assets</b>				
(a) Inventories	13	3,983.70	6,032.18	
(b) Financial Assets				
Trade Receivables	14	3,800.06	1,933.22	
Cash and Cash Equivalents	15	181.42	17.06	
Bank Balance other than Cash and Cash Equivalents	16	1.45	1.48	
Other Financial Assets	17	56.98	66.78	
(c) Other Current Assets	18	2,900.55	1,902.09	
		<u>10,924.16</u>	<u>9,952.81</u>	
<b>TOTAL ASSETS</b>		<u><b>23,002.63</b></u>	<u><b>22,431.08</b></u>	
<b>II EQUITY &amp; LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital	19	150.00	150.00	
(b) Other Equity	20	4,190.50	3,228.23	
<b>Total Equity</b>		<u><b>4,340.50</b></u>	<u><b>3,378.23</b></u>	
<b>(2) Liabilities</b>				
<b>A) Non Current Liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	21	8,440.90	6,284.40	
(b) Provisions	22	85.36	299.64	
(c) Deferred Income	23	40.69	43.37	
		<u><b>8,566.95</b></u>	<u><b>6,627.41</b></u>	
<b>B) Current Liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	24	9,231.21	11,806.83	
(ii) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	25	-	-	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	25	106.76	105.08	
(iii) Other Financial Liabilities	26	575.17	389.57	
(b) Provisions	27	182.04	123.96	
		<u><b>10,095.18</b></u>	<u><b>12,425.44</b></u>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>23,002.63</b></u>	<u><b>22,431.08</b></u>	
Significant Accounting Policies, Judgements and Estimates	1-5			
See accompanying notes to the financial statements.	6-47			

As per our report annexed

For and on behalf of the Board

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

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalaiyam

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalaiyam

28<sup>th</sup> May, 2021.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

(₹ in Lakhs)

	Note No.	For the year ended 31-03-2021	For the year ended 31-03-2020
<b>REVENUE</b>			
I	28	<b>18,060.87</b>	16,384.66
II	29	<b>112.78</b>	105.24
III	30	<b>1,775.44</b>	2,786.62
IV		<b><u>19,949.09</u></b>	<u>19,276.52</u>
<b>V EXPENSES</b>			
	31	<b>7,776.34</b>	8,562.04
		<b>1,203.94</b>	367.75
	32	<b>2,219.27</b>	136.79
	33	<b>1,772.79</b>	2,158.22
	34	<b>1,539.29</b>	1,785.88
	35	<b>1,277.82</b>	1,391.62
	36	<b>3,361.91</b>	4,103.24
		<b><u>19,151.36</u></b>	<u>18,505.54</u>
VI		<b>797.73</b>	770.98
<b>VII Tax Expenses / (Savings)</b>			
		-	-
		<b>(87.82)</b>	(393.70)
		<b>(87.82)</b>	(393.70)
VIII		<b>885.55</b>	1,164.68
<b>IX Other Comprehensive Income</b>			
<i>Item that will not be reclassified subsequently to Profit or Loss:</i>			
		<b>101.47</b>	(44.17)
		<b>(25.54)</b>	11.12
		<b>75.93</b>	(33.05)
		<b>0.79</b>	1.58
		<b>76.72</b>	(31.47)
X		<b><u>962.27</u></b>	<u>1,133.21</u>
<b>XI Earnings per Equity Share of face value of ₹ 10/- each</b>			
		<b>59.04</b>	77.65
	1-5		
	6-47		

As per our report annexed

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

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

28<sup>th</sup> May, 2021.

For and on behalf of the Board

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalaiyam

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalaiyam

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31-03-2021**

**A. Equity Share Capital** (₹ in Lakhs)

<b>(1) For the year ended 31-03-2021</b>		
Balance as at 01-04-2020		150.00
Changes in Equity Share Capital during the year 2020-21		-
Balance as at 31-03-2021		150.00
<b>(2) For the year ended 31-03-2020</b>		
Balance as at 01-04-2019		150.00
Changes in Equity Share Capital during the year 2019-20		-
Balance as at 31-03-2020		150.00

**B. Other Equity**

**(1) For the year ended 31-03-2021**

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Capital Reserve	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
<b>Other Equity as at 1<sup>st</sup> April, 2020</b>	23.77	25.00	1,477.72	1,701.74	-	-	3,228.23
Add: Profit for the year				885.55			885.55
Add: Other Comprehensive Income					0.79	75.93	76.72
<b>Total Comprehensive Income</b>	-	-	-	885.55	0.79	75.93	962.27
Less: Transfer to Retained Earnings					(0.79)	(75.93)	(76.72)
Add: Transfer from OCI				75.93			75.93
Less: Transfer to General Reserve				-			-
Add: Transfer from Retained Earnings				0.79			0.79
<b>Other Equity as at 31<sup>st</sup> March, 2021</b>	23.77	25.00	1,477.72	2,664.01	-	-	4,190.50

**(2) For the year ended 31-03-2020**

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

As per our report annexed

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

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

28<sup>th</sup> May, 2021.

For and on behalf of the Board

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalaiyam

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalaiyam

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2021**

(₹ in Lakhs)

2020-21      2019-20

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

Profit before Tax	<b>797.73</b>	770.98
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & Amortisation	<b>1,277.82</b>	1,391.62
Finance Cost	<b>1,539.29</b>	1,785.88
Interest Income	<b>(112.78)</b>	(105.24)
Dividend Income	<b>(93.13)</b>	(189.65)
Rent Receipts from Investment Properties	<b>(4.32)</b>	(2.28)
Profit on Sale of Assets (Including Share Investment)	<b>(1,433.69)</b>	(2,483.84)
Operating Profit before Working Capital Changes	<b>1,970.92</b>	1,167.47
Movements in Working Capital:		
Government Grants	<b>101.47</b>	(44.17)
Gratuity	<b>(2.68)</b>	–
Trade Receivables	<b>(1,866.84)</b>	948.07
Loans and Advances	<b>(999.77)</b>	99.27
Inventories	<b>2,048.48</b>	933.07
Trade Payables & Current liabilities	<b>(1,363.46)</b>	25.13
Cash generated from Operations	<b>(111.88)</b>	3,128.84
Direct Taxes Refund Received / (Paid) (Net)	–	(81.09)
<b>Net Cash generated from Operating Activities</b>	<b>A</b>	<b>(111.88)</b>

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

Purchase of Fixed Assets (Including Capital work-in-progress)	<b>(869.38)</b>	(803.27)
Purchase of Investments	<b>(0.79)</b>	(1.58)
Sale of Investments in Equity Share	<b>1,435.43</b>	2,545.20
Proceeds from Sale of Assets	<b>64.59</b>	20.37
Interest Received	<b>112.78</b>	105.24
Dividend Received	<b>93.13</b>	189.65
Exceptional Item		
Rent Receipts from Investment Properties	<b>4.32</b>	2.28
<b>Net Cash from / (used) in Investing Activities</b>	<b>B</b>	<b>840.08</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2021**

(₹ in Lakhs)

2020-21      2019-20

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

Proceeds from Long Term Borrowings		<b>6,886.19</b>	(226.25)
Repayment of Long Term Borrowings		<b>(3,335.15)</b>	(1,940.61)
Availment / (Repayment) of Short Term Borrowings (Net)		<b>(2,575.62)</b>	(1,142.73)
Interest Paid		<b>(1,539.29)</b>	(1,785.89)
<b>Net cash used in Financing Activities</b>	<b>C</b>	<b>(563.87)</b>	<b>(5,095.48)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>D = (A+B+C)</b>	<b>164.33</b>	7.48
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>18.54</b>	11.06
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D + E</b>	<b>182.87</b>	18.54

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	31-03-2021	31-03-2020
Cash and Cash Equivalents [Refer to Note No.15]	<b>181.42</b>	17.06
Bank Balances other than Cash and Cash Equivalents [Refer to Note No.16]	<b>1.45</b>	1.48
	<b>182.87</b>	18.54

See accompanying notes to the financial statements [Refer to Note No. 6 to 47]

As per our report annexed

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

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

28<sup>th</sup> May, 2021.

For and on behalf of the Board

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalayam

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalayam

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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**1. CORPORATE INFORMATION**

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

The Company is principally engaged in manufacture of Cotton Yarn. The Company is also engaged in generation of electricity from its windmills its captive requirements.

The financial statements of the Company for the year ended 31-03-2021 were approved and adopted by Board of Directors of the Company in their meeting dated 28-05-2021.

**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.

**3. BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS**

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

**Basis of Measurement**

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note 4(R) - 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 realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities but excluding borrowing cost, or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities and other costs but excluding borrowing cost, incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a moving weighted average basis.

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

**B. Cash Flow Statement**

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



- (iii) Bank borrowings, including Bank overdrafts and cash credits are generally considered to be financing activities.

**C. Income Taxes**

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws, including the relevant transfer pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- (vi) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right to set off current tax assets against current tax liabilities.
- (vii) Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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

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

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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

**E. Capital Work-in-Progress / Capital Advances**

- (i) Capital work in progress includes cost of property, plant and equipment under installation, under development including related expenses and attributable interest as at the reporting date.
- (ii) Advances given towards acquisition / construction of PPE outstanding at the reporting date are disclosed as 'Capital Advances' under 'Other Non-Current Assets'.

**F. Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of an underlying asset and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

- (i) The Company recognises a right-to-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 mode 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 estimate useful lives of right-of-use assets are determined on the same basis as those of 'property, plant and Equipment' and lease liabilities in 'Borrowings' in the Balance Sheet.
- (iv) 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 straight-line basis over the lease term.

**Company as a Lessor**

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

**G. Revenue Recognition**

- (i) Revenue from Operations
  - a) Sale of Products

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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b) Power Generated from Windmills

Power generated from windmills that are covered under Wheeling and Banking agreement with TANGEDCO are consumed at Mills. The monetary values of such power generated that are captively consumed are not recognised as revenue, but have been set after against the cost of power & fuel.

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

c) Scrap Sale

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

d) Job Work Income

Income from Job work is recognised 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, the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

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

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

**H. Employee Benefits**

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

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

(iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's basic salary and Dearness Allowance. The Company has no further obligations.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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

**I. Government Grants**

- (i) Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".
- (iii) Government grants related to assets have been deducted in arriving at the carrying amount of the respective assets.

- (iv) Export benefits are accounted for 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".

**J. Foreign Currency Transactions**

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

**K. Borrowing Costs**

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

**L. Earnings per Share**

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

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

- (i) The carrying values of assets include property, plant and equipment, investment properties, cash generating units and intangible assets, are reviewed for impairment at each 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.

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

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



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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

**O. Intangible Assets**

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) The cost incurred for right to un-restricted usage of power transmission system for drawal of power from State grid to its Mills were capitalized as it is expected to yield future economic benefits.
- (iii) Intangible Assets are amortised over their estimated useful life based on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as detailed below, that are defferent from useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Nature of Intangible assets	Estimated useful life
Computer software	6 years
Power Transmission System	5 years

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

**P. Investment Properties**

- (i) An investment in land or buildings both furnished and unfurnished, which are held for earning rentals or capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, are classified as investment properties.

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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- (ii) Investment properties are stated at cost, net of accumulated depreciation and impairment loss, if any except freehold land which is carried at cost.
- (iii) The Company identifies the significant parts of investment properties separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives determined on best estimate basis upon technical advice. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. Other expenses including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant parts as detailed below, that are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013:

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

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

**Q. Operating Segments**

The Company's business operations comprises of to operating segments viz. Textiles and Wind Power Generation from Windmills.

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

**R. Financial Instruments**

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

(iv) Fair Value Hedges

Changes in the fair value of forwards contracts that are designated and qualify as fair value hedges are recognised in the income statement, together with the changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, changes in the fair value of the hedge item attributable to the hedged risk are no longer recognized in the income statement.

When a hedged item in a fair value hedge is a firm commitment (or a component thereof) to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability the results from the entity meeting the firm commitment is adjusted to include the cumulative change in the fair value of the hedged item that was recognised in the balance sheet, with a corresponding gain or loss recognised in Profit and Loss.

**S. Financial Assets**

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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

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

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

<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 does not intend to sell the instrument before its contractual maturity to realise its fair value changes.
FVTOCI	The objective of the Company is to collect its contractual cash flows and selling financial assets.

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

<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 Associate as an option exercised at the time of initial recognition.
FVTPL	Forward exchange contracts.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**NOTES TO FINANCIAL STATEMENTS**

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

However, the Company 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:

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**NOTES TO FINANCIAL STATEMENTS**

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**T. 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:

<b>Measurement basis</b>	<b>Name of Financial liabilities</b>
Amortised Cost	Borrowings, Trade payables, Lease Liabilities, Interest accrued, Unclaimed dividends, Security deposits and other financial liabilities not for trading,
FVTPL	Foreign exchange Forward contracts and other financial liabilities held for trading.

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

**U. Fair Value Measurement**

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

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**NOTES TO FINANCIAL STATEMENTS**

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

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

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

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

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

**a) Investments in Equity**

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

**b) Trade and Other Receivables**

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

**c) Forward exchange contracts**

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

**NOTES TO FINANCIAL STATEMENTS**

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**d) Non-Derivative financial liabilities**

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

**e) Financial guarantee obligation**

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

**f) Investment Properties**

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

**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:

The Company has considered the possible effects that may result from the pandemic relating to Covid-19 on the carrying amounts of receivables, inventories, other financial / other non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements, has used internal and external sources of information from market sources on the expected future performance of the Company. The impact of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements due to prevailing uncertainties.



**(i) Revenue Recognition**

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

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

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team 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 and applicable judicial precedence.

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

**(vi) Segment Reporting**

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

**(vii) Contingent Liabilities**

Management judgement is exercised for estimating the possible outflow of resources, if any, in respect of contingencies / claims / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

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

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

**(xi) 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.

**(xii) Fair value measurement of financial instruments / Firm Commitments**

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

In case of unrecognised firm commitments denominated in foreign currency, which also qualify as a hedged item, the fair value of such firm commitments outstanding at the reporting date are measured at functional currency based on the quoted price in the active market prevailing on the reporting date.

**(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.

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

**NOTE NO. 6**

**PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Year	Gross Block			Depreciation			Net Block			
		As at the beginning of the year	Additions	Sold	Transfer from / to Assets held for Sale A/c	As at the end of the year	For the year (Refer Note No. 35)	Withdrawn during the year	Transfer from / to Assets held for Sale A/c	As at the end of the year	As at the beginning of the year
<b>Tangible Assets</b>											
Land	2020-21	313.63	-	-	-	313.63	-	-	-	313.63	313.63
	2019-20	313.63				313.63				313.63	313.63
Buildings	2020-21	2,730.59	-	-	-	2,730.59	1,179.02	51.59	-	1,230.61	1,499.98
	2019-20	2,692.46	38.12			2,730.58	1,127.02	52.00		1,179.02	1,551.56
Plant and machinery	2020-21	22,571.07	778.27	301.86	(100.24)	22,947.24	14,472.88	1,183.21	247.10	15,328.22	7,619.02
	2019-20	22,033.21	985.18	574.56	127.25	22,571.08	13,632.85	1,291.02	498.41	14,472.89	8,098.19
Electrical machinery	2020-21	966.15	4.83	-	-	970.98	791.19	20.39	-	811.58	159.40
	2019-20	921.66	44.50			966.16	767.74	23.47		791.21	174.95
Furniture & Office Equipments	2020-21	176.53	5.80	-	-	182.33	138.54	9.01	-	147.55	34.78
	2019-20	163.20	13.33			176.53	129.68	8.86		138.54	37.99
Vehicles	2020-21	176.02	11.26	17.08	-	170.20	106.45	10.64	7.25	109.84	60.36
	2019-20	186.69	6.20	16.86		176.03	108.04	13.29	14.89	106.44	69.59
Total - Tangible Assets	2020-21	26,933.99	800.16	318.94	(100.24)	27,314.97	16,688.08	1,274.84	254.35	17,627.80	9,687.17
	2019-20	26,310.85	1,087.33	591.42	127.25	26,934.01	15,765.33	1,388.64	513.30	16,688.10	10,245.91
<b>Intangible Assets</b>											
Computer Software	2020-21	39.47	-	-	-	39.47	37.61	-	-	37.61	1.86
	2019-20	39.47				39.47	37.61			37.61	1.86
Power Transmission System	2020-21	25.18	-	-	-	25.18	23.92	-	-	23.92	1.26
	2019-20	25.18				25.18	23.92			23.92	1.26
Total - Intangible Assets	2020-21	64.65	-	-	-	64.65	61.53	-	-	61.53	3.12
	2019-20	64.65				64.65	61.53			61.53	3.12

Notes: (i) Borrowings cost of ₹ Nil have been capitalised for current year (PY: ₹ Nil).

(ii) All the moveable fixed assets have been pledged as security for borrowings.

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

(iv) Previous year net block figures have been re-classified to make them comparable with the current year figures.

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

(₹ in Lakhs)

	As at 31-03-2021	As at 31-03-2020
<b>NOTE NO. 7</b>		
<b>INVESTMENT PROPERTY</b>		
<b>Land</b>		
As at the beginning of the year	122.24	122.24
Addition / Sale	<u>—</u>	<u>—</u>
As at the end of the year	122.24	122.24
<b>Building</b>		
As at the beginning of the year	95.33	95.33
Addition / Sale	<u>—</u>	<u>—</u>
As at the end of the year	95.33	95.33
Less:		
Accumulated depreciation as at the beginning of the year	26.12	23.14
Depreciation for the year [Refer Note No.35]	<u>2.98</u>	<u>2.98</u>
Accumulated depreciation as at the end of the year	<u>29.10</u>	<u>26.12</u>
Net Block	<u>66.23</u>	69.21
Total Investment Property	<u>188.47</u>	<u>191.45</u>
<b>Information regarding income and expenditure of Investment property</b>		
Rental Income from Investment Properties	1.95	1.65
Direct Operating Expenses	<u>0.93</u>	<u>0.93</u>
Profit arising from Investment Properties before Depreciation and indirect expenses	1.02	0.72
Less: Depreciation	<u>(2.98)</u>	<u>(2.98)</u>
Profit arising from Investment Properties before indirect expenses	<u>(1.96)</u>	<u>(2.26)</u>
Fair Value of Investment Property	<u>683.37</u>	<u>683.37</u>
Notes:		
(i) The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.		
(ii) The fair valuation of these investment property are determined by an internal technical team, who are specialists in valuing these types of investment properties by using the technic of quoted prices for similar assets in active markets or recent price of similar properties in less active markets and adjusted to reflect those differences. Since the valuation is done by internal technical team, the fair value of investment property as disclosed above is not based on valuation by a register valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.		
(iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.		
(iv) Fair value hierarchy disclosures for investment properties have been provided in Note No. 44.		
<b>NOTE NO. 8</b>		
<b>ASSETS HELD FOR SALES</b>		
Assets held for Sales - Andhra Pradesh	109.15	89.73
	<u>109.15</u>	<u>89.73</u>

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

(₹ in Lakhs)

As at                      As at                      As at                      As at  
31-03-2021              31-03-2020              31-03-2021              31-03-2020

**NOTE NO. 9**

**INVESTMENT IN ASSOCIATES**

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Amount	Amount
<b>I. Investment in Equity Instruments</b>					
<b>1) Quoted</b>					
The Ramco Cements Limited	1	30,94,200	32,48,200	19.19	20.14
Rajapalayam Mills Limited	10	29,740	29,740	8.76	8.76
The Ramaraju Surgical Cotton Mills Limited	10	2,200	2,200	0.36	0.36
Sub-Total (A)				28.31	29.26
<b>2) Unquoted</b>					
JKR Enterprise Limited	1	100	100	-	-
Sub-Total (B)				-	-
Grand-Total (C) = (A) + (B)				28.31	29.26
<b>II. Investment in Preference Shares - Unquoted</b>					
JKR Enterprise Limited - 9% Cumulative Redeemable Preference Shares	1	7,95,00,000	7,95,00,000	795.00	795.00
Sub-Total (D)				795.00	795.00
Quoted Investments - Cost				28.31	29.26
Market Value				31,232.88	16,806.64
Unquoted Investments - Cost (E) = (B) + (D)				795.00	795.00
<b>Grand Total (C) + (D)</b>				<b>823.31</b>	<b>824.26</b>

Notes: (i) The Company has accounted for Investment in Associates at cost.

(ii) The carrying amount of investment in Associates is tested for impairment in accordance with Ind AS-36. The investment in Associates are long term strategic in nature, no impairment is considered as at the reporting date, considering its long term future prospects.

**OTHER INVESTMENT (DESIGNATED AT FVTOCI)**

**III. Investment in Equity Instruments - Unquoted**

Ramco Windfarms Limited	1	6,15,000	6,15,000	6.15	6.15
Ramco Industrial and Technology Services Limited	10	26,350	26,350	7.64	6.85
<b>Total Investment in Equity Investments - Unquoted</b>				<b>13.79</b>	<b>13.00</b>

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

(₹ in Lakhs)

As at  
31-03-2021      As at  
31-03-2020

**NOTE NO. 10**

OTHER FINANCIAL ASSETS - NON CURRENT

**Unsecured, considered good**

Security Deposits with Electricity Board / Others	<u>522.26</u>	<u>511.15</u>
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**NOTE NO. 11**

DEFERRED TAX ASSET (NET)

**Deferred Tax Asset**

Tax effect on Unabsorbed Depreciation under Income Tax Act, 1961	1,339.27	1,349.50
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Tax effect on Provision for Bonus and Leave Encashment	59.20	79.66
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**Deferred Tax Liability**

Tax effect on difference between Book Depreciation and Depreciation under the Income Tax Act, 1961	(1,051.30)	(1,144.27)
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Tax effect on Fair Value Measurement		
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Net Deferred Tax Asset	<u>347.17</u>	<u>284.89</u>
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**Reconciliation of Deferred Tax Assets / (Liabilities) (net)**

Opening balance as on 1 <sup>st</sup> April	284.89	(119.93)
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Tax Savings / (Expense) during the period recognised in Profit and Loss	62.28	404.84
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Deferred Tax recognised in OCI	-	-
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Closing balance as on 31 <sup>st</sup> March	<u>347.17</u>	<u>284.89</u>
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**NOTE NO. 12**

OTHER NON-CURRENT ASSETS

**Unsecured, considered good**

Other Non-Current Assets	<u>4.03</u>	<u>4.03</u>
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**NOTE NO. 13**

INVENTORIES

(Valued at lower of cost or Net realisable value)

Finished Goods - Yarn	124.54	2,721.79
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Raw materials - Cotton & Cotton Waste	3,053.62	2,846.28
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Stores and Spares	115.19	151.74
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Works-in-progress (Cotton Yarn)	690.35	312.37
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	<u>3,983.70</u>	<u>6,032.18</u>
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Note: (i) Raw materials include goods in transit of ₹ 615.00 Lakhs (as at 31-03-2020 ₹ 494.00 Lakhs)

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

(iii) Provision for Mark to Market losses of ₹ Nil has been made in the value of inventories of Raw materials (PY: ₹ 185.55 Lakhs).

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

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

(₹ in Lakhs)

As at  
**31-03-2021**      As at  
31-03-2020

**NOTE NO. 14**

**TRADE RECEIVABLES**

Secured considered goods	2,002.47	1,075.22
Unsecured considered goods	1,797.59	858.00
	<b>3,800.06</b>	<b>1,933.22</b>

Notes: (i) Trade receivables are generally non-interest bearing.

(ii) No trade receivable are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any Director is a partner, a Director or a Member.

(iii) The total carrying amount of trade receivables has been pledged as security for Borrowings.

(iv) Trade Receivables aging schedule have been provided in Note No. 46 (c).

**NOTE NO. 15**

**CASH AND CASH EQUIVALENTS**

Cash on Hand	0.95	1.64
Balance with Bank		
In Current Account	1.38	1.69
In Deposit Account for Margin Money	178.82	13.43
Cheque on Hand	0.27	0.30
	<b>181.42</b>	<b>17.06</b>

**NOTE NO. 16**

**BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS**

Earmarked balances with Banks for Unclaimed Dividend	1.45	1.48
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**NOTE NO. 17**

**OTHER FINANCIAL ASSETS (CURRENT)**

Government Grants Receivable	56.98	66.78
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**NOTE NO. 18**

**OTHER CURRENT ASSETS**

**Unsecured, considered good**

Advance to Suppliers / Others	1,596.03	557.54
Tax Credit and Refund due - Indirect Taxes	737.00	726.14
Accrued Income	401.69	400.18
Prepaid Expenses	158.92	201.96
Other Current Assets	6.91	16.27
	<b>2,900.55</b>	<b>1,902.09</b>



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

(₹ in Lakhs)

As at 31-03-2021      As at 31-03-2020

**NOTE NO. 19**

**EQUITY SHARE CAPITAL**

Authorised

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

Issued, Subscribed and Fully paid-up

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

**150.00**      **150.00**

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

**b) Reconciliation of the number of shares outstanding: (₹ in Lakhs)**

Particulars	As at 31-03-2021		As at 31-03-2020	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	15,00,000	150.00	15,00,000	150.00
Number of Shares at the end	15,00,000	150.00	15,00,000	150.00

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

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

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. R. Sudarsanam	81,000	5.40%	81,000	5.40%
Smt. S. Sharada Deepa	6,83,120	45.54%	6,82,600	45.51%

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

e) Shareholders holding of Promoters as at 31-03-2021

S.No.	Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1	Shri P.R. Venketrama Raja	48,000	3.20%	-
2	Smt. R. Sudarsanam	81,000	5.40%	-
3	Shri S.S. Ramachandra Raja	13,410	8.90%	-
4	Smt. R. Chittammal	7,320	4.90%	-
5	Smt. Nalina Ramalakshmi	29,000	1.93%	-
6	Smt. S. Sharada Deepa	683,120	45.54%	0.03%
7	Smt. B. Srisandhya Raju	16,000	1.07%	-
8	Shri S.R. Srirama Raja	2,660	1.80%	-
9	The Ramco Cements Limited	2,100	1.40%	-
10	The Ramaraju Surgical Cotton Mills Limited	11,200	7.50%	-
11	Rajapalayam Mills Limited	38,400	2.56%	-

f) Shareholders holding of Promoters as at 31-03-2020

S.No.	Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1	Shri P.R. Venketrama Raja	48,000	3.20%	-
2	Smt. R. Sudarsanam	81,000	5.40%	-
3	Shri S.S. Ramachandra Raja	13,410	0.89%	-
4	Smt. R. Chittammal	7,320	0.49%	-
5	Smt. Nalina Ramalakshmi	29,000	1.93%	-
6	Smt. S. Sharada Deepa	682,600	45.51%	-
7	Smt. B. Srisandhya Raju	16,000	1.07%	-
8	Shri S.R. Srirama Raja	2,660	0.18%	-
9	The Ramco Cements Limited	2,100	0.14%	-
10	The Ramaraju Surgical Cotton Mills Limited	11,200	0.75%	-
11	Rajapalayam Mills Limited	38,400	2.56%	-

(₹ in Lakhs)

As at  
31-03-2021

As at  
31-03-2020

**NOTE NO. 20**

OTHER EQUITY

<b>Capital Reserve</b>		23.77		23.77
Securities Premium Reserve		25.00		25.00
General Reserve		1,477.72		1,477.72
FVOTCI Reserve		0.79		1.58
<b>Retained Earnings</b>				
Opening Balance	1,701.74		568.53	
Add: Profit for the Year	<u>961.48</u>	2,663.22	<u>1,131.63</u>	1,700.16
		<u>4,190.50</u>		<u>3,228.23</u>

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

(₹ in Lakhs)

As at  
**31-03-2021**      As at  
 31-03-2020

**Capital Reserve**

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

**Securities Premium Reserve**

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

**FVTOCI Reserve**

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

**General Reserve**

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

**Retained Earnings**

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

**NOTE NO. 21**

**NON CURRENT BORROWINGS**

**Secured**

Term Loan from Banks *	<b>7,940.90</b>	5,684.40
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**Unsecured**

Working Capital Term Loan from Financial Institutions	<b>500.00</b>	600.00
	<b><u>8,440.90</u></b>	<u>6,284.40</u>

- \*(i) Term Loan from Banks are secured by *pari-passu* first charge on all the Fixed Assets of the Company and *pari-passu* second charge on the Current Assets of the Company.
- (ii) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.
- (iii) Registration, modification and satisfaction of charge relating to the year under review, had been filled with the ROC, within the prescribed time or within the extended time required the payment additional fees.
- (iv) The Long Term Borrowings from Banks are repayable in quarterly installments. The year wise repayment is as follows:

Year	Amount	Amount
2021-22	-	1,021.13
2022-23	<b>1,716.40</b>	1,219.92
2023-24	<b>1,940.40</b>	1,219.19
2024-25	<b>2,088.86</b>	1,499.71
2025-26	<b>2,292.89</b>	1,324.45
2026-27	<b>402.35</b>	-
	<b><u>8,440.90</u></b>	<u>6,284.40</u>

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

(₹ in Lakhs)

As at  
31-03-2021      As at  
31-03-2020

**NOTE NO. 22**

PROVISION (NON - CURRENT)

Provision for Employee Benefits [Refer to Note No. 40]	<u>85.36</u>	<u>299.64</u>
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**NOTE NO. 23**

DEFERRED INCOME

Deferred Income Government Grants	<u>40.69</u>	<u>43.37</u>
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**NOTE NO. 24**

CURRENT BORROWINGS

**Secured**

Loan from Banks*	3,779.88	6,364.79
Current Maturities of Long Term Loans	3,135.15	1,840.61

**Unsecured**

Loan from Banks	1,769.36	3,050.00
Loans and Advances from Related Parties [Refer to Note No.40(b) (i)]	220.70	325.31
Loan from Other Parties	126.12	126.12
Current Maturities of Long Term Loans	<u>200.00</u>	<u>100.00</u>
	<u>9,231.21</u>	<u>11,806.83</u>

\* Borrowings are secured by pari-passu first charge on the Current Assets of the Company and *pari-passu* second charge on the Fixed Assets of the Company.

**NOTE NO. 25**

TRADE PAYABLES

(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	<u>106.76</u>	<u>105.08</u>
	<u>106.76</u>	<u>105.08</u>

Notes:

1. 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	106.76	105.08
(ii) The interest due on the above	-	-

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

(₹ in Lakhs)

As at  
**31-03-2021**      As at  
31-03-2020

**NOTE NO. 25**

TRADE PAYABLES *(Continued)*

(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	–	–

Refer to Note No. 45 for information about risk profile of Trade payables under Financial Risk Management.

2. Trade Payables aging schedule given in Note No. 46 (a).

**NOTE NO. 26**

OTHER CURRENT FINANCIAL LIABILITIES

Interest Accrued but not Due on Borrowings	<b>19.85</b>	–
Unclaimed Dividends	<b>1.45</b>	1.48
Liabilities for Other Finance	<b>553.87</b>	388.09
	<u><b>575.17</b></u>	<u>389.57</u>

**NOTE NO. 27**

PROVISIONS, CURRENT

Provision for Employee Benefits	<u><b>182.04</b></u>	<u>123.96</u>
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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS**

(₹ in Lakhs)

	2020-21	2019-20
<b>NOTE NO. 28</b>		
REVENUE FROM OPERATION		
<b>Sale of Products</b>		
Yarn	17,544.55	15,732.92
Waste Cotton	<u>412.86</u>	<u>403.80</u>
	<b>17,957.41</b>	16,136.72
<b>Other Operating Revenues</b>		
Export Incentive	51.95	112.17
Job Work Charges Received	51.51	135.77
	<u><b>18,060.87</b></u>	<u>16,384.66</u>
<b>NOTE NO. 29</b>		
FINANCE INCOME		
Interest Receipts	<u><b>112.78</b></u>	<u>105.24</u>
<b>NOTE NO. 30</b>		
OTHER INCOME		
Rent Receipts	4.32	2.28
Dividend Income	93.13	189.65
Profit on Sale of Investments	1,433.69	2,541.59
Exchange Gain on Foreign Currency Transactions (Net)	21.82	–
Government Grants	2.68	2.68
Profit on Sale of Property, Plant and Equipment	31.89	–
Profit on Sale of Cotton	–	18.18
Market to Market Gain on Cotton	183.78	–
Miscellaneous Income	4.13	32.24
	<u><b>1,775.44</b></u>	<u>2,786.62</u>
<b>NOTE NO. 31</b>		
COST OF MATERIALS CONSUMED		
<b>Rawmaterials Consumed</b>		
Cotton & Cotton Waste	<u><b>7,776.34</b></u>	<u>8,562.04</u>

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

(₹ in Lakhs)

2020-21                      2019-20

**NOTE NO. 32**

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

**Opening Stock**

Finished Goods	2,721.79	2,071.31
Work-in-Progress	312.37	1,099.64
	3,034.16	3,170.95

**Closing Stock**

Finished Goods	124.54	2,721.79
Work-in-Progress	690.35	312.37
	814.89	3,034.16

Net (Increase) / Decrease in Stock	2,219.27	136.79
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**NOTE NO. 33**

EMPLOYEE BENEFITS

Salaries , Wages and Bonus	1,472.84	1,825.68
Contribution to Provident and Other Funds	204.87	229.06
Staff and Labour Welfare & Training Expenses	95.08	103.48
	1,772.79	2,158.22

**NOTE NO. 34**

FINANCE COSTS

Interest on Debts and Borrowings	1,539.29	1,785.88
	1,539.29	1,785.88

**NOTE NO. 35**

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of Plant, Property and Equipment [Refer to Note No.6]	1,274.84	1,388.64
Depreciation on Investment Properties [Refer to Note No.7]	2.98	2.98
Amortization of intangible assets [Refer to Note No.6]	-	-
	1,277.82	1,391.62

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

(₹ in Lakhs)

2020-21

2019-20

**NOTE NO. 36**

OTHER EXPENSES

**Manufacturing Expenses**

Power and Fuel	1,088.14	1,493.00	
Packing Materials Consumption	221.46	249.98	
Repairs to Buildings	45.13	37.41	
Repairs to Plant and Machinery	529.24	523.30	
Repairs - Wind Mills & Others	432.25	412.57	
Jobwork Charges Paid	94.57	214.02	
	2,410.79	2,930.28	

**Establishment Expenses**

Managing Director's Remuneration	181.50	203.10	
Rates and Taxes	42.40	63.97	
Insurance	115.26	112.72	
Postage and Telephone	8.86	8.14	
Printing and Stationery	7.83	11.14	
Travelling Expenses	2.88	22.63	
Vehicle Maintenance	19.89	28.98	
Loss on Sale of Property, Plant and Equipment & Investment Property	-	57.75	
Directors Sitting Fees	7.95	8.25	
Rent Paid	10.12	12.37	
Audit and Legal Expenses	18.58	30.80	
Corporate Social Responsibility Expenses	5.29	9.12	
Exchange Loss on Foreign Currency Transactions (Net)	-	14.47	
Mark to Market Loss on Cotton *	-	185.55	
Miscellaneous Expenses	124.59	57.22	
	545.15	826.21	

**Selling Expenses**

Sales Commission	198.03	189.59	
Export Expenses	86.97	70.94	
Other Selling Expenses	120.97	86.22	
	405.97	346.75	
	3,361.91	4,103.24	

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

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



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

	(₹ in Lakhs)	
	2020-21	2019-20
<b>NOTE NO. 37</b>		
AUDIT FEES AND EXPENSES		
As Auditor :		
Audit fee	8.83	6.92
Tax audit fee	0.81	1.02
In other capacity :		
Taxation matters	0.65	0.16
Other services (Certification fees)	0.16	0.39
Reimbursement of Expenses	0.14	0.16
	10.59	8.65
<b>NOTE NO. 38</b>		
INCOME TAX		
<b>Components of Tax Expenses</b>		
(i) Current Tax		
Charged in Profit or Loss section	-	-
Charged in Other Comprehensive Income section	-	-
	-	-
(ii) Deferred Tax		
Charged in Profit or Loss section	(87.82)	(393.70)
Charged in Other Comprehensive Income section	-	-
	(87.82)	(393.70)
<b>Reconciliation Tax Expenses and Accounting Profit</b>		
Accounting Profit before Tax including OCI	874.45	739.51
Corporate Tax Rate	31.20%	31.20%
Computed Tax Expenses at India's statutory Income Tax Rate	277.03	234.30
<b>Increase / (Reduction) in taxes on account of:</b>		
Income exempt / eligible for deduction Under Chapter VI-A	(277.03)	(234.30)
Non-deductible expenses	-	-
Other exempted Items	-	-
Net effective income tax under Regular method (A)	-	-

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

	(₹ in Lakhs)	
	2020-21	2019-20
<b>Income Tax under MAT</b>		
Accounting Profit before Tax including OCI	<b>874.45</b>	739.51
Tax rate under MAT	<b>15.60%</b>	15.600%
Computed Tax Expenses at India's statutory Income Tax Rate	<b>136.41</b>	115.36
Adjustment for Income exempt / items eligible for deduction Under MAT provision	<b>(136.41)</b>	(115.36)
Net effective Income Tax (B)	<u>—</u>	<u>—</u>
Tax applicable higher of (A) or (B)	<u>—</u>	<u>—</u>
<b>Deferred Tax Recognised in the Statement of Profit and Loss</b>		
Tax impact on difference between book depreciation and depreciation under the Income Tax Act, 1961	<b>92.97</b>	(1,144.27)
Tax effect on Fair Value Measurement	—	—
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	<b>(10.23)</b>	1,349.50
Tax effect on Provision for Bonus and Leave Encashment	<b>(20.46)</b>	79.66
Unused Tax Credit i.e. MAT Credit Entitlement	—	—
	<u><b>62.28</b></u>	<u>284.89</u>

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

	(₹ in Lakhs)	
	As at 31-03-2021	As at 31-03-2020

**NOTE NO. 39**

**CONTINGENT LIABILITIES**

Guarantees given by the bankers on behalf of company	36.96	109.12
Disputed VAT Liability	33.31	33.31

- (i) Income Tax Assessment have been completed upto the Accounting Year ended 31<sup>st</sup> March, 2018 i.e., Assessment Year 2018-19.
- (ii) Sales Tax / VAT Assessment has been completed upto the Accounting year 2017-18. The assessment under CST Act was completed upto the accounting year 2017-18.
- (iii) In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of ₹ 573.03 Lakhs (PY: ₹ 573.03 Lakhs). In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on this matter.
- (iv) In respect of Income Tax matter, appeals are pending with Appellate Authorities for a demand amount of ₹ 59.20 Lakhs for the AY 2019-20 (PY: ₹ Nil Lakhs) towards dispute in calculation of Book Profit U/s. 115JB of the Income Tax Act, 1961.

**NOTE NO. 40**

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

	(₹ in lakhs)	
	2020-21	2019-20
<b>Defined Contribution Plan:</b>		
Employer's Contribution to Provident Fund	116.27	141.29
Employer's Contribution to Superannuation Fund	7.85	9.45

**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 "Sri Vishnu Shankar 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.

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

(₹ in lakhs)

31-03-2021 31-03-2020

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

**Reconciliation of Opening and Closing balances of Present Value of Obligation:**

As at the beginning of the year	572.41	507.97
Current Service Cost	38.74	36.50
Interest Cost	35.84	36.97
Actuarial (Gain) / Loss	(-)102.74	41.69
Benefits paid	(-) 68.57	(-) 50.73
As at the end of the year	475.68	572.41

**Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:**

As at the beginning of the year	495.95	511.89
Expected return on plan assets	33.59	37.27
Actuarial Gain / (Loss)	(-) 1.27	(-) 2.48
Employer Contribution	85.25	-
Benefits paid	(-) 68.57	(-) 50.73
As at the end of the year	544.95	495.95

**Actual Return on Plan Assets:**

Expected Return on Plan Assets	33.59	37.27
Actuarial Gain / (Loss) on Plan Assets	(-) 1.27	(-) 2.48
Actual Return on Plan Assets	32.32	34.79

**Reconciliation of Fair Value of Assets and Obligations:**

Fair value of plan assets	495.95	511.89
Present value of obligation	572.41	507.97
Difference, Amount recognized in Balance Sheet	76.46	3.92

**Expenses recognized during the year:**

Current Service Cost	36.50	36.44
Net Interest on obligations	(-) 0.30	(-) 2.49
Expenses recognized in Statement of Profit and Loss	36.20	33.95

**Amount recognized in the Other Comprehensive Income:**

Actuarial changes arising from:		
Experience adjustments on Plan Assets	(-) 1.27	(-) 2.48
Actuarial (Gain) / Loss	(-) 102.74	41.69
Gain / (Loss) recognized in OCI during the year	(-) 101.47	44.17

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

(₹ in lakhs)

**31-03-2021**    31-03-2020

**Major Categories of Plan Assets:**

GOI Securities	–	–
Funds with LIC	544.95	495.95
Bank balance	–	–
<b>Total</b>	<b>544.95</b>	<b>495.95</b>

**Actuarial assumptions:**

Discount rate p.a	6.97%	6.66%
Rate of escalation in salary p.a	3.85%	3.75%
Rate of employees turnover	0.01%	0.10%

**Estimate of Expected Benefit payments**

Particulars	31-03-2021	31-03-2020
Year 1	11.65	13.43
Year 2	40.18	41.71
Year 3	33.55	40.49
Year 4	65.90	48.85
Year 5	28.33	172.91
Next 5 Years	211.45	176.40

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	30.04	36.53
0.50% Decrease in Discount Rate	34.25	41.17
0.50% Increase in Salary Growth Rate	34.32	41.25
0.50% Decrease in Salary Growth Rate	29.96	36.44

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

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

(₹ in Lakhs)

31-03-2021      31-03-2020

**Defined Benefit Plan (Leave encashment plan):**

**Reconciliation of Opening and Closing balances of Present Value of Obligation:**

As at the beginning of the year	223.18	172.49
Current Service Cost	14.03	13.62
Interest Cost	13.98	12.01
Actuarial (Gain) / Loss	(-) 69.93	56.56
Benefits paid	(-) 26.63	(-) 31.50
As at the end of the year	154.63	223.18

**Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:**

As at the beginning of the year	Nil	Nil
Expected return on plan assets	Nil	Nil
Actuarial Gain / (Loss)	Nil	Nil
Employer Contribution	26.63	31.50
Benefits paid	(-) 26.63	(-) 31.50
As at the end of the year	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

**Reconciliation of Fair Value of Assets and Obligations:**

Fair value of plan assets	Nil	Nil
Present value of obligation	154.63	223.18
Difference, Amount recognized in Balance Sheet	154.63	223.18

**Expenses recognized during the year:**

Current Service Cost	14.03	13.63
Net Interest on obligations	13.98	12.01
Actuarial (Gain) / Loss recognized during the year	(-) 69.93	56.56
Expense / (Gain) recognized in the Statement of Profit and Loss	(-) 41.92	82.19

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

(₹ in Lakhs)

31-03-2021      31-03-2020

**Amount recognized in the Other Comprehensive Income:**

Actuarial changes arising from:		
Experience adjustments on Plan Liabilities	NIL	NIL
Experience adjustments on Plan Assets	NIL	NIL
Changes in financial assumptions	NIL	NIL
Changes in demographic assumptions	NIL	NIL
Amount recognized in OCI during the year	NIL	NIL

**Investment details:**

Funds with LIC	NIL	NIL
Bank balance	NIL	NIL
Total	NIL	NIL

**Actuarial assumptions:**

Discount rate p.a	6.97%	6.66%
Expected rate of return on plan assets p.a.	NIL	NIL
Rate of escalation in salary p.a	3.85%	3.75%
Rate of employee turnover	0.01%	0.10%

**Estimate of Expected Benefit payments**

Year 1	2.65	5.93
Year 2	4.56	21.93
Year 3	4.96	5.71
Year 4	103.10	8.18
Year 5	6.99	116.29
Next 5 Years	37.94	30.29

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	12.90	13.21
0.50% Decrease in Discount Rate	14.54	14.93
0.50% Increase in Salary Growth Rate	14.56	14.96
0.50% Decrease in Salary Growth Rate	12.88	13.18

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

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

**NOTE NO. 41**

**EARNINGS PER SHARE**

Particulars	31-03-2021	31-03-2020
Net profit / (loss) after tax (₹ in Lakhs) (A)	<b>885.55</b>	1,164.68
Weighted average number of Equity shares [in Lakhs] (B)	<b>15.00</b>	15.00
Nominal value per equity share (in ₹)	<b>10.00</b>	10.00
Basic & Diluted Earnings per share (A)/(B) (in ₹)	<b>59.04</b>	77.65

**NOTE NO. 42**

**RELATED PARTY TRANSACTIONS**

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31<sup>st</sup> March 2021:

**a. Associates Company**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2021	31-03-2020
The Ramco Cements Limited	India	<b>1.31%</b>	1.38%
Rajapalayam Mills Limited	India	<b>0.40%</b>	0.40%
The Ramaraju Surgical Cotton Mills Limited	India	<b>0.06%</b>	0.06%
JKR Enterprise Limited	India	<b>0.001%</b>	0.001%

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

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



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

**c. Relatives of Key Managerial Personnel**

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

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

Thanjavur Spinning Mill Limited	Ramco Industries Limited
Sandhya Spinning Mill Limited	Ramco Systems Limited
Sri Harini Textiles Limited	Shri Harini Media Limited
Rajapalayam Textile Limited	Ramco Windfarms Limited
Ramco Industrial and Technology Services Limited	

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

Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund
Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund

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

PACR Sethurammam Charity Trust, Ramco Organic Farming Centre, PACR Centenary 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**

Name of the Related party	(₹ in Lakhs)	
	2020-21	2019-20
<b>i. Good Supplied / Services rendered</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	1,609.95	1,072.27
The Ramaraju Surgical Cotton Mills Limited	759.92	452.12
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Ramco Industries Limited	1,801.12	1530.63
Sandhya Spinning Mill Limited	425.36	389.70
Rajapalayam Textile Limited	502.51	255.16
Sri Harini Textiles Limited	-	2.36
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	-	120.02
The Ramaraju Surgical Cotton Mills Limited	-	19.47

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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Name of the Related party	(₹ in Lakhs)	
	2020-21	2019-20
<b>iii. Cost of Goods &amp; Services purchased / availed</b>		
<b>Associates</b>		
The Ramco Cements Limited	3.85	2.65
The Ramaraju Surgical Cotton Mills Limited	353.55	33.48
Rajapalayam Mills Limited	1,909.27	502.01
<b>Companies / Other entities over KMP / Relative of KMP exercise significant influence</b>		
Ramco Industries Limited	255.63	309.94
Ramco Systems Limited	11.33	17.46
Ramco Wind Farms Limited	281.21	309.57
Sandhya Spinning Mill Limited	320.44	497.96
Rajapalayam Textile Limited	93.30	270.45
Shri Harini Media Limited	0.74	0.73
<b>Other entities over which there is significant influence</b>		
PACR Sethurammam Charity Trust	20.09	23.58
Ramco Organic Farming Centre	0.02	0.02
<b>iv. Purchase of Fixed Assets</b>		
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Ramco Industries Limited	188.85	-
Rajapalayam Mills Limited	0.59	-
<b>v. Dividend Received</b>		
<b>Associates</b>		
The Ramco Cements Limited	92.82	188.45
Rajapalayam Mills Limited	0.30	1.19
The Ramaraju Surgical Cotton Mills Limited	0.01	0.01
<b>vi. Rent Received</b>		
JKR Enterprise Limited	1.95	1.65
<b>vii. Leasing Arrangements - Rent Paid</b>		
<b>Associates</b>		
The Ramco Cements Limited	0.04	0.17
<b>Relative of Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	0.72	0.72
<b>viii. Reimbursement of Expenses Paid / (Received)</b>		
<b>Associates</b>		
The Ramco Cements Limited	7.75	NIL
Rajapalayam Mills Limited	12.28	NIL

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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		(₹ in Lakhs)	
Name of the Related party		Value	
		2020-21	2019-20
<b>ix. Interest Paid</b>			
	<b>Key Managerial Personnel</b>		
	Smt. S. Sharada Deepa	7.76	6.83
	Shri S.S. Ramachandra Raja	1.93	2.07
	Smt. R. Chittammal	13.50	14.12
<b>x. Sitting Fees</b>			
	<b>Key Managerial Personnel</b>		
	Shri P.R. Venketrama Raja	0.75	0.75
	Smt. S. Sharada Deepa	0.60	0.75
	Shri S.S. Ramachandra Raja	0.75	0.90
	Smt. R. Chittammal	0.60	0.60
	Shri S.R. Srirama Raja	0.60	0.45
	Shri N.K. Shrikantan Raja	1.65	1.80
	Shri S. Kanthimathinathan	0.90	1.50
	Shri Arunkumar Goenka	0.60	0.15
	Shri P.A.S. Alaghar Raja	1.50	1.20
<b>xi. Remuneration to Key Managerial Personnel (Other than Sitting Fees)</b>			
	<b>Key Managerial Personnel</b>		
	Smt. S. Sharada Deepa, Managing Director	181.50	203.10
<b>xii. Contribution to Superannuation Fund / Gratuity Fund</b>			
	<b>Other entities over which there is a significant influence</b>		
	Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund	7.85	9.45
	Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund	2.20	2.20
<b>xiii. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>			
	<b>Key Managerial Personnel</b>		
	Smt. S. Sharada Deepa	(153.13)	(369.95)
	Shri S.S. Ramachandra Raja	(25.62)	(24.20)
	Smt. R. Chittammal	(180.11)	(186.49)

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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Name of the Related party	(₹ in Lakhs)	
	2020-21	2019-20
<b>b. Outstanding balance including commitments</b>		
<b>i. Borrowings</b>		
<b>Key Managerial Personnel</b>		
Shri S.S. Ramachandra Raja	1.98	24.20
Smt. R. Chittammal	137.52	172.15
Smt. S. Sharada Deepa	81.19	128.95

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

Particulars	31-03-2021	31-03-2020
Short - Term Benefits <sup>[1]</sup>	180.60	180.75
Defined Contribution Plan <sup>[2]</sup>	7.50	23.10
Defined Benefit Plan / Other Long-Term Benefits <sup>[3]</sup>	-	-
<b>Total</b>	<b>188.10</b>	<b>203.85</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.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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**NOTE NO. 43**

SEGMENT INFORMATION FOR THE YEAR ENDED 31-03-2021

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
<b>REVENUE</b>						
External Sales (Net)	18,060.87	16,384.66	-	-	18,060.87	16,384.66
Inter Segment Sale	-	-	1,319.15	1,328.03	1,319.15	1,328.03
<b>Total Sales</b>	18,060.87	16,384.66	1,319.15	1,328.03	19,380.02	17,712.69
Other Income	1,888.22	2,891.86	-	-	1,888.22	2,891.86
<b>Total Revenue</b>	19,949.09	19,276.52	1,319.15	1,328.03	21,268.24	20,604.55
<b>RESULT</b>						
Segment Profit	1,632.20	1,799.79	704.82	757.08	2,337.02	2,556.87
Unallocated Income	-	-	-	-	(112.78)	(105.24)
Unallocated Expenses	-	-	-	-	-	-
Operating Profit	-	-	-	-	2,224.24	2,451.63
Interest Expenses	-	-	-	-	1,539.29	1,785.89
Interest Income	-	-	-	-	112.78	105.24
Provision for Taxation	-	-	-	-	-	-
Current Tax	-	-	-	-	-	-
Income Tax related to earlier years	-	-	-	-	-	-
Deferred Tax	-	-	-	-	(62.28)	(404.82)
Profit from ordinary activities	-	-	-	-	861.01	1,175.80
Other Comprehensive Income	-	-	-	-	102.26	(42.59)
Exceptional Items	-	-	-	-	-	-
<b>Net Profit after Tax</b>	-	-	-	-	962.27	1,133.21
<b>OTHER INFORMATION</b>						
Segment Assets	20,870.28	20,067.33	2,132.35	2,363.76	23,002.63	22,431.09
Unallocated Assets	-	-	-	-	-	-
<b>Total Assets</b>	-	-	-	-	23,002.63	22,431.09
Segment Liabilities	10,181.00	12,725.08	-	-	10,181.00	12,725.08
Unallocated Liabilities	-	-	-	-	-	-
<b>Total Liabilities</b>	-	-	-	-	10,181.00	12,725.08
Capital Expenditure	869.38	803.27	-	-	869.38	803.27
Unallocated Capital Expenditure	-	-	-	-	-	-
Depreciation	1,046.42	1,172.83	231.40	218.79	1,277.82	1,391.62
Unallocated Depreciation Expenditure	-	-	-	-	-	-
Non-Cash expenses other than Depreciation	-	-	-	-	-	-

**NOTE NO. 44**

**DISCLOSURE OF FAIR VALUE MEASUREMENTS**

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

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

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2021</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	795.00	-	-	795.00	795.00
Other Investments	0.00	-	13.79	13.79	13.79
Loans	0.00	-	-	0.00	0.00
Trade Receivables	3,800.06	-	-	3,800.06	3,800.06
Cash and Cash Equivalents	181.42	-	-	181.42	181.42
Bank Balance other than					
Cash and Cash Equivalents	1.45	-	-	1.45	1.45
Other Financial Assets	56.98	-	-	56.98	56.98
<b>Financial Liabilities</b>					
Borrowings	8,440.90	-	-	8,440.90	8,440.90
Trade Payables	106.76	-	-	106.76	106.76
Other Financial Liabilities	575.17	-	-	575.17	575.17
<b>As at 31-03-2020</b>					
<b>Financial Assets</b>					
Investments In Preference Shares	795.00	-	-	795.00	795.00
Other Investments	0.00	-	13.00	13.00	13.00
Loans	0.00	-	-	0.00	0.00
Trade Receivables	1,933.22	-	-	1,933.22	1,933.22
Cash and Cash Equivalents	17.36	-	-	17.36	17.36
Bank Balance other than					
Cash and Cash Equivalents	1.48	-	-	1.48	1.48
Other Financial Assets	66.78	-	-	66.78	66.78
<b>Financial Liabilities</b>					
Borrowings	6,284.40	-	-	6,284.40	6,284.40
Trade Payables	105.08	-	-	105.08	105.08
Other Financial Liabilities	2,330.18	-	-	2,330.18	2,330.18

**Fair value hierarchy**

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

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

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

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

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

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
<b>Investment in unlisted securities</b>				
As at 31-03-2021	–	–	13.79	13.79
As at 31-03-2020	–	–	13.00	13.00

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

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

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

**NOTE NO. 45**

**FINANCIAL RISK MANAGEMENT**

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

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

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

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

**Credit Risk**

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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**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 31-03-2021	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	2258.59	1106.19	272.17	152.26	3789.21
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	2258.59	1106.19	272.17	152.26	3789.21

As at 31-03-2020	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,201.22	5,13.02	81.63	137.35	1,933.22
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,201.22	513.02	81.63	137.35	1,933.22

**Financial Instruments and Cash deposits**

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

**Liquidity Risk**

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



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

**Financial arrangements**

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

Particulars	31-03-2021	31-03-2020
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	6,685.00	4,872.00
Term Loans	-	-
<b>Expiring beyond year</b>		
Term Loans	-	400.00

**Maturities of Financial Liabilities**

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
<b>As at 31-3-2021</b>				
Borrowings from Banks	3335.15	8440.85	-	11776.00
Trade payables	105.07	-	-	106.76
Other Financial Liabilities (Incl. Interest)	575.17	-	-	575.17
<b>As at 31-3-2020</b>				
Borrowings from Banks	1940.61	6333.46	-	8274.07
Trade payables	105.07	-	-	105.07
Other Financial Liabilities (Incl. Interest)	388.09	-	-	388.09

**Foreign Currency Risk**

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

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

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

Currency	Trade Payables	Trade and other Receivables	Balance with Banks	Foreign Currency Loan
<b>USD in Millions</b>				
As at 31-03-2021	-	-	-	-
As at 31-03-2020	-	-	-	-
<b>EURO in Millions</b>				
As at 31-03-2021	-	-	-	-
As at 31-03-2020	-	-	-	-

Risk sensitivity on foreign currency fluctuation

(₹ in Lakhs)

Foreign Currency	31-03-2021	31-03-2020
	1% Increase	1% increase
USD	-	-

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

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

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

**Interest rate risk exposure**

Particulars	31-03-2021	31-03-2020
Variable rate borrowings	17,672.11	18,090.62
Fixed rate borrowings	-	-

The Company does not have any interest rate swap contracts.

**Sensitivity on Interest rate fluctuation**

Incremental Interest Cost works out to	31-03-2021	31-03-2020
1% Increase in Interest Rate	176.72	180.90

**NOTE NO. 46**

**Additional regulatory information as required under Companies Act, 2013 / Indian Accounting Standards:**

**a) Trade Payables Ageing Schedule** (₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1 – 2 Years	2 - 3 years	> 3 years	
<b>As at 31-03-2021</b>						
MSME	-	-	-	-	-	-
Others	-	106.76	-	-	-	106.76
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
<b>Total</b>	-	<b>106.76</b>	-	-	-	<b>106.76</b>
<b>As at 31-03-2020</b>						
MSME	-	-	-	-	-	-
Others	-	105.08	-	-	-	105.08
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
<b>Total</b>	-	<b>105.08</b>	-	-	-	<b>105.08</b>

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

**b) Capital Work-in-Progress Ageing Schedule** (₹ in Lakhs)

Particulars	Amount in CWIP for a period of				
	< 1 Year	1 – 2 Years	2 - 3 years	> 3 years	Total
As at 31-03-2021	380.00	-	-	-	380.00
As at 31-03-2020	310.73	-	-	-	310.73

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

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

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

**c) Trade Receivables Ageing Schedule** (₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	> 3 years	Total
<b>As at 31-03-2021</b>							
Undisputed Trade receivables - considered good	-	3,782.22	-	17.84	-	-	3,800.06
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3,782.22</b>	<b>-</b>	<b>17.84</b>	<b>-</b>	<b>-</b>	<b>3,800.06</b>
<b>As at 31-03-2020</b>							
Undisputed Trade receivables - considered good	-	1,915.38	-	17.84	-	-	1,933.22
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,915.38</b>	<b>-</b>	<b>17.84</b>	<b>-</b>	<b>-</b>	<b>1,933.22</b>

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

**d) Undisclosed Income**

The Company does 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.

**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) Key Financial Ratios**

(₹ in Lakhs)

Particulars	UOM	31-03-2021	31-03-2020	Variation in %
(a) Current Ratio	In multiple	<b>1.08</b>	0.80	35%
(b) Debt-Equity Ratio	In multiple	<b>4.07</b>	5.36	(-) 24%
(c) Debt Service Coverage Ratio	In multiple	<b>2.35</b>	2.22	6%
(d) Return on Equity Ratio	In %	<b>0.22%</b>	0.34%	(-) 36%
(e) Inventory Turnover Ratio	In Days	<b>57</b>	48	19%
(f) Trade receivables Turnover Ratio	In Days	<b>595</b>	591	-
(g) Trade payables Turnover Ratio	In Days	<b>176</b>	173	2%
(h) Net Capital Turnover Ratio	In Days	<b>827</b>	812	2%
(i) Net Profit Ratio	In %	<b>4%</b>	4%	-
(j) Return on Capital Employed	In %	<b>21.75%</b>	26.03%	(-) 16%
(k) Return on Investment (Assets)	In %	<b>24.93%</b>	29.36%	(-) 15%

Formula adopted for above Ratios:

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

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

(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 if more than 25%:*

*Return on Equity Ratio:*

The reduction in profit during the financial year 2020-21 is the main reason for variation in the above ratios. The profitability of the Company has been adversely affected due to Covid-19 Pandemic and the resultant lockdown imposed by Government of India and State Government.

*Current Ratio:*

The change in current ratio is due to increase in sales, the volume of sundry debtors stands increased from ₹ 19.33 Crores to ₹ 38.00 Crores which will lead to improve current ratio in the current financial year.

**g) Disclosures related to CSR activities**

Particulars	Amount (₹ in Lakhs)
Amount required to be spent by the Company during the year	3.72
Amount of expenditure incurred	5.10
Shortfall at the end of the year	NIL
Total of previous years shortfall	NIL
Reason for shortfall	NA
Nature of CSR activities	Please refer to Table-A below

Note : The Company has not made any provision related to CSR activities for the financial years 2020-21 and 2019-20.

Table – A Nature of CSR activities:

Nature	Amount (₹ in Lakhs)
Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare	0.62
Indian Armed Forces Flag Day Fund	0.05
Rural Development Projects	4.48
<b>Total</b>	<b>5.10</b>

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

**NOTE NO. 47**

**CAPITAL MANAGEMENT**

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

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

Particulars	31-03-2021	31-03-2020
Long Term Borrowings	8,440.90	6,284.40
Current maturities of Long Term borrowings	3,335.15	1,940.61
Short Term Borrowings	5,896.06	9,865.57
Less: Cash and Cash Equivalents	182.87	18.14
<b>Net Debt (A)</b>	<b>17,854.98</b>	18,109.42
Equity Share Capital	150.00	150.00
Other Equity	4,190.50	3,204.36
<b>Total Equity (B)</b>	<b>4,340.50</b>	3,354.36
Total Capital Employed (C) = (A) + (B)	<b>22,195.48</b>	21,463.78
Capital Gearing Ratio (A) / (C)	<b>80.44%</b>	84.37%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans / borrowing. The Company has been consistently focusing on reduction in long term borrowings. There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31-03-2021 and 31-03-2020.

As per our report annexed

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

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

28<sup>th</sup> May, 2021.

For and on behalf of the Board

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalayam

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalayam

# **CONSOLIDATED FINANCIAL STATEMENTS**

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying Consolidated Financial Statements drawn in accordance with the Indian Accounting Standards ("the Consolidated Financial Statements") of Sri Vishnu Shankar Mill Limited (hereinafter referred to as "the Company") and the share of profit/loss of its associates. These Consolidated Financial Statements comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2021, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year ended 31<sup>st</sup> March 2021 and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards, of the consolidated state of affairs (financial position) of the Company including the effect of share in the profit of its associates as at 31<sup>st</sup> March 2021, and their consolidated profit (financial performance including other comprehensive income) including the share in the profit of its associates, their consolidated cash flows and consolidated statement of changes in equity for the year ended on 31<sup>st</sup> March 2021.

**Basis for Opinion**

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

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

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

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

**Auditor's Responsibility**

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

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

**Other Matters**

The consolidated financial statements year to date includes the financial statements of three associates whose consolidated financial statements reflects the total comprehensive income of ₹ 1,905.30 Lakhs for the year ended 31<sup>st</sup> March 2021. All of these financial statements are audited by an Independent Auditor.

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**AUDITORS' REPORT TO SHAREHOLDERS**

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**Report on Other Legal and Regulatory Requirements**

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

1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
2. In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the Consolidated Financial Statements.
4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
5. On the basis of the written representations received from the Directors of the Company as on 31<sup>st</sup> March, 2021 taken on record by the Board of Directors of the Company and the reports of the Statutory Auditor of the associate companies, and Management Certification in the case of the unaudited associate companies, none of the Directors of the Company and its associate companies is disqualified as on 31<sup>st</sup> March, 2021 from being appointed as a Director in terms of Section 164 (2) of the Act.
6. We have enclosed our separate report in "Annexure A" with respect to the adequacy of the internal financial controls over financial reporting of the entities in the Company and associate companies and the operating effectiveness of such controls. We have relied on the management certification in respect of the unaudited associates with respect to the adequacy of internal financial controls over financial reporting. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of entities in the Company and the associate companies.
7. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

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

K SRINIVASAN  
Partner  
Membership No. 021510  
UDIN: 21021510AAAABP2586

Trichy  
28<sup>th</sup> May, 2021

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

We have audited the internal financial controls over financial reporting of Sri Vishnu Shankar Mill Limited and its associates ("the Company") as of 31<sup>st</sup> March 2021 in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on 31<sup>st</sup> March, 2021.

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

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

**Auditors' Responsibility**

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

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

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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

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

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

**Other Matters**

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

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

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the



**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

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**AUDITORS' REPORT TO SHAREHOLDERS**

internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company and associate companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2021, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

K SRINIVASAN  
Partner  
Membership No. 021510  
UDIN: 21021510AAAABP2586

Trichy  
28<sup>th</sup> May, 2021

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2021**

	Note No.	As at 31-03-2021	(₹ in Lakhs)	
			As at 31-03-2021	As at 31-03-2020
<b>I ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Property, Plant and Equipment	8	9,687.17	10,245.91	
(b) Capital Work-in-progress		380.00	310.73	
(c) Intangible Assets	8	3.12	3.12	
(d) Investment Property	9	188.47	191.45	
(e) Assets held for Sales	10	109.15	89.73	
(f) Investment in Associates	11	14,842.94	14,474.12	
(g) Financial Assets				
Other Investments	11	13.79	13.00	
Other Financial Assets	12	522.26	511.15	
(h) Deferred Tax Asset (Net)	13	347.17	284.89	
(i) Other Non-Current Assets	14	4.03	4.03	
<b>(2) Current Assets</b>				
(a) Inventories	15	3,983.70	6,032.18	
(b) Financial Assets				
Trade Receivables	16	3,800.06	1,933.22	
Cash and Cash Equivalents	17	181.42	17.06	
Bank Balance other than Cash and Cash Equivalents	18	1.45	1.48	
Other Financial Assets	19	56.98	66.78	
(c) Other Current Assets	20	2,900.55	1,902.09	9,952.81
<b>TOTAL ASSETS</b>		<b>37,022.26</b>	<b>36,080.94</b>	
<b>II EQUITY &amp; LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity Share Capital	21	149.98	149.98	
(b) Other Equity	22	18,210.15	16,878.11	
<b>Total Equity</b>		<b>18,360.13</b>	<b>17,028.09</b>	
<b>(2) Liabilities</b>				
<b>A) Non Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	23	8,440.90	6,284.40	
(b) Provisions	24	85.36	299.64	
(c) Deferred Income	25	40.69	43.37	
<b>B) Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	26	9,231.21	11,806.83	
(ii) Trade Payables				
(i) Total outstanding dues of micro enterprises and small enterprises	27	-	-	
(i) Total outstanding dues of creditors other than micro enterprises and small enterprises	27	106.76	105.08	
(iii) Other Financial Liabilities	28	575.17	389.57	
(b) Provisions	29	182.04	123.96	12,425.44
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,022.26</b>	<b>36,080.94</b>	
Significant Accounting Policies, Judgements and Estimates	1 - 7			
See accompanying notes to the financial statements.	8 - 50			

As per our report annexed

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

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

28<sup>th</sup> May, 2021.

For and on behalf of the Board

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalayam

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalayam

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

(₹ in Lakhs)

	Note No.	For the year ended 31-03-2021	For the year ended 31-03-2020
<b>REVENUE</b>			
I	30	<b>18,060.87</b>	16,384.66
II	31	<b>112.78</b>	105.24
III	32	<b>1,682.31</b>	2,596.97
<b>IV</b>		<b>19,855.96</b>	19,086.87
<b>V EXPENSES</b>			
	33	<b>7,776.34</b>	8,562.04
		<b>1,203.94</b>	367.75
	34	<b>2,219.27</b>	136.79
	35	<b>1,772.79</b>	2,158.22
	36	<b>1,539.29</b>	1,785.88
	37	<b>1,277.82</b>	1,391.62
	38	<b>3,361.91</b>	4,103.23
		<b>19,151.36</b>	18,505.53
<b>VI</b>		<b>704.60</b>	581.34
<b>VII</b>			
		-	-
		<b>(62.28)</b>	<b>(404.82)</b>
		<b>(62.28)</b>	<b>(404.82)</b>
<b>VIII</b>		<b>766.88</b>	986.16
<b>IX</b>			
		<b>1,043.57</b>	915.58
<b>X</b>		<b>1,810.45</b>	1,901.74
<b>XI</b>			
		<b>101.47</b>	(44.17)
		<b>0.79</b>	1.58
		-	-
		<b>102.26</b>	(42.59)
		<b>(7.41)</b>	(7.51)
		<b>94.85</b>	(50.10)
<b>XII</b>		<b>1,905.30</b>	1,851.64
<b>XIII</b>			
		<b>120.71</b>	126.80
	1 - 7		
	8 - 50		

As per our report annexed

For and on behalf of the Board

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

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalaiyam

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalaiyam

28<sup>th</sup> May, 2021.

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021**

<b>A. Equity Share Capital</b>		<b>(₹ in Lakhs)</b>
<b>(1) For the year ended 31-03-2021</b>		
Balance as at 01-04-2020		149.98
Changes in Equity Share Capital during the year 2020-21		-
Balance as at 31-03-2021		149.98
<b>(2) For the year ended 31-03-2020</b>		
Balance as at 01-04-2019		149.98
Changes in Equity Share Capital during the year 2019-20		-
Balance as at 31-03-2020		149.98

**B. Other Equity**

Particulars	Other Equity					Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserves Consolidation	Security Premium Reserve	General Reserve	Retained Earnings	FVOTCI Reserve	Re-measurements of Defined Benefit Obligations	Share of OCI of Associates	
<b>1. For the year ended 31-03-2021</b>									
<b>Other Equity as at 1<sup>st</sup> April, 2020</b>	23.77	9,775.82	25.00	1,259.63	5,793.89	-	-	-	16,878.11
Add: Profit for the year	-	-	-	-	1,810.45	-	-	-	1,810.45
Add: Other Comprehensive Income	-	-	-	-	-	-	101.47	(7.41)	94.06
Fair value on Equity Instrument, net of tax	-	-	-	-	-	0.79	-	-	0.79
<b>Total Comprehensive Income</b>	-	-	-	-	1,810.45	0.79	101.47	(7.41)	1,905.30
Less: Transfer to Retained Earnings	-	-	-	-	-	(0.79)	(101.47)	7.41	(94.85)
Add: Transfer from OCI	-	-	-	-	94.85	-	-	-	94.85
Add: GR Reversal of TRCL Shares Sales	-	(573.26)	-	-	-	-	-	-	(573.26)
Add: Unrealised gain on Equity Shares	-	-	-	-	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2021</b>	23.77	9,202.56	25.00	1,259.63	7,699.19	-	-	-	18,210.15
<b>2. For the year ended 31-03-2020</b>									
Other Equity as at 1 <sup>st</sup> April, 2019	23.77	10,993.08	25.00	1,259.63	3,942.26	-	-	-	16,243.74
Add: Profit for the year	-	-	-	-	1,901.74	-	-	-	1,901.74
Add: Other Comprehensive Income	-	-	-	-	-	-	(44.17)	(7.51)	(51.68)
Fair value on Equity Investment net of tax	-	-	-	-	-	1.58	-	-	1.58
<b>Total Comprehensive Income</b>	-	-	-	1,259.63	1,901.74	1.58	(44.17)	(7.51)	1,851.64
Less: Transfer to Retained Earnings	-	-	-	-	-	(1.58)	44.17	7.51	50.10
Add: Transfer from OCI	-	-	-	-	(50.10)	-	-	-	(50.10)
Add: GR Reversal of TRCL Shares Sales	-	(1,217.26)	-	-	-	-	-	-	(1,217.26)
<b>Balance as at 31<sup>st</sup> March, 2020</b>	23.77	9,775.82	25.00	1,259.63	5,793.89	-	-	-	16,878.11

As per our report annexed

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

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

28<sup>th</sup> May, 2021.

For and on behalf of the Board

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalaiyam

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalaiyam

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2021**

	(₹ in Lakhs)	
	2020-21	2019-20
<b>A. Cash Flow from Operating Activities:</b>		
Profit / (Loss) before Tax	704.60	581.34
Adjustments to Reconcile Profit before Tax to Net Cash Flows:		
Depreciation & Amortisation	1,277.82	1,391.62
Finance Cost	1,539.29	1,785.88
Interest Income	(112.78)	(105.24)
Rent Receipts for Investment Properties	(4.32)	(2.28)
(Profit) / Loss on Sale of Assets (Including Share Investment)	(1,433.69)	(2,483.84)
Operating Profit before Working Capital Changes	<u>1,970.92</u>	<u>1,167.48</u>
Movement in Working Capital:		
Government Grants	101.47	(46.84)
Gratuity	(2.68)	–
Trade Receivables	(1,866.84)	948.07
Loans and Advances	(999.77)	99.26
Inventories	2,048.48	933.06
Trade Payables & Current liabilities	(1,363.46)	25.11
Cash generated from Operations	<u>(111.88)</u>	<u>3,126.14</u>
Direct Taxes (Paid) / Refund Received	–	(81.09)
<b>Net Cash generated from Operating Activities</b>	<b>A</b>	<b>(111.88)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets (Including Capital work-in-progress)	(869.38)	(802.74)
Purchase of Investments	(0.79)	(1.58)
Sale of Investments in Equity Shares	1,435.43	2,545.20
Proceeds from Sale of Assets	64.59	19.85
Interest Received	112.78	105.24
Dividend Received	93.13	189.65
Exceptional Item		
Rent Receipts from Investment Properties	4.32	2.28
<b>Net Cash from / (used) in Investing Activities</b>	<b>B</b>	<b>840.08</b>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2021**

	(₹ in Lakhs)	
	2020-21	2019-20
<b>C. Cash Flow from Financing Activities :</b>		
Proceeds from Long Term Borrowings	6,886.19	(226.25)
Repayment of Long Term Borrowings	(3,335.15)	(1,940.61)
Availment / (Repayment) of Short Term Borrowings (Net)	(2,575.62)	(1,142.73)
Interest Paid	(1,539.29)	(1,785.88)
<b>Net cash used in Financing Activities</b>	<b>C</b>	<b>(563.87)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents D=(A+B+C)</b>	<b>164.33</b>	<b>7.48</b>
<b>Opening balance of Cash and Cash Equivalents</b>	<b>E</b>	<b>18.54</b>
<b>Closing balance of Cash and Cash Equivalents</b>	<b>D + E</b>	<b>18.54</b>

Notes:

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

Particulars	31-03-2021	31-03-2020
Cash and Cash Equivalents (Note No.15)	181.42	17.06
Bank Balances other than Cash and Cash Equivalents (Refer to Note No.16)	1.45	1.48
	<b>182.87</b>	<b>18.54</b>

See accompanying notes to the financial statements (Refer to Note No. 8 - 50)

As per our report annexed

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

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

28<sup>th</sup> May, 2021.

For and on behalf of the Board

**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalaiyam

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalaiyam

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

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**1. CORPORATE INFORMATION**

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

The Company is principally engaged in manufacture of Cotton Yarn. The Company is also engaged in generation of electricity from its windmills its captive requirements.

The consolidated financial statements of the Company for the year ended 31-03-2021 were approved and adopted by Board of Directors of the Company in their meeting dated 28-05-2021.

**2. STATEMENT OF IND AS COMPLIANCE**

The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.

**3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

- (i) The consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.
- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.4.
- (iii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iv) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle, or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period, or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (v) A liability is classified as current when it is expected to be settled in normal operating cycle, or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

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- (vi) The consolidated financial statements are presented in Indian Rupees, rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as ₹ 0.00 lakhs.
- (vii) Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.
- (viii) The CFS comprises the financial statements of Sri Vishnu Shankar Mill Limited and its Associate Companies. The list of Companies which are included in consolidation and the Company's holding and voting rights therein are as under:

Name of the Company	% of Shareholding as at	
	31-03-2021	31-03-2020
The Ramco Cements Limited	<b>1.31%</b>	1.38%
Rajpalayam Mills Limited	<b>0.40%</b>	0.40%
The Ramaraju Surgical Cotton Mills Limited	<b>0.06%</b>	0.06%

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

#### **4. PRINCIPLES OF CONSOLIDATION**

- a) The CFS includes the share of profit / loss of the associate companies that are accounted for using equity method in accordance with Ind AS 28. Accordingly, the share of profit / loss of the associates (the loss being restricted to the cost of investment) has been added/ deducted from the cost of investment. The most recent available financial statements of the associates are used in applying the equity method.
- b) The Consolidated Statement of Profit and Loss reflects the share of results of its associates. Any change in OCI of those investees is presented as part of the Consolidated OCI.
- c) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate 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.



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

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

## **5 BASIS OF MEASUREMENT**

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note 4(R) - 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 realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of

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

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production facilities but excluding borrowing cost, or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.

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

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

**B. Cash Flow Statement**

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

**C. Dividend distribution to Equity Shareholders**

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

**D. Income Taxes**

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws, including the relevant transfer pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.

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

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- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- (vi) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right to set off current tax assets against current tax liabilities.
- (vii) Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.

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

- (i) PPEs are stated at cost of acquisition or construction less accumulated depreciation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The directly attributable costs include cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition.

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

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

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

- (ix) PPE acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.

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

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

**F. Capital Work-in-Progress / Capital Advances**

- (i) Capital work in progress includes cost of property, plant and equipment under installation, under development including related expenses and attributable interest as at the reporting date.
- (ii) Advances given towards acquisition / construction of PPE outstanding at the reporting date are disclosed as 'Capital Advances' under 'Other Non-Current Assets'.

**F. Leases**

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of an underlying asset and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

- (i) The Company recognises a right-to-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 mode the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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- (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 estimate useful lives of right-of-use assets are determined on the same basis as those of 'property, plant and Equipment' and lease liabilities in 'Borrowings' in the Balance Sheet.
- (iv) 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 straight-line basis over the lease term.

**Company as a Lessor**

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

**H. Revenue Recognition**

- (i) Revenue from Operations

- a) Sale of Products

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. There is no significant financing component with regard to sale of products for the company 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 and Banking agreement with TANGEDCO are consumed at Mills. The monetary values of such power generated that are captively consumed are not recognised as revenue, but have been set after against the cost of power & fuel.

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

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

c) Scrap Sale

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

d) Job Work Income

Income from Job work is recognised 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, the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

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

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

**I. Employee Benefits**

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

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

(iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's basic salary and Dearness Allowance. The Company has no further obligations.

(iv) The Company contributes for Superannuation Fund, a sum equivalent to 15% of the officer's eligible annual basic salary. Out of the said 15% contribution, a sum upto ₹ 1.50 Lacs per annum is remitted to the Sri Vishnu Shankar Mills Limited Officers

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

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Superannuation Fund administered by the Trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.

- (v) The Company contributes to Defined Benefit Plan viz., an approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment, for an amount equivalent to 15 days' basic salary and Dearness Allowance for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to the trust administered by the company as at the reporting date using Projected Unit Credit method. The funds are managed by LIC of India.
- (vi) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method.
- (vii) Remeasurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to other comprehensive income in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

**J. Government Grants**

- (i) Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".
- (iii) Government grants related to assets have been deducted in arriving at the carrying amount of the respective assets.
- (iv) Export benefits are accounted for 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".



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

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**K. Foreign Currency Transactions**

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

**L. Borrowing Costs**

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

**M. Earnings per Share**

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

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

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

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

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

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

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**P. Intangible Assets**

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) The cost incurred for right to un-restricted usage of power transmission system for drawal of power from State grid to its Mills were capitalized as it is expected to yield future economic benefits.
- (iii) Intangible Assets are amortised over their estimated useful life based on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as detailed below, that are defferent from useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Nature of Intangible assets	Estimated useful life
Computer software	6 years
Power Transmission System	5 years

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

**Q. Investment Properties**

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

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- (iv) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant parts as detailed below, that are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013:

Asset type	Useful life ranging from
Buildings under Investment properties	60 years

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

**R. Operating Segments**

The Company's business operations comprises of to operating segments viz. Textiles and Wind Power Generation from Windmills.

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

**S. Financial Instruments**

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

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categorised as equity instruments at FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Company does not restate any previously recognised gains, losses including impairment gains or losses or interest.

(iv) Fair Value Hedges

Changes in the fair value of forwards contracts that are designated and qualify as fair value hedges are recognised in the income statement, together with the changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, changes in the fair value of the hedge item attributable to the hedged risk are no longer recognized in the income statement.

When a hedged item in a fair value hedge is a firm commitment (or a component thereof) to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability the results from the entity meeting the firm commitment is adjusted to include the cumulative change in the fair value of the hedged item that was recognised in the balance sheet, with a corresponding gain or loss recognised in Profit and Loss.

**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.

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

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

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

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

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

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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.

**U. Financial Liabilities**

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

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

Measurement basis	Name of Financial liabilities
Amortised Cost	Borrowings, Trade payables, Lease Liabilities, Interest accrued, Unclaimed dividends, Security deposits and other financial liabilities not for trading,
FVTPL	Foreign exchange Forward contracts and other financial liabilities held for trading.

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

**V. Fair Value Measurement**

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



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

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

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

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

**a) Investments in Equity**

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

**b) Trade and Other Receivables**

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

**c) Forward exchange contracts**

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

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**d) Non-Derivative financial liabilities**

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

**e) Financial guarantee obligation**

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

**f) Investment Properties**

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

**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:

The Company has considered the possible effects that may result from the pandemic relating to Covid-19 on the carrying amounts of receivables, inventories, other financial / other non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements, has used internal and external sources of information from market sources on the expected future performance of the Company. The impact of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements due to prevailing uncertainties.

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**(i) Revenue Recognition**

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

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

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team 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 and applicable judicial precedence.

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

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**(vi) Segment Reporting**

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

**(vii) Contingent Liabilities**

Management judgement is exercised for estimating the possible outflow of resources, if any, in respect of contingencies / claims / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

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

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

**(xi) 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

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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.

**(xii) Fair value measurement of financial instruments / Firm Commitments**

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

In case of unrecognised firm commitments denominated in foreign currency, which also qualify as a hedged item, the fair value of such firm commitments outstanding at the reporting date are measured at functional currency based on the quoted price in the active market prevailing on the reporting date.

**(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.

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**NOTE NO. 8**

**PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Year	Gross Block			Depreciation			Net Block			
		As at the beginning of the year	Additions	Sold	Transfer from / to Assets held for Sale A/c	As at the end of the year	For the year (Refer Note No. 35)	Withdrawn during the year	Transfer from / to Assets held for Sale A/c	As at the end of the year	As at the beginning of the year
<b>Tangible Assets</b>											
Land	2020-21	313.63	-	-	-	313.63	-	-	-	313.63	313.63
	2019-20	313.63				313.63				313.63	313.63
Buildings	2020-21	2,730.59	-	-	-	2,730.59	1,179.02	51.59	-	1,230.61	1,551.57
	2019-20	2,692.46	38.12			2,730.58	1,127.02	52.00		1,179.02	1,565.44
Plant and machinery	2020-21	22,571.07	778.27	301.86	(100.24)	22,947.24	14,472.88	1,183.21	247.10	15,328.22	8,098.19
	2019-20	22,033.21	985.18	574.56	127.25	22,571.08	13,632.85	1,291.02	498.41	14,472.89	8,400.36
Electrical machinery	2020-21	966.15	4.83	-	-	970.98	791.19	20.39	-	811.58	174.96
	2019-20	921.66	44.50			966.16	767.74	23.47		791.21	153.92
Furniture & Office Equipments	2020-21	176.53	5.80	-	-	182.33	138.54	9.01	-	147.55	37.99
	2019-20	163.20	13.33			176.53	129.68	8.86		138.54	33.52
Vehicles	2020-21	176.02	11.26	17.08	-	170.20	106.45	10.64	7.25	109.84	69.57
	2019-20	186.69	6.20	16.86		176.03	108.04	13.29	14.89	106.44	78.65
Total - Tangible Assets	2020-21	26,933.99	800.16	318.94	(100.24)	27,314.97	16,688.08	1,274.84	254.35	17,627.80	10,245.91
	2019-20	26,310.85	1,087.33	591.42	127.25	26,934.01	15,765.33	1,388.64	513.30	16,688.10	10,545.52
<b>Intangible Assets</b>											
Computer Software	2020-21	39.47	-	-	-	39.47	37.61	-	-	37.61	1.86
	2019-20	39.47				39.47	37.61			37.61	1.86
Power Transmission System	2020-21	25.18	-	-	-	25.18	23.92	-	-	23.92	1.26
	2019-20	25.18				25.18	23.92			23.92	1.26
Total - Intangible Assets	2020-21	64.65	-	-	-	64.65	61.53	-	-	61.53	3.12
	2019-20	64.65				64.65	61.53			61.53	3.12

Notes: (i) Borrowings cost of ₹ Nil have been capitalised for current year (PY: ₹ Nil).

(ii) All the moveable fixed assets have been pledged as security for borrowings.

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

(iv) Previous year net block figures have been re-classified to make them comparable with the current year figures.

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(₹ in Lakhs)

	As at 31-03-2021	As at 31-03-2020
<b>NOTE NO. 9</b>		
<b>INVESTMENT PROPERTY</b>		
<b>Land</b>		
As at the beginning of the year	122.24	122.24
Less: Sale of Land	—	—
As at the end of the year	<u>122.24</u>	<u>122.24</u>
<b>Building</b>		
As at the beginning of the year	95.33	95.33
Addition / Sale	—	—
As at the end of the year	<u>95.33</u>	<u>95.33</u>
Less:		
Accumulated depreciation as at the beginning of the year	26.12	23.14
Depreciation for the year	2.98	2.98
Accumulated depreciation as at the end of the year	<u>29.10</u>	<u>26.12</u>
Net Block	<u>66.23</u>	69.21
Total Investment Property	<u>188.47</u>	<u>191.45</u>
<b>Information regarding income and expenditure of Investment property</b>		
Rental Income from Investment Properties	1.95	1.65
Direct Operating Expenses	<u>0.93</u>	<u>0.93</u>
Profit arising from Investment Properties before Depreciation and indirect expenses	1.02	0.72
Less: Depreciation	<u>(2.98)</u>	<u>(26.12)</u>
Profit arising from Investment Properties before indirect expenses	<u>(1.96)</u>	<u>(25.40)</u>
Fair Value of Investment Property	<u>683.37</u>	<u>683.37</u>
Notes:		
(i) The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.		
(ii) The fair valuation of these investment property are determined by an independent valuer, who is a specialist in valuing these types of investment properties.		
(iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.		
(iv) Fair value hierarchy disclosures for investment properties have been provided in Note No. 47.		
<b>NOTE NO. 10</b>		
<b>ASSETS HELD FOR SALES</b>		
Assets held for Sales - Andhra Pradesh	<u>109.15</u>	<u>89.73</u>

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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(₹ in Lakhs)

As at                      As at                      As at                      As at  
31-03-2021      31-03-2020      31-03-2021      31-03-2020

**NOTE NO. 11**

**INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD**

Name of the Company	Face Value ₹ per share	No. of shares	No. of shares	Cost	Cost
<b>I. Investment in Equity Instruments</b>					
<b>1) Quoted</b>					
The Ramco Cements Limited	1	<b>30,94,200</b>	32,48,200	<b>13,841.50</b>	13,464.01
Rajapalayam Mills Limited	10	<b>29,740</b>	29,740	<b>199.99</b>	210.45
The Ramaraju Surgical Cotton Mills Limited	10	<b>2,200</b>	2,200	<b>6.45</b>	4.66
Sub-Total (A)				<b>14,047.94</b>	13,679.12
<b>2) Unquoted</b>					
JKR Enterprise Limited	1	<b>100</b>	100	-	-
Sub-Total (B)				-	-
Grand-Total (C) = (A) + (B)				<b>14,047.94</b>	13,679.12
<b>II. Investment in Preference Shares - Unquoted</b>					
JKR Enterprise Limited - 9% Cumulative Redeemable Preference Shares	1	<b>7,95,00,000</b>	7,95,00,000	<b>795.00</b>	795.00
Sub-Total (D)				<b>795.00</b>	795.00
Quoted Investments - Cost				<b>14,047.94</b>	13,679.12
Market Value				<b>31,232.88</b>	16,806.64
Unquoted Investments - Cost (E) = (B) + (D)				<b>795.00</b>	795.00
<b>Grand Total (C) + (D)</b>				<b>14,842.94</b>	14,474.12

Notes: (i) The Company has accounted for Investment in Associates at cost.

(ii) The carrying amount of investment in Associates is tested for impairment in accordance with Ind AS-36. The investment in Associates are long term strategic in nature, no impairment is considered as at the reporting date, considering its long term future prospects.

**OTHER INVESTMENT (DESIGNATED AT FVTOCI)**

**III. Investment in Equity Instruments - Unquoted**

Ramco Windfarms Limited	1	<b>6,15,000</b>	6,15,000	<b>6.15</b>	6.15
Ramco Industrial and Technology Services Limited	29	<b>26,350</b>	26,350	<b>7.64</b>	6.85
<b>Total Investment in Equity Investments - Unquoted</b>				<b>13.79</b>	13.00



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

(₹ in Lakhs)

As at  
31-03-2021      As at  
31-03-2020

**NOTE NO. 12**

OTHER FINANCIAL ASSETS - (NON CURRENT)

**Unsecured, considered good**

Security Deposits with Electricity Board / Others	<b>522.26</b>	511.15
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**NOTE NO. 13**

DEFERRED TAX ASSET (NET)

**Deferred Tax Asset**

Tax effect on unabsorbed depreciation under Income Tax Act, 1961	1,339.27	1,349.50
--	----------	----------

Tax effect on Provision for Bonus and Leave Encashment	59.20	79.66
--	-------	-------

**Deferred Tax Liability**

Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	(1,051.30)	(1,144.27)
--	------------	------------

Tax effect on Fair Value Measurement		
--------------------------------------	--	--

Net Deferred Tax Asset	<b>347.17</b>	284.89
------------------------	---------------	--------

**Reconciliation of Deferred Tax Assets / (Liabilities) (Net)**

Opening balance as on 1 <sup>st</sup> April	284.89	(119.93)
---	--------	----------

Tax Savings / (Expense) during the period recognised in Profit and Loss	62.28	404.84
---	-------	--------

Deferred Tax recognised in OCI	-	-
--------------------------------	---	---

Closing balance as on 31 <sup>st</sup> March	<b>347.17</b>	284.89
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**NOTE NO. 14**

OTHER NON CURRENT-ASSETS

**Unsecured, considered good**

Other Non-Current Assets	<b>4.03</b>	4.03
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**NOTE NO. 15**

INVENTORIES

(Valued at lower of cost or Net realisable value)

Finished Goods	124.54	2,721.79
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Raw materials - Cotton & Cotton Waste	3,053.62	2,846.28
---------------------------------------	----------	----------

Stores and Spares	115.19	151.74
-------------------	--------	--------

Works-in-progress (Cotton Yarn)	690.35	312.37
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	<b>3,983.70</b>	6,032.18
--	-----------------	----------

Note: (i) Raw materials include goods in transit of ₹ 615.00 Lakhs (as at 31-03-2020 ₹ 494.00 Lakhs)

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

(iii) Provision for Mark to Market losses of Nil has been made in the value of inventories of Raw materials (PY: ₹ 185.55 Lakhs).

(iv) The Mode of valuation of Inventories are disclosed in Significant Accounting Policies in Note No. 6 (A)

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

(₹ in Lakhs)

As at  
31-03-2021      As at  
31-03-2020

**NOTE NO. 16**

TRADE RECEIVABLES

Secured considered goods	2,002.47	1,075.22
Unsecured considered goods	1,797.54	858.00
	3,800.06	1,933.22

- Notes: (i) Trade receivables are generally non-interest bearing.
- (ii) No trade receivable are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any Director is a partner, a Director or a Member.
- (iii) The total carrying amount of trade receivables has been pledged as security for Borrowings.
- (iv) Trade Receivables aging schedule have been provided in Note No. 49 (c).

**NOTE NO. 17**

CASH AND CASH EQUIVALENTS

Cash on Hand	0.95	1.64
Balance with Bank		
In Current Account	1.38	1.69
In Deposit Account for Margin Money	178.82	13.43
Cheque on Hand	0.27	0.30
	181.42	17.06

**NOTE NO. 18**

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Earmarked balances with Banks for Unclaimed Dividend	1.45	1.48
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**NOTE NO. 19**

OTHER FINANCIAL ASSETS (CURRENT)

Government Grants Receivable	56.98	66.78
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**NOTE NO. 20**

OTHER CURRENT ASSETS

**Unsecured, considered good**

Advance to Suppliers / Others	1,596.03	557.54
Advance Income-Tax & TDS and Refund Due	737.00	726.14
Accrued Income	401.69	400.18
Prepaid Expenses	158.92	201.96
Other Current Assets	6.91	16.27
	2,900.55	1,902.09

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

(₹ in Lakhs)

As at  
**31-03-2021**      As at  
 31-03-2020

**NOTE NO. 21**

**EQUITY SHARE CAPITAL**

Authorised

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

Issued, Subscribed and Fully paid-up

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

**149.98**      149.98

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

**b) Reconciliation of the number of shares outstanding:**

(₹ in Lakhs)

Particulars	As at 31-03-2021		As at 31-03-2020	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	15,00,000	150.00	15,00,000	150.00
Number of Shares at the end	15,00,000	150.00	15,00,000	150.00

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

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

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

Particulars	As at 31-03-2021		As at 31-03-2020	
	No. of Shares	% of holding	No. of Shares	% of holding
Smt. R. Sudarsanam	81,000	5.40%	81,000	5.40%
Smt. S. Sharada Deepa	6,83,120	45.54%	6,82,600	45.51%

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

**e) Shareholders holding of Promoters as at 31-03-2021**

S.No.	Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1	Shri P.R. Venketrama Raja	48,000	3.20%	-
2	Smt. R. Sudarsanam	81,000	5.40%	-
3	Shri S.S. Ramachandra Raja	13,410	8.90%	-
4	Smt. R. Chittammal	7,320	4.90%	-
5	Smt. Nalina Ramalakshmi	29,000	1.93%	-
6	Smt. S. Sharada Deepa	683,120	45.54%	0.03%
7	Smt. B. Srisandhya Raju	16,000	1.07%	-
8	Shri S.R. Srirama Raja	2,660	1.80%	-
9	The Ramco Cements Limited	2,100	1.40%	-
10	The Ramaraju Surgical Cotton Mills Limited	11,200	7.50%	-
11	Rajapalayam Mills Limited	38,400	2.56%	-

**f) Shareholders holding of Promoters as at 31-03-2020**

S.No.	Name of the Promoters	No. of Shares	% of total shares	% Change during the year
1	Shri P.R. Venketrama Raja	48,000	3.20%	-
2	Smt. R. Sudarsanam	81,000	5.40%	-
3	Shri S.S. Ramachandra Raja	13,410	0.89%	-
4	Smt. R. Chittammal	7,320	0.49%	-
5	Smt. Nalina Ramalakshmi	29,000	1.93%	-
6	Smt. S. Sharada Deepa	682,600	45.51%	-
7	Smt. B. Srisandhya Raju	16,000	1.07%	-
8	Shri S.R. Srirama Raja	2,660	0.18%	-
9	The Ramco Cements Limited	2,100	0.14%	-
10	The Ramaraju Surgical Cotton Mills Limited	11,200	0.75%	-
11	Rajapalayam Mills Limited	38,400	2.56%	-

(₹ in Lakhs)

As at  
31-03-2021

As at  
31-03-2020

**NOTE NO. 22**

**OTHER EQUITY**

Capital Reserve	9,226.33	9,799.59
Securities Premium Reserve	25.00	25.00
General Reserve	1,259.63	1,259.63
FVOTCI Reserve	0.79	1.58
<b>Retained Earnings</b>	<b>7,698.40</b>	<b>5,792.31</b>
	<u>18,210.15</u>	<u>16,878.11</u>

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

(₹ in Lakhs)

As at  
31-03-2021

As at  
31-03-2020

**Capital Reserve**

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

**Securities Premium Reserve**

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

**FVTOCI Reserve**

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

**General Reserve**

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

**Retained Earnings**

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

**NOTE NO. 23**

**NON CURRENT BORROWINGS**

**Secured**

Term Loan from Banks *	7,940.90	5,684.40
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**Unsecured**

Working Capital Term Loan from Financial Institutions	500.00	600.00
	<b>8,440.90</b>	<b>6,284.40</b>

\*(i) Term Loan from Banks are secured by *pari-passu* first charge on all the Fixed Assets of the Company and *pari-passu* second charge on the Current Assets of the Company.

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

(iii) Registration, modification and satisfaction of charge relating to the year under review, had been filled with the ROC, within the prescribed time or within the extended time required the payment additional fees.

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

Year	Amount	Amount
2021-22	-	1,021.13
2022-23	1,716.40	1,219.92
2023-24	1,940.40	1,219.19
2024-25	2,088.86	1,499.71
2025-26	2,292.89	1,324.45
2026-27	402.34	-
	<b>8,440.89</b>	<b>6,284.40</b>

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

(₹ in Lakhs)

	As at 31-03-2021	As at 31-03-2020
<b>NOTE NO. 24</b>		
PROVISION (NON - CURRENT)		
Provision for Employee Benefits [Refer to Note No. 42]	<u>85.36</u>	<u>299.64</u>
<b>NOTE NO. 25</b>		
DEFERRED INCOME		
Deferred Income Government Grants	<u>40.69</u>	<u>43.37</u>
<b>NOTE NO. 26</b>		
CURRENT BORROWINGS		
<b>Secured</b>		
Loan Repayable on Demand from Banks *	3,779.88	6,364.79
Current Maturities of Long Term Loans	3,135.15	1,840.61
<b>Unsecured</b>		
Loan Repayable on Demand from Banks	1,769.36	3,050.00
Loan from Other Parties	126.12	126.12
Current Maturities of Long Term Loans	200.00	100.00
Loan from Related Parties [Refer to Note No.45 (b) (i)]	220.70	325.31
	<u>9,231.21</u>	<u>11,806.83</u>

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

**NOTE NO. 27**

TRADE PAYABLES

(i) Trade Payables dues of micro enterprises and small enterprises	-	-
(ii) Trade Payables dues of Creditors other than micro enterprises and small enterprises	106.76	105.08
	<u>106.76</u>	<u>105.08</u>

Notes: 1. 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	106.76	105.08
(ii) The interest due on the above	-	-

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

(₹ in Lakhs)

	As at 31-03-2021	As at 31-03-2020
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(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	-	-

2. Trade Payables ageing Schedule given in Note No. 49(a). Refer to Note No. 48 for information about risk profile of Trade payables under Financial Risk Management.

**NOTE NO. 28**

OTHER CURRENT FINANCIAL LIABILITIES

Interest Accrued but not Due on Borrowings	19.85	-
Unclaimed Dividends	1.45	1.48
Liabilites for Other Finance	553.87	388.09
	575.17	389.57

**NOTE NO. 29**

PROVISIONS, CURRENT

Provision for Employee Benefits	182.04	123.96
---------------------------------	--------	--------

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

(₹ in Lakhs)

2020-21                      2019-20

**NOTE NO. 30**

REVENUE FROM OPERATION

**Sale of Products**

Yarn	17,544.55	15,732.92
Waste Cotton	412.86	403.80
	17,957.41	16,136.72

**Other operating Revenues**

Export Incentive	51.95	112.17
Job Work Charges Received	51.51	135.77
	18,060.87	16,384.66

**NOTE NO. 31**

FINANCE INCOME

Interest Receipts	112.78	105.24
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**NOTE NO. 32**

OTHER INCOME

Rent Receipts	4.32	2.28
Profit on Sale of Property, Plant and Equipment	31.89	-
Profit on Sale of Investments	1,433.69	2,541.59
Government Grants	2.68	2.68
Profit on Sale of Cotton	-	18.18
Exchange Gain on Foreign Currency Transactions (Net)	21.82	-
MTM Gain on Cotton	183.78	-
Miscellaneous Income	4.13	32.24
	1,682.31	2,596.97

**NOTE NO. 33**

COST OF MATERIALS CONSUMED

**Rawmaterials Consumed**

Cotton & Cotton Waste	7,776.34	8,562.04
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**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in Lakhs)

2020-21                      2019-20

**NOTE NO. 34**

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

**Opening stock**

Finished Goods	2,721.79		2,071.31	
Work-in-Progress	<u>312.37</u>	3,034.16	<u>1,099.64</u>	3,170.95

**Closing Stock**

Finished Goods	124.54		2,721.79	
Work-in-Progress	<u>690.35</u>	814.89	<u>312.37</u>	3,034.16
Net (Increase) / Decrease in Stock		<u><u>2,219.27</u></u>		<u><u>136.79</u></u>

**NOTE NO. 35**

EMPLOYEE BENEFITS

Salaries, Wages and Bonus	1,472.84		1,825.68	
Contribution to Provident and Other Funds	204.87		229.06	
Staff and Labour Welfare & Training Expenses	95.08		103.48	
	<u>1,772.79</u>		<u>2,158.22</u>	

**NOTE NO. 36**

FINANCE COSTS

Interest on Debts and Borrowings	1,539.29		1,785.88	
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**NOTE NO. 37**

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation of Plant, Property and Equipment [Refer to Note No. 8]	1,274.84		1,901.27	
Depreciation on Investment Properties [Refer to Note No. 9]	2.98		2.98	
	<u>1,277.82</u>		<u>1,904.25</u>	

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

(₹ in Lakhs)

2020-21                      2019-20

**NOTE NO. 38**

OTHER EXPENSES

**Manufacturing Expenses**

Power and Fuel	1,088.14	1,493.00
Packing Materials	221.46	249.98
Repairs to Buildings	45.13	37.41
Repairs to Plant and Machinery	529.24	523.30
Repairs - General	432.25	412.57
Jobwork Charges Paid	94.57	214.02
	2,410.79	2,930.28

**Establishment Expenses**

Managing Director's Remuneration	181.50	203.10
Rates and Taxes	42.40	63.97
Insurance	115.26	112.72
Postage and Telephone	8.86	8.14
Printing and Stationery	7.83	11.14
Travelling Expenses	2.88	22.63
Vehicle Maintenance	19.89	28.98
Loss on Sale of Property, Plant and Equipment & Investment Property	-	57.75
Directors Sitting Fees	7.95	8.25
Rent	10.12	12.37
Audit and Legal Expenses	18.58	30.80
Corporate Social Responsibility Expenses	5.29	9.12
Exchange Loss on Foreign Currency Transactions (Net)	-	14.47
Market to Market Loss on Cotton	-	185.55
Miscellaneous Expenses	124.59	57.21
	545.15	826.20

**Selling Expenses**

Sales Commission	198.03	189.59
Export Expenses	86.97	70.94
Other Selling Expenses	120.97	86.22
	405.97	346.75
	3,361.91	4,103.23

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

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

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

	(₹ in Lakhs)	
	2020-21	2019-20
<b>NOTE NO. 39</b>		
AUDIT FEES AND EXPENSES		
As Auditor :		
Audit fee	8.83	6.92
Tax audit fee	0.81	1.02
In other capacity :		
Taxation matters	0.65	0.16
Other services (Certification fees)	0.16	0.39
Reimbursement of Expenses	0.14	0.16
	10.59	8.65
<b>NOTE NO. 40</b>		
INCOME TAX		
<b>Components of Tax Expenses</b>		
(i) Current Tax		
Charged in Profit or Loss section	-	-
Charged in Other Comprehensive Income section	-	-
	-	-
(ii) Deferred Tax		
Charged in Profit or Loss section	(87.82)	(393.70)
Charged in Other Comprehensive Income section	-	-
	(87.82)	(393.70)
<b>Reconciliation Tax Expenses and Accounting Profit</b>		
Accounting Profit before Tax including OCI	874.45	739.51
Corporate Tax Rate	31.20%	31.20%
Computed Tax Expenses at India's statutory Income Tax Rate	277.03	234.30
<b>Increase / (Reduction) in taxes on account of:</b>		
Income exempt / eligible for deduction Under Chapter VI-A	(277.03)	(234.30)
Non-deductible expenses	-	-
Other exempted Items	-	-
Net effective income tax under Regular method (A)	-	-

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

	(₹ in Lakhs)	
	2020-21	2019-20
<b>Income Tax under MAT</b>		
Accounting Profit before Tax including OCI	<b>874.45</b>	739.51
Tax rate under MAT	<b>15.60%</b>	15.600%
Computed Tax Expenses at India's statutory Income Tax Rate	<b>136.41</b>	115.36
Adjustment for Income exempt / items eligible for deduction Under MAT provision	<b>(136.41)</b>	(115.36)
Net effective Income Tax (B)	<u>—</u>	<u>—</u>
Tax applicable higher of (A) or (B)	<u>—</u>	<u>—</u>
<b>Deferred Tax Recognised in the Statement of Profit and Loss</b>		
Tax impact on difference between book depreciation and depreciation under the Income Tax Act, 1961	<b>92.97</b>	(1,144.27)
Tax effect on Fair Value Measurement	—	—
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	<b>(10.23)</b>	1,349.50
Tax effect on Provision for Bonus and Leave Encashment	<b>(20.46)</b>	79.66
Unused Tax Credit i.e. MAT Credit Entitlement	—	—
	<u><b>62.28</b></u>	<u>284.89</u>

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

	(₹ in Lakhs)	
	As at 31-03-2021	As at 31-03-2020
<b>NOTE NO. 41</b>		
CONTINGENT LIABILITIES		
Guarantees given by the bankers on behalf of company	36.96	109.12
Disputed VAT Liability	33.31	33.31
<p>(i) Income Tax Assessment have been completed upto the Accounting Year ended 31<sup>st</sup> March, 2018 i.e. accounting year 2018-19.</p> <p>(ii) Sales Tax / VAT Assessment has been completed upto the Accounting year 2017-18. The assessment under CST Act was completed upto the accounting year 2017-18.</p> <p>(iii) In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of ₹ 573.03 Lakhs (PY: ₹ 573.03 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.</p> <p>(iv) In respect of Income Tax matter, appeals are pending with Appellate Authorities for a demand amount of ₹ 59.20 Lakhs for the AY 2019-20 (PY: ₹ Nil) towards dispute in calculation of Book Profit U/s. 115JB of the Income Tax Act, 1961.</p>		

**NOTE NO. 42**

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

	(₹ in lakhs)	
	2020-21	2019-20
<b>Defined Contribution Plan:</b>		
Employer's Contribution to Provident Fund	116.27	141.29
Employer's Contribution to Superannuation Fund	7.85	9.45

**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 "Sri Vishnu Shankar 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.

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**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(₹ in lakhs)

31-03-2021 31-03-2020

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

**Reconciliation of Opening and Closing balances of Present Value of Obligation:**

As at the beginning of the year	572.41	507.97
Current Service Cost	38.74	36.50
Interest Cost	35.84	36.97
Actuarial (Gain) / Loss	(-)102.74	41.69
Benefits paid	(-) 68.57	(-) 50.73
As at the end of the year	475.68	572.41

**Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:**

As at the beginning of the year	495.95	511.89
Expected return on plan assets	33.59	37.27
Actuarial Gain / (Loss)	(-) 1.27	(-) 2.48
Employer Contribution	85.25	-
Benefits paid	(-) 68.57	(-) 50.73
As at the end of the year	544.95	495.95

**Actual Return on Plan Assets:**

Expected Return on Plan Assets	33.59	37.27
Actuarial Gain / (Loss) on Plan Assets	(-) 1.27	(-) 2.48
Actual Return on Plan Assets	32.32	34.79

**Reconciliation of Fair Value of Assets and Obligations:**

Fair value of plan assets	495.95	511.89
Present value of obligation	572.41	507.97
Difference, Amount recognized in Balance Sheet	76.46	3.92

**Expenses recognized during the year:**

Current Service Cost	36.50	36.44
Net Interest on obligations	(-) 0.30	(-) 2.49
Expenses recognized in Statement of Profit and Loss	36.20	33.95

**Amount recognized in the Other Comprehensive Income:**

Actuarial changes arising from:		
Experience adjustments on Plan Assets	(-) 1.27	(-) 2.48
Actuarial (Gain) / Loss	(-) 102.74	41.69
Gain / (Loss) recognized in OCI during the year	(-) 101.47	44.17

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

(₹ in lakhs)

31-03-2021 31-03-2020

**Major Categories of Plan Assets:**

GOI Securities	–	–
Funds with LIC	544.95	495.95
Bank balance	–	–
Total	544.95	495.95

**Actuarial assumptions:**

Discount rate p.a	6.97%	6.66%
Rate of escalation in salary p.a	3.85%	3.75%
Rate of employees turnover	0.01%	0.10%

**Estimate of Expected Benefit payments**

Particulars	31-03-2021	31-03-2020
Year 1	11.65	13.43
Year 2	40.18	41.71
Year 3	33.55	40.49
Year 4	65.90	48.85
Year 5	28.33	172.91
Next 5 Years	211.45	176.40

**Quantitative Sensitivity Analysis for Significant Assumptions**

0.50% Increase in Discount Rate	30.04	36.53
0.50% Decrease in Discount Rate	34.25	41.17
0.50% Increase in Salary Growth Rate	34.32	41.25
0.50% Decrease in Salary Growth Rate	29.96	36.44

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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**NOTE NO. 43**

EARNINGS PER SHARE

Particulars	31-03-2021	31-03-2020
Net profit after tax (₹ in Lakhs) (A)	1,810.45	1,901.74
Weighted average number of Equity shares [In Lakhs] (B)	15.00	15.00
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) in ₹	120.71	126.80

**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
<b>Immaterial Associates</b>		
M/s. Rajapalayam Mills Limited	India	Manufacturer of Cotton Yarn
M/s. The Ramaraju Surgical Cotton Mills Limited	India	Manufacturer of Cotton Yarn

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2021	31-03-2020
The Ramco Cements Limited	India	1.31%	1.38%
Rajapalayam Mills Limited	India	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	India	0.06%	0.06%
JKR Enterprise Limited	India	0.001%	0.001%

**Summarised financial information for Associates:**

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

₹ in Lakhs

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equit
As at 31-03-2021						
The Ramco Cements Limited	9,71,692	27,909	1,45,891	3,29,754	2,49,937	5,73,801
Rajapalayam Mills Limited	62,918	1,68,990	25,182	31,062	37,007	1,89,020
The Ramaraju Surgical Cotton Mills Limited	25,088	16,849	16,523	12,908	18,265	27,287
<b>As at 31-03-2020</b>						
The Ramco Cements Limited	8,30,716	24,989	1,57,571	2,78,945	2,33,632	5,00,699
Rajapalayam Mills Limited						
The Ramaraju Surgical Cotton Mills Limited	24,736	17,232	15,286	11,811	21,791	23,652



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

₹ in Lakhs

Profit and Loss	The Ramco Cements Limited		Rajapalayam Mills Limited		The Ramaraju Surgical Cotton Mills Limited	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Total Revenue	5,32,137	5,42,280	41,836	36,635	31,565	31,590
Profit / (Loss) before tax	1,14,350	79,224	(4,908)	(1,639)	3,396	796
Tax Expense / (Withdrawal)	37,992	18,785	(1,168)	509	208	(248)
Profit after Tax	76,358	60,439	(3,739)	(1,130)	3,188	1,044
Share of Profit in Associate	2,006	68	13,858	10,337	1,060	944
Other Comprehensive Income	(358)	(495)	98	(94)	(30)	(70)
Total Comprehensive Income	78,006	60,012	10,214	9,113	4,218	1,918

**Fair Value of Investments**

Name of the material Associates	31-03-2021	31-03-2020
The Ramco Cements Limited	13,842	13,464
Rajapalayam Mills Limited	200	210
The Ramaraju Surgical Cotton Mills Limited	6	5

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

Name of the material Associates	31-03-2021	31-03-2020
The Ramco Cements Limited	15,723	14,928
Rajapalayam Mills Limited	259	259
The Ramaraju Surgical Cotton Mills Limited		

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

₹ in Lakhs

Reconciliation to the carrying amount of investment in associates as on 31-03-2021 and 31-03-2020

Profit and Loss	The Ramco Cements Limited		Rajapalayam Mills Limited		The Ramaraju Surgical Cotton Mills Limited	
	31-03-2021	31-03-2020	31-03-2021	31-03-2020	31-03-2021	31-03-2020
Entity's TCI	<b>76,491.00</b>	60,439.00	<b>(2,527.62)</b>	9,206.79	<b>4,248.42</b>	1,988.30
Entity's Adjusted TCI	<b>75,949.00</b>	59,943.00	<b>42.78</b>	9,113.07	<b>4,218.05</b>	1,918.48
Effective Shareholding %	<b>1.31%</b>	1.44%	<b>0.41%</b>	0.41%	<b>0.06%</b>	0.06%
Associates share of profit /OCI	<b>1,044.53</b>	904.81	<b>(10.16)</b>	2.64	<b>1.80</b>	0.62
Amount recognized in P & L	<b>1,044.53</b>	904.81	<b>(10.16)</b>	2.64	<b>1.80</b>	0.62
<b>Reconciliation</b>						
Opening Carrying amount	<b>13,464.01</b>	13,966.93	<b>210.45</b>	209.00	<b>4.66</b>	4.05
Less: Other adjustments	<b>574.21</b>	1,219.28	–	–	–	–
Add: Associate's share of Profit / OCI	<b>1,044.53</b>	904.81	<b>(10.16)</b>	2.64	<b>1.80</b>	0.62
Less: Dividend Received	<b>92.83</b>	188.46	<b>0.30</b>	1.19	<b>0.01</b>	0.01
Net Carrying amount	<b>13,841.50</b>	13,464.00	<b>199.99</b>	210.45	<b>6.45</b>	4.66

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.

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

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**NOTE NO. 45**

**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 2021:

**a. Associates Company**

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2021	31-03-2020
The Ramco Cements Limited	India	1.31%	1.38%
Rajapalayam Mills Limited	India	0.40%	0.40%
The Ramaraju Surgical Cotton Mills Limited	India	0.06%	0.06%
JKR Enterprise Limited	India	0.001%	0.001%

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

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

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

**c. Relatives of Key Managerial Personnel**

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

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

Thanjavur Spinning Mill Limited	Ramco Industries Limited
Sandhya Spinning Mill Limited	Ramco Systems Limited
Sri Harini Textiles Limited	Shri Harini Media Limited
Rajapalayam Textile Limited	Ramco Windfarms Limited
Ramco Industrial and Technology Services Limited	

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

Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund
Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund

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

PACR Sethurammam Charity Trust, Ramco Organic Farming Centre, PACR Centenary 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**

Name of the Related party	(₹ in Lakhs)	
	2020-21	2019-20
<b>i. Good Supplied / Services rendered</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	1,609.95	1,072.27
The Ramaraju Surgical Cotton Mills Limited	759.92	452.12
<b>Companies over which KMP / Relative of KMP exercise significant influence</b>		
Ramco Industries Limited	1,801.12	1530.63
Sandhya Spinning Mill Limited	425.36	389.70
Rajapalayam Textile Limited	502.51	255.16
Sri Harini Textiles Limited	-	2.36
<b>ii. Sale of Fixed Assets</b>		
<b>Associates</b>		
Rajapalayam Mills Limited	-	120.02
The Ramaraju Surgical Cotton Mills Limited	-	19.47

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

Name of the Related party	(₹ in Lakhs)	
	2020-21	2019-20
<b>iii. Cost of Goods &amp; Services purchased / availed</b>		
<b>Associates</b>		
The Ramco Cements Limited	3.85	2.65
The Ramaraju Surgical Cotton Mills Limited	353.55	33.48
Rajapalayam Mills Limited	1,909.27	502.01
<b>Companies / Other entities over KMP / Relative of KMP exercise significant influence</b>		
Ramco Industries Limited	255.63	309.94
Ramco Systems Limited	11.33	17.46
Ramco Wind Farms Limited	281.21	309.57
Sandhya Spinning Mill Limited	320.44	497.96
Rajapalayam Textile Limited	93.30	270.45
Shri Harini Media Limited	0.74	0.73
<b>Other entities over which there is significant influence</b>		
PACR Sethurammam Charity Trust	20.09	23.58
Ramco Organic Farming Centre	0.00	0.00
<b>iv. Purchase of Fixed Assets</b>		
<b>Companies over which KMP / Relative of KMP exercise significant Influence</b>		
Ramco Industries Limited	188.85	-
Rajapalayam Mills Limited	0.59	-
<b>v. Dividend Received</b>		
<b>Associates</b>		
The Ramco Cements Limited	92.82	188.45
Rajapalayam Mills Limited	0.30	1.19
The Ramaraju Surgical Cotton Mills Limited	0.01	0.01
<b>vi. Rent Received</b>		
JKR Enterprise Limited	1.95	1.65
<b>vii. Leasing Arrangements - Rent Paid</b>		
<b>Associates</b>		
The Ramco Cements Limited	0.04	NIL
<b>Relative of Key Managerial Personnel</b>		
Smt. Nalina Ramalakshmi	0.72	0.72
<b>viii. Reimbursement of Expenses Paid / (Received)</b>		
<b>Associates</b>		
The Ramco Cements Limited	7.75	NIL
Rajapalayam Mills Limited	12.28	NIL

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

		(₹ in Lakhs)	
Name of the Related party		Value	
		2020-21	2019-20
<b>ix. Interest Paid</b>			
	<b>Key Managerial Personnel</b>		
	Smt. S. Sharada Deepa	7.76	6.83
	Shri S.S. Ramachandra Raja	1.93	2.07
	Smt. R. Chittammal	13.50	14.12
<b>x. Sitting Fees</b>			
	<b>Key Managerial Personnel</b>		
	Shri P.R. Venketrama Raja	0.75	0.75
	Smt. S. Sharada Deepa	0.60	0.75
	Shri S.S. Ramachandra Raja	0.75	0.90
	Smt. R. Chittammal	0.60	0.60
	Shri S.R. Srirama Raja	0.60	0.45
	Shri N.K. Shrikantan Raja	1.65	1.80
	Shri S. Kanthimathinathan	0.90	1.50
	Shri Arunkumar Goenka	0.60	0.15
	Shri P.A.S. Alaghar Raja	1.50	1.20
<b>xi. Remuneration to Key Managerial Personnel (Other than Sitting Fees)</b>			
	<b>Key Managerial Personnel</b>		
	Smt. S. Sharada Deepa, Managing Director	181.50	203.10
<b>xii. Contribution to Superannuation Fund / Gratuity Fund</b>			
	<b>Other entities over which there is a significant influence</b>		
	Sri Vishnu Shankar Mill Limited Officers' Superannuation Fund	7.85	9.45
	Sri Vishnu Shankar Mill Limited Employees' Gratuity Fund	2.20	2.20
<b>xiii. Maximum amount of loans and advance / (borrowings) outstanding during the year</b>			
	<b>Key Managerial Personnel</b>		
	Smt. S. Sharada Deepa	(153.13)	(369.95)
	Shri S.S. Ramachandra Raja	(25.62)	(24.20)
	Smt. R. Chittammal	(180.11)	(186.49)

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

Name of the Related party	(₹ in Lakhs)	
	2020-21	2019-20
<b>b. Outstanding balance including commitments</b>		
<b>i. Borrowings</b>		
<b>Key Managerial Personnel</b>		
Shri S.S. Ramachandra Raja	1.98	24.20
Smt. R. Chittammal	137.52	172.15
Smt. S. Sharada Deepa	81.19	128.95
<b>c. Disclosure of Key Management Personnel compensation in total and for each of the following categories:</b>		
Particulars	<b>31-03-2021</b>	31-03-2020
Short - Term Benefits <sup>[1]</sup>	<b>180.60</b>	180.75
Defined Contribution Plan <sup>[2]</sup>	<b>7.50</b>	23.10
Defined Benefit Plan / Other Long-Term Benefits <sup>[3]</sup>	-	-
Total	<b><u>188.10</u></b>	<u>203.85</u>

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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**NOTE NO. 46**

SEGMENT INFORMATION FOR THE YEAR ENDED 31-03-2021

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020	31-Mar-2021	31-Mar-2020
<b>REVENUE</b>						
External Sales (Net)	18,060.87	16,384.66	-	-	18,060.87	16,384.66
Inter Segment Sale	-	-	1,319.15	1,328.03	1,319.15	1,328.03
Total Sales	18,060.87	16,384.66	1,319.15	1,328.03	19,380.02	17,712.69
Other Income	1,888.22	2,891.86	-	-	1,888.22	2,891.86
<b>Total Revenue</b>	<b>19,949.09</b>	<b>19,276.52</b>	<b>1,319.15</b>	<b>1,328.03</b>	<b>21,268.24</b>	<b>20,604.55</b>
<b>RESULT</b>						
Segment Profit	1,632.20	1,799.79	704.82	757.08	2,337.02	2,556.87
Unallocated Income	-	-	-	-	(112.78)	(105.24)
Unallocated Expenses	-	-	-	-	-	-
Operating Profit	-	-	-	-	2,224.24	2,451.63
Interest Expenses	-	-	-	-	1,539.29	1,785.89
Interest Income	-	-	-	-	112.78	105.24
Provision for Taxation	-	-	-	-	-	-
Current Tax	-	-	-	-	-	-
Income Tax related to earlier years	-	-	-	-	-	-
Deferred Tax	-	-	-	-	(62.28)	(404.82)
Profit from ordinary activities	-	-	-	-	860.01	1,175.80
Other Comprehensive Income	-	-	-	-	102.26	(42.59)
Exceptional Items	-	-	-	-	-	-
<b>Net Profit after Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>962.27</b>	<b>1,133.21</b>
<b>OTHER INFORMATION</b>						
Segment Assets	20,870.28	20,067.33	2,132.35	2,363.76	23,002.63	22,431.09
Unallocated Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,002.63</b>	<b>22,431.09</b>
Segment Liabilities	10,181.00	12,725.08	-	-	10,181.00	12,725.08
Unallocated Liabilities	-	-	-	-	10,181.00	12,725.08
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,052.84</b>	<b>22,541.00</b>
Capital Expenditure	869.38	803.27	-	-	869.38	803.27
Unallocated Capital Expenditure	-	-	-	-	-	-
Depreciation	1,046.42	1,172.83	231.40	218.79	1,277.82	1,391.62
Unallocated Depreciation Expenditure	-	-	-	-	-	-
Non-Cash expenses other than Depreciation	-	-	-	-	-	-

**NOTE NO. 47**

**DISCLOSURE OF FAIR VALUE MEASUREMENTS**

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



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

Financial Instruments by category

(₹ in Lakhs)

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
<b>As at 31-03-2021</b>					
<b>Financial Assets</b>					
Investments In					
Preference Shares	795.00	–	–	795.00	795.00
Other Investments	0.00	–	13.79	13.79	13.79
Loans	0.00	–	–	0.00	0.00
Trade Receivables	3,800.06	–	–	3,800.06	3,800.06
Cash and Cash Equivalents	181.42	–	–	181.42	181.42
Bank Balance other than					
Cash and Cash Equivalents	1.45	–	–	1.45	1.45
Other Financial Assets	56.98	–	–	56.98	56.98
<b>Financial Liabilities</b>					
Borrowings	8,440.90	–	–	8,440.90	8,440.90
Trade Payables	106.76	–	–	106.76	106.76
Other Financial Liabilities	575.17	–	–	575.17	575.17
<b>As at 31-03-2020</b>					
<b>Financial Assets</b>					
Investments In					
Preference Shares	795.00	–	–	795.00	795.00
Other Investments	0.00	–	13.00	13.00	13.00
Loans	0.00	–	–	0.00	0.00
Trade Receivables	1,933.22	–	–	1,933.22	1,933.22
Cash and Cash Equivalents	17.36	–	–	17.36	17.36
Bank Balance other than					
Cash and Cash Equivalents	1.48	–	–	1.48	1.48
Other Financial Assets	66.78	–	–	66.78	66.78
<b>Financial Liabilities</b>					
Borrowings	6,284.40	–	–	6,284.40	6,284.40
Trade Payables	105.08	–	–	105.08	105.08
Other Financial Liabilities	2,330.18	–	–	2,330.18	2,330.18

**Fair value hierarchy**

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

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

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

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

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

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

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
<b>Financial Instruments at FVTOCI</b>				
<b>Investment in unlisted securities</b>				
As at 31-03-2021	–	–	13.79	13.79
As at 31-03-2020	–	–	13.00	13.00

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

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

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

**NOTE NO. 48**

**FINANCIAL RISK MANAGEMENT**

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

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

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

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

**Credit Risk**

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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**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 31-03-2021	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	2,258.59	1,106.19	272.17	152.26	3,789.21
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	2,258.59	1,106.19	272.17	152.26	3,789.21

As at 31-03-2020	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	1,201.22	5,13.02	81.63	137.35	1,933.22
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	1,201.22	513.02	81.63	137.35	1,933.22

**Financial Instruments and Cash deposits**

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

**Liquidity Risk**

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

**SRI VISHNU SHANKAR MILL LIMITED, RAJAPALAIYAM**  
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**Financial arrangements**

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

Particulars	31-03-2021	31-03-2020
<b>Expiring within one year</b>		
Bank Overdraft and other facilities	6,685.00	4,872.00
Term Loans	-	-
<b>Expiring beyond year</b>		
Term Loans	400.00	400.00

**Maturities of Financial Liabilities**

(₹ in Lakhs)

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
<b>As at 31-3-2021</b>				
Borrowings from Banks	3335.15	8440.85	-	11776.00
Trade payables	105.07	-	-	106.76
Other Financial Liabilities (Incl. Interest)	575.17	-	-	575.17
<b>As at 31-3-2020</b>				
Borrowings from Banks	1940.61	6333.46	-	8274.07
Trade payables	105.07	-	-	105.07
Other Financial Liabilities (Incl. Interest)	388.09	-	-	388.09

**Foreign Currency Risk**

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

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

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

Currency	Trade Payables	Trade and other Receivables	Balance with Banks	Foreign Currency Loan
<b>USD in Millions</b>				
As at 31-03-2021	-	-	-	-
As at 31-03-2020	-	-	-	-
<b>EURO in Millions</b>				
As at 31-03-2021	-	-	-	-
As at 31-03-2020	-	-	-	-

Risk sensitivity on foreign currency fluctuation

(₹ in Lakhs)

Foreign Currency	31-03-2021	31-03-2020
	1% Increase	1% increase
USD	-	-

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

**Cash flow and fair value interest rate risk**

(₹ in Lakhs)

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

**Interest rate risk exposure**

Particulars	31-03-2021	01-04-2020
Variable rate borrowings	17,672.11	18,090.62
Fixed rate borrowings	-	-

The Company does not have any interest rate swap contracts

**Sensitivity on Interest rate fluctuation**

Incremental Interest Cost works out to	31-03-2021	31-03-2020
1% Increase in Interest Rate	176.72	180.90

**NOTE NO. 49**

**Additional regulatory information as required under Companies Act, 2013 / Indian Accounting Standards:**

**a) Trade Payables Ageing Schedule**

Particulars	Outstanding for following periods from due date of payment					
	Not due	< 1 Year	1 – 2 Years	2 - 3 years	> 3 years	Total
<b>As at 31-03-2021</b>						
MSME	-	-	-	-	-	-
Others	-	106.76	-	-	-	106.76
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
<b>Total</b>	-	106.76	-	-	-	106.76
<b>As at 31-03-2020</b>						
MSME	-	-	-	-	-	-
Others	-	105.08	-	-	-	105.08
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-
<b>Total</b>	-	105.08	-	-	-	105.08

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

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

(₹ in Lakhs)

Particulars	Amount in CWIP for a period of				Total
	< 1 Year	1 – 2 Years	2 - 3 years	> 3 years	
As at 31-03-2021	380.00	–	–	–	380.00
As at 31-03-2020	310.73	–	–	–	310.73

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

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

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

**c) Trade Receivables Ageing Schedule**

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	> 3 years	
<b>As at 31-03-2021</b>							
Undisputed Trade receivables - considered good	–	3,782.22	–	17.84	–	–	3,800.06
Undisputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade receivables - considered good	–	–	–	–	–	–	–
Disputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
<b>Total</b>	–	<b>3,782.22</b>	–	<b>17.84</b>	–	–	<b>3,800.06</b>
<b>As at 31-03-2020</b>							
Undisputed Trade receivables - considered good	–	1,915.38	–	17.84	–	–	1,933.22
Undisputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade receivables - considered good	–	–	–	–	–	–	–
Disputed Trade receivables - which have significant increase in credit risk	–	–	–	–	–	–	–
<b>Total</b>	–	<b>1,915.38</b>	–	<b>17.84</b>	–	–	<b>1,933.22</b>

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

**d) Undisclosed Income**

The Company does 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.

**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) Disclosures related to CSR activities**

Particulars	Amount (₹ in Lakhs)
Amount required to be spent by the Company during the year	3.72
Amount of expenditure incurred	5.10
Shortfall at the end of the year	NIL
Total of previous years shortfall	NIL
Reason for shortfall	NA
Nature of CSR activities	Please refer to Table-A below

Note : The Company has not made any provision related to CSR activities for the financial years 2020-21 and 2019-20.

Table – A Nature of CSR activities:

Nature	Amount (₹ in Lakhs)
Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare	0.62
Indian Armed Forces Flag Day Fund	0.05
Rural Development Projects	4.48
<b>Total</b>	<b>5.10</b>

**NOTE NO. 50**

**CAPITAL MANAGEMENT**

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

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.

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

Particulars	31-03-2021	31-03-2020
Long Term Borrowings	8,440.90	6,284.40
Current maturities of Long Term borrowings	3,335.15	1,940.61
Short Term Borrowings	5,896.06	9,865.57
Less: Cash and Cash Equivalents	182.87	18.84
<b>Net Debt (A)</b>	<b>17,854.98</b>	<b>18,109.42</b>
Equity Share Capital	150.00	150.00
Other Equity	4,190.50	3,204.36
<b>Total Equity (B)</b>	<b>4,340.50</b>	<b>3,354.36</b>
Total Capital Employed (C) = (A) + (B)	<b>22,195.48</b>	<b>21,463.78</b>
Capital Gearing Ratio (A) / (C)	<b>80.44%</b>	<b>84.37%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans / borrowing. The Company has been consistently focusing on reduction in long term borrowings. There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31-03-2021 and 31-03-2020.

As per our report annexed

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

**K. SRINIVASAN**  
Partner,  
Membership No. 021510  
Trichy

28<sup>th</sup> May, 2021.

For and on behalf of the Board

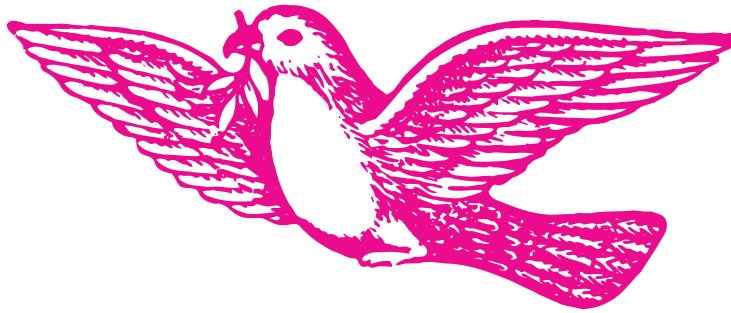
**Shri P.R. VENKETRAMA RAJA**  
Chairman  
Rajapalayam

**Smt. S. SHARADA DEEPA**  
Managing Director  
Rajapalayam





SRI VISHNU SHANKAR MILL LIMITED



RAJAPALAIYAM