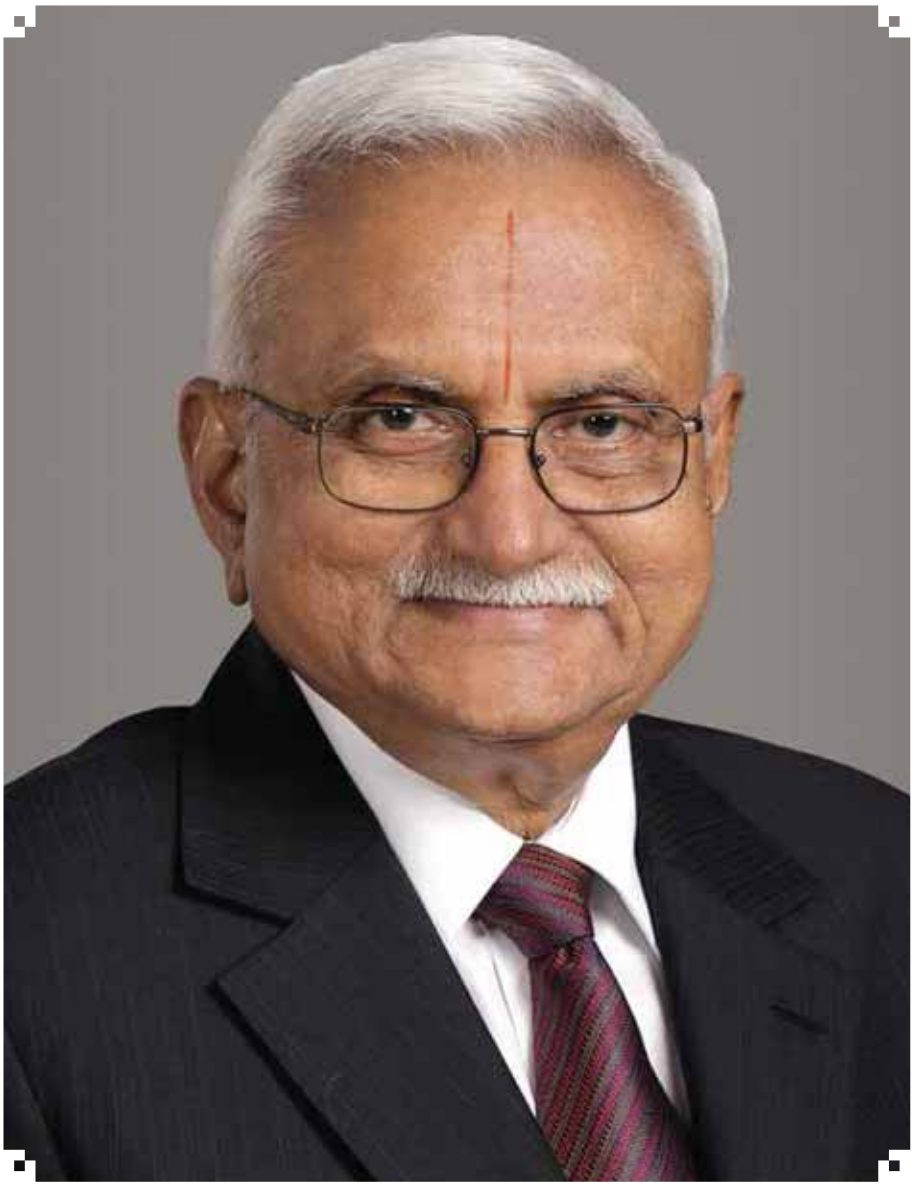
RAJAPALAYAM MILLS LIMITED

RAJAPALAIYAM

Annual Report and Accounts for the year ended 31st March 2017

FOUNDER

SHRI P.A.C. RAMASAMY RAJA



SHRI P.R. RAMASUBRAHMANEYA RAJHA

Chairman, Ramco Group of Companies. Rajapalayam

04.07.1935 - 11.05.2017

Board of Directors

Shri P.R. RAMASUBRAHMANEYA RAJHA, B.Sc.,
Chairman (Upto 11-05-2017)

Shri P.R. VENKETRAMA RAJA, B. Tech., M.B.A.,
Chairman (From 04-06-2017)

Smt. R. SUDARSANAM
Managing Director

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

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

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

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

Shri V. SANTHANA RAMAN, B.Com, C.A.I.I.B.,

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

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

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

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

Chief Financial Officer
Shri B. Gnanagurusamy

Secretary
Shri A. Arulpranavam

Registered Office
Rajapalayam Mills Premises,
Post Box No.1, P.A.C. Ramasamy Raja Salai,
Rajapalaiyam - 626 117,
Tamil Nadu.
E-mail : rajacot@ramcotex.com
Phone No.: 04563-235666
Fax No.: 04563-236520

Website:
www.rajapalayammills.co.in

Corporate Identification Number :
L17111TN1936PLC002298

Bankers

Axis Bank Limited
Canara Bank
HDFC Bank Limited
ICICI Bank Limited
IDBI Bank Limited
Indian Bank
IndusInd Bank Limited
Kotak Mahindra Bank Limited
Punjab and Sind Bank
RBL Bank Limited
Tamilnad Mercantile Bank Limited
TATA Capital Financial Services Limited

Auditors
M/s. M.S. Jagannathan & N. Krishnaswami,
Chartered Accountants,
Unit - 5, Ground Floor,
Abirami Apartments,
No.14, V.O.C. Road,
Cantonment,
Tiruchirappalli - 620 001,
Tamil Nadu.

M/s. Ramakrishna Raja and Co.,
Chartered Accountants,
1-D, Shanthinikethan,
V.P. Rathinasamy Nadar Road,
Madurai - 625 002,
Tamil Nadu.

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

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

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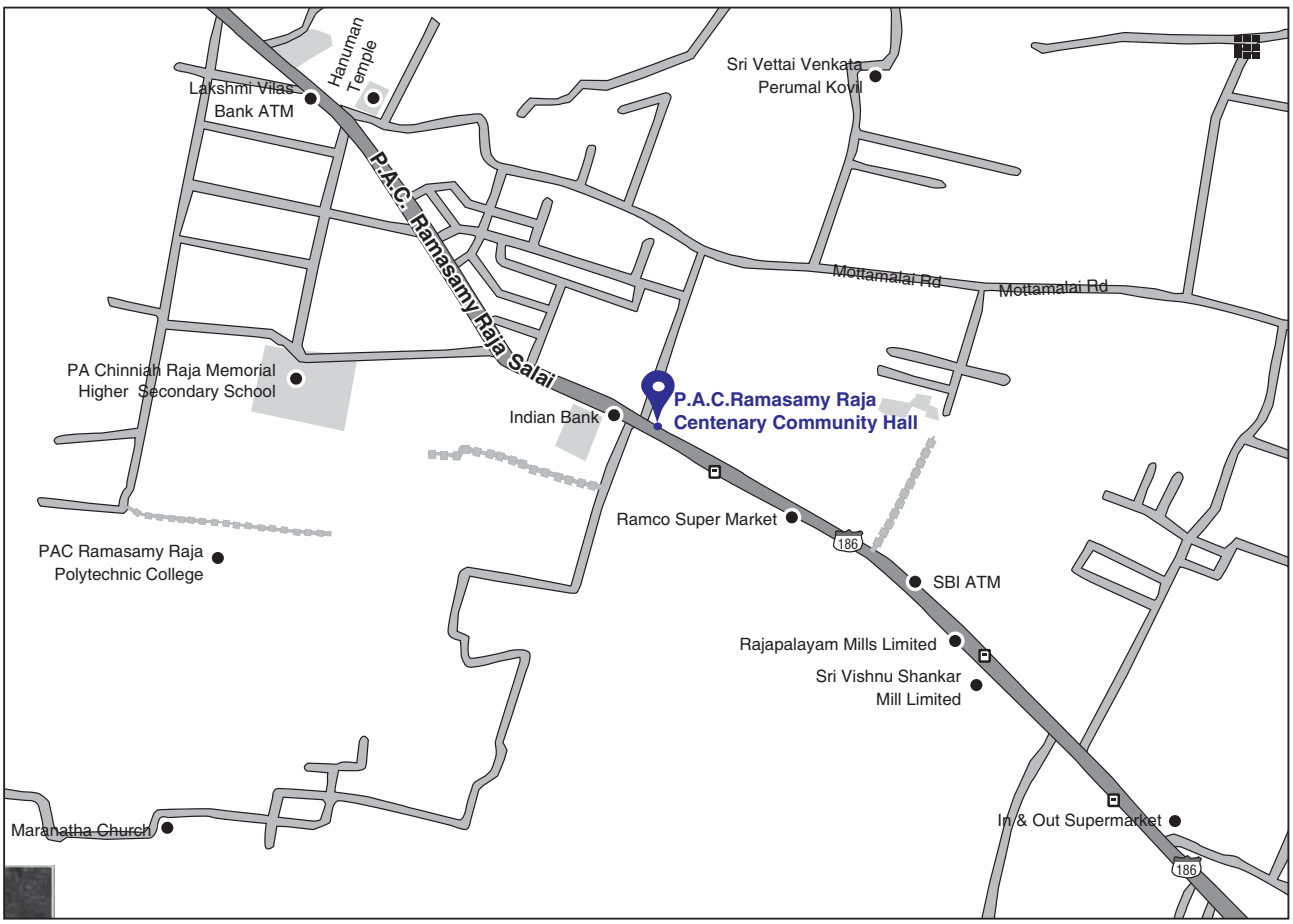
Map Showing location of venue of 81st Annual General Meeting

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



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

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

NOTICE TO THE MEMBERS

Notice is hereby given that the 81st Annual General Meeting of the Company will be held at 10.00 A.M. on Thursday, the 10th August, 2017 at P.A.C.Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu to transact the following business:

ORDINARY BUSINESS

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

   "RESOLVED that the Directors' Report and the Company's Separate and Consolidated Statements of Profit & Loss for the year ended 31st March, 2017, Balance sheets as at that date and Cash Flow Statements for the year ended on that date and the Auditors' Report thereon be and are hereby considered and adopted."

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

   "RESOLVED that a Dividend of Rs.4 per share be and is hereby declared for the year ended 31st March, 2017 and the same be paid to those Shareholders whose name appear in the Register of Members and Register of Depositories as on 4th August, 2017."

3. 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."

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

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

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

   "RESOLVED that in terms of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. N.A. Jayaraman & Co., Chartered Accountants holding Firm Registration No. 001310S and M/s. SRSV Associates, Chartered Accountants holding Firm Registration No. 015041S be and are hereby jointly appointed as Statutory Auditors of the Company [in the place of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants and M/s. Ramakrishna Raja & Co., Chartered Accountants, whose tenure as Auditors come to an end at the close of the 81st Annual General Meeting in terms of Section 139 (2) of the Companies Act, 2013] for 5 consecutive financial years commencing from the financial year 2017-18 and to hold office from the conclusion of 81st Annual General Meeting till the conclusion of 86th Annual General Meeting to be held in the year 2022, subject to ratification of their appointment by the Members at every intervening Annual General Meeting to be held after this Annual General Meeting.

   RESOLVED FURTHER that each of the Auditors shall be paid for the financial year 2017-18 a remuneration of Rs. 2,20,000/- (Rupees Two lakhs twenty thousand only) per year plus applicable taxes and out-of-pocket expenses.

RESOLVED FURTHER that for the financial years 2018-19 to 2021-22, the Board of Directors are authorised to fix the remuneration based on the recommendation of the Audit Committee."

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri P.V. Abinav Ramasubramaniam Raja (DIN: 07273249), appointed as an Additional Director of the Company on 11-02-2017 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting, and being eligible, offer himself for appointment and in respect of whom the Company has received a notice in writing from a Member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri P.V. Abinav Ramasubramaniam Raja, for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Shri P.A.S. Alaghar Raja (DIN: 00487312), appointed as an Additional Director of the Company on 11-02-2017 pursuant to the provisions of Section 161 of the Companies Act, 2013 and who holds office upto the date of this Annual General Meeting, and being eligible, offer himself for appointment and in respect of whom the Company has received a notice in writing from a Member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Shri P.A.S. Alaghar Raja, for the office of Director, be and is hereby appointed as a Director of the Company, under Independent Director category for a period of 5 consecutive years from the date of his appointment, viz. 11-02-2017."

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

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs.93,000/- (Rupees Ninety three thousand only) plus applicable taxes and Out-of-pocket expenses payable to Shri M. Kannan, Cost Accountant (Firm Registration No. 102185) appointed as the Cost Auditor of the Company by the Board of Directors, for the financial year 2017-18 for auditing the Cost Records relating to manufacture of textile products, be and is hereby ratified and confirmed."

By Order of the Board,
For RAJAPALAYAM MILLS LIMITED,

RAJAPALAIYAM,
04th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

NOTES:

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts concerning each item of Special Business is annexed hereto.

2. **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and that the Proxy need not be a Member.**

3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total Share capital of the Company. Proxy Form is enclosed. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/ authority, as applicable. Attendance Slip is attached. Members, Proxies and Authorised Signatories are requested to bring the duly filled-in and signed, attendance slips to the Meeting.

4. The cut-off date will be Friday, 4th August, 2017 for determining the eligibility to vote by remote e-Voting or in General Meeting.

5. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unclaimed / unpaid dividends lying with the Company for a period of over 7 years, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unclaimed / unpaid dividends lying with the Company on the website of the Company (www.rajapalayammills.co.in), as also on the website of the Ministry of Corporate Affairs. The dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government.

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

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

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2010 Dividend	04-08-2010	03-08-2017	01-09-2017
31-03-2011 Dividend	20-07-2011	19-07-2018	17-08-2018
31-03-2012 Dividend	06-08-2012	05-08-2019	03-09-2019
31-03-2013 Interim Dividend Final Dividend	 22-02-2013 01-08-2013	 21-02-2020 31-07-2020	 21-03-2020 29-08-2020

FINANCIAL YEAR ENDED	DATE OF DECLARATION OF DIVIDEND	LAST DATE FOR CLAIMING UNPAID DIVIDEND	DUE DATE FOR TRANSFER TO IEP FUND
31-03-2014 Interim Dividend Final Dividend	 03-02-2014 04-08-2014	 02-02-2021 03-08-2021	 03-03-2021 01-09-2021
31-03-2015 Dividend	 12-08-2015	 11-08-2022	 09-09-2022
31-03-2016 Interim Dividend	 16-03-2016	 15-03-2023	 13-04-2023

6. In accordance with Section 124(6) of the Companies Act, 2013, the shares in respect of which, dividend has not been paid or claimed for 7 consecutive years or more shall be transferred by the Company to IEPF. The Company has sent individual notices through Registered Post to the Shareholders, whose dividends are lying unclaimed for the last seven consecutive years or more, advising them to claim the dividend on or before 31st May, 2017. The statement containing the details of the Shareholders and the shares due for transfer is also uploaded on the Company's website, http://www.rajapalayammills.co.in for information and necessary action by the Shareholders. Since the modalities for transfer of shares to IEPF with Depositories are not yet finalized by MCA, it has deferred its implementation. Hence, the Shareholders concerned are requested to take immediate steps to claim the unclaimed dividend. In the event of the Shareholders not claiming the dividend and the shares are transferred to IEPF, the Shareholders are still entitled to claim the shares from IEPF by making an online application in Form No: IEPF-5 to the IEPF Authority. The procedure and the form are available at http://www.rajapalayammills.co.in and also on www.iepf.gov.in

7. Electronic copy of the Notice for the Annual General Meeting and the Annual Report for 2016-17 are being sent to all the members whose E-Mail IDs are registered with the Company/ Depository Participant(s). Physical copy of the Notice together with the Annual Report are being sent in permitted mode, to members for whom the E-Mail IDs are not available and who have requested for physical copies. The Notice and the Annual Report are also available on the Company's Website - www.rajapalayammills.co.in for their download.

8. Under Rule 18 of Companies (Management and Administration) Rules, 2014, Members, who have not got their E-Mail IDs recorded are requested to register their E-Mail address and changes therein with the Company in respect of physical Shares and with Depository Participants in respect of dematerialised Shares. Members are also requested to provide their Unique Identification Number and PAN (CIN in the case of Corporate Members) to the Company / Depository Participants.

9. A Route map with prominent land mark for easy location of the venue of the meeting is given with this notice as per requirement of Clause No. 1.2.4. of the Secretarial Standard - 2 on "General Meetings".

10. Voting through electronic means

A. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015], the Company is providing members remote e-Voting facility to exercise their right to vote at the 81st Annual General Meeting (AGM) and the business may be transacted through such voting, through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

B. The facility for voting, either through electronic voting system or ballot shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-Voting shall be able to exercise their right at the meeting.

C. The members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for e-Voting are as under:

i) To log on to the e-Voting website www.evotingindia.com

ii) To Click on Shareholders tab.

iii) Now enter your User ID as given below:

- For CDSL: 16 Digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding Shares in Physical Form should enter Folio Number registered with the Company.

iv) Next enter the Captcha Code as displayed and Click on Login.

v) PASSWORD

- If you are holding Shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.

- If you are first time user follow the steps given below:

  (a) Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders).

  Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the Folio No. / Client ID in the PAN field.

  In case the Folio No is less than 8 digits, enter the applicable number of 0's before the Folio No. to make it 8 digits after the first two characters of the name in CAPITAL letters. Eg. If your name is R.Murugan with folio number 1 then enter RM00000001 in the PAN Field.

  (b) Please enter any one of the following details in order to login:

  Date of Birth: Enter the Date of Birth as recorded in your demat account or in the Company records in dd/mm/yyyy format.

  Dividend Bank Details: Please enter Dividend Bank Details as recorded in your demat account or in the Company records.

  If both of the above details are not recorded with the depository or Company, please enter the User ID [mentioned in (iii) above] in the Dividend Bank details field.

vi) Members holding Shares in physical form will then directly reach the Company selection screen. However, members holding Shares in demat form will now reach 'Password creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-Voting through CDSL platform. It is strongly recommended not to Share your password with any other person and take utmost care to keep your password confidential.

vii) For members holding Shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

viii) Click on the relevant EVSN for RAJAPALAYAM MILLS LIMITED on which you choose to vote.

ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.

xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xiii) You can also take a print of the voting done by you by clicking on "Click here to Print" option on the Voting page. It need not be sent to the Company.

xiv) If demat account holder has forgotten the changed password then Enter the User ID and Captcha Code and click on Forgot Password & enter the details as prompted by the system.

xv) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

D. The facility for remote e-Voting shall remain open from 9.00 A.M. on Sunday the 6th August, 2017 to 5.00 P.M. on Wednesday the 9th August, 2017. During this period, the Members of the Company, holding Shares either in physical form or in dematerialised form, as on the cut-off-date, viz., Friday the 4th August, 2017, may opt for remote e-Voting. E-Voting shall not be allowed beyond 5.00 PM on 9th August, 2017.

E. In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

F. The voting rights of Shareholders shall be in proportion to the Shares held by them in the paid up equity Share capital of the Company as on Friday, the 4th August, 2017.

G. Shri K. Srinivasan, Chartered Accountant (Membership No:21510), Partner, M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

H. The Chairman shall, at the general meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting, with the assistance of scrutinizer, by use of

ballot or by using an electronic voting system for all those members who are present at the general meeting but have not cast their votes by availing the remote e-Voting facility.

I. The Scrutinizer shall immediately after conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting thereafter unblock the votes cast through remote e-Voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the Meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or person authorised by him in writing who shall countersign the same and the Chairman or a person authorised by him in writing shall declare the result of the voting forthwith.

By Order of the Board,
For RAJAPALAYAM MILLS LIMITED,

RAJAPALAIYAM,
04th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 6

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Shri P.V. Abinav Ramasubramaniam Raja (DIN: 07273249) as Additional Director on 11th February, 2017.

Shri P.V. Abinav Ramasubramaniam Raja, aged 23, has completed the graduation - Bachelors of Science in Industrial Engineering from Northwestern University, Evanston, USA in June, 2015.

He is also a Director in the following Companies:

1) Ramco Industries Limited
2) Ramco Systems Limited
3) LYNKS Logistics Limited

He is a member of Corporate Social Responsibility Committee of the Company.

In terms of Section 161 (1) of the Companies Act, 2013, Shri P.V. Abinav Ramasubramaniam Raja holds Office as Additional Director upto the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Shri P.V. Abinav Ramasubramaniam Raja as a Director.

Shri P.V. Abinav Ramasubramaniam Raja is a Promoter and holds 9,63,160 Shares in the Company as on 31-03-2017.

The Board recommends the Resolution for the approval of the Members.

The notice received under Section 160 of the Companies Act, 2013 would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

The Notice and this statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI (LODR) Regulations, 2015.

Disclosure of Interest:

Shri P.V. Abinav Ramasubramaniam Raja is the son of Shri P.R. Venketrama Raja, Chairman of the Company.

Shri P.V. Abinav Ramasubramaniam Raja is the grandson of Smt. R. Sudarsanam, Managing Director of the Company.

None of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the Resolution.

Item No. 7

The Board of Directors, based on the recommendation of Nomination and Remuneration Committee had appointed Shri P.A.S. Alaghar Raja (DIN: 00487312) as Additional Director on 11th February, 2017, under Non-Executive Independent Director category.

Shri P.A.S. Alaghar Raja, aged 41, holds a Diploma in Textile Technology. He has specialized knowledge and rich experience in Textile Industry. He is also a Director in the following Companies:

1) M/s. Tirupathi Yarntex Spinners Private Limited

2) M/s. Rajapalayam Textile Limited

3) M/s. Sri Vishnu Shankar Mill Limited

He is a Member of the Audit Committee in M/s. Sri Vishnu Shankar Mill Limited.

In terms of Section 161 (1) of the Companies Act, 2013, Shri P.A.S. Alaghar Raja holds Office as Additional Director upto the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from a Member signifying his intention to propose the appointment of Shri P.A.S. Alaghar Raja as a Director.

Shri P.A.S. Alaghar Raja is proposed to be appointed as an Independent Director for 5 consecutive years from the date of his appointment. He has furnished a declaration pursuant to Section 149(6) of the Companies Act, 2013 that he meets the criteria of independence and hence eligible for appointment as an Independent Director. In the opinion of the Board, Shri P.A.S. Alaghar Raja fulfills the conditions specified in the Act and the Rules made thereunder and that he is Independent of the Management.

Shri P.A.S. Alaghar Raja holds 6,520 Shares in the Company as on 31-03-2017.

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

The notice received under Section 160 of the Companies Act, 2013 and a copy of letter of appointment issued to Shri P.A.S. Alaghar Raja as an Independent Director would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day.

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

Disclosure of Interest:

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

Item No. 8

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of Company, relating to manufacture of Textile Products for the financial year 2017-18.

On the recommendation of the Audit Committee at its meeting held on 24-05-2017, the Board had approved the appointment of Shri. Kannan, Cost Accountant as the Cost Auditor of the Company to audit the Company's Cost Records relating to manufacture of Textile Products at a remuneration of Rs.93,000/- (Rupees Ninety three thousand only) plus applicable taxes and out-of-pocket expenses for the financial year 2017-18.

The remuneration of the cost auditor is required to be ratified by the Members in accordance with the provisions of Section 148(3) of the Act and Rule 14 of the Rules.

The Directors recommend the Resolution to the Members for their approval.

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

By Order of the Board,
For RAJAPALAYAM MILLS LIMITED,

RAJAPALAIYAM,
04th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

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

1. SHRI S.S. RAMACHANDRA RAJA

Shri S.S. Ramachandra Raja, aged 81, has a Bachelor Degree in science and he has been on the Board of Rajapalayam Mills Limited since 1992.

He holds 24,480 Equity Shares in the Company as on 31-03-2017.

He is also a Director in the following Companies:-

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

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairman / Member)
Rajapalayam Mills Limited	Stakeholders Relationship Committee	Member
Sri Vishnu Shankar Mill Limited	Share Transfer Committee	Member

2. SHRI P.R. VENKETRAMA RAJA

Shri P.R. Venketrama Raja, aged 58, has a Bachelor Degree in Chemical Engineering from University of Madras and Master in Business Administration from University of Michigan, USA.

He has been on the Board of Rajapalayam Mills Limited since 1986.

He holds 14,66,080 Equity Shares in the Company as on 31-03-2017.

He is the son of Smt. R. Sudarsanam, Managing Director of the Company and he is the father of Shri P.V. Abinav Ramasubramaniam Raja, Director of the Company.

He is also a Director in the following Companies:-

1) Ramco Industries Limited
2) Ramco Systems Limited
3) The Ramco Cements Limited
4) The Ramaraju Surgical Cotton Mills Limited
5) Sri Vishnu Shankar Mill Limited
6) Sandhya Spinning Mill Limited
7) Rajapalayam Textile Limited
8) LYNKS Logistics Limited
9) Sri Sandhya Farms (India) Private Limited
10) Sri Saradha Deepa Farms Private Limited

11) Ramamandiram Agricultural Estate Private Limited
12) Nalina Agricultural Farms Private Limited
13) Ramco Systems Corporation, USA
14) Ramco Systems Limited, Switzerland
15) Ramco Systems Sdn Bhd), Malaysia
16) Ramco Systems Pte) Limited, Singapore
17) Sri Ramco Lanka (Private) Limited, Sri Lanka
18) Sri Ramco Roofings Lanka Private Limited, Sri Lanka
19) RCDC Securities and Investments Private Limited
20) Nirmala Shankar Farms & Estates Private Limited
21) Sri Nithyalakshmi Farms Private Limited
22) Ram Sandhya Farms Private Limited
23) RSL Enterprise Solutions (Pty) Limited, South Africa
24) Ramco Systems Canada Inc), Canada
25) Ramco Systems FZ-LLC
26) Ramco Systems Australia Pty Limited, Australia

He is also a Member in the following Committees:

Name of the Company	Name of the Committee	Position Held (Chairman / Member)
Rajapalayam Mills Limited	Stakeholders Relationship Committee	Chairman
	Corporate Social Responsibility Committee	Chairman
The Ramco Cements Limited	Audit Committee	Member
	Project Management Committee	Member
	Stakeholders Relationship Committee	Chairman
	Nomination and Remuneration Committee	Member
	Corporate Social Responsibility Committee	Member
Ramco Industries Limited	Stakeholders Relationship Committee	Member
	Corporate Social Responsibility Committee	Member
	Risk Management Committee	Chairman
Ramco Systems Limited	Stakeholders Relationship Committee	Member
	Corporate Social Responsibility Committee	Chairman
	Allotment Committee	Member
	Fund Raising Committee	Member
	Right Issue 2013 Committee	Member
The Ramaraju Surgical Cotton Mills Limited	Stakeholders Relationship Committee	Member

TO THE MEMBERS

Before reporting the working results of the year, your Directors with deep regret inform the sad and sudden demise of Shri P.R. Ramasubrahmaneya Rajha, Chairman of the Company on 11-05-2017. When Shri P.R. Ramasubrahmaneya Rajha assumed charge of Rajapalayam Mills Limited, the capacity of the Company was 40,000 Spindles. Under his leadership the Company grew to aggregate spindle capacity of 1,37,552 Spindles and Open End capacity of 4,616 Rotors. Shri P.R. Ramasubrahmaneya Rajha was appointed as a Director of the Company in the year 1956 and served the Company for more than 60 years. The Mill was developed financially and operationally very strong during his tenure because of prudent and transparent management. The achievements made by the legendary Chairman not only to the Company but also to the Textile Industry as a whole will be appreciated by many generations to come. He was also known for his business ethics, value systems and philanthropic activities. He not only led the Rajapalayam Mills Limited but was also the guiding force for the entire Ramco Group of Companies, which has made the Group, one of the most respected industrial houses in the country. Under his leadership, the Company has made consistent profits and handsomely rewarded all the stakeholders of the Company.

The Directors place on record the immense contribution, Shri P.R. Ramasubrahmaneya Rajha had made to the Company in its growth progress. The Directors are committed to take forward the future growth of the Company, in line with his vision and values.

The Directors are presenting their 81st Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2017.

1. FINANCIAL RESULTS

The financial results for the year ended 31st March, 2017 after charging all expenses and contribution to P.A.C. Ramasamy Raja Memorial Fund of Rs.70 Lakhs (which is less than the limits laid in the Articles of Association) but before deducting finance cost and depreciation have resulted in operating profit (EBITDA) of Rs. 8,286.00 Lakhs against Rs. 7,938.50 Lakhs for the previous financial year 2015-16.

After deducting Rs. 2,328.56 Lakhs towards finance cost and providing Rs. 2,114.44 Lakhs towards Depreciation, the Net Profit and other comprehensive income before tax for the year is Rs. 3,759.24 Lakhs, as compared to Rs.3,038.54 Lakhs for the previous financial year 2015-16. Adding the surplus of Rs.1,112.17 Lakhs brought forward from the previous year, your Directors propose to appropriate the total sum of Rs. 4,871.41 Lakhs as detailed below:

			(Rs. in Lakhs)
Provision for Taxation	-	Current Tax	775.13
	-	Deferred Tax (including MAT Credit Entitlement of Rs.374.59 Lakhs)	(553.86)
Transfer to General Reserve and FVTOCI Reserve			3,650.14
Balance carried over to Balance sheet			1,000.00
		TOTAL	4,871.41

2. SHARE CAPITAL

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

3. DIVIDEND

Your Directors have pleasure in recommending a Dividend of Rs. 4/- per share (Previous Year: Rs.3/- per share). The Company will pay Dividend Distribution Tax under Income Tax Act, 1961. The total amount of Dividend outgo for the year will be Rs.295.05 Lakhs. The amount of tax on dividends would be Rs.60.07 Lakhs.

4. TAXATION

An amount of Rs. 775.13 Lakhs towards Current Tax has been provided and Deferred Tax of Rs.179.27 Lakhs has been withdrawn for the year 2016-17. The Company's entitlement of MAT Credit of Rs. 374.59 Lakhs has been recognized in the books during the year.

5. MANAGEMENT DISCUSSION AND ANALYSIS

TRADE CONDITIONS

- **COTTON**

  India is the largest producer of cotton in the world. At the time of beginning of the cotton season during November 2016, the Government of India announced demonetization of high value currency notes, which prompted farmers to postpone their cotton sales. Because of this, the cotton prices had gone up by 18% as compared to the prices quoted at the same period of last cotton season. The price of comber noils, which is the Raw material for Open End Spinning has also increased steeply due to more exports from India. The Company has put in place a well-defined system for monitoring demand and supply of required quality of cotton and also the price movements in domestic and international cotton markets. Because of this, the Company was able to procure high quality cotton when the prices were competitive.

- **YARN PRODUCTION**

  The Company is now focusing on production of customized, fine / super fine yarn to get better contribution as compared coarser / medium fine counts produced during the last financial year 2015-16. Due to this, the production volume has decreased to 157.39 Lakhs Kgs during the financial year 2016-17 as against 159.43 Lakhs Kgs of last year.

- **SALE OF YARN**

  The sale volume has decreased in line with production during the financial year 2016-17 and it was 159.04 Lakh Kgs as compared to 165.47 Lakh Kgs of last year. However, the sale value of yarn has increased from Rs. 387.38 Crores [FY 2015-16] to Rs. 398.14 Crores [FY 2016-17].

Due to weak export demand especially from China and sluggishness in domestic market for yarn, the Company was not able to increase the yarn prices in line with the increase in raw material cost. Though India is the top exporter of Cotton yarn in the world, yarn exports from India during the financial year 2016-17 has declined by more than 10% as compared to financial year 2015-16. However, the Company continues to have a good demand from International Customers on account of supply of consistent and superior quality of yarn.

The Company was able to tap more opportunities available in the overseas yarn market and this enabled the Company to sustain the sale volume in export. Despite down trend in yarn markets in India, the Company was able to register a growth in its profitability mainly due to focus on value addition, procuring superior quality of cotton, reducing the production of commodity counts and replacing the same with customized yarn counts, cost optimization initiatives implemented across the organization etc.

The investments made in value added machineries during the past years have given the ability to the Company to customize its products in line with the requirements of its customers.

- **POWER COST**

  During the financial year 2016-17, the Company was able to consume electricity from its own wind power to the extent of 68% of total power requirement as compared to 41% consumed from wind mills during the last year. Because of improved power generation from wind mills, the Company was able to reduce the power cost substantially as compared to previous financial year.

- **FINANCE COST**

  The Finance cost has reduced from Rs. 2,669.01 Lakhs to Rs. 2,328.56 Lakhs, a decline of 13% mainly due to repayment of Term Loans and initiatives taken by the Company to reduce the average cost of borrowings.

In spite of increased cotton cost and labour costs, the strategic decision taken by the Company to make investments in value added machines like compact spinning system, TFO, gassing machines, etc., has helped the Company to increase its volume of sales in export / corporate customers, who require high quality value added yarn and also helped the Company to control the costs and to increase its operational and financial performance.

6. EXPORTS

On the export front during the year, we have made export of Cotton Yarn (including merchant exports) for a value of Rs.121.93 Crores as against Rs.114.97 Crores of the previous year.

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

7. MODERNISATION / EXPANSION

As a part of continuous thrust on modernization and expansion programme, the Company has invested about Rs. 5.45 Crores for investment in textile machinery & equipments like, Compact conversion, Contamination detecting machine etc.,

8. PROSPECTS FOR THE CURRENT YEAR

The cotton prices are showing increasing trend due to reduced acreage of cotton plantation during the cotton season 2016-17. There is a huge volatility in the demand of cotton and yarn in domestic as well as international markets, which is reflecting in their prices also. There is an expectation that the US's exit from the Trans-Pacific partnership is likely to realign textile trade towards India, which will boost the consumption of Indian yarn. Cotton Yarn is now enjoying the excise duty exemption through optional route since 2004. The Government is planning to implement GST in India with effect from 01-07-2017 and it is expected to yield long-term benefits.

The Company is always focusing on maintaining highest standards of yarn quality and also concentrating on cost effective production. It is always our endeavor to minimize the waste and to focus more on automation with a view to utilize the skilled manpower more efficiently. With the flexibility to produce value added super fine counts and by using more imported contamination free cotton, the Company will continue to make efforts in expanding the marketing activities across the globe to increase its customer base.

9. WIND MILL

The Company has wind mills with installed capacity of 35.15 MW for its captive power consumption. The wind farm has generated 683 Lakhs Kwh as compared to 394 Lakhs Kwh of the previous year. There was a good wind velocity supported by good evacuation by Tamil Nadu Generation and Distribution Corporation (TANGEDCO) during the financial year 2016-17. 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 Rs. 45.62 Crores as against Rs. 26.26 Crores of previous year.

10. INDIAN ACCOUNTING STANDARDS (IND AS) - IFRS CONVERGED STANDARDS

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standard) Rules, 2015. In pursuance of this notification, our Group Companies M/s. The Ramco Cements Limited and M/s. Ramco Industries Limited has adopted Ind AS in first phase i.e. with effect from 01-04-2016 and they have considered M/s. Rajapalayam Mills Limited as their Associate Company. As per the above said notification, if a listed Company adopts Ind AS in first phase, their Associate Company should also adopt Ind AS in first phase. Hence, the Company and its Associate Companies have adopted Ind AS with effect from 01-04-2016. The Company's financial results for the previous year ended 31-03-2016 had also been recast in accordance with Ind AS.

11. ASSOCIATE COMPANY

The Company holds investments in the Group Companies viz., M/s. The Ramco Cements Limited, M/s. Ramco Industries Limited, M/s. Ramco Systems Limited, M/s. The Ramaraju Surgical Cotton Mills Limited, M/s. Sri Vishnu Shankar Mill Limited and M/s. Ontime Industrial Services Limited.

During the year 2016-17, as per Ind AS - 28 the Board has considered the above Group Companies as its Associate Companies.

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

CONSOLIDATED FINANCIAL STATEMENTS

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

Accordingly, the consolidated financial statements incorporating the accounts of Associate Companies, viz. M/s.The Ramco Cements Limited, M/s. Ramco Industries Limited, M/s. Ramco Systems Limited, M/s. The Ramaraju Surgical Cotton Mills Limited, M/s. Sri Vishnu Shankar Mill Limited and M/s. Ontime Industrial Services Limited along with the Auditors' Report thereon, forms part of this Annual Report. As per Section 136(1) of the Companies Act, 2013 the Financial Statements including Consolidated Financial Statements are available at the Company's website at the following link at http://www.rajapalayammills.co.in. The Annual Report containing the Statement of Accounts for Associate Companies are available at the Company's website.

The Consolidated Net Profit after tax of the Company amounted to Rs. 14,519.45 Lakhs for the year ended 31st March, 2017 as compared to Rs. 10,252.35 Lakhs of the previous year.

The Consolidated Total Comprehensive Income for the year under review is Rs. 14,507.07 Lakhs as compared to Rs. 10,124.76 Lakhs of the previous year.

12. INTERNAL FINANCIAL CONTROLS

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

13. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

14. DIRECTORS

Smt. R. Sudarsanam, was reappointed as Managing Director of the Company for a period of three years starting from 01-04-2014 to 31-03-2017 at the Annual General Meeting held on 04-08-2014. Based on the recommendation of the Nomination and Remuneration Committee made at its meeting held on 27-05-2016, the Board of Directors at their meeting held on 28-05-2016 and the Shareholders at the 80th Annual General Meeting held on 10th August, 2016 have approved appointment of Smt. R. Sudarsanam as Managing Director for a further period of 3 years starting from 01-04-2017.

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) Shri P. R. Venketrama Raja, (DIN: 00331406)

Smt. Soundara Kumar (DIN: 01974515) has been appointed as Independent Director for a period of five years with effect from 27-08-2015 at the Annual General Meeting held on 10th August, 2016.

Shri P. V. Abinav Ramasubramaniam Raja (DIN: 07273249) has been co-opted on 11th February, 2017 as an Additional Director. He will hold the office till the date of the forthcoming Annual General Meeting. A Notice in writing has been received from a Member signifying his intention to propose the appointment of Shri P. V. Abinav Ramasubramaniam Raja as a Director at the Annual General Meeting.

Shri P.A.S. Alaghar Raja (DIN: 00487312) has been co-opted on 11th February, 2017 as an Additional Director under Independent Director category. He will hold the office till the date of the forthcoming Annual General Meeting. A Notice in writing has been received from a Member signifying his intention to propose the appointment of Shri P.A.S. Alaghar Raja as a Director under Independent Director category at the Annual General Meeting to hold office for 5 consecutive years with effect from 11th February, 2017, without being subject to retirement by rotation.

Shri P.R. Venketrama Raja has been appointed as Chairman at the Board meeting held on 04-06-2017.

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

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

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

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

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 objective of the Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company.

As required under Regulation 25(7) of SEBI (LODR) Regulations, 2015, the Company has programmes for familiarization for the Independent Directors about the nature of the industry, business model, roles, rights and responsibilities of Independent Directors and other relevant information. As required under Regulation 46(2) of SEBI (LODR) Regulations, 2015, the details of the Familiarization Programme for Independent Directors are available at the Company's website, at the following link at http://www.rajapalayammills.co.in/pdf/familiarisation-programme-for-independent-directors-31-03-2017.pdf

The details of the familiarization programme are explained in the Corporate Governance Report also.

15. EVALUATION OF BOARD

Pursuant to Section 134(3)(p) of the Companies Act, 2013, and Regulation 25(4) of SEBI (LODR) Regulations, 2015, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, performance of the Board as a whole, its committee and its Members and other required matters in accordance with the guidance note issued by SEBI on 05-01-2017. Pursuant to Schedule II, Part D of SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee has laid down evaluation criteria based on the above guidance note issued by SEBI for performance evaluation of Independent Directors, which will be based on attendance, independence, expertise and contribution brought by the Independent Director at the Board Meeting, which shall be taken into account at the time of reappointment of Independent Director.

16. MEETINGS

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

17. PUBLIC DEPOSITS

Pursuant to Rule 8(5)(v)& (vi) of Companies (Accounts) Rules, 2014, it is reported that the Company has not accepted any deposit from public during the financial year under review. There has been no default in the repayment of deposits / payment of interest thereon during the year. The Company has no deposit, which is not in compliance with the Chapter V of the Companies Act, 2013.

The Company has received a sum of Rs.1,100 Lakhs from Directors as deposit / loan during the financial year 2016-17. It has repaid an amount of Rs.1,100 Lakhs during the year 2016-17.

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 any loans during the year 2016-17 under Section 186 of the Companies Act, 2013.

(b) the particulars of the guarantees and investments are provided under Note No.40 and Note No. 8 respectively of Notes forming part of financial statements. The guarantees are extended to secure the loans from Banks / Financial Institutions to the borrowers.

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

Your Directors are pleased to inform that the Company has fulfilled its CSR obligations pursuant to Section 135(5) of the Companies Act, 2013. As against the requirement of Rs. 60.56 Lakhs, the Company has spent Rs. 68.55 Lakhs on CSR during the year 2016-17.

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

As per the provisions of Section 139 of the Companies Act, 2013, the term of Office of M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, and M/s. Ramakrishna Raja and Co., Chartered Accountants, come to an end at the close of the 81st Annual General Meeting of the Company.

M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, were the Auditors of the Company since incorporation and M/s. Ramakrishna Raja and Co., Chartered Accountants, were the Auditors of the Company since 1967-68. The Board of Directors wish to place on record their sincere appreciation for the services rendered by M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, and M/s. Ramakrishna Raja and Co., Chartered Accountants, as Statutory Auditors of the Company, during their long association with the Company.

Subject to the approval of the Members of the Company at the ensuing 81st Annual General Meeting, the Board of Directors have recommended the appointment of M/s. N.A. Jayaraman & Co. Chartered Accountants and M/s. SRSV Associates, Chartered Accountants as Statutory Auditors of the Company, pursuant to Section 139 of the Companies Act, 2013. The Audit Committee at its meeting held on 24-05-2017 had recommended their appointment as Statutory Auditors, pursuant to Section 139 (11) of the Companies Act, 2013. Written consents from the incoming Auditors have been obtained, confirming that they satisfy the legal requirements for their appointment. The proposal relating to their appointment has been included in the notice convening the 81st Annual General Meeting of the Company. They shall hold office from the conclusion of 81st Annual General Meeting to the conclusion of 86th Annual General Meeting and the matter relating to the Auditors' appointment will be placed before the Members for their ratification at every intervening Annual General Meeting.

The report of Statutory Auditors viz., M/s. M.S. Jagannathan & N. Krishnaswami, Chartered Accountants, and M/s. Ramakrishna Raja and Co., Chartered Accountants, for the year ended 31st March, 2017 does not contain any qualification, reservation or adverse remark and no instance of fraud has been reported by Auditors under Section 143(12) of Companies Act, 2013.

SECRETARIAL AUDIT

Shri M.R.L. Narasimha, a Practicing Company Secretary has been appointed to conduct the Secretarial Audit of the Company. Pursuant to Section 204(1) of the Companies Act, 2013, the Secretarial Audit Report submitted by the Secretarial Auditor for the year ended 31st March, 2017 is attached as Annexure - III. The report does not contain any qualification, reservation or adverse remark.

COST AUDIT

As per notification dated 31-12-2014 issued by MCA under the Companies (Cost Records and Audit) Rules, 2014, Textile Mills are required to file cost audit report with effect from the financial year 2015-16.

The Board of Directors had approved the appointment of Shri M. Kannan, Cost Accountant as the Cost Auditors of the Company to audit the Company's Cost Records relating to manufacture of textile products for the year 2017-18.

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

The Cost Audit Report for the financial year 2015-16 due to be filed with Ministry of Corporate Affairs by 30-09-2016 had been filed on 02-09-2016.

The Cost Audit Report for the financial year 2016-17 is due to be filed within 180 days from the closure of the financial year and will be filed within the stipulated period.

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.

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, an extract of the Annual Return in Form MGT-9 is attached herewith as Annexure - V.

24. CORPORATE GOVERNANCE

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

25. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

26. INDUSTRIAL RELATIONS AND PERSONNEL

The Company has 2,898 employees as on 31-03-2017. 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.

27. RELATED PARTY TRANSACTION

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

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

28. RISK MANAGEMENT POLICY

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

29. DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) they had followed the applicable accounting standards along with proper explanation relating to material departures, if any, in the preparation of the annual accounts for the year ended 31st March, 2017;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2017 and of the profit of the Company for the year ended on that date;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the Annual Accounts on a going concern basis;

(e) they had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

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

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

RAJAPALAIYAM,
04th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

Form AOC-1

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

Statement containing salient features of the financial statement of Associate Companies

PART A - SUBSIDIARY COMPANY

The Company has no Subsidiary Company.

PART B - ASSOCIATE COMPANY

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

Particulars	2016-17					
Name of the Associate Company	The Ramco Cements Limited	Ramco Industries Limited	Ramco Systems Limited	The Ramaraju Surgical Cotton Mills Limited	Sri Vishnu Shankar Mill Limited	Ontime Industrial Services Limited
Last audited Balance Sheet date	31-03-2017	31-03-2017	31-03-2017	31-03-2017	31-03-2017	31-03-2017
Date on which Associate was associated / Acquired	01-04-2016	01-04-2016	01-04-2016	01-04-2016	01-04-2016	01-04-2016
No. of Shares held as on 31-03-2017	3,29,05,000	79,20,680	7,33,531	2,000	38,400	50,000
Amount of Investment in Associate as on 31-03-2017 (Rs. in Lakhs)	3,779.94	92.40	1,141.55	0.05	2.11	5.00
Extent of Shareholding % as on 31-03-2017	13.82	9.14	2.41	0.10	2.56	17.77
Description of how there is significant influence	Note (1)					
Reason why Associate is not consolidated	Not applicable					
Net worth attributable to Shareholding (Rs. in Lakhs)	3,79,546.00	2,71,601.03	54,073.80	21,199.08	15,204.62	785.10
Profit / Loss for the Year (Consolidated) (Rs. in Lakhs)	66,356.00	21,037.02	1,032.10	1,671.78	1,345.21	41.16
a) Considered in Consolidation (Rs. in Lakhs)	9,146.85	1,812.94	24.29	1.34	32.64	7.31
b) Not considered in Consolidation (Rs. in Lakhs)	57,209.15	19,224.08	1,007.71	1,670.44	1,312.57	33.85

Note: 1) There is significant influence, because of shareholding / common directors.
2) Names of associates or joint ventures which are yet to commence operations - NIL
3) Names of associates or joint ventures which have been liquidated or sold during the year - NIL

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

RAJAPALAIYAM,
04th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

   The objective of the CSR Policy is:

   a. to ensure an increased commitment at all levels in the organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.

   b. to directly or indirectly take up programmes that benefit the communities in & around its work locations and results, over a period of time, in enhancing the quality of life & economic well being of the local populace.

   c. to generate, through its CSR initiatives, a community goodwill for the Company and help reinforce a positive & socially responsible image of the Company as a corporate entity.

   Web link to the CSR Policy:

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

2. The Composition of the CSR Committee:

   a. Shri P.R. Ramasubrahmaneya Rajha, Chairman of the Committee. (Till 11-05-2017)

   b. Shri P.R. Venketrama Raja, Chairman of the Committee. (From 04-06-2017)

   c. Justice Shri P.P.S. Janarthana Raja, Member.

   d. Shri P.V. Abinav Ramasubramaniam Raja, Member (From 04-06-2017).

3. Average Net Profit of the Company for last three financial years Rs. 3,028.09 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 60.56 Lakhs.

5. Details of CSR spent during the financial year:

   a. Total amount spent for the financial year: Rs. 68.55 Lakhs.

   b. Amount unspent, if any: Nil

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

Sl. No.	CSR Project (or) Activity Identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or Programs Sub-heads: (1) Direct Expenditure on period - Rs. programs (2) Overheads	Cumulative Expenditure upto reporting Period	Amount Spent Direct or through implementing Agency.
1	2	3	4	5	6	7	8
1	Eradicating Hunger, Poverty and Malnutrition, promoting health care including preventive health care and Sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available Safe Drinking Water. [Clause (i)]	Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare	Virudhunagar, Madurai, Tirunelveli & Dindigul (Tamil Nadu)	2.86	2.86	2.86	2.86

(Rs. in lakhs)

Sl. No.	CSR Project (or) Activity Identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or Programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount Spent on the project or Programs Sub-heads: (1) Direct Expenditure on period - Rs. programs (2) Overheads	Cumulative Expenditure upto reporting Period	Amount Spent Direct or through implementing Agency.
2.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects [Clause (ii)]	Promotion of Education including Special Education	Virudhunagar, Tirunelveli, Madurai & Trichy district (Tamil Nadu)	61.13	61.13	61.13	61.13
3.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga [Clause (iv)]	Ensuring Environmental Sustainability	Virudhunagar (Tamil Nadu)	2.84	2.84	2.84	2.84
4.	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, setting up public libraries; promotion and development of traditional arts and handicrafts [Clause (v)]	Promotion and Development of Traditional Arts, Restoration of Building and sites of historical importance and Works of Art	Tuticorin, Tirunelveli, Namakkal, Virudhunagar, Tiruvarur, Thiruchendur & Karur (Tamil Nadu)	1.72	1.72	1.72	1.72
	TOTAL			68.55	68.55	68.55	68.55

Note:

1. As per Articles of Association of the Company, every year, a provision has been made for an amount not exceeding 3% of the net profit towards P.A.C. Ramasamy Raja Memorial Fund. During the year the Company has spent an amount of Rs.60 Lakhs out of accumulated balance of the above said fund and the same has been included in the above sum of Rs.68.55 Lakhs.
2. The Company has made a provision of Rs.70 Lakhs towards the above said Fund for the FY 2016-17. This amount has not been included in the above statement and will be considered when the amount is actually spent from the Fund.

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

SHRI P.R. VENKETRAMA RAJA
CHAIRMAN

SMT. R. SUDARSANAM
MANAGING DIRECTOR

RAJAPALAIYAM,
04th June, 2017.

Form MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To

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

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **RAJAPALAYAM MILLS LIMITED** (hereinafter called "the Company") **during the financial year from 1st April, 2016 to 31st March, 2017** ("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 and finished us, forms and returns filed and compliance related action taken by the Company during the year as well as after 31st March, 2017 but before the issue of this audit report and the information provided by the Company, its officers, agents and authorised representatives during my conduct of the Secretarial Audit.

1. I hereby report that:

1.1. In my opinion, during the audit period covering the financial year ended on 31st March, 2017, 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 Clauses of :

(i) The Companies Act, 2013 (the Act), Companies Act, 1956 and the rules made thereunder.

(ii) Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

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

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

(a) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

(b) The Electricity Act, 2003.

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

(i) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India Standards and

(ii) The Listing Agreement entere into by the Company with BSE Limited.

1.4. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2017 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the applicable provisions / clauses of the Acts, Rules, Regulations, Agreements and Standards mentioned under paragraphs 1.2 and 1.3 above.

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

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

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

(b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(c) Securities and Exchange Board of India (Buy back of Securities) Regulations,1998;

(d) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(e) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

(f) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and

(g) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

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

2. I further report that:

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

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

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts / results, unaudited financial results and connected papers; and

(ii) Additional subjects / information / 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 during the year that were required to be captured and recorded as part of the minutes.

3. I further report that:

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

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

Rajapalayam,
25th May, 2017.

Annexure - A to Secretarial Audit Report of even date

To,

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

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March, 2017 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed such audit practices and processes as I considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also considered compliance related action taken by the Company after 31st March, 2017 but before the issue of this report.
4. I have verified the secretarial records furnished to me on a test basis to see whether the correct facts are reflected therein. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. I have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Rajapalayam,
25th May, 2017.

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

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

A. CONSERVATION OF ENERGY

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

(i)	the steps taken on conservation of energy	:	Installation of LED Tube lamps in lighting area by replacing conventional tube lamps. Use of Light weight fans in Overhead Cleaners by replacing heavy weight fans.
	Impact on conservation of energy	:	Installation of LED lamps resulted power saving of around 3 Lakh units per annum. Installation of Light Weight Fans in Overhead Cleaners resulted power saving of around 3 Lakh units per annum.
(ii)	the steps taken by the Company for utilising alternate sources of energy	:	NIL
(iii)	the capital investment on energy conservation equipments	:	NIL

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	:	The Company has installed Spindle Monitoring System to reduce waste and increase productivity.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution		
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)		
	(a) the details of technology imported	:	NIL
	(b) the year of import	:	NIL
	(c) whether the technology been fully absorbed	:	Not Applicable
	(d) if not fully absorbed, areas where absorption has not taken place and the reasons thereof	:	Not Applicable
(iv)	the expenditure incurred on Research and Development	:	Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and	:	Rs. 9,432.98 Lakhs
The Foreign Exchange outgo during the year in terms of actual outflows.	:	Rs. 10,704.95 Lakhs

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

RAJAPALAIYAM,
04th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

Form MGT - 9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name and Description of main products/ services	NIC Code of the Product / service	% to total turnover of the Company
Yarn	13111	99.20%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1. The Ramco Cements Limited "Ramamandiram", Rajapalayam - 626117. Tamilnadu.	L26941TN1957 PLC003566	Associate	13.82%	2 (6)
2. Ramco Industries Limited 47, P.S.K. Nagar, Rajapalayam - 626108. Tamilnadu.	L26943TN1965 PLC005297	Associate	9.14%	2 (6)
3. Ramco Systems Limited 47, P.S.K. Nagar, Rajapalayam - 626108. Tamilnadu.	L72300TN1997 PLC037550	Associate	2.41%	2 (6)
4. The Ramaraju Surgical Cotton Mills Limited The Ramaraju Surgical Cotton Mills Premises Post Box No. 2, 119, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626117. Tamilnadu	U17111TN1939 PLC002302	Associate	0.10%	2 (6)
5. Sri Vishnu Shankar Mill Limited Post Box No.109, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626117. Tamilnadu	U17301TN1981 PLC008677	Associate	2.56%	2 (6)
6. Ontime Industrial Services Limited 47, P.S.K. Nagar Rajapalayam - 626108. Tamilnadu	U74999TN2002 PLC048773	Associate	17.77%	2 (6)

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

i) Category-Wise Share Holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individuals/ Hindu Undivided Family	32,41,380	–	32,41,380	43.94	36,01,380	–	36,01,380	48.82	4.88
b) Central Government	–	–	–	–	–	–	–	–	–
c) State Government(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corporate	6,80,440	–	6,80,440	9.23	3,20,440	–	3,20,440	4.35	(4.88)
e) Financial Institutions/ Banks	–	–	–	–	–	–	–	–	–
f) Any Others...	–	–	–	–	–	–	–	–	–
Sub Total(A)(1)	**39,21,820**	**–**	**39,21,820**	**53.17**	**39,21,820**	**–**	**39,21,820**	**53.17**	**–**
(2) Foreign									
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corporate	–	–	–	–	–	–	–	–	–
d) Financial Institutions/ Banks	–	–	–	–	–	–	–	–	–
e) Any Others	–	–	–	–	–	–	–	–	–
Sub Total(A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**39,21,820**	**–**	**39,21,820**	**53.17**	**39,21,820**	**–**	**39,21,820**	**53.17**	**–**

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

Category of Shareholder		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. (1)	**Public shareholding Institutions**									
a)	Mutual Funds	–	–	–	–	–	–	–	–	–
b)	Financial Institutions / Banks	200	1,860	2,060	0.03	200	1,860	2,060	0.03	–
c)	Central Government	–	–	–	–	–	–	–	–	–
d)	State Government(s)	–	–	–	–	–	–	–	–	–
e)	Venture Capital Funds	–	–	–	–	–	–	–	–	–
f)	Insurance Companies	–	–	–	–	–	–	–	–	–
g)	Foreign Institutional Investors	–	–	–	–	–	–	–	–	–
h)	Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i)	Others (specify)	–	–	–	–	–	–	–	–	–
Sub–Total (B)(1)		**200**	**1,860**	**2,060**	**0.03**	**200**	**1,860**	**2,060**	**0.03**	**–**
(2)	Non–institutions									
a)	Bodies Corporate									
i)	Indian *	3,68,844	9,080	3,77,924	5.12	3,66,094	900	3,66,994	4.97	(0.15)
ii)	Overseas	–	–	–	–	–	–	–	–	–
b)	Individuals									
i)	Individual shareholders holding nominal share capital up to Rs.1 lakh	13,15,757	4,55,629	17,71,386	24.02	13,60,506	4,19,089	17,79,595	24.13	0.11
ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	9,51,150	3,51,820	13,02,970	17.66	9,53,871	3,51,820	13,05,691	17.70	0.04
c)	Others (specify)									
Sub–Total (B)(2)		**26,35,751**	**8,16,529**	**34,52,280**	**46.80**	**26,80,471**	**7,71,809**	**34,52,280**	**46.80**	**–**
B	**Total Public Shareholding (B)= (B)(1)+ (B)(2)**	**26,35,951**	**8,18,389**	**34,54,340**	**46.83**	**26,80,671**	**7,73,669**	**34,54,340**	**46.83**	**–**
C	Shares held by Custodians for GDRs & ADRs	–	–	–	–	–	–	–	–	–
GRAND TOTAL (A)+(B)+(C)		**65,57,771**	**8,18,389**	**73,76,160**	**100.00**	**66,02,491**	**7,73,669**	**73,76,160**	**100.00**	**–**

* Note : Includes Shares in Unclaimed Shares Suspense Account (opening - 1,78,896 Shares; Closing - 1,75,716 Shares)

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total Shares	
1.	Shri P.R. Ramasubrahmaneya Rajha	9,88,792	13.41	–	9,88,792	13.41	–	–
2.	Shri P.R. Venketrama Raja	11,06,080	14.99	–	14,66,080	19.87	14.91	4.88
3.	Shri P.V. Abinav Ramasubramaniam Raja	9,63,160	13.06	–	9,63,160	13.06	–	–
4.	Smt. Ramachandra Raja Chittammal	82,628	1.12	–	82,628	1.12	–	–
5.	Smt. P.V. Nirmala	2,720	0.04	–	2,720	0.04	–	–
6.	Smt. Nalina Ramalakshmi	6,720	0.09	–	6,720	0.09	–	–
7.	Smt. Saradha Deepa	10,960	0.15	–	10,960	0.15	–	–
8.	Smt. P.V. Sri Sandhya	16,560	0.22	–	16,560	0.22	–	–
9.	Smt. R. Sudarsanam	63,760	0.86	–	63,760	0.86	–	–
10.	M/s. Ramco Industries Limited	4,87,360	6.61	–	1,27,360	1.73	–	(4.88)
11.	M/s. The Ramaraju Surgical Cotton Mills Limited	1,35,200	1.83	–	1,35,200	1.83	–	–
12.	M/s. Sri Vishnu Shankar Mill Limited	29,740	0.40	–	29,740	0.40	–	–
13.	M/s. Ramco Management Private Limited	2,040	0.03	–	2,040	0.03	–	–
14.	M/s. Sandhya Spinning Mill Limited	500	0.01	–	500	0.01	–	–
15.	M/s. The Ramco Cements Limited	25,600	0.35	–	25,600	0.35	–	–
	TOTAL	**39,21,820**	**53.17**	**–**	**39,21,820**	**53.17**	**14.91**	**–**

(iii) Change in Promoters' Shareholding

Sl. No.	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
	No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	39,21,820	53.17	01-04-2016	NIL	NIL	NIL	NIL
	39,21,820	53.17	31-03-2017				

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

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri Govindlal M Praikh Joint Holder: Chinmay.G.Parikh	1,73,932	2.36	01-04-2016	–	–	1,73,932	2.36
2.	Sri-La-Sri Shanmukadesika Gnanasambanda Paramarcharya Swamigal	1,02,400	1.39	01-04-2016			1,02,400	1.39
3	Shri Govindlal M Parikh	63,200	0.86	01-04-2016			63,200	0.86
4	Smt. Chinmay G Parikh	61,876	0.84	01-04-2016			61,876	0.84
5	T.P. Sokkalal Ramsait Factory Pvt. Ltd.	52,200	0.71	01-04-2016			52,200	0.71
6	Rajapalayam Palayapalayam Rajus Common Mahimai Fund	51,200	0.69	01-04-2016			51,200	0.69
7	Smt. DH Dharshini Raaja	47,444	0.64	01-04-2016			47,444	0.64
		–	–	08-04-2016	537	Transfer	47,981	0.65
		–	–	29-04-2016	1,000	Transfer	48,981	0.66
8	Shri V. Ganesa ramasubramanian	46,880	0.64	01-04-2016			46,880	0.64
9	Smt. Poosapadi Sankera Raja Ramani Devi	45,580	0.62	01-04-2016			45,580	0.62
10	Shri Ettappanaickerayyen J.V.R.M.K.V	40,960	0.56	01-04-2016			40,960	0.56

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase / (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31-03-2017)	
		No. of Shares at the beginning (01-04-2016) / end of the year (31-03-2017)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri P.R. Ramasubrahmaneya Rajha*	9,88,792	13.41	N.A.	N.A.	N.A.	–	–
		9,88,792	13.41	N.A.	N.A.	N.A.	9,88,792	13.41
2.	Smt. R. Sudarsanam	63,760	0.86	N.A.	N.A.	N.A.	–	–
		63,760	0.86	N.A.	N.A.	N.A.	63,760	0.86
3.	Shri P.R. Venketrama Raja	11,06,080	14.99	–	–	–	–	–
		14,66,080	19.87	02-05-2016	3,60,000	Inter-se Transfer among Promoters	14,66,080	19.87
4.	Shri S.S. Ramachandra Raja	24,480	0.33	N.A.	N.A.	N.A.	–	–
		24,480	0.33	N.A.	N.A.	N.A.	24,480	0.33
5.	Shri N.K. Ramasuwami Raja	15,400	0.21	N.A.	N.A.	N.A.	–	–
		15,400	0.21	N.A.	N.A.	N.A.	15,400	0.21
6.	Shri A.V. Dharmakrishnan	1,100	0.01	N.A.	N.A.	N.A.	–	–
		1,100	0.01	N.A.	N.A.	N.A.	1,100	0.01
7.	Justice Shri P.P.S. Janarthana Raja	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
8.	Shri V. Santhana Raman	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
9.	Shri K.B. Nagendra Murthy	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
10.	Smt. Soundara Kumar	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
11.	Shri P.V. Abinav Ramasubramaniam Raja #	9,63,160	13.06	N.A.	N.A.	N.A.	–	–
		9,63,160	13.06	N.A.	N.A.	N.A.	9,63,160	13.06
12.	Shri P.A.S. Alaghar Raja #	6,520	0.09	N.A.	N.A.	N.A.	–	–
		6,520	0.09	N.A.	N.A.	N.A.	6,520	0.09
13.	Shri B. Gnanagurusamy	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL
14.	Shri A. Arulpranavam	NIL	NIL	N.A.	N.A.	N.A.	NIL	NIL

* Shri P.R. Ramasubrahmaneya Rajha demised on 11–05–2017

Shri P.V. Abinav Ramasubramaniam Raja & Shri P.A.S. Alaghar Raja appointed w.e.f. 11–02–2017

V. INDEBTEDNESS

(Rs. in Lakhs)

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	24,258.29	4,424.48	–	28,682.77
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	64.35	13.29	–	77.64
Total (i + ii + iii)	**24,322.64**	**4,437.77**	**–**	**28,760.41**
Change in Indebtedness during the financial year				
Addition	2,172.75	8,243.07	–	10,415.82
Reduction	10,408.62	511.97	–	10,920.59
Net Change	(8,235.87)	7,731.10	–	(504.77)
Indebtedness at the end of the financial year				
i) Principal Amount	16,023.19	12,135.66	–	28,158.85
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	63.58	33.21	–	96.79
Total (i + ii + iii)	**16,086.77**	**12,168.87**	**–**	**28,255.64**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Smt. R. Sudarsanam Managing Director	Total Amount
1	Gross salary		
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	186.73	186.73
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	c) Profits in lieu of salary under Section17(3) Income-tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission as % of profit	–	–
5	Sitting Fees	0.90	0.90
6	Contribution to Provident Fund	22.40	22.40
7	Contribution to Superannuation Fund	1.50	1.50
	Total (A)	**211.53**	**211.53**
	Ceiling as per Act	Managing Director remuneration is fixed at 5% of net profits of the Company and in case, no profits or inadequacy of profits, the Managing Director shall be paid the maximum remuneration as per Section II, Part II of Schedule V of the Companies Act, 2013 which works out to Rs. 210.63 Lakhs.	

B. REMUNERATION TO OTHER DIRECTORS:

1. Independent Directors

(Rs. in Lakhs)

Particulars of Remuneration	Name of the Directors						Total amount
	Shri N.K. Ramasuwami Raja	Justice Shri P.P.S.Janarthana Raja	Shri V. Santhana Raman	Shri K.B. Nagendra Murthy	Smt Soundara Kumar	Shri P.A.S. Alaghar Raja	
Fee for attending board / committee meetings	5.70	3.90	1.50	2.70	1.50	0.30	15.60
Commission	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total (1)	**5.70**	**3.90**	**1.50**	**2.70**	**1.50**	**0.30**	**15.60**

2. Other Non Executive Director

Particulars of Remuneration	Name of the Directors					Total amount
	Shri P.R. Ramasubrahmaneya Rajha	Shri P.R. Venketrama Raja	Shri A.V. Dharmakrishnan	Shri S.S. Ramachandra Raja	Shri P.V. Abinav Ramasubramaniam Raja	
Fee for attending board / committee meetings	3.90	1.20	3.30	3.60	0.30	12.30
Commission	–	–	–	–	–	–
Others	–	–	–	–	–	–
Total (2)	**3.90**	**1.20**	**3.30**	**3.60**	**0.30**	**12.30**
Total B (1) + (2)						**27.90**
Overall Ceiling as per the Act	Rs.39.99 Lakhs being 1% of the Net Profits of the Company, calculated as per Section 198 of the Companies Act, 2013.					
Total managerial Remuneration (A+B)						**239.43**

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total amount
		Shri B. Gnanagurusamy Chief Financial Officer	Shri A. Arulpranavam Company Secretary	
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	20.85	8.38	29.23
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	–	0.32
	c) Profits in lieu of salary under Section17(3) Income-tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	- as % of profit	–	–	–
	- Others, specify	–	–	–
5	Others, please specify	–	–	–
	Total	**21.17**	**8.38**	**29.55**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

RAJAPALAIYAM,
04th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Since inception, Rajapalayam Mills Limited is assiduously following its self-determined goals on Corporate Governance. The object of the Company is to protect and enhance the value of all the stake holders of the Company viz., shareholders, creditors, customers and employees. It strives to achieve these objectives through high standards in dealings and following business ethics in all its activities.

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

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

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

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

2. BOARD OF DIRECTORS

The Board consists of eminent persons with considerable professional expertise in various fields such as Administration, Banking, Finance, Law, Engineering, etc., The Board had 12 Directors. Due to the sudden demise of Shri P.R. Ramasubrahmaneya Rajha, Chairman, the strength of the Board has come down to 11 Directors. The Board of Directors at their meeting held on 4th June, 2017, have elected Shri P.R. Venketrama Raja as the Chairman of the Board. Except Smt. R. Sudarsanam, all other Directors are Non-Executive. As required under Regulation 17 of the SEBI (LODR) Regulations, 2015 not less than 50% of the Board consists of Independent Directors.

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

Sl. No.	Name of the Director, Director Identification Number (DIN) & Directorship	28-05-2016	09-08-2016	10-11-2016	11-02-2017	Attendance at last AGM held on 10-08-2016
1.	Shri P.R. Ramasubrahmaneya Rajha Chairman (till 11-05-2017) DIN:00331357, Directorship: P & NE	Yes	Yes	Yes	Yes	Yes
2.	Smt. R. Sudarsanam Managing Director DIN:00433926, Directorship: P & E	Leave of Absence	Yes	Yes	Yes	Yes
3.	Shri P.R. Venketrama Raja Chairman (from 04-06-2017) DIN:00331406, Directorship: P & NE	Yes	Leave of Absence	Leave of Absence	Yes	No
4.	Shri S.S. Ramachandra Raja DIN: 00331491, Directorship: NE	Yes	Yes	Yes	Yes	Yes
5.	Shri N.K. Ramasuwami Raja DIN: 00432698, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes
6.	Shri A.V. Dharmakrishnan DIN:00693181, Directorship: NE	Yes	Yes	Yes	Yes	No
7.	Justice Shri P.P.S. Janarthana Raja DIN: 06702871, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes
8.	Shri V. Santhana Raman DIN: 00212334, Directorship: NE & ID	Yes	Yes	Yes	Yes	No
9.	Shri K.B. Nagendra Murthy DIN: 00359864, Directorship: NE & ID	Yes	Yes	Yes	Yes	No
10.	Smt. Soundara Kumar DIN: 01974515, Directorship: NE & ID	Yes	Yes	Yes	Yes	Yes
11.	Shri P.V. Abinav Ramasubramaniam Raja Director from 11-02-2017 DIN: 07273249, Directorship: P & NE	NA	NA	NA	Yes	NA
12.	Shri P.A.S. Alaghar Raja Director from 11-02-2017 DIN: 00487312, Directorship: NE & ID	NA	NA	NA	Yes	NA

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

Other Directorships

The number of other Boards or Board Committees in which the Director is a Member or Chairperson as on 31-03-2017 are given below:

Sl. No.	Name of the Director	Other Directorships *	Committee Positions **	
			Chairperson	Member
1.	Shri P.R. Ramasubrahmaneya Rajha	8	3	1
2.	Smt. R. Sudarsanam	3	–	–
3.	Shri P.R. Venketrama Raja	8	1	4
4.	Shri S.S. Ramachandra Raja	3	–	–
5.	Shri N.K. Ramasuwami Raja	2	–	–
6.	Shri A.V. Dharmakrishnan	6	–	4
7.	Justice Shri P.P.S. Janarthana Raja	1	–	–
8.	Shri V. Santhana Raman	4	–	2
9.	Shri K.B. Nagendra Murthy	2	–	1
10.	Smt. Soundara Kumar	6	1	3
11.	Shri P.V. Abinav Ramasubramaniam Raja	1	–	–
12.	Shri P.A.S. Alaghar Raja	2	–	1

* Public Limited Companies, other than Rajapalayam Mills Limited.

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

During the year, a separate meeting of the Independent Directors was held on 10-02-2017 and all the Independent Directors were present at the meeting.

Disclosure of relationships between Directors inter-se

Shri P.R. Venketrama Raja is son of Smt. R. Sudarsanam. Shri P.V. Abinav Ramasubramaniam Raja is son of Shri P.R. Venketrama Raja.

Details of familiarisation programme for Independent Directors

The details of the Familiarisation Programme for Independent Directors are available at the Company's website, at the following link at http://www.rajapalayammills.co.in/pdf/familiarisation-programme-for-independent-directors-31-03-2017.pdf

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

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

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

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

3. AUDIT COMMITTEE

The terms of reference of the Audit Committee include:

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

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

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

Sl. No.	Name of the Director	27-05-2016	08-08-2016	09-11-2016	11-02-2017
1.	Justice Shri P.P.S. Janarthana Raja, Chairman of the Committee	Yes	Yes	Yes	Yes
2.	Shri N.K. Ramasuwami Raja	Yes	Yes	Yes	Yes
3.	Shri A.V. Dharmakrishnan	Yes	Yes	Yes	Yes
4	Shri K.B. Nagendra Murthy	Yes	Yes	Yes	Yes

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

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

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

4. NOMINATION AND REMUNERATION COMMITTEE

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

The complete details about the terms of reference for Nomination and Remuneration Committee and Nomination and Remuneration Policy are available at Company's website.

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

Sl. No.	Name of the Director	27-05-2016	09-11-2016	11-02-2017
1.	Justice Shri P.P.S. Janarthana Raja, Chairman of the Committee	Yes	Yes	Yes
2.	Shri N.K. Ramasuwami Raja	Yes	Yes	Yes
3.	Shri A.V. Dharmakrishnan	Yes	Yes	Yes

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

5. REMUNERATION TO DIRECTORS

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

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

The appointment and remuneration to Managing Director is governed by the Special Resolution passed by the Shareholders at the Annual General Meeting held on 04-08-2014 and the remuneration is equivalent to 5% of the Net Profits of the Company and in case of inadequacy of profits, as per Section II, Part II of Schedule V of the Companies Act, 2013.

The details of remuneration paid are as follows:

Name of the Director	Amount (Rs. in Lakhs)		No. of Shares held as on 31-03-2017
	Sitting fees	Remuneration	
Shri P.R. Ramasubrahmaneya Rajha	3.90	–	9,88,792
Smt. R. Sudarsanam	0.90	210.63*	63,760
Shri P.R. Venketrama Raja	1.20	–	14,66,080
Shri S.S. Ramachandra Raja	3.60	–	24,480
Shri N.K. Ramasuwami Raja	5.70	–	15,400
Shri A.V. Dharmakrishnan	3.30	–	1,100
Justice Shri P.P.S. Janarthana Raja	3.90	–	–
Shri V. Santhana Raman	1.50	–	–
Shri K.B. Nagendra Murthy	2.70	–	–
Smt. Soundara Kumar	1.50	–	–
Shri P.V. Abinav Ramasubramaniam Raja	0.30	–	9,63,160
Shri P.A.S. Alaghar Raja	0.30	–	6,520

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

Particulars	Amount (Rs. in Lakhs)
Gross Salary	186.73
Contribution to Provident Fund	22.40
Contribution to Superannuation Fund	1.50
Total	210.63

6. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Sl. No.	Name of the Director	30-03-2017
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman (till 11-05-2017)	Yes
2.	Shri P.R. Venketrama Raja, Chairman (from 04-06-2017)	Yes
3.	Shri S.S. Ramachandra Raja	Yes
4.	Justice Shri P.P.S. Janarthana Raja, Member (from 04-06-2017)	NA

Name of Non-executive Director heading the Committee	Shri P.R. Ramasubrahmaneya Rajha (Till 11-05-2017) Shri P.R. Venketrama Raja (From 04-06-2017)
Name and Designation of Compliance Officer	Shri A. Arulpranavam, Secretary
No. of complaints received during the year	1
Number not solved to the Satisfaction of Shareholders	NIL
Number of pending complaints	NIL

7. GENERAL MEETINGS

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

Year ended	Date	Time	Venue
31-03-2016	10-08-2016	10.00 A.M	P.A.C. Ramasamy Raja Centenary Community Hall, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 108, Tamil Nadu.
31-03-2015	12-08-2015	10.00 A.M	
31-03-2014	04-08-2014	10.00 A.M	

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

Date of the AGM	Subject Matter of the Special Resolution
10-08-2016	Re-appointment of Smt. R. Sudarsanam, as Managing Director for a period of three years with effect from 01-04-2017.
12-08-2015	No Special Resolution was passed.
04-08-2014	Amendment in the Articles of Association
-do-	Re-appointment of Smt. R. Sudarsanam, as Managing Director for a period of three years with effect from 01-04-2014.
-do-	Authorisation for borrowing by the Company up to a maximum limit of Rs. 500 Crores.

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

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

8. MEANS OF COMMUNICATION

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

All the financial results are provided to Stock Exchange.

9. GENERAL SHAREHOLDER INFORMATION

i.	Annual General Meeting	On 10-08-2017 at 10.00 AM at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai Rajapalayam - 626 108, Tamil Nadu
ii.	Financial Year	1st April, 2016 to 31st March, 2017
iii.	Dividend Payment date	10-08-2017 onwards
iv.	Name and address of Stock exchange at which the Company's Shares are listed	The Company's shares are listed in BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Company has paid Annual listing fee to the Stock Exchange for the financial year 2017-18.
v.	Stock Code - BSE Limited	532503

vi.	Market Price Data	Enclosed as Annexure - A
vii.	Performance in comparison to broad based indices	
viii.	Whether the securities are suspended from trading	No
ix.	Registrar and Transfer Agents	Being carried out in-house by the Secretarial Department of the Company.
x.	Share Transfer System	For shares held in electronic mode, transfers are effected under the depository system of NSDL and CDSL. For shares held in physical mode, certificates are to be submitted to the Company along with the required security transfer forms. The Company effects the transfers within 15 days, if the documents are found in order and the certificates are sent to the transferees. In the case of defective documents, the same are returned with the reasons to the transferees within 15 days.
xi.	Distribution of Shareholding	Enclosed as Annexure - B.
xii.	Dematerialisation of Shares & liquidity	As on 31st March, 2017, 89.51% of the shares have been dematerialized. Regarding liquidity of our Company's shares, the details are available in Annexure - A.
xiii.	Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity	NIL
xiv.	Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	With respect to Buyers' Credit in foreign currencies, forward contracts are booked taking in to account, the cost of hedging and the foreign currency receivables. The currency rate movements are monitored closely for taking covers with respect to unhedged portions, if any.

xv. Plant Locations

Textile Division:

a. Rajapalayam Mills
Post Box No.1, P.A.C. Ramasamy Raja Salai, Rajapalaiyam - 626 117, Tamilnadu.

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

c. Rajapalaiyam Textiles,
Perumalpatti Village - 627 753, Tirunelveil District, Tamilnadu.

d. Rajapalayam Mills,
Gopinenipalem Village, Vatsavai Mandal, Krishna District - 521 190, Andhra Pradesh.

Wind Farm Division:
Dhanakkarkulam, Irukkanthurai, Uthumalai, Aralvoimozhy, Chinnaputhur, Kolumakondan, Melkaraipatti, Muthunayakkanpatti in Tamil Nadu.

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

10. OTHER DISCLOSURES

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

ii. There are no instances of non-compliance by the Company, and no penalties or strictures were imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years.

iii. The Company has a Whistle Blower Policy, available at the Company's website and it is affirmed that no personnel has been denied access to the Audit Committee.

iv. The Company has complied with the mandatory requirements of Corporate Governance stipulated under SEBI (LODR) Regulations, 2015. The status of adoption of the non-mandatory requirements are given below:

a. The Company's financial statements are unqualified for the year 2016-17.

b. The Company has appointed separate persons to the post of Chairperson and Managing Director.

v. The Company has no Subsidiary. Hence, disclosure about "Material Subsidiary Policy" is not applicable.

vi. The Related Party Transaction Policy is disclosed in the Company's website and its web link is - http://www.rajapalayammills.co.in/pdf/related-party-tranactions-policy.pdf

vii. The details relating to commodity price risks and commodity hedging activities are not applicable.

11. The Company has complied with the requirements of Corporate Governance Report of sub-paras (2) to (10) of Schedule V of SEBI (LODR) Regulations, 2015.

12. The extent to which the discretionary requirements specified in Part E of Schedule II have been adopted, is given against Clause 10(iv) above.

13. Senior Management Personnel discloses to the Board of Directors all material, financial and commercial transactions where they have personal interest that may have a potential conflict with the Company's interest, if any.

14. The Company submits quarterly compliance report on Corporate Governance to the Stock Exchange, in the prescribed format within 15 days from the close of the quarter duly signed by the Compliance Officer.

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

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

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

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

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

Sl. No.	Name of the Director	28-05-2016
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman (till 11-05-2017)	Yes
2.	Shri P.R. Venketrama Raja, Chairman (from 04-06-2017)	Yes
3.	Justice Shri P.P.S. Janarthana Raja	Yes
4.	Shri P.V. Abinav Ramasubramaniam Raja, Member (from 04-06-2017)	NA

b) The Composition of the Share Transfer Committee the details of the attendance of its members are as follows:

Sl. No.	Name of the Director	15-04-2016	13-05-2016	24-06-2016	05-08-2016	30-09-2016	13-10-2016	02-01-2017
1.	Shri P.R. Ramasubrahmaneya Rajha, Chairman	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2.	Shri S.S. Ramachandra Raja	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3.	Shri N.K. Ramasuwami Raja	Yes	Yes	Yes	Yes	Yes	Yes	Yes

The Board of Directors at their Meeting held on 11-02-2017 delegate the authority to Shri A. Arulpranavam, Secretary of the Compnay for Share Tranfer related matters, consequent to which the Share Transfer Committee had ceased to exist with effect from 11-02-2017.

18. DISCLOSURES WITH RESPECT TO UNCLAIMED SUSPENSE ACCOUNT

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

There were 1,78,896 Shares of Rs.10/- each belonging to 114 Shareholders at the beginning of the year lying at the "Rajapalayam Mills Limited Unclaimed Suspense Account" in dematerialised form. During the year two Shareholders have approached the Company for transfer of 3,180 shares from Suspense account. After completion of the required formalities, the shares were transferred and 1,75,716 shares belonging to 112 Shareholders are lying with Unclaimed suspense account as on 31-03-2017. The voting rights of these Shares shall remain frozen till the rightful owner of such Shares claims the Shares.

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

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

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

RAJAPALAIYAM,
04th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

DECLARATION

As provided under Schedule V (D) of the SEBI (LODR) Regulations, 2015, the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for the year ended 31st March, 2017.

For RAJAPALAYAM MILLS LIMITED,

RAJAPALAIYAM,
04th June, 2017.

Smt. R. SUDARSANAM
MANAGING DIRECTOR

To

The Board of Directors,
Rajapalayam Mills Limited,
Rajapalayam.

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

We hereby certify that -

A. We have reviewed financial statements and the cash flow statement for the year 2016-17 and that to the best of our knowledge and belief :

   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee that -

   1. there are no significant changes in internal control over financial reporting during the year;

   2. except for adoption of Ind AS, there are no significant changes in accounting policies during the year;

   3. there are no instances of significant fraud of which we have become aware.

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

Smt. R. SUDARSANAM
MANAGING DIRECTOR

RAJAPALAIYAM,
25th May, 2017.

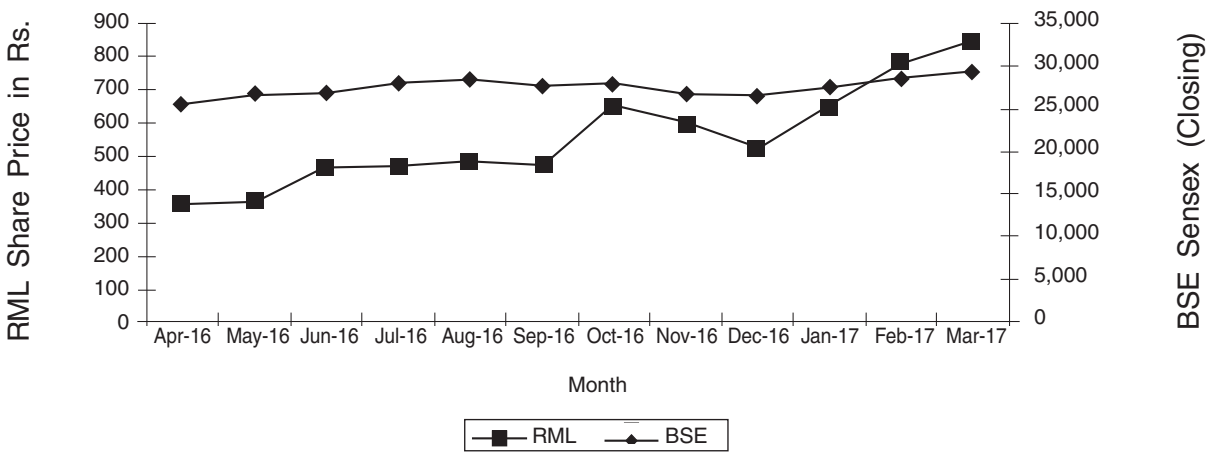
ANNEXURE - A

STATISTICAL DATA

Share Price - High & Low / Volume (During April, 2016 to March, 2017 in BSE)

Month	BSE Limited, Mumbai		
	High Rs.	Low Rs.	No. of Shares Traded
April, 2016	396	342	59,380
May	381	335	4,20,829
June	486	355	1,03,242
July	520	463	36,105
August	540	441	71,919
September	523	448	79,655
October	738	478	1,72,702
November	688	512	88,485
December	609	510	25,617
January, 2017	660	515	57,364
February	793	640	1,25,653
March	923	785	1,39,372

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



ANNEXURE - B

Pattern of Shareholding as on 31-03-2017

Description	Total Shareholders	%	Total Shares	%
A. PROMOTERS HOLDING				
1. Promoters	15	0.29	39,21,820	53.17
Sub-total	15	0.29	39,21,820	53.17
B. NON - PROMOTERS HOLDING				
1. Banks, FI'S INS. Cos, Govt. Institutions	3	0.06	2,060	0.03
2. NRIs / OCBs & Non-Domestic Companies	45	0.87	13,085	0.17
3. Private Corporate Bodies	162	3.13	3,66,994	4.98
4. Public	4945	95.65	30,72,201	41.65
Sub-total	5,155	99.71	34,54,340	46.83
Total	**5,170**	**100.00**	**73,76,160**	**100.00**

Distribution of Shareholding as on 31-03-2017

No. of Shares held	Total Shareholders	%	Total Shares	%
Upto - 500	4,349	84.12	4,54,926	6.17
501-1000	345	6.67	2,65,559	3.60
1001-2000	195	3.77	2,82,339	3.83
2001-3000	95	1.84	2,25,091	3.05
3001-4000	42	0.81	1,47,810	2.00
4001-5000	27	0.53	1,22,557	1.66
5001-10000	59	1.14	3,98,675	5.41
10001 & above	58	1.12	54,79,203	74.28
Total	**5,170**	**100.00**	**73,76,160**	**100.00**

Category of Shareholding as on 31-03-2017

Category	Total Shareholders	%	Total Shares	%
Dematerialized Form:				
NSDL	2,932	56.71	60,09,562	81.47
CDSL	1,604	31.03	5,92,929	8.04
Physical Form	634	12.26	7,73,669	10.49
Total	**5,170**	**100.00**	**73,76,160**	**100.00**

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

To

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

We have examined the compliance of the conditions of Corporate Governance by Rajapalayam Mills Limited ("the Company") during the financial year ended 31st March, 2017, as stipulated under Regulation numbers 17 to 27, 46(2)(b) to (i), Schedule II and Schedule V (paragraphs C,D and E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

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

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

We hereby certify that, in our opinion and to the best of our information and based on the records furnished for our verification and the explanations given to us by the Company, its officers and agents, the Company has, during the year ended 31st March, 2017, complied with the applicable conditions of Corporate Governance.

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

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

K. SRINIVASAN
Partner
Membership No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
25th May, 2017.

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

i. & ii. The ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of each Director, Managing Director, Chief Financial Officer and Company Secretary in the Financial Year 2016-17.

Name of the Director / KMP and Designation	Remuneration of Director / KMP for financial year 2016-17 (Rs. in lakhs)	% increase in remuneration in the financial year 2016-17	Ratio of remuneration of each Director / to median remuneration of employees
Shri P.R. Ramasubrahmaneya Rajha, Chairman *	3.90	(7)	3
Smt. R. Sudarsanam, Managing Director	211.53	34	188
Shri P.R. Venketrama Raja	1.20	(33)	1
Shri S.S. Ramachandra Raja	3.60	(8)	3
Shri N.K. Ramasuwami Raja	5.70	–	5
Shri A.V. Dharmakrishnan	3.30	10	3
Justice Shri P.P.S. Janarthana Raja	3.90	18	3
Shri V. Santhana Raman	1.50	(17)	1
Shri K.B. Nagendra Murthy	2.70	80	2
Smt. Soundara Kumar	1.50	150	1
Shri P.V. Abinav Ramasubramaniam Raja	0.30	NA	0
Shri P.A.S. Alaghar Raja	0.30	NA	0
Shri B. Gnanagurusamy, Chief Financial Officer	21.17	–	19
Shri A. Arulpranavam, Secretary	8.38	27	7

* Shri P.R. Ramasubrahmaneya Rajha demised on 11-05-2017.

iii. The median remuneration of the employees during the financial year was Rs. 1,12,291 and the percentage increase in the median remuneration was 6%.

iv. There were 2,894 Permanent employees on the rolls of the Company, as on 31st March, 2017.

v. Average percentage increase made in the salaries of the employees other than the managerial personnel in the financial year i.e. 2016-17 was 6 % whereas the increase in the managerial remuneration for the same financial year was 30%. This was because the remuneration of Managing Director was increased by 34% which is in accordance with revised limits of Schedule V to the Companies Act, 2013, amended by Ministry of Corporate Affairs vide its notification dated 12-09-2016.

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

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

Particulars of Top 10 Employees in terms of remuneration drawn and Particulars of Employees employed throughout the financial year 2016-17 and was in receipt of remuneration in the aggregate of not less than Rs. 102 Lakhs.

Sl. No.	Name	Age (Yrs)	Designation	Remuneration Paid / Payable Rs. in lakhs	Qualification and experience (Years)	Date of Commencement of employment	Last Employment
1	Smt. R. Sudarsanam	76	Managing Director	210.62	(51 Years)	01-07-2002	–
2	Shri S. Kanthimathinathan	75	President	44.69	M.Sc., (Tech) (54 Years)	02-06-1995	Soundararaja Group (Textile Division)
3	Shri V. Raju	55	Vice President-Technical	23.79	D.T.T. (36 Years)	10-07-1981	–
4	Shri B. Gnanagurusamy	39	Chief Financial Officer	21.17	ACA (17 Years)	11-09-2000	The Ramco Cements Limited
5	Shri N. Mohanarengan	48	Vice President-Marketing	20.79	D.T.T., AMIE (29 Years)	01-04-1991	Lakshmi Spinners
6	Shri N. Nagarajan	53	Sr. General Manager - HR	19.62	M.Com, MHRM, MBA, BGL (31 Years)	14-01-2012	Hirco Developments Private Limited
7	Shri B. Velvendan	49	Sr. General Manager - Electrical	18.99	B.E. (EEE) (24 Years)	01-12-1995	The Janakiram Mills Limited
8	Shri K. Somasekara Varma	50	General Manager-Works	18.18	D.T.T. (28 Years)	09-03-2015	Sri Govindaraja Textiles (P) Ltd
9	Shri A. Balamurugan	47	Sr. General Manager-Works	15.85	D.T.T., B. Com. (29 Years)	12-09-1988	–
10	Shri P. Ponrajan	44	General Manager-Civil	15.62	B.E.(Civil) (21 Years)	01-12-2006	Thiyagarajar Mills Limited

NOTE: 1. All appointments are contractual.

2. Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund but does not include Provision for Gratuity and Leave encashment.

3. None of the employees mentioned above is related to any Director of the Company except Smt. R. Sudarsanam, Managing Director who is related to Shri P.R. Ramasubrhmaneya Rajha, Chairman (Till 11-05-2017), Shri P.R. Venketrama Raja, Chairman and Shri P.V. Abinav Ramasubramaniam Raja, Director.

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

RAJAPALAIYAM,
04th June, 2017.

P.R. VENKETRAMA RAJA
CHAIRMAN

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Rajapalayam Mills Limited

Report on the Separate Ind AS Financial Statements

We have audited the accompanying separate Ind AS financial statements of Rajapalayam Mills Limited ('the Company'), which comprise the balance sheet as at 31st March, 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Separate Ind AS financial statements").

Management's Responsibility for the Separate Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these separate Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the separate Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the separate Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid separate Ind AS 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 Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid separate Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

(e) on the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its separate Ind AS financial statements - Refer Note No.39 (iii) and (iv) to the separate Ind AS financial statements;

ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note No. 25 to the separate Ind AS financial statements;

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. the Company has provided requisite disclosures in its separate Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No.49 to the separate Ind AS financial statements.

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

K. SRINIVASAN
Partner
Membership No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
25th May, 2017.

"ANNEXURE - A" TO THE INDEPENDENT AUDITORS' REPORT - 31ST MARCH, 2017

(Referred to Paragraph 1 under the heading of - "Report on other Legal and Regulatory Requirements" of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.

(c) According to the information and explanations given to us 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.

(ii) The inventories, except goods in transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventories lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and book records were not material.

(iii) The Company has granted loan to one body corporate covered in the register maintained under Section 189 of the Companies Act, 2013.

(a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the body corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company.

(b) In the case of loans granted to the body corporate listed in the register maintained under Section 189 of the Act, the borrowers have been regular in the payment of interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loan is repayable on demand. Accordingly, paragraph (iii) (b) of the Order is not applicable to the Company in respect of repayment of the principal amount.

(c) There are no overdue amounts in respect of the loan granted to a body corporate listed in the register maintained under Section 189 of the Act.

(iv) 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, with respect to the loans, investments, guarantees and security made.

(v) The Company has not accepted any deposits within the meaning of Section 73 to 76 of the act and Companies (Acceptance of Deposits) Rules 2014 from the public during the year.

(vi) The Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 has specified maintenance of cost records for the Company and such accounts and records have been made and maintained by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company 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 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 provident fund, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues were in arrears as at 31st March, 2017 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, the following dues of service tax has not been deposited by the Company on account of disputes:

Name of the Statute	Amount (Rs. in Lakhs)	Forum where dispute is pending
Service Tax	193.75	Central Excise, Customs & Service Tax Appellate Tribunal, Chennai

(viii) The Company has not defaulted in repayment of loans or borrowing to financial institutions or bank. The Company did not have any loans or borrowings from the government or borrowings by way of debentures.

(ix) The Company has not raised any money by way of initial public offer (including debt instruments). The moneys raised by way of Term Loans were applied for the purposes for which they were raised.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) 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.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to information and explanations given to us, and based on our examination of the records of the Company, transactions with related parties are in compliance with Sections 177 and 188 of the Act where applicable. The details of such related party transactions have been disclosed in the separate financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and base on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. 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 No. 001208S

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

K. SRINIVASAN
Partner
Membership No. 21510

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
25th May, 2017.

"Annexure - B" to the Independent Auditor's Report of even date on the Financial Statements of Rajapalayam Mills Limited

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

We have audited the internal financial controls over financial reporting of Rajapalayam Mills Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the Separate Ind AS financial statements of the Company for the year ended on that date

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls 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 Separate Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 No. 001208S

K. SRINIVASAN
Partner
Membership No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
25th May, 2017.

SEPARATE BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in Lakhs)

		Note No.	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
I	**ASSETS**							
(1)	**Non-Current Assets**							
(a)	Property, Plant and Equipment	6	**28,513.52**		29,969.68		30,625.84	
(b)	Capital Work-in-progress		**304.47**		39.24		291.66	
(c)	Intangible Assets	6	**34.56**		51.76		73.80	
(d)	Investment Property	7	**145.41**		229.45		229.68	
(e)	Investments in Associates	8	**5,081.62**		5,066.60		5,021.05	
(f)	Financial Assets							
	Other Investment	8	**2,501.63**		2,502.35		2,500.82	
	Loans	9	**950.00**		950.00		950.00	
	Other Financial Assets	10	**997.92**		711.22		354.28	
(g)	Other Non-Current Assets	11	**200.94**	**38,730.07**	200.94	39,721.24	200.94	40,248.07
(2)	**Current Assets**							
(a)	Inventories	12	**14,700.31**		10,840.99		9,979.32	
(b)	Financial Assets							
	Trade Receivables	13	**4,337.29**		3,989.99		4,125.08	
	Cash and Cash Equivalents	14	**310.79**		233.30		371.09	
	Other Financial Assets	15	**653.38**		1,060.50		759.24	
(c)	Current Tax Asset		**118.77**		148.33		155.56	
(d)	Other Current Assets	16	**910.90**	**21,031.44**	860.43	17,133.54	1,070.92	16,461.21
TOTAL ASSETS				**59,761.51**		56,854.78		56,709.28
II	**EQUITY & LIABILITIES**							
(1)	**Equity**							
(a)	Equity Share Capital	17	**737.62**		737.62		737.62	
(b)	Other Equity	18	**23,946.14**		20,408.17		18,431.34	
	Total Equity			**24,683.76**		21,145.79		19,168.96
(2)	**Liabilites**							
A)	Non Current Liabilities							
(a)	Financial Liabilities							
	Borrowings	19	**7,287.91**		10,026.53		10,274.03	
(b)	Provisions	20	**259.15**		214.91		182.06	
(c)	Deferred Income	21	**32.39**		34.30		33.74	
(d)	Deferred Tax Liabilities (Net)	22	**3,129.64**	**10,709.09**	3,683.50	13,959.24	3,517.91	14,007.74
B)	Current Liabilities							
(a)	Financial Liabilities							
	Borrowings	23	**16,136.75**		13,441.92		15,639.02	
	Trade Payables	24	**956.48**		604.44		508.19	
	Other Financial Liabilities	25	**6,384.43**		6,858.85		6,649.09	
(b)	Provisions	26	**843.01**		701.20		736.28	
(c)	Liabilities for Current Tax		**47.99**	**24,368.66**	143.34	21,749.75	–	23,532.58
TOTAL EQUITY AND LIABILITIES				**59,761.51**		56,854.78		56,709.28
Significant Accounting Policies		5						
See accompanying notes to the financial statements.								

As per our report annexed

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

K. SRINIVASAN
Partner, M.No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner, M.No. 28952

Smt. R. SUDARSANAM
MANAGING DIRECTOR

JUSTICE P.P.S. JANARTHANA RAJA
DIRECTOR

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY

Rajapalaiyam,
25th May, 2017.

STATEMENT OF SEPARATE PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs. in Lakhs)

		Note No.	For the year ended 31-03-2017		For the year ended 31-03-2016
	REVENUE				
I	Revenue from Operations	27	**40,709.01**		39,349.36
II	Finance Income	28	**325.09**		296.14
III	Other Income	29	**480.81**		1,905.42
IV	**Total Revenue (I + II + III)**		**41,514.91**		41,550.92
V	**EXPENSES**				
	Cost of Materials Consumed	30	**20,349.47**		18,705.05
	Trade Purchases		**581.93**		1,335.43
	Changes in Inventories of Finished Goods and Work-in-progress	31	**(578.69)**		(845.14)
	Employee Benefit Expenses	32	**4,835.07**		4,730.94
	Finance Costs	33	**2,328.56**		2,669.01
	Depreciation and Amortization Expenses	34	**2,114.44**		2,185.54
	Other Expenses	35	**8,041.13**		9,686.14
	Total Expenses		**37,671.91**		38,466.97
VI	**Profit / (Loss) Before Tax (IV-V)**		**3,843.00**		3,083.95
VII	Income Tax Expenses / (Savings)				
	Current Tax		**804.02**	402.01	
	Income Tax related to earlier years		**–**	107.57	
	Deferred Tax		**(553.86)**	79.69	
	[Including MAT Credit of Rs.374.59 Lakhs (PY :NIL)]		**250.16**		589.27
VIII	**Profit After Tax (VI-VII)**		**3,592.84**		2,494.68
IX	**Other Comprehensive Income**				
	Item that will not be reclassified subsequently to Profit and Loss:				
	Acutuaral Gain / (Loss) on defined benefit obligation (net)		**(83.48)**		(45.74)
	Unrelaised Gain / (Loss) on Equity Investment (net)		**(0.28)**		0.33
	Income Tax (Expenses) / Savings		**28.89**		15.83
	Other Comprehensive Income / (Loss) for the year, net of tax		**(54.87)**		(29.58)
X	**Total Comprehensive Income for the year, net of tax (VIII + IX)**		**3,537.97**		2,465.10
XI	**Earnings per Equity Share of Rs. 10/- each**				
	Basic & Diluted *(in Rupees)* [Refer to Note No.42]		**48.71**		33.82
	Significant Accounting Policies	5			
	See accompanying notes to the financial statements.				

As per our report annexed

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

K. SRINIVASAN
Partner, M.No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner, M.No. 28952

Smt. R. SUDARSANAM
MANAGING DIRECTOR

JUSTICE P.P.S. JANARTHANA RAJA
DIRECTOR

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY

Rajapalaiyam,
25th May, 2017.

(Rs. in Lakhs)

		2016-17	2015-16
A. Cash Flow from Operating Activities			
Profit before Tax		**3,843.00**	3,083.95
Adjustments for :			
Depreciation & Amortisation		**2,114.44**	2,185.54
Interest Paid		**2,328.56**	2,669.01
Interest Received		**(325.09)**	(296.14)
Dividend Received		**–**	(1,544.13)
Rent Received		**(0.68)**	(0.68)
Profit on Sale of Assets (Including Investment Property)		**30.46**	(47.82)
Fair Value movement and Financial Guarantee obligation		**58.79**	(72.52)
Operating Profit before Working capital Changes		**8,049.48**	5,977.21
Adjustments for :			
Gratuity and Government Grants		**(85.39)**	(45.18)
Trade Receivables		**(347.30)**	135.09
Loans and Advances		**69.95**	(447.71)
Inventories		**(3,859.32)**	(861.67)
Trade Payables & Current Liabilities		**400.54**	26.45
Cash generated from Operations		**4,227.96**	4,784.19
Income tax Paid		**(840.92)**	(257.28)
Net Cash generated from Operating Activities	A	**3,387.04**	4,526.91
B. Cash Flow from Investing Activities			
Purchase of Fixed Assets (Including Capital work-in-progress)		**(985.94)**	(1,297.03)
Investment in Shares		**0.44**	(1.21)
Proceeds from Sale of Assets / Investment Property		**133.21**	90.16
Interest Received		**325.09**	296.14
Dividend Received		**–**	1,544.13
Rent Received		**0.68**	0.68
Net Cash from / (used) in Investing Activities	B	**(526.52)**	632.87

			(Rs. in Lakhs)
		2016-17	2015-16
C. Cash Flow from Financing Activities			
Proceeds from Long Term Borrowings		**2,298.54**	5,386.66
Repayment of Long Term Loan		**(5,514.30)**	(5,329.84)
Availment / (Repayment) of Short Term Borrowings (Net)		**2,761.29**	(2,197.10)
Payment of Dividend and Tax thereon		**–**	(488.28)
Interest Paid		**(2,328.56)**	(2,669.01)
Net Cash used in Financing Activities	C	**(2,783.03)**	(5,297.57)
Net Increase / (Decrease) in Cash and Cash Equivalent	(A+B+C)	**77.49**	(137.79)
Opening balance of Cash and Cash Equivalents ***[Refer to Note No. 14]***	D	**233.30**	371.09
Closing balance of Cash and Cash Equivalents ***[Refer to Note No. 14]***	E	**310.79**	233.30
Net Increase in Cash and Cash Equivalent	(E-D)	**77.49**	(137.79)

See accompanying notes to the financial statements.

As per our report annexed

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

K. SRINIVASAN
Partner, M.No. 21510

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CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY

Rajapalaiyam,
25th May, 2017.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

A. Equity Share Capital

(Rs. in Lakhs)

Balance as at 01-04-2015	737.62
Changes in Equity Share Capital during the year 2015-16	–
Balance as at 31-03-2016	737.62
Changes in Equity Share Capital during the year 2016-17	–
Balance as at 31-03-2017	737.62

B. Other Equity

Particulars	Reserves and Surplus				Items of OCI		Total Other Equity
	Capital Reserve	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Re-measurements of Defined Benefit Obligations	
Other Equity as at 1st April, 2015	**3.75**	**1,490.48**	**15,782.48**	**1,154.44**	**0.19**	**–**	**18,431.34**
Add: Profit for the financial year 2015-16	–	–	–	2,494.68	–	–	2,494.68
Add: Other Comprehensive Income	–	–	–	–	0.33	(29.91)	(29.58)
Total Comprehensive Income	**–**	**–**	**–**	**2,494.68**	**0.33**	**(29.91)**	**2,465.10**
Less: Cash Dividend	–	–	–	405.68	–	–	405.68
Less: Dividend Distribution Tax on Cash Dividend	–	–	–	82.59	–	–	82.59
Less: Transfer to Retained Earnings	–	–	–	–	–	(29.91)	(29.91)
Add: Transfer from OCI	–	–	–	(29.91)	–	–	(29.91)
Less: Transfer to General Reserve	–	–	–	2,018.77	–	–	2,018.77
Add: Transfer from Retained Earnings	–	–	2,018.77	–	–	–	2,018.77
Other Equity as at 31st March, 2016	**3.75**	**1,490.48**	**17,801.25**	**1,112.17**	**0.52**	**–**	**20,408.17**
Add: Profit for the financial year 2016-17	–	–	–	3,592.84	–		3,592.84
Add: Other Comprehensive Income	–	–	–	–	(0.28)	(54.59)	(54.87)
Total Comprehensive Income	**–**	**–**	**–**	**3,592.84**	**(0.28)**	**(54.59)**	**3,537.97**
Less: Transfer to Retained Earnings	–	–	–	–	–	(54.59)	(54.59)
Add: Transfer from OCI	–	–	–	(54.59)	–	–	(54.59)
Less: Transfer to General Reserve	–	–	–	3,650.42	–	–	3,650.42
Add: Transfer from Retained Earnings	–	–	3,650.42	–	–	–	3,650.42
Other Equity as at 31st March, 2017	**3.75**	**1,490.48**	**21,451.67**	**1,000.00**	**0.24**	**–**	**23,946.14**

1. Corporate Information

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

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

The financial statements of the Company for the year ended 31-03-2017 were approved and adopted by Board of Directors of the Company in their meeting dated 25-05-2017.

2. Basis of preparation and presentation of financial statements

(i) The financial statements for the period upto 31-03-2016 were prepared in accordance with Accounting Standards notified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Pursuant to the mandatory requirement for adoption of Indian Accounting Standards (Ind AS) as notified by Ministry of Corparate Affairs (MCA), the Company has prepared its financial statements for the year ended 31-03-2017 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time. The comparative figures in the financial statements with respect to the previous year have been restated in accordance with Ind AS requirements. While preparing these financials statements, the Company has first prepared its opening Balance sheet as at 01-04-2015, the date of transition to Ind AS.

(ii) The significant accounting policies used in preparing the financial statements are set out in Note No.5.

(iii) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.

(iv) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(v) The Company has considered its operating cycle to be 12 months for the purpose of Current or Non-current classification of assets and liabilities.

(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 Rs.0.00 Lakhs.

3. First time adoption of Ind AS

The financial statements for the year ended 31-03-2017 are the first financial statements prepared in accordance with Ind AS. The Reconciliation and description of the effect of transition from previous GAAP to Ind AS on Equity, Statement of Profit and Loss are provided in Note Nos. 48. The Balance sheet as on the date of transition has been prepared in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards (Ind AS). All applicable Ind AS were applied consistently and retrospectively in preparation of the first Ind AS Financial Statements with certain mandatory exceptions and voluntary exemptions for the specific cases as provided under Ind AS 101.

Estimates

The estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. The Company has not made any changes to estimates made in accordance with previous GAAP.

a) The mandatory exceptions for retrospective application as provided under Ind AS 101 that are applicable to the Company are as below:

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Derecognition of previously recognised financial assets / financial liabilities	
An entity shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.	The Company has applied the de-recognition requirements prospectively.
Hedge accounting	
At the date of transition to Ind AS, an entity shall measure all derivatives at fair value and eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.	The Company has measured derivatives at fair value through profit or loss.
An entity shall not reflect in its opening Ind AS Balance Sheet a hedging relationship that does not qualify for hedge accounting in accordance with Ind AS 109.	The Company does not have any hedging relationship that meets the qualifying criteria for Hedge accounting.

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Classification and measurement of financial assets	
Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS.	The Company has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial assets and accordingly has classified and measured financial assets on the date of transition.
Impairment of Financial Assets	
Impairment requirements under Ind AS 109 should be applied retrospectively based on the reasonable and supportable information that is available on transition date without undue cost or effort.	The Company has applied impairment requirements retrospectively.

b) The voluntary exemptions for retrospective application as provided under Ind AS 101 that are applicable to the Company are as below:

Voluntary Exemption under Ind AS 101	Applicability / Option exercised
Deemed Cost	
An entity may elect to measure an item of property, plant and equipment, investment property and intangible asset at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of property, plant and equipment, intangibles by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost.	The Company has opted to continue with the carrying amount for all of its property, plant and equipment and intangible assets measured as per Previous GAAP and use that as its deemed cost as at the date of transition.
Investments in Subsidiary and Associates	
An entity is required to account for its investments in subsidiaries, joint ventures and associates either (a) at cost; or (b) in accordance with Ind AS 109. Such cost shall be cost as per Ind AS 27 or deemed cost. The deemed cost of such an investment shall be its fair value on the date of transition to Ind AS or Previous GAAP carrying amount at that date.	The Company has opted to measure its investment in associates as per the previous GAAP carrying amount as at the date of transition to Ind AS.

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Designation of previously recognised financial instruments	
An entity may designate an investment in an equity instrument as at fair value through other comprehensive income (FVTOCI) in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.	The Company has designated all equity instruments in companies other than subsidiaries / associates at FVTOCI, based on the assessment made on the date of transition to Ind AS.

4. Basis of Measurement

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note 5.S - Accounting Policy for Financial Instruments) which are measured at fair value.

5. Significant Accounting Policies

A. Inventories

(i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.

(ii) Process stock is valued at cost including the cost of conversion with systematic allocation of production and administration overheads, or net realisable value whichever is lower.

(iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition.

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 3 months or less, highly liquid investments that are readily convertible into cash.

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

C. Dividend distribution to Equity shareholders

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

D. Income Taxes

(i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws.

(ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset 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 and the same is included in Deferred Tax Asset. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

(iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.

(iv) Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date.

(v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(vi) 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.

(vii) 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 for such set off.

E. Property, plant and equipments (PPE)

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

(ii) The Company has opted to use previous GAAP carrying amount as Deemed cost as at the date of transition to Ind AS (i.e as on 01-04-2015).

(iii) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. When each major inspection / overhauling is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/ overhauling (as distinct from physical parts) is de-recognised.

(iv) 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 in accordance with Ind AS 16 are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

(v) 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.

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

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

(vii) 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.

(viii) 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.

(ix) 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.

(x) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

F. Capital Work in progress

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

G. Leases

(i) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

(ii) The lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease. Operating lease receipts and payments are recognised in the Statement of Profit and Loss on straight line basis over the lease terms. The Company do not have any finance leases.

(iii) The amount paid for securing right to use of building qualify as “Operating Lease” and the amount paid for such property is classified as “Lease prepayments” under prepaid expenses, which are amortised over the tenure of lease.

H. Revenue Recognition

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

The specific recognition criteria described below must also be met before revenue is recognised.

(ii) Revenue from Operations

a) Sale of products

Revenue is recognised at the fair value of consideration received or receivable upon transfer of significant risks and rewards of ownership of goods which generally coincides with the delivery of goods. It comprises of invoice value of goods, after deducting discounts, volume rebates and applicable 0.taxes on sale.

b) Power generated from Windmills

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

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 recognised and shown as Income from Wind Mills.

c) Income from Job Work

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

(iii) Other Income

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

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, unless the escalation is in the nature of compensation for cost inflation.

d) Value of Carbon credits are recognised when the Company's right to receive the same is established.

e) Scrap sales is recognised at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods and after deducting applicable taxes on sale.

f) Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

I. Employee Benefits

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

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

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

(iv) The Company also contributes for superannuation a sum equivalent to 15% of the officer's eligible annual basic salary. Out of the said 15% contribution, a sum upto Rs.1.50 Lakhs per annum is remitted to Rajapalayam Mills Limited Officers' Superannuation Fund administered by trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.

(v) The Company has its own Defined Benefit Plan viz., an approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment, for an amount equivalent to 15 days' basic salary for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to "Rajapalayam Mills Limited Employees' Gratuity Fund" administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the Balance Sheet date using Projected Unit Credit method.

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

(vii) Re-measurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to 'Other Comprehensive Income' in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

J. Government Grants

(i) Government grants are recognised at fair value on accrual basis 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) In case of grant relates to an asset, it is recognised as income over the expected useful life of the related asset.

(iv) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.

(v) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.

(vi) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note No. 29 "Other Income".

K. Foreign currency transactions

(i) The financial statements are presented in Indian Rupees, which is also the Company's functional currency.

(ii) All transactions in foreign currency are recorded on initial recognition at their functional currency exchange rates prevailing on that date.

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

(iv) Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rates at the date of transaction.

L. Borrowing Costs

(i) Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

(ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings cost are expensed in the period in which they occur.

M. Earnings per Share

(i) Earnings per share is calculated by dividing the Net profit after tax by the weighted average number of equity shares outstanding during the year.

(ii) Where an item of income or expense which is otherwise required to be recognised in the Statement of Profit and Loss is debited or credited to Equity, the amount in respect thereof is suitably adjusted in Net profit for the purpose of computing Earnings per share.

(iii) The Company do not have any potential equity shares.

N. Impairment of Non-Financial Assets

(i) The carrying values of non-financial assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors.

(ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation / amortisation for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.

(iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

(iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

O. Provisions, Contingent Liabilities and Contingent Assets

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

(ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are neither recognised nor disclosed.

(iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more

uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

P. Intangible Assets

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

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

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

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

(iv) The residual values, useful lives and methods of depreciation 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) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant components as detailed below:

Asset type	Useful life
Buildings under Investment properties	60 years

(iv) 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.

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

R. Operating Segments

The Company has two operating / reportable segments viz. Textiles and Power generation from Windmills.

Segments were identified considering the nature of the products, the differing risks and returns as per Ind AS 108 (Segment Reporting).

The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard.

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

S. Financial Instruments

(i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(ii) Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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

T. Financial Assets

(i) Financial assets comprise of investments in Equity, Trade Receivables, Cash and Cash Equivalents and Other Financial Assets.

(ii) Depending on the business model (i.e) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:

a) Amortised cost; or

b) Fair value through Other Comprehensive Income (FVTOCI); or

c) Fair value through Profit or Loss (FVTPL)

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

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

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

(iv) Investment in equity of associates are carried at cost (i.e) previous GAAP carrying amount as the date of transition to Ind AS. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

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

(v) Financial assets are derecognised (i.e) removed from the financial statements, when its contractual rights to the cash flows expire or upon transfer of the said

assets. The Company also derecognises when it has an obligation to adjust the cash flows arising from the financial asset with third party and either upon transfer of:

a. significant risk and rewards of the financial asset, or

b. control of the financial asset

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

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

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

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

U. Financial Liabilities

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

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

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

(iii) Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Transaction cost of financial guarantee contracts that are directly attributable to the issuance of the guarantee are recognised initially as a liability at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortization.

(iv) Financial liabilities are derecognised when and only when it is extinguished (i.e) when the obligation specified in the contract is discharged or cancelled or expired.

(v) Upon de-recognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in the Statement of Profit and Loss.

V. Fair value measurement

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

(ii) The fair value of an asset or a liability is measured / disclosed using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.

(iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input

that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

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

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

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

(iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period (i.e) based on the lowest level input that is significant to the fair value measurement as a whole.

(v) For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

(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 generally accepted valuation techniques.

b) 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.

c) 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.

d) 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.

e) Investment Properties

The fair value of Investment property disclosed in Note No. 7. The fair values are determined based on valuation report given by an Independent Valuer.

W. Significant Estimates and Judgements

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

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

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

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

(ii) Current Taxes

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

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

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

(iv) Contingent Liabilities

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

(v) Impairment of Trade receivables

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

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

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

(vii) Defined Benefit Plans and Other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rate are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions.

(viii) Fair value measurement of financial instruments

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

(ix) Interests in other entities

Significant management judgement is exercised in determining the interests in other entities. The management believes that wherever there is significant influence over certain companies belong to its group, such companies are treated as Associate companies even though it holds less than 20% of the voting rights.

NOTES FORMING PART OF SEPARATE FINANCIAL STATEMENTS

NOTE NO. 6

PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakhs)

Particulars	Year	Gross Block				Depreciation				Net Block	
		As at the beginning of the year	Additions	Deductions	As at the end of the year	As at the beginning of the year	For the year (Note No. 34)	Deductions	As at the end of the year	As at the end of the year	As at the beginning of the year
Tangible Assets											
Land	2016-17	832.25	–	6.97	825.28	–	–	–	–	825.28	832.25
	2015-16	830.85	1.40	–	832.25	–	–	–	–	832.25	830.85
Buildings	2016-17	4,809.06	9.97	–	4,819.03	1,680.60	149.54	–	1,830.14	2,988.89	3,128.46
	2015-16	4,742.98	66.08	–	4,809.06	1,530.80	149.80	–	1,680.60	3,128.46	3,212.18
Plant and Machinery	2016-17	55,269.22	668.88	174.63	55,763.47	30,315.54	1,724.37	109.67	31,930.24	23,833.23	24,953.68
	2015-16	54,168.62	1,369.15	268.55	55,269.22	28,818.56	1,732.72	235.74	30,315.54	24,953.68	25,350.06
Electrical Machinery	2016-17	2,873.54	8.00	52.50	2,829.04	2,159.09	146.10	49.87	2,255.32	573.72	714.45
	2015-16	2,850.92	22.62	–	2,873.54	1,947.03	212.06	–	2,159.09	714.45	903.89
Furniture & Office Equipments	2016-17	709.96	16.29	4.79	721.46	553.06	38.93	4.70	587.29	134.17	156.90
	2015-16	693.19	24.78	8.01	709.96	518.36	39.58	4.88	553.06	156.90	174.83
Vehicles	2016-17	366.17	11.90	15.90	362.17	182.23	32.40	10.69	203.94	158.23	183.94
	2015-16	329.54	65.22	28.59	366.17	175.51	28.91	22.19	182.23	183.94	154.03
Total - Tangible Assets	2016-17	64,860.20	715.04	254.79	65,320.45	34,890.52	2,091.34	174.93	36,806.93	28,513.52	29,969.68
	2015-16	63,616.10	1,549.25	305.15	64,860.20	32,990.26	2,163.07	262.81	34,890.52	29,969.68	30,625.84
Intangible Assets											
Computer software	2016-17	182.32	5.67	–	187.99	174.57	2.45	–	177.02	10.97	7.75
	2015-16	182.12	0.20	–	182.32	172.56	2.01	–	174.57	7.75	9.56
Power Transmission System	2016-17	79.37	–	–	79.37	35.36	20.42	–	55.78	23.59	44.01
	2015-16	79.37	–	–	79.37	15.13	20.23	–	35.36	44.01	64.24
Total - Intangible Assets	2016-17	261.69	5.67	–	267.36	209.93	22.87	–	232.80	34.56	51.76
	2015-16	261.49	0.20	–	261.69	187.69	22.24	–	209.93	51.76	73.80

(a) The Company has opted to use previous GAAP carrying amount as deemed cost as at the date of transition to Ind AS (i.e As on 1-4-2015). However, as per the FAQ issued by Accounting Standard Board of ICAI, the above information regarding gross block of assets, accumulated depreciation under Previous GAAP is an additional disclosure and the same is not considered for subsequent recognition and/or measurement purposes.

(b) No Borrowings cost have been capitalised for both current and previous year.

(c) All the fixed assets have been pledged by way of pari-passu first charge as security for long-term borrowings and second charge for short-term borrowings Note No. 19 & 23.

(Rs. in Lakhs)

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
NOTE NO. 7						
INVESTMENT PROPERTY						
Land						
As at the begning of the year	**138.98**		138.98		138.98	
Less: Sale of Land	**83.81**		–		–	
As at the end of the year		**55.17**		138.98		138.98
Building						
As at the begning of the year	**126.05**		126.05		126.05	
Addition / Sale	**–**		–		–	
As at the end of the year	**126.05**		126.05		126.05	
Less:						
Accumulated depreciation as at the beginning of the year	**35.58**		35.35		35.12	
Depreciation for the year	**0.23**		0.23		0.23	
Accumulated depreciation as at the end of the year	**35.81**		35.58		35.35	
Net Block		**90.24**		90.47		90.70
Total Investment Property		**145.41**		229.45		229.68
For investment property existing as on 1st April 2015, i.e. the date of transition to Ind AS, the Company has used Indian GAAP carrying amount as deemed cost.						
Information regarding income and expenditure of Investment property						
Rental Income from Investment Properties		**0.68**		0.68		0.68
Direct Operating Expenses		**–**		–		–
Profit arising from Investment Properties before Deprecition and indirect expenses		**0.68**		0.68		0.68
Less: Depreciation		**0.23**		0.23		0.23
Profit arising from Investment Properties before indirect expenses		**0.45**		0.45		0.45
Fair Value of Investment Property		**2,112.67**		2,118.96		1,907.06

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

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

Fair value hierarchy disclosures for investment properties have been provided in Note No. 45.

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015

NOTE NO. 8

A) INVESTMENT IN ASSOCIATES

Name of the Company	No. of Shares	Total face Value	Amount	Amount	Amount
Investment in Equity Instruments					
1) Quoted					
The Ramco Cements Limited	3,29,05,000	329.05	**3,779.94**	3,779.94	3,779.94
Ramco Industries Limited	79,20,680	79.21	**92.40**	92.40	92.40
Ramco System Limited	7,33,531	73.35	**1,141.55**	1,141.55	1,141.55
Sub-Total (A)			**5,013.89**	5,013.89	5,013.89
2) Unquoted					
The Ramaraju Surgical Cotton Mills Limited	2,000	0.20	**0.05**	0.05	0.05
Sri Vishnu Shankar Mill Limited	38,400	3.84	**62.68**	47.66	2.11
Ontime Industrial Services Limited	50,000	5.00	**5.00**	5.00	5.00
Sub-Total (B)			**67.73**	52.71	7.16
Grand-Total C= (A+B)			**5,081.62**	5,066.60	5,021.05
Quoted Investments - Cost			**5,013.89**	5,013.89	5,013.89
Market Value			**2,42,037.85**	1,44,277.51	1,10,421.48

Notes:

(a) The Company has opted to use previous GAAP carrying amount as 'Deemed Cost', for investments in Subsidiary and Associates.

(b) The Company has recognised the fair value of transaction cost amounting to Rs. 15.02 Lakhs during the year 2016-17 and Rs. 45.55 Lakhs during the year 2015-16 on financial guarantees given on behalf of Sri Vishnu Shankar Mill Limited as part of Cost of Investment.

(Rs. in Lakhs)

				As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
B) OTHER INVESTMENT						
Name of the Company	**No. of Shares**	**Total face Value**		**Amount**	**Amount**	**Amount**
I. Investment in Equity Instruments						
1) Quoted						
Lakshmi Automatic Loom Works Limited	2,500	0.25		**0.55**	0.83	0.48
Tamilnadu Jai Bharath Mills Limited	1,200	0.12		**0.05**	0.05	0.08
Total Quoted Investments			(A)	**0.60**	0.88	0.56
2) Unquoted						
Miot Hospitals Limited	2,500	0.25		**0.25**	0.25	0.25
ARS Energy Private Limited	280 (PY: 440)	0.03 (PY: 0.04)		**0.77**	1.21	–
Total Unquoted Investments			(B)	**1.02**	1.46	0.25
II. Investment in Preference Shares, Non-Trade - Unquoted						
Thanjavur Spinning Mill Limited	2,50,00,000	10.00	(C)	**2,500.00**	2,500.00	2,500.00
Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited.						
III. Other Non-Current Investments, Non-Trade - Unquoted						
Ramco Group Employees' Co-operative Stores Limited	500	0.01		**0.01**	0.01	0.01
Srivilliputhur Uganda Producers Co-operative Society.	10	–		**–**	–	–
Total other investments			(D)	**0.01**	0.01	0.01
Total (A+B+C+D)				**2,501.63**	2,502.35	2,500.82

NOTE NO. 9

FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES

Unsecured, considered good			
Loans and Advances to Related Parties [Refer to Note No.43 b (i)]	**950.00**	950.00	950.00

NOTE NO. 10

OTHER FINANCIAL ASSETS - (NON CURRENT)

Unsecured, considered good			
Security Deposits with Electricity Board / Others	**997.33**	710.38	353.10
Loans to Employees	**0.59**	0.84	1.18
	997.92	711.22	354.28

NOTE NO. 11

OTHER NON CURRENT-ASSETS

Unsecured, considered good			
Advance to Suppliers / Others	**200.94**	200.94	200.94

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 12			
INVENTORIES			
(Valued at lower of cost or Net realisable value)			
Finished Goods	**2,559.63**	1,989.59	1,591.30
Rawmaterials - Cotton & Cotton Waste	**10,555.39**	7,285.20	7,241.36
Stores and Spares	**207.08**	196.64	223.95
Works-in-progress (Cotton Yarn)	**1,378.21**	1,369.56	922.71
	14,700.31	10,840.99	9,979.32

Note:

a) Raw materials includes Goods-in-transit of Rs. 713.39 Lakhs (As at 31-03-2016 Rs. 569.80 Lakhs)

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

NOTE NO. 13			
TRADE RECEIVABLES			
Secured, Considered good	**1,696.71**	2,640.97	1,679.47
Unsecured, considered good	**2,640.58**	1,349.02	2,445.61
	4,337.29	3,989.99	4,125.08

(a) Trade receivables are non-interest bearing and are generally on terms of 30 to 35 days.

(b) No trade receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

NOTE NO. 14			
CASH AND CASH EQUIVALENTS			
Cash on Hand	**1.59**	2.83	3.43
Balance with Bank			
In Current Account	**25.81**	52.89	101.60
In Deposit Account for Margin Money	**212.03**	112.09	192.66
In Unclaimed Dividend Warrant Account	**71.36**	65.49	73.40
	310.79	233.30	371.09

NOTE NO. 15			
OTHER FINANCIAL ASSETS (CURRENT)			
Government Grants Receivable	**626.46**	1,045.68	739.21
Security Deposit	**13.00**	13.00	13.00
Insurance Claim Receivable	**13.92**	1.82	7.03
	653.38	1,060.50	759.24

NOTE NO. 16			
OTHER CURRENT ASSETS			
Unsecured, considered good			
Advance to Suppliers / Others	**600.70**	526.59	604.49
Accrued Income	**102.59**	93.78	166.87
Prepaid Expenses	**140.86**	147.61	192.42
Other Current Assets	**66.75**	92.45	107.14
	910.90	860.43	1,070.92

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 17			
EQUITY SHARE CAPITAL			
Authorised			
1,50,00,000 Equity Shares of Rs.10/- each (PY: 1,50,00,000 Equity Shares of Rs. 10/- each)	**1,500.00**	1,500.00	1,500.00
Issued, Subscribed and Fully paid-up 73,76,160 Equity Shares of Rs.10/- each (PY: 73,76,160 Equity Shares of Rs. 10/- each)	**737.62**	737.62	737.62

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

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

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	**7,376,160**	**737.62**	7,376,160	737.62	7,376,160	737.62
Issued during the year - Bonus Issue	**–**	**–**	–	–	–	–
Issued during the year - Preferential Issue	**–**	**–**	–	–	–	–
Number of Shares at the end	**7,376,160**	**737.62**	7,376,160	737.62	7,376,160	737.62

c. Rights / Restrictions attached to Equity Shares

The Company has one class of equity shares having a face value of Rs. 10/- each. Each Shareholder is eligible for one vote per share held. The Company declares and pays dividend in Indian Rupees. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all perferential 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 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Venketrama Raja	**14,66,080**	**19.87%**	11,06,080	15.00%	7,46,080	10.11%
P.R. Ramasubrahmaneya Rajha	**9,88,792**	**13.41%**	9,88,792	13.41%	9,88,792	13.41%
P.V. Abinav Ramasubramaniam Raja	**9,63,160**	**13.06%**	9,63,160	13.06%	98,160	1.33%
Ramco Industries Limited	**1,27,360**	**1.73%**	4,87,360	6.61%	8,47,360	11.49%
The Ramco Cements Limited	**25,600**	**0.35%**	25,600	0.35%	7,25,600	9.84%

e. Aggregate number of Equity Shares alloted as fully paid up by way of Bonus Shares during the last 5 years : 35,12,580.

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 18			
OTHER EQUITY			
Capital Reserve	**3.75**	3.75	3.75
Securities Premium Reserve	**1,490.48**	1,490.48	1,490.48
General Reserve	**21,451.67**	17,801.25	15,782.48
FVTOCI Reserve	**0.24**	0.52	0.19
Retained Earnings	**1,000.00**	1,112.17	1,154.44
	23,946.14	20,408.17	18,431.34

Capital Reserve

Represents the difference between the shares alloted to the Shareholders 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.

Distribution made and proposed

Cash dividends on Equity shares declared and paid:		
Final dividend @ Rs. 2.50 per share for 31-03-2015.		184.40
Distribution Tax on Final dividend		37.55
Interim dividend @ Rs. 3/- per share for 31-03-2016		221.28
Distribution Tax on Interim dividend		45.05
		488.28
Proposed dividend on Equity shares:		
Final cash dividend @ Rs. 4/- per share for 31-03-2017	**295.05**	
Distribution Tax on Proposed dividend	**60.07**	
	355.12	

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31st March, 2017.

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 19			
NON CURRENT BORROWINGS			
Secured			
Term Loan from Banks	**3,081.08**	5,472.01	9,575.90
Working Capital Term Loan from Banks / Financial Institutions	**3,010.40**	4,346.19	–
Unsecured			
Working Capital Term Loan from Banks	**1,196.43**	208.33	698.13
	7,287.91	10,026.53	10,274.03

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

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

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

Year	Amount	Amount	Amount
2016-17	–	–	4,699.00
2017-18	–	4,375.00	3,023.33
2018-19	**4,105.85**	3,428.00	2,076.99
2019-20	**2,464.14**	1,946.00	474.71
2020-21	**638.84**	277.53	–
2021-22	**79.08**	–	–
	7,287.91	10,026.53	10,274.03

NOTE NO. 20			
PROVISION (NON - CURRENT)			
Provision for Employee Benefits *[Refer to Note No. 41]*	**259.15**	214.91	182.06
NOTE NO. 21			
DEFERRED INCOME			
Deferred Income Government Grants	**32.39**	34.30	33.74
NOTE NO. 22			
DEFERRED TAX LIABILITY (NET)			
Deferred Tax Liability			
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	**6,307.66**	6,414.20	6,335.50
Tax effect on Fair Value Measurement	**(28.60)**	(6.55)	(0.34)
Deferred Tax Asset			
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	**–**	–	(26.00)
Tax effect on Provision for Bonus and Leave Encashment	**(250.28)**	(199.60)	(180.80)
MAT Credit Entitlement	**(2,899.14)**	(2,524.55)	(2,610.45)
Net Deferred Tax Liability	**3,129.64**	3,683.50	3,517.91

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Reconciliation of deferred tax Liabilities (net)			
Opening balance as on 1st April	**3,683.50**	3,517.91	
Tax income/(Expense) during the period recognised in Profit and Loss	**(179.27)**	79.69	
MAT Credit Entitlement recognised in Proift and Loss / adjusted against Current Tax	**(374.59)**	85.90	
Closing balance as on 31st March	**3,129.64**	3,683.50	

NOTE NO. 23

CURRENT BORROWINGS

Secured			
Loan Repayable on Demand from Banks *	**6,084.52**	9,725.77	12,628.81
Unsecured, Considered good			
Loan Repayable on Demand from Banks	**8,898.54**	2,701.43	3,009.23
Loan from Related Parties *[Refer to Note No.43 (b) (ii)]*	**1,153.69**	1,014.72	0.98
	16,136.75	13,441.92	15,639.02

* 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. 24

TRADE PAYABLES

Trade Payables	**956.48**	604.44	508.19

Terms and conditions of the above Financial Liabilities:

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

There are no dues to micro and small enterprises as at 31-03-2017 (PY: Rs. NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE NO. 25

OTHER CURRENT FINANCIAL LIABILITIES

Current Maturities of Long Term Loans	**4,734.19**	5,214.32	4,910.00
Interest Accrued but not Due on Borrowings	**96.79**	77.64	17.37
Unpaid Dividends	**71.36**	65.49	73.40
PACR Memorial Fund	**70.00**	60.00	150.00
Liabilites for Other Finance	**666.77**	898.06	895.26
Financial Guarantee Contracts	**342.83**	488.35	603.06
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	**402.49**	54.99	–
	6,384.43	6,858.85	6,649.09

NOTE NO. 26

PROVISIONS, CURRENT

Provision for Employee Benefits	**843.01**	701.20	736.28

(Rs. in Lakhs)

	2016-17		2015-16	
NOTE NO. 27				
REVENUE FROM OPERATION				
Sale of Products				
Yarn	**39,814.06**		38,738.67	
Fabrics	**144.08**		–	
Waste Cotton	**178.63**	**40,136.77**	187.59	38,926.26
Other operating Revenues				
Export Incentive		**228.29**		219.69
Job Work Charges Received		**343.95**		203.41
		40,709.01		39,349.36
NOTE NO. 28				
FINANCE INCOME				
Interest Receipts		**325.09**		296.14
NOTE NO. 29				
OTHER INCOME				
Rent Receipts		**27.56**		30.54
Dividend Income		**–**		1,544.13
Profit on Sale of Property, Plant and Equipment		**–**		47.82
Exchange Gain on Foreign Currency Transactions (Net)		**241.34**		105.58
Carbon Credit Sale		**–**		1.06
Government Grants		**1.91**		2.68
Miscellaneous Income		**210.00**		173.61
		480.81		1,905.42
NOTE NO. 30				
COST OF MATERIALS CONSUMED				
Rawmaterials Consumed				
Cotton & Cotton Waste		**20,349.47**		18,705.05

(Rs. in Lakhs)

	2016-17		2015-16	
NOTE NO. 31				
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS				
Opening stock				
Finished Goods	**1,989.59**		1,591.30	
Work-in-Progress	**1,369.56**	**3,359.15**	922.71	2,514.01
Closing Stock				
Finished Goods	**2,559.63**		1,989.59	
Work-in-Progress	**1,378.21**	**3,937.84**	1,369.56	3,359.15
Net (Increase) / Decrease in Stock		**(578.69)**		(845.14)
NOTE NO. 32				
EMPLOYEE BENEFITS				
Salaries, Wages and Bonus		**4,121.42**		4,024.03
Contribution to Provident and Other Funds		**523.30**		502.66
Staff and Labour Welfare Expenses		**190.35**		204.25
		4,835.07		4,730.94
NOTE NO. 33				
FINANCE COSTS				
Interest on Debts and Borrowings		**2,140.85**		2,597.97
Other Borrowing Costs		**185.77**		2.05
Exchange differences regarded as an adjustment to borrowing costs		**1.94**		68.99
		2,328.56		2,669.01
NOTE NO. 34				
DEPRECIATION				
Depreciation of Property, Plant and Equipment		**2,091.34**		2,163.07
Amortization of intangible assets		**22.87**		22.24
Depreciation on Investment Properties		**0.23**		0.23
		2,114.44		2,185.54

(Rs. in Lakhs)

	2016-17		2015-16	
NOTE NO. 35				
OTHER EXPENSES				
Manufacturing Expenses				
Power and Fuel	**3,192.05**		5,024.04	
Packing Materials	**607.85**		654.59	
Repairs to Buildings	**97.10**		75.72	
Repairs to Plant and Machinery	**950.10**		1,000.23	
Repairs - General	**929.43**		954.68	
Jobwork Charges Paid	**132.71**		180.27	
		5,909.24		7,889.53
Establishment Expenses				
Managing Director's Remuneration	**210.63**		156.76	
Rates and Taxes	**141.59**		129.09	
Insurance	**78.52**		78.78	
Postage and Telephone	**18.12**		21.27	
Printing and Stationery	**19.01**		20.45	
Travelling Expenses	**60.79**		92.25	
Vehicle Maintenance	**83.33**		74.66	
Loss on Sale of Property, Plant and Equipment & Investment Property	**30.46**		–	
Directors Sitting Fees	**28.80**		27.30	
Rent	**3.67**		6.31	
Audit and Legal Expenses	**29.44**		27.23	
Corporate Social Responsibility Expenses	**78.55**		80.94	
MTM Loss on Forward Contracts	**347.50**		54.99	
Miscellaneous Expenses	**147.69**		140.65	
		1,278.10		910.68
Selling Expenses				
Sales Commission	**452.65**		447.70	
Export Expenses	**134.37**		120.21	
Other Selling Expenses	**266.77**		318.02	
		853.79		885.93
		8,041.13		9,686.14

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

(Rs. in Lakhs)

	2016-17	2015-16
NOTE NO. 36		
AUDITOR'S REMUNERATION		
As Auditor:		
Audit fee	**4.00**	4.00
Tax audit fee	**0.60**	0.50
In other capacity:		
Taxation matters	**0.60**	1.20
Other services (Certification fees)	**0.95**	1.30
Reimbursement of Expenses	**0.70**	0.74
	6.85	7.74
NOTE NO. 37		
INCOME TAX		
Reconciliation Tax Expenses and Accounting Profit		
Accounting Profit before Income Tax	**3,843.00**	3,083.95
At India's statutory Income Tax Rate of 34.608% (PY: 34.608%)	**1,329.99**	1,067.29
Effects of:		
Adjustments of Tax in respect of prior years	**–**	107.57
Wind Mill Profit exempted from Tax	**(1,048.35)**	–
Profit / (Loss) on Sale of Property, Plant and Equipment	**10.54**	(16.55)
Government Grants exempted from tax	**(0.66)**	(0.93)
Other exempted Items	**(33.49)**	(606.37)
Other non-deductible expenses	**142.51**	(57.26)
Net effective Income Tax under Regular method (A)	**400.54**	493.75
Income Tax Under MAT		
Accounting Profit before Income Tax	**3,843.00**	3,083.95
At India's statutory Income Tax Rate of 21.3416% (PY: 21.3416%)	**820.16**	658.16
Adjustements as per Income Tax Act	**(45.03)**	(339.30)
Net effective Income Tax (B)	**775.13**	318.86
Tax applicable higher of (A) and (B)	**775.13**	493.75
MAT Credit		
Net effective Income Tax	**775.13**	–
Income Tax expense under Regular Method	**(400.54)**	–
MAT Credit	**374.59**	–
Deferred Tax Recognised in the Statement of Profit and Loss		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	**(106.54)**	78.70
Tax effect on Fair Value Measurement	**(22.05)**	(6.21)
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	**–**	26.00
Tax effect on Provision for Bonus and Leave Encashment	**(50.68)**	(18.80)
	(179.27)	79.69

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 38			
COMMITMENTS			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	**184.11**	464.65	356.36
NOTE NO. 39			
CONTINGENT LIABILITIES			
Guarantees given by the bankers on behalf of company	**32.65**	24.40	–
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to - Service Tax	**193.75**	182.97	172.15
- Other demands	**429.48**	477.08	434.18

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

ii. Sales Tax Assessment has been completed upto the Accounting year 2006-07. The Assessment was also completed for the Accounting year 2014-15.

iii. In respect of Service Tax matters, appeals are pending with Appellate Authorities for a demand amount of Rs. 193.75 Lakhs (PY: Rs. 182.97 Lakhs) towards manpower recruitment or supply agency services, of which we have already deposited Rs. 11.21 Lakhs. In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on this matter.

iv. In respect of Electricity matters, Appeals / Writ petition are pending with TNERC / APTEL / High Court for various matters for which no provision has been made in the books of accounts to the extent of Rs. 429.48 Lakhs (PY: Rs. 477.08 Lakhs). In view of the various case laws decided in favour of the Company and in the opinion of the management, there may not be any tax liability on this matter.

NOTE NO. 40			
Financial Guarantee given to banks to avail loan facilities by Related parties:			
The Ramaraju Surgical Cotton Mills Limited	**8,860**	11,457	11,457
Sri Vishnu Shankar Mill Limited	**12,090**	14,050	11,550
Sandhya Spinning Mill Limited	**11,280**	14,346	12,346
Thanjavur Spinning Mill Limited	**4,031**	9,656	11,756
Actual amount of loan outstanding against above Financial Guarantees:			
The Ramaraju Surgical Cotton Mills Limited	**2,092**	3,481	4,875
Sri Vishnu Shankar Mill Limited	**5,012**	5,167	4,004
Sandhya Spinning Mill Limited	**4,771**	5,245	4,714
Thanjavur Spinning Mill Limited	**745**	1,623	5,790

(Rs. in Lakhs)

	31-03-2017	31-03-2016

NOTE NO. 41

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

Defined Contribution Plan:		
Employer's Contribution to Provident Fund	**319.65**	314.11
Employer's Contribution to Superannuation Fund	**23.62**	18.69
Details of the post retirement gratuity plan (Funded) are as follows:		
Movements in the present value of defined benefit obligation:		
Opening defined Benefit Obligation	**746.71**	656.65
Current Service Cost	**57.67**	51.87
Interest Cost	**56.17**	49.21
Actuarial (gain) / loss	**83.81**	40.69
Benefits paid	**(-) 89.22**	(-) 51.71
Closing defined Benefit obligation	**855.14**	746.71
Movement in the present value of plan assets:		
Opening fair value of plan assets	**651.42**	484.55
Expected return on plan assets	**52.40**	42.52
Actuarial gain / (loss)	**0.33**	3.13
Employer Contribution	**96.57**	172.93
Benefits paid	**(-) 89.22**	(-) 51.71
Closing fair value of plan assets	**711.50**	651.42
The amount included in the Statement of Financial position arising from the entity's obligation in respect of its defined benefit plans:		
Fair value of plan assets	**711.50**	651.42
Present value of obligation	**855.14**	746.71
Present value of Funded defined obligation	**143.64**	95.29
Cost of define benefit plan:		
Current Service Cost	**57.67**	51.87
Interest Cost	**3.76**	6.68
Net Cost Recognized in the Income Statement	**61.43**	58.55
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	**(-) 0.33**	(-) 3.13
Actuarial (gain) / loss	**83.81**	40.69
Net Cost recognized in the Other Comprehensive Income	**83.48**	37.56

(Rs. in Lakhs)

	31-03-2017	31-03-2016
Major Categories of Plan Assets:		
GOI Securities	**–**	–
Funds with LIC	**707.11**	647.06
Others	**4.39**	4.36
Total	**711.50**	651.42
Actuarial assumptions:		
Discount rate p.a	**7.50%**	8.00%
Rate of escalation in salary p.a	**3.50%**	3.00%
Estimate of Expected Benefit payments		
Year 1	**56.26**	53.41
Year 2	**58.42**	43.72
Year 3	**53.98**	54.23
Year 4	**57.21**	52.96
Year 5	**51.61**	59.91
Next 5 Years	**375.10**	304.73
Quantitative Sensitivity Analysis for Significant Assumptions		
0.50% Increase in Discount Rate	**60.66**	54.21
0.50% Decrease in Discount Rate	**68.90**	61.46
0.50% Increase in Salary Growth Rate	**69.10**	61.68
0.50% Increase in Salary Growth Rate	**60.45**	54.00
Details of Leave encashment plan (Unfunded) are as follows:		
Movement in the present value of define benefit Obligation:		
Opening defined Benefit Obligation	**232.91**	202.57
Current Service Cost	**22.81**	23.95
Interest Cost	**17.75**	14.72
Actuarial (gain) / loss	**28.57**	19.37
Benefits paid	**(-) 21.96**	(-) 27.70
Closing defined Benefit obligation	**280.08**	232.91
Movement in the present value of plan assets:		
Opening fair value of plan assets	**NIL**	NIL
Expected return on plan assets	**NIL**	NIL
Actuarial gain / (loss)	**NIL**	NIL
Employer Contribution	**21.96**	27.70
Benefits paid	**(-) 21.96**	(-) 27.70
Closing fair value of plan assets	**NIL**	NIL

(Rs. in Lakhs)

	31-03-2017	31-03-2016
Actual Return of plan assets:		
Expected return of plan assets	**NIL**	NIL
Actuarial gain / (loss) on plan assets	**NIL**	NIL
Actual return on plan assets	**NIL**	NIL
The amount included in the Statement of Financial position arising from the entity's obligation in respect of its define benefit plans:		
Fair value of plan assets	**NIL**	NIL
Present value of obligation	**280.08**	232.91
Present value of Funded define obligation	**280.08**	232.91
Cost of define benefit Plan:		
Current Service Cost	**22.81**	23.95
Interest Cost	**17.75**	14.72
Actuarial (gain) / loss	**28.57**	19.37
Net Cost recognized in the Income Statement	**69.13**	58.04
Major Categories of Plant Assets:		
GOI Securities	**NIL**	NIL
Funds with LIC	**NIL**	NIL
Bank balance	**NIL**	NIL
Total	**NIL**	NIL
Actuarial assumptions:		
Discount rate p.a	**7.50%**	8.00%
Rate of escalation in salary p.a	**3.50%**	3.00%
Estimate of Expected Benefit payments		
Year 1	**12.25**	12.60
Year 2	**23.82**	18.85
Year 3	**24.89**	13.99
Year 4	**19.77**	23.79
Year 5	**13.16**	17.54
Next 5 Years	**99.54**	79.29
Quantitative Sensitivity Analysis for Significant Assumptions		
0.50% Increase in Discount Rate	**20.48**	18.07
0.50% Decrease in Discount Rate	**22.97**	20.16
0.50% Increase in Salary Growth Rate	**23.02**	20.21
0.50% Increase in Salary Growth Rate	**20.43**	18.02

(Rs. in Lakhs)

NOTE NO. 42

EARNINGS PER SHARE

Particulars		31-03-2017	31-03-2016
Net profit after tax (Rs. in Lakhs)	(A)	**3,592.84**	2,494.68
Weighted average number of Equity shares [In Lakhs]	(B)	**73.76**	73.76
Nominal value per equity share (in Rs)		**10.00**	10.00
Basic & Diluted Earnings per share (A)/(B) in Rs.		**48.71**	33.82

NOTE NO. 43

RELATED PARTY TRANSACTIONS

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March, 2017:

1) Associates Company

Name of the Company	Country of Incorporation	% of Shareholding as at		
		31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	India	**13.82%**	13.82%	13.82%
Ramco Industries Limited	India	**9.14%**	9.14%	9.14%
Ramco Systems Limited	India	**2.41%**	2.45%	3.01%
The Ramaraju Surgical Cotton Mills Limited	India	**0.10%**	0.10%	0.10%
Sri Vishnu Shankar Mill Limited	India	**2.56%**	2.56%	2.56%
Ontime Industrial Services Limited	India	**17.77%**	17.77%	17.77%

2) Key Managerial Personnel (including KMP under Companies Act, 2013)

Name of the Key Management Personnel	Designation
Shri P.R. Ramasubrahmaneya Rajha	Chairman
Shri P.R. Venketrama Raja	Non-Executive Director
Smt. R. Sudarsanam	Managing Director
Shri B. Gnanagurusamy	Chief Financial Officer
Shri A. Arul Pranavam	Secretary
Shri S.S. Ramachandra Raja	Non-Executive Director
Shri N.K. Ramasuwami Raja	Independent Director
Shri A.V. Dharamakrishnan	Non-Executive Director
Justice Shri P.P.S. Janarthana Raja	Independent Director
Shri V. Santhana Raman	Independent Director
Shri K.B. Nagendra Murthy	Independent Director
Smt. Soundara Kumar	Independent Director
Shri P.V. Abinav Ramasubramaniam Raja	Non-Executive Director
Shri P.A.S Alaghar Raja	Independent Director

3) Relatives of Key Managerial Personnel

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

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

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

5) Employee Benefit Funds where control exists

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

6) Other entities over which there is a significant influence

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

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

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

(Rs. in Lakhs)

Name of the Related party	Value	
	2016-17	2015-16
i. Good Supplied / Services rendered		
Associates		
The Ramaraju Surgical Cotton Mills Limited	**149.88**	1,384.65
Ramco Industries Limited	**461.40**	335.16
Ramco Systems Limited	**0.68**	0.68
Sri Vishnu Shankar Mill Limited	**1,583.28**	638.05
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	**626.11**	175.18
Thanjavur Spinning Mill Limited	**120.48**	6.61
Rajapalayam Textile Limited	**410.61**	187.10
Sri Harini Textiles Limited	**NIL**	0.02

(Rs. in Lakhs)

	Name of the Related party	Value	
		2016-17	2015-16
ii.	**Sale of Fixed Assets**		
	Associates		
	The Ramaraju Surgical Cotton Mills Limited	**NIL**	0.84
	Sandhya Spinning Mill Limited	**NIL**	3.00
	Ramco Industries Limited	**NIL**	0.21
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Rajapalayam Textile Limited	**5.04**	NIL
	Other entities over which there is a significant influence		
	Raja Charity Trust	**NIL**	3.50
iii.	**Cost of Goods & Services purchased / availed**		
	Associates		
	The Ramco Cements Limited	**4.47**	248.23
	Ramco Industries Limited	**161.10**	329.62
	Ramco Systems Limited	**22.89**	18.86
	The Ramaraju Surgical Cotton Mills Limited	**200.58**	9.71
	Sri Vishnu Shankar Mill Limited	**599.37**	192.93
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sandhya Spinning Mill Limited	**295.60**	292.67
	Thanjavur Spinning Mill Limited	**558.54**	298.71
	Rajapalayam Textile Limited	**47.38**	727.11
	Shri Harini Media Limited	**1.40**	1.05
	Madras Chipboard Limited	**NIL**	0.09
	Other entities over which there is a significant influence		
	PACR Sethuramammal Charity Trust	**47.92**	39.70
iv.	**Purchase of Fixed Assets**		
	Associates		
	Ramco Industries Limited	**NIL**	23.75
	Sri Vishnu Shankar Mill Limited	**3.15**	NIL
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sandhya Spinning Mill Limited	**NIL**	0.32
	Thanjavur Spinning Mill Limited	**NIL**	572.84

(Rs. in Lakhs)

	Name of the Related party	Value	
		2016-17	2015-16
v.	**Leasing Arrangements - Rent Paid**		
	Relative of Key Managerial Personnel		
	Smt. Saradha Deepa	**1.44**	1.32
vi.	**Dividend Paid**		
	Key Managerial Personnel		
	Shri P.R.Ramasubrahmaneya Rajha	**NIL**	54.38
	Smt. R. Sudarsanam	**NIL**	3.51
	Shri P.R. Venketrama Raja	**NIL**	51.83
	Shri P.V.Abinav Ramasubramaniam Raja	**NIL**	26.40
	Associates		
	The Ramco Cements Limited	**NIL**	18.91
	Ramco Industries Limited	**NIL**	35.80
	The Ramaraju Surgical Cotton Mills Limited	**NIL**	16.51
	Sri Vishnu Shankar Mill Limited	**NIL**	1.64
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sandhya Spinning Mill Limited	**NIL**	0.03
	The Ramco Management Private Limited	**NIL**	0.11
	Relative of Key Management Personnel		
	Smt. R. Chittammal	**NIL**	4.54
	Smt. Nalina Ramalakshmi	**NIL**	0.37
	Smt. Saradha Deepa	**NIL**	0.60
	Smt. P.V.Nirmala	**NIL**	0.80
	Smt. B. Sri Sandhya Raju	**NIL**	0.91
vii.	**Dividend Received**		
	Associates		
	The Ramco Cements Limited	**NIL**	1,480.73
	Ramco Industries Limited	**NIL**	63.37
	The Ramaraju Surgical Cotton Mills Limited	**NIL**	0.04
viii.	**Interest Paid / (Received)**		
	Key Managerial Personnel		
	Shri P.R. Ramasubrahmaneya Rajha	**134.79**	47.65
	Smt. R. Sudarsanam	**4.35**	3.18
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sri Harini Textiles Limited	**(104.50)**	(104.79)

(Rs. in Lakhs)

	Name of the Related party	Value	
		2016-17	2015-16
ix.	**Sitting Fees**		
	Key Managerial Personnel		
	Shri P.R.Ramasubrahmaneya Rajha	**3.90**	4.20
	Shri P.R.Venketrama Raja	**1.20**	1.80
	Smt. R. Sudarsanam	**0.90**	1.50
	Shri S.S.Ramachandra Raja	**3.60**	3.90
	Shri N.K.Ramasuwami Raja	**5.70**	5.70
	Shri A.V. Dharamakrishnan	**3.30**	3.00
	Justice Shri P.P.S. Janarthana Raja	**3.90**	3.30
	Shri V. Santhana Raman	**1.50**	1.80
	Shri K.B.Nagendra Murthy	**2.70**	1.50
	Smt. Soundara Kumar	**1.50**	0.60
	Shri P.V. Abinav Ramasubramniam Raja	**0.30**	NIL
	Shri P.A.S.Alaghar Raja	**0.30**	NIL
x.	**Remuneration to Key Management Personnel (Other than Sitting Fees)**		
	Key Managerial Personnel		
	Smt. R. Sudarsanam, Managing Director	**210.63**	156.76
	Shri B. Gnanagurusamy, Chief Financial Officer	**21.17**	19.23
	Shri A. Arulpranavam, Secretary	**8.38**	5.91
xi.	**CSR Expenditure**		
	Other entities over which there is a significant influence		
	PACR Sethuramammal Charities	**60.00**	150.00
xii.	**Contribution to Superannuation Fund / Gratuity Fund**		
	Other entities over which there is a significant influence		
	Rajapalayam Mills Limited Officers' Superannuation Fund	**23.62**	18.69
	Rajapalayam Mills Limited Employees' Gratuity Fund	**144.90**	96.12
xiii.	**Maximum amount of loans and advance / (borrowings) outstanding during the year**		
	Key Managerial Personnel		
	Shri P.R. Ramasubrahmaneya Rajha	**(1,104.16)**	(982.88)
	Smt. R. Sudarsanam	**(49.53)**	(31.84)
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sri Harini Textiles Limited	**950.00**	950.00

(Rs. in Lakhs)

Name of the Related party	Value		
	2016-17	2015-16	
xiv. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL			
Associates			
The Ramco Cements Limited	**2.08**	2.22	

b. Outstanding balance including commitments	**31-03-2017**	31-03-2016	01-04-2015
i. Loans and advances			
Companies over which KMP / Relative of KMP exercise significant Influence			
Sri Harini Textiles Limited	**950.00**	950.00	950.00
ii. Borrowings:			
Key Managerial Personnel			
Shri P.R. Ramasubrahmaneya Rajha	**(1,104.16)**	(982.88)	NIL
Smt. R. Sudarsanam	**(49.53)**	(31.84)	0.98
iii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL			
Associates			
The Ramco Cements Limited	**13.00**	13.00	13.00
iv. Corporate Guarantee given to lender of Related parties			
Associates			
The Ramaraju Surgical Cotton Mills Limited	**8,860**	11,457	11,457
Sri Vishnu Shankar Mill Limited	**12,090**	14,050	11,550
Companies over which KMP / Relative of KMP exercise significant Influence			
Sandhya Spinning Mill Limited	**11,280**	14,346	12,346
Thanjavur Spinning Mill Limited	**4,031**	9,656	11,756

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

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

Particulars	31-03-2017	31-03-2016
Short - Term Benefits [1]	**213.87**	168.07
Defined Contribution Plan [2]	**27.19**	18.12
Defined Benefit Plan / Other Long-Term Benefits [3]	**–**	–
Total	**241.06**	186.19

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

NOTE NO. 44

Segment Information for the year ended 31-03-2017 **(Rs. in Lakhs)**

Particulars	Textiles		Power from Windmills		Total	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
REVENUE						
External Sales (Net)	**40,709.01**	39,349.36	**–**	–	**40,709.01**	39,349.36
Inter Segment Sale	**–**	–	**4,561.67**	2,626.93	**4,561.67**	2,626.93
Total Sales	**40,709.01**	39,349.36	**4,561.67**	2,626.93	**45,270.68**	41,976.29
Other Income	**480.81**	361.29	**–**	–	**480.81**	361.29
Total Revenue	**41,189.82**	39,710.65	**4,561.67**	2,626.93	**45,751.49**	42,337.58
RESULT						
Segment Profit	**2,761.20**	2,553.25	**3,085.27**	1,359.44	**5,846.47**	3,912.69
Unallocated Income					**–**	1,544.13
Unallocated Expenses						
Operating Profit					**5,846.47**	5,456.82
Interest Expenses					**2,328.56**	2,669.01
Interest Income					**325.09**	296.14
Provision for Taxation						
Current Tax					**775.13**	386.18
Income Tax related to earlier years					**–**	107.57
Deferred Tax					**(553.86)**	79.69
Profit from ordinary activities					**3,621.73**	2,510.51
Other Comprehensive Income					**(83.76)**	(45.41)
Total Comprehensive Income					**3,537.97**	2,465.10
OTHER INFORMATION						
Segment Assets	**44,217.85**	39,182.85	**7,070.96**	9,198.53	**51,288.81**	48,381.38
Unallocated Assets					**8,472.70**	8,473.40
Total Assets					**59,761.51**	56,854.78
Segment Liabilities	**3,756.86**	3,308.43	**–**	–	**3,756.86**	3,308.43
Unallocated Liabilities					**31,320.89**	32,400.56
Total Liabilities					**35,077.75**	35,708.99
Capital Expenditure	**985.94**	1,297.03	**–**	–	**985.94**	1,297.03
Unallocated Capital Expenditure					–	–
Depreciation	**1,702.96**	1,772.93	**411.48**	412.61	**2,114.44**	2,185.54
Unallocated Depreciation Expenditure					**–**	–
Non-Cash expenses other than Depreciation	**–**	–	**–**	–	**–**	–

NOTE NO. 45

Disclosure of Fair value measurements

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

Financial Instruments by category **(Rs. in Lakhs)**

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
As at 31-03-2017					
Financial Assets					
Investments - Preference shares	2,500.00	–		2,500.00	2,500.00
Other Investments	1.03	–	0.60	1.63	1.63
Loans	950.00	–	–	950.00	950.00
Trade Receivables	4,337.29	–	–	4,337.29	4,337.29
Cash and Cash Equivalents	310.79	–	–	310.79	310.79
Other Financial Assets	997.92	–	–	997.92	997.92
Financial Liabilities					
Borrowings	7,287.91	–	–	7,287.91	7,287.91
Trade Payables	956.48	–	–	956.48	956.48
As at 31-03-2016					
Financial Assets					
Investments - Preference shares	2,500.00	–	–	2,500.00	2,500.00
Other Investments	1.47	–	0.88	2.35	2.35
Loans	950.00	–	–	950.00	950.00
Trade Receivables	3,989.99	–	–	3,989.99	3,989.99
Cash and Cash Equivalents	233.30	–	–	233.30	233.30
Other Financial Assets	711.22	–	–	711.22	711.22
Financial Liabilities					
Borrowings	10,026.53	–	–	10,026.53	10,026.53
Trade Payables	604.44	–	–	604.44	604.44
As at 01-04-2015					
Financial Assets					
Investments - Preference shares	2,500.00	–	–	2,500.00	2,500.00
Other Investments	0.26	–	0.56	0.82	0.82
Loans	950.00	–	–	950.00	950.00
Trade Receivables	4,125.08	–	–	4,125.08	4,125.08
Cash and Cash Equivalents	371.09	–	–	371.09	371.09
Other Financial Assets	354.28	–	–	354.28	354.28
Financial Liabilities					
Borrowings	10,274.03	–	–	10,274.03	10,274.03
Trade Payables	508.19	–	–	508.19	508.19

Fair value hierarchy

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

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

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

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

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

(Rs. in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Instruments at FVTOCI				
Investments in listed equity securities				
As at 31-03-2017	0.60	–	–	0.60
As at 31-03-2016	0.88	–	–	0.88
As at 01-04-2015	0.56	–	–	0.56
Investment in unlisted securities				
As at 31-03-2017	–	–	1.03	1.03
As at 31-03-2016	–	–	1.47	1.47
As at 01-04-2015	–	–	0.26	0.26
Financial Instruments at FVTPL				
Foreign exchange forward contracts				
As at 31-03-2017	–	402.49	–	402.49
As at 31-03-2016	–	54.99	–	54.99
As at 01-04-2015	–	–	–	–

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 31st March in Stock Exchange
Investment in Unlisted securities	At Book Value	Insignificant Value
Foreign exchange forward contracts	Mark to Market	Based on MTM valuations provided by the Banker
Financial Guarantee Obligation	Differential Interest Rate	Interest rates quote have been obtained from the Banker

NOTE NO. 46

Financial Risk Management

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

The Company has the following financial risks:

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

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

Credit Risk

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

Receivables

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

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

(Rs. in Lakhs)

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

(Rs. in Lakhs)

As at 31-03-2016	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	3,131.69	666.75	191.23	0.32	3,989.99
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	3,131.69	666.75	191.23	0.32	3,989.99

As at 01-04-2015	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	3,135.13	777.06	207.70	5.19	4,125.08
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	3,135.13	777.06	207.70	5.19	4,125.08

Financial Instruments and Cash deposits

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

Liquidity Risk

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

Financial arrangements

The Company has access to the following undrawn borrowing facilities:

Particulars	**31-03-2017**	31-03-2016	01-04-2015
Expiring within one year			
Working Capital and other facilities	**9,305.00**	10,078.00	6,449.00
Term Loans	**699.49**	490.00	–
Expiring beyond year			
Term Loans	**–**	–	–

Maturities of Financial Liabilities **(Rs. in Lakhs)**

Nature of Financial Liability	< 1 Year	1 - 5 Years	> 5 years	Total
As at 31-3-2017				
Borrowings from Banks	4,734.19	7,287.91	–	12,022.10
Trade payables	956.48	–	–	956.48
Other Financial Liabilities (Including Interest)	1,650.24	–	–	1,650.24
As at 31-3-2016				
Borrowings from Banks	5,214.32	10,026.53	–	15,240.85
Trade payables	604.44	–	–	604.44
Other Financial Liabilities (Including Interest)	1,644.53	–	–	1,644.53
As at 01-04-2015				
Borrowings from Banks	4,910.00	10,274.03	–	15,184.03
Trade payables	508.19	–	–	508.19
Other Financial Liabilities (Including Interest)	1,739.09	–	–	1,739.09

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
USD in Millions				
As at 31-03-2017	–	–	–	3.32
As at 31-03-2016	–	–	–	3.77
As at 01-04-2015	–	–	–	3.01
EURO in Millions				
As at 31-03-2017	–	–	–	0.17
As at 31-03-2016	–	–	–	–
As at 01-04-2015	–	–	–	0.26

Risk sensitivity on foreign currency fluctuation **(Rs. in Lakhs)**

Foreign Currency	31-03-2017	31-03-2016
	1% Increase	1% increase
USD	**(-) 21.63**	(-) 25.00
EURO	**(-) 1.19**	–

Cash flow and fair value interest rate risk

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

Interest rate risk exposure **(Rs. in Lakhs)**

Particulars	31-03-2017	31-03-2016	01-04-2015
Variable rate borrowings	**28,158.85**	27,991.77	29,778.05
Fixed rate borrowings	**–**	691.00	1,045.00

The Company does not have any interest rate swap contracts

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-3-2017	31-3-2016
1% Increase in Interest Rate	**281.58**	279.92

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	31-03-2017	31-03-2016	01-04-2015
Long Term Borrowings	**7,287.91**	10,026.53	10,274.03
Current maturities of Long Term borrowings	**4,734.19**	5,214.32	4,910.00
Short Term Borrowings	**16,136.75**	13,441.92	15,639.02
Less: Cash and Cash Equivalents	**310.79**	233.30	371.09
Net Debt (A)	**27,848.06**	28,449.47	30,451.96
Equity Share Capital	**737.62**	737.62	737.62
Other Equity	**23,946.14**	20,408.17	18,431.34
Total Equity (B)	**24,683.76**	21,145.79	19,168.96
Total Capital Employed (C) = (A) + (B)	**52,531.82**	49,595.26	49,620.92
Capital Gearing Ratio (A) / (C)	**53%**	57%	61%

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 31-03-2017 and 31-03-2016.

NOTE NO. 48

Disclosures as Required by Ind AS 101 First Time Adoption of Indian Accounting Standards

Reconciliation of Balance sheet as at the date of transition (01-04-2015) **(Rs. in Lakhs)**

Particulars	Ref. No.	Previous GAAP	Transition Adjustments	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment		30,625.84	–	30,625.84
Capital Work in Progress		291.66	–	291.66
Intangible Assets		73.80	–	73.80
Investment Property		229.68	–	229.68
Investments in Associates	D	5,021.05	–	5,021.05
Financial Assets				
Other Investments	C	2,500.63	0.19	2,500.82
Loans	E	950.00	–	950.00
Other Financial Assets		354.39	(0.11)	354.28
Other Non–Current Assets		200.94	–	200.94
		40,247.99	**0.08**	**40,248.07**
Current Assets				
Inventories		9,979.32	–	9,979.32
Financial Assets				
Trade Receivables		4,136.14	(11.06)	4,125.08
Cash and Cash Equivalents		371.09		371.09
Other Financial Assets		759.24	–	759.24
Current Tax Asset		155.56	–	155.56
Other Current Assets	E	1,070.71	0.21	1,070.92
		16,472.06	**(10.85)**	**16,461.21**
Total Assets		**56,720.05**	**(10.77)**	**56,709.28**

(Rs. in Lakhs)

Particulars	Ref. No.	Previous GAAP	Transition Adjustments	Ind AS
EQUITY & LIABILITIES				
Equity				
Equity Share Capital		737.62	–	737.62
Other Equity		18,846.43	(415.09)	18,431.34
		19,584.05	**(415.09)**	**19,168.96**
Liability				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	H	10,284.23	(10.20)	10,274.03
Provisions		182.06	–	182.06
Deferred Income		–	33.74	33.74
Deferred Tax Liabilities (net)	F, J	3,518.25	(0.34)	3,517.91
		13,984.54	**23.20**	**14,007.74**
Current Liabilities				
Financial Liabilities				
Borrowings		15,639.02	–	15,639.02
Trade Payables		508.19	–	508.19
Other Financial Liabilities	D	6,046.03	603.06	6,649.09
Provisions		958.22	(221.94)	736.28
		23,151.46	**381.12**	**23,532.58**
Total Equity and Liabilities		**56,720.05**	**(10.77)**	**56,709.28**

Reconciliation of Balance sheet as at 31-03-2016

Particulars	Ref. No.	Previous GAAP	Transition Adjustments	Ind AS
ASSETS				
Non-Current Assets				
Property, Plant and Equipment		29,969.68	-	29,969.68
Capital Work in Progress		39.24	-	39.24
Intangible Assets		51.76	-	51.76
Investment Property		229.45	-	229.45
Investments in Associates	D	5,021.05	45.55	5,066.60
Financial Assets				
Other Investments	C	2,501.83	0.52	2,502.35
Loans	E	950.00	-	950.00
Other Financial Assets		711.31	(0.09)	711.22
Other Non-Current Assets		200.94	-	200.94
		39,675.26	**45.98**	**39,721.24**

(Rs. in Lakhs)

Particulars	Ref. No.	Previous GAAP	Transition Adjustments	Ind AS
Current Assets				
Inventories		10,840.99	–	10,840.99
Financial Assets				
Trade Receivables		4,109.52	(119.53)	3,989.99
Cash and Cash Equivalents		233.30	–	233.30
Other Financial Assets		1,060.50	–	1,060.50
Current Tax Asset		148.33	–	148.33
Other Current Assets	E, H	868.67	(8.24)	860.43
		17,261.31	**(127.77)**	**17,133.54**
Total Assets		**56,936.57**	**(81.79)**	**56,854.78**
EQUITY & LIABILITIES				
Equity				
Equity Share Capital		737.62	–	737.62
Other Equity		20,896.96	(488.79)	20,408.17
		21,634.58	**(488.79)**	**21,145.79**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	H	10,041.44	(14.91)	10,026.53
Provisions		214.91	–	214.91
Deferred Income		–	34.30	34.30
Deferred Tax Liabilities (net)	F, J	3,690.05	(6.55)	3,683.50
		13,946.40	**12.84**	**13,959.24**
Current Liabilities				
Financial Liabilities				
Borrowings	I	13,473.44	(31.52)	13,441.92
Trade Payables		604.45	(0.01)	604.44
Other Financial Liabilities	D, I	6,433.16	425.69	6,858.85
Provisions		701.20	–	701.20
Liabilities for Current Tax		143.34	–	143.34
		21,355.59	**394.16**	**21,749.75**
Total Equity and Liabilities		**56,936.57**	**(81.79)**	**56,854.78**

Reconciliation of Statement of Profit and Loss for the year ended 31-03-2016 **(Rs. in Lakhs)**

Particulars	Ref. No.	Previous GAAP	Transition Adjustments	Ind AS
REVENUE				
Revenue from operations		39,464.60	(115.24)	39,349.36
Finance Income		258.52	37.62	296.14
Other Income	D, E	1,640.13	265.29	1,905.42
Total Revenue		**41,363.25**	**187.67**	**41,550.92**
EXPENSES				
Cost of Materials Consumed		18,705.05	–	18,705.05
Trade Purchases		1,335.43	–	1,335.43
Changes in Inventories of Finished Goods and Work-in-progress		(845.14)	–	(845.14)
Employee Benefits Expense	K	4,776.63	(45.69)	4,730.94
Finance Costs	H	2,678.09	(9.08)	2,669.01
Depreciation and Amortization Expense	A	2,130.90	54.64	2,185.54
Other Expenses	D	9,631.13	55.01	9,686.14
Total Expenses		**38,412.09**	**54.88**	**38,466.97**
Profit Before Tax		2,951.16	132.79	3,083.95
Tax Expenses				
Current Tax		386.18	15.83	402.01
Income Tax provision related to earlier years	J	107.57	–	107.57
Deferred Tax		104.48	(24.79)	79.69
Total Tax Expenses		**598.23**	**(8.96)**	**589.27**
Profit after Tax		2,352.93	141.75	2,494.68
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to Profit or Loss				
Acturial Gain / (Loss) on defined benefit obligation (net)	K	–	(45.74)	(45.74)
Unrealised Gain / (Loss) on equity Investments (net)	L	–	0.33	0.33
Income Tax (Expenses) / Savings	J	–	15.83	15.83
Total Other Comprehensive Income for the year		**–**	**(29.58)**	**(29.58)**
Total Comprehensive Income for the year		**2,352.93**	**112.17**	**2,465.10**

Notes

In preparing these financial statements, the Company's Opening Balance Sheet was prepared as at 01-04-2015, which is the Company's date of transition to Ind AS. The following note explains the nature of adjustments made by the Company read with Note No. 3 in restating its previous GAAP Financial Statements including its Balance Sheet as at 01-04-2015 and the financial statements as at and for the year ended 31-03-2016. The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this disclosure.

A. Depreciation and Amortization Expense

Under previous GAAP, the carrying value of significant components of Property, Plant and Equipment which have completed their useful life, have been charged off against opening balance of General Reserves for the financial year 2015-16 as permitted by Schedule II to the Companies Act, 2013. However, under Ind AS, this has been taken through profit and loss for the year ended 31-03-2016 as it not a GAAP difference.

B. Investment Properties

Under previous GAAP as well as Ind AS, Investment Properties are required to be stated at cost net of accumulated depreciation and impairment loss, if any. Under previous GAAP, it was grouped under non-current investments whereas under Ind AS, the same is required to be disclosed as a separate line item in the Balance Sheet. Accordingly, investment properties are reclassified.

C. Investments

Under previous GAAP, long term equity instruments were measured at cost less provision for permanent diminution. Under Ind AS, in respect of investments in companies other than Associates, the Company is required to designate such investments necessarily at fair value. Therefore, the Company has designated such investments as FVTOCI Investments. At the date of transition to Ind AS, the excess /deficit of fair value of equity instruments over the previous GAAP carrying amount is recognised as fair value gain/loss, in the Other Comprehensive Income and transferred to FVTOCI Reserve, net of tax for the year ended 31-03-2016.

D. Financial Guarantee Contracts

The Company has issued Financial Guarantee to Banks for the loans availed by Associates and other related parties. Where guarantees in relation to loans are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment if the loan is given to Assoicates, and recognized as Other expenses if the loan is given to other related parties. The carrying amount of financial guarantee obligation is recognized as other income over the tenure of the corporate guarantee.

E. Recognition & Measurement of Loans & Advances at Amortized Cost

Loans and advances comprise of loans given to employees at concessional interest rates and the said loans are recovered in agreed installments. Under previous GAAP, this has been measured at Transaction value. However, under Ind AS, when the said loans and advances carry interest below the market rate is required to be measured at fair value on initial recognition. The fair value is determined at the present value of EMI, discounted using the market interest rates for similar instruments. The difference between historical value and fair value of such loans and advances are classified under prepaid expenses.

Subsequent to initial recognition, the loans and advances are measured at amortized cost using the effective interest rate method with the carrying amount increased over the period upto the recovery of the loans and advances. The amount of increase in the carrying amount of loans and advances is recognized as 'Interest Income' and prepaid expenses are amortized over the tenure of loans and advances as 'Employee cost' or 'Other Expenses', as it may be appropriate.

F. Presentation of MAT Credit Entitlement as 'Deferred Tax Assets'

Under previous GAAP, MAT credit entitlement was presented under the head 'Loans and advances' since there being a convincing evidence of realization of the asset. As per Ind AS 12 on Income Taxes, Deferred Tax Assets include the amounts of income taxes recoverable in future periods in respect of the carry forward of unused tax credits. Accordingly, MAT Credit Entitlement classified as Loans and Advances under previous GAAP, are netted off against Deferred Tax Liability under Ind AS.

G. Dividend

Under previous GAAP, dividends proposed by the Board of Directors are recognized as proposed dividend in the financial statements even though it is approved by the Shareholders in the AGM only after the Balance Sheet date. However, under Ind AS, dividend has to be recognized upon approval by the Shareholders in the Annual General Meeting. Accordingly, Proposed Dividend (including Dividend Distribution Tax recognized as liability in the financial year 2014-15 as per previous GAAP has been reversed with corresponding credit to Equity as at the date of transition i.e. 01-04-2015 and recognized in the Equity during the year ended 31-03-2016 as declared and paid.

H. Transaction cost on Borrowings

Under previous GAAP, transaction costs (loan processing fees) incurred in connection with borrowings is charged to profit or loss upfront. Under Ind AS, transaction cost is to be included in the initial recognition and charged to profit or loss using the effective interest method. Accordingly, transaction cost on borrowings is reversed to Equity, for the loans outstanding as at 01-04-2015 and additional interest expense is recognized in the Opening Equity for the period upto 01-04-2015, using Effective Interest Rate method (EIR). For the year ended 31-03-2016, the Company has reversed the transaction cost pertaining to the Borrowings availed during the year 2015-16 and the additional Interest impact computed using EIR method is recognized as Finance cost.

I. Recognition and Measurement of Forward Contracts on Mark To Market (MTM)

Under previous GAAP, in respect of forward contracts, the difference between the forward rate and the exchange rate at the inception of the forward exchange contract is recognized as income/expenses over the tenure of such contract. Under Ind AS, the fair value of forward foreign exchange contracts has to be recognized. Accordingly, the assets and liabilities related to forward contracts recognized under previous GAAP are reversed and Mark to Market (MTM) gain / loss is recognized as other expenses in the Statement of Profit and Loss.

J. Deferred Tax

Deferred tax is accounted using income statement approach by computing the differences between taxable profits and accounting profits for the period under previous GAAP. As per Ind AS 12, the deferred tax is to be computed using the balance sheet approach, which is based on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax adjustments are recognized either in retained earnings or a separate component of equity.

K. Defined Benefit Plan

Under previous GAAP, actuarial gains and losses are charged to profit or loss. Under Ind AS re-measurements of net defined benefit asset/liability comprising of actuarial gains or losses are arising from experience adjustments and changes in actuarial assumption are charged/credited to other comprehensive income. There is no impact on the total equity as at 31-03-2016. However for the period upto the date of transition, the Company has transferred all re-measurement costs recognized in the past periods within accumulated profits or loss (a component of equity), in accordance with provisions of Para 122 of Ind AS 19.

L. Other Comprehensive Income (OCI)

This is a new classification under Ind AS. Any income or expense that are not required to be recognized in profit or loss are shown under a new category namely OCI in the Statement of Profit and Loss. Expenes of such items are re-measurements of defined benefit plans, gains and losses from investments in equity instruments designated at fair value through other comprehensive income, gains and losses on financial assets measured at fair value through other comprehensive income, gain or loss on financial instruments that qualify for hedge accounting, changes in revaluation surplus and gains and losses arising from translating the financial statements of a foreign operation.

NOTE NO. 49

Details of Specified Bank Notes ('SBN') held and transacted during the period 08-11-2016 to 30-12-2016

As per the amendments notified on 30-03-2017 to Ind AS Schedule III, Clause K of Note 6 to General Instructions for Preparation of Balance Sheet, the details of Specified Bank Notes ('SBN') held and transacted during the period 08-11-2016 to 30-12-2016 is given in the below table:

(Rs. in Lakhs)

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in hand as at 08-11-2016	4.93	0.47	5.40
Add: Permitted Receipts	–	33.19	33.19
Less: Permitted Payments	0.23	29.83	30.06
Less: Amount Deposited in Banks	4.70	1.55	6.25
Closing Cash in hand as at 30-12-2016	–	2.28	2.28

As per our report annexed

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

K. SRINIVASAN
Partner, M.No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner, M.No. 28952

Smt. R. SUDARSANAM
MANAGING DIRECTOR

JUSTICE P.P.S. JANARTHANA RAJA
DIRECTOR

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY

Rajapalaiyam,
25th May, 2017.

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. Rajapalayam Mills Limited

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of Rajapalayam Mills Limited (hereinafter referred to as "the Parent Company") and its associates, comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

i. The Parent 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 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position , consolidated financial performance (including other comprehensive income), consolidated financial position, consolidated cash flows and consolidated statement of changes in equity in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards specified under Section 133 of the Act.

   The respective Board of Directors of the Parent Company and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets 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 ensuing 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 Parent Company as aforesaid.

ii. In reaching conclusions commented upon above, we have relied on our audit of the Parent Company and Management Certification in the case of associates which are unaudited.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the management representations on separate financial statements and on the other financial information of the associates, 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 Parent Company and its associates as at 31st March, 2017 and their Consolidated Profit (financial performance including Other Comprehensive Income), their Consolidated Cash Flows and Consolidated Statement of Changes in Equity for the year ended on 31st March, 2017.

Other Matters

The Consolidated Financial Statements also include the Parent Company's share of net profit of Rs. 10,984.35 Lakhs and share of Other Comprehensive Loss of associates amounting to Rs. (42.49) Lakhs for the year ended 31st March, 2017 which was considered in the consolidated financial statements in respect of Six Associates whose financial statements / financial information have not been audited by us. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, and our report in terms of sub section (3) of Section 143 of the Act in so far as it relates

to the aforesaid associates is based solely on such unaudited financial statements / financial information. In our opinion, and according to the information and explanations give to us by the Management, these financial statements / financial information are not material to the Parent Company.

Our opinion above on the consolidated financial statements, and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act based on our audit and on the consideration of separate financial statements / financial information on the associates furnished by the Management as noted in the 'other matter' paragraph, 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 and the financial statements furnished by the management in respect of associates.
3. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
5. On the basis of the written representations received from the Directors of the Parent Company as on 31 March 2017 taken on record by the Board of Directors of the Parent Company and Management Certification in the case of the unaudited associate companies, none of the Directors of the Group and its associate companies is disqualified as on 31st March, 2017 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 Parent 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 Parent 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 and based on the consideration of separate financial statements / financial information on the associates furnished by the Management as noted in the 'other matter' paragraph:

   i. The details of the pending litigations and its impact on the Financial Statements have been disclosed in the Separate Financial Statements of the Parent Company and by the associates.

   ii. The Parent 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 Parent company and its associates.

   iv. The Companies comprising the Parent Company and associate companies have provided requisite disclosures in its Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Holding Company.

   v. In reaching conclusions commented upon in items i) to iv) above, we have relied on our audit of the Parent Company and the Management Certification in the case of associates which are unaudited.

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

K. SRINIVASAN
Partner
Membership No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
25th May, 2017.

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS DRAWN IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARDS, OF RAJAPALAYAM MILLS LIMITED

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

We have audited the internal financial controls over financial reporting of Rajapalayam Mills Limited, and its associates ("the Group") as of 31st March, 2017 in conjunction with our audit of the Consolidated Financial Statements of the Parent Company for the year ended on 31st March, 2017.

Management's Responsibility for Internal Financial Controls

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

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

Other Matters

We have relied on a) our audit of the Parent Company and the Management Certification in the case of associates which are 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 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 Parent Company, and its associates company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, 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 No. 001208S

K. SRINIVASAN
Partner
Membership No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner
Membership No. 28952

RAJAPALAIYAM,
25th May, 2017.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

(Rs. in Lakhs)

		Note No.	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
I	**ASSETS**							
	(1) Non-Current Assets							
	(a) Property, Plant and Equipment	6	**28,513.52**		29,969.68		30,625.84	
	(b) Capital Work-in-progress		**304.47**		39.24		291.66	
	(c) Intangible Assets	6	**34.56**		51.76		73.80	
	(d) Investment Property	7	**145.41**		229.45		229.68	
	(e) Investment in Associates	8	**1,29,279.54**		1,18,235.22		1,10,483.35	
	(f) Financial Assets							
	Other Investment	8	**2,501.63**		2,502.35		2,500.82	
	Loans	9	**950.00**		950.00		950.00	
	Other Financial Assets	10	**997.92**		711.22		354.28	
	(g) Other Non-Current Assets	11	**200.94**	**1,62,927.99**	200.94	1,52,889.86	200.94	1,45,710.37
	(2) Current Assets							
	(a) Inventories	12	**14,700.31**		10,840.99		9,979.32	
	(b) Financial Assets							
	Trade Receivables	13	**4,337.29**		3,989.99		4,125.08	
	Cash and Cash Equivalents	14	**310.79**		233.30		371.09	
	Other Financial Assets	15	**653.38**		1,060.50		759.24	
	(c) Current Tax Assets	16	**118.77**		148.33		155.56	
	(d) Other Current Assets		**910.90**	**21,031.44**	860.43	17,133.54	1,070.92	16,461.21
	TOTAL ASSETS			**1,83,959.43**		1,70,023.40		1,62,171.58
II	**EQUITY & LIABILITIES**							
	(1) Equity							
	(a) Equity Share Capital	17	**736.01**		732.72		737.62	
	(b) Other Equity	18	**1,48,087.92**		1,33,530.12		1,23,893.64	
	Total Equity			**148,823.93**		1,34,262.84		1,24,631.26
	(2) Liabilites							
	A) Non Current Liabilities							
	(a) Financial Liabilities							
	Borrowings	19	**7,287.91**		10,026.53		10,274.03	
	(b) Provisions	20	**259.15**		214.91		182.06	
	(c) Deferred Income	21	**32.39**		34.30		33.74	
	(d) Deferred Tax Liabilities (Net)	22	**3,129.64**	**10,709.09**	3,683.50	13,959.24	3,517.91	14,007.74
	B) Current Liabilities							
	(a) Financial Liabilities							
	Borrowings	23	**16,136.75**		13,441.92		15,639.02	
	Trade Payables	24	**956.49**		604.44		508.19	
	Other Financial Liabilities	25	**6,442.17**		6,910.42		6,649.09	
	(b) Provisions	26	**843.01**		701.20		736.28	
	(c) Liabilities for Current Tax		**47.99**	**24,426.41**	143.34	21,801.32	–	23,532.58
	TOTAL EQUITY AND LIABILITIES			**1,83,959.43**		1,70,023.40		1,62,171.58
	Significant Accounting Policies	5						
	See accompanying notes to the financial statements.							

As per our report annexed

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

K. SRINIVASAN
Partner, M.No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner, M.No. 28952

Smt. R. SUDARSANAM
MANAGING DIRECTOR

JUSTICE P.P.S. JANARTHANA RAJA
DIRECTOR

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY

Rajapalaiyam,
25th May, 2017.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(Rs. in Lakhs)

		Note No.	For the year ended 31-03-2017		For the year ended 31-03-2016	
	REVENUE					
I	Revenue from Operations	27		**40,709.01**		39,349.36
II	Finance Income	28		**325.09**		296.14
III	Other Income	29		**423.07**		309.73
IV	**Total Revenue (I + II + III)**			**41,457.17**		39,955.23
V	**EXPENSES**					
	Cost of Materials Consumed	30		**20,349.47**		18,705.05
	Trade Purchases			**581.93**		1,335.43
	Changes in Inventories of Finished Goods and Work-in-progress	31		**(578.69)**		(845.14)
	Employee Benefit Expenses	32		**4,835.07**		4,730.94
	Finance Costs	33		**2,328.56**		2,669.01
	Depreciation and Amortization Expenses	34		**2,114.44**		2,185.54
	Other Expenses	35		**8,041.13**		9,686.14
	Total Expenses			**37,671.91**		38,466.97
VI	**Profit / (Loss) Before Tax (IV-V)**			**3,785.26**		1,488.26
VII	Income Tax Expenses / (Savings)					
	Current Tax		**804.02**		402.01	
	Income Tax related to earlier years		**–**		107.57	
	Deferred Tax		**(553.86)**		79.69	
	[Including MAT Credit of Rs. 374.59 Lakhs (PY :NIL)]			**250.16**		589.27
VIII	**Profit After Tax (VI-VII)**			**3,535.10**		898.99
IX	Share of Net Profit After Tax (PAT) of Associates accounted for using the equity method			**10,984.35**		9,353.36
X	**Profit for the period (VIII+IX)**			**14,519.45**		10,252.35
XI	**Other Comprehensive Income**					
	Item that will not be reclassified subsequently to Profit and Loss:					
	Acutuaral Gain / (Loss) on defined benefit obligation (net)			**(83.48)**		(45.74)
	Unrelaised Gain / (Loss) on Equity Investment (net)			**(0.28)**		0.33
	Income Tax (Expenses) / Saving			**28.89**		15.83
	Other Comprehensive Income / (Loss) for the year, net of tax			**(54.87)**		(29.58)
	Share of OCI of Associates accounted for using the equity method			**42.49**		(98.01)
	Total Other Comprehensive Income / (Loss) for the year, net of tax			**(12.38)**		(127.59)
XII	**Total Comprehensive Income for the year, net of tax (X + XI)**			**14,507.07**		10,124.76
XIII	**Earnings per Equity Share of Rs. 10/- each**					
	Basic & Diluted (in Rupees) *[Refer to Note No.42]*			**197.27**		139.92
	Significant Accounting Policies	5				
	See accompanying notes to the financial statements.					

As per our report annexed

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

K. SRINIVASAN
Partner, M.No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner, M.No. 28952

Smt. R. SUDARSANAM
MANAGING DIRECTOR

JUSTICE P.P.S. JANARTHANA RAJA
DIRECTOR

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY

Rajapalaiyam,
25th May, 2017.

			(Rs. in Lakhs)
		2016-17	2015-16
A. Cash Flow from Operating Activities			
Profit before Tax		**3,785.26**	1,488.26
Adjustments for :			
Depreciation & Amortisation		**2,114.44**	2,185.54
Interest Paid		**2,328.56**	2,669.01
Interest Received		**(325.09)**	(296.14)
Rent Received		**(0.68)**	(0.68)
Profit on Sale of Assets (Including Investment property)		**30.46**	(47.82)
Fair Value movement and Financial Guarantee obligation		**116.53**	(20.96)
Operating Profit before Working capital Changes		**8,049.48**	5,977.21
Adjustments for :			
Gratuity and Government Grants		**(85.39)**	(45.18)
Trade Receivables		**(347.30)**	135.09
Loans and Advances		**69.95**	(447.71)
Inventories		**(3,859.32)**	(861.67)
Trade Payables & Current liabilities		**400.54**	26.45
Cash generated from Operations		**4,227.96**	4,784.19
Income tax Paid		**(840.92)**	(257.28)
Net Cash generated from Operating Activities	A	**3,387.04**	4,526.91
B. Cash Flow from Investing Activities			
Purchase of Fixed Assets (Including Capital work-in-progress)		**(985.94)**	(1,297.03)
Investment in Shares		**0.44**	(1.21)
Proceeds from Sale of Assets / Investment Property		**133.21**	90.16
Interest Received		**325.09**	296.14
Dividend Received		**–**	1,544.13
Rent Received		**0.68**	0.68
Net Cash from / (used) in Investing Activities	B	**(526.52)**	632.87

(Rs. in Lakhs)

		2016-17	2015-16
C. Cash Flow from Financing Activities			
Proceeds from Long Term Borrowings		**2,298.54**	5,386.66
Repayment of Long Term Loan		**(5,514.30)**	(5,329.84)
Availment / (Repayment) of Short Term Borrowings (Net)		**2,761.29**	(2,197.10)
Payment of Dividend and Tax thereon		**–**	(488.28)
Interest Paid		**(2,328.56)**	(2,669.01)
Net Cash used in Financing Activities	C	**(2,783.03)**	(5,297.57)
Net Increase / (Decrease) in Cash and Cash Equivalent	(A+B+C)	**77.49**	(137.79)
Opening balance of Cash and Cash Equivalents ***[Refer to Note No. 14]***	D	**233.30**	371.09
Closing balance of Cash and Cash Equivalents ***[Refer to Note No. 14]***	E	**310.79**	233.30
Net Increase in Cash and Cash Equivalent	(E-D)	**77.49**	(137.79)

See accompanying notes to the financial statements.

As per our report annexed

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

K. SRINIVASAN
Partner, M.No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner, M.No. 28952

Smt. R. SUDARSANAM
MANAGING DIRECTOR

JUSTICE P.P.S. JANARTHANA RAJA
DIRECTOR

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY

Rajapalaiyam,
25th May, 2017.

STATEMENT OF CHANGES IN EQUITY FOR RAJAPALAYAM MILLS LIMITED FOR THE YEAR ENDED 31-03-2017

A. Equity Share Capital

(Rs. in Lakhs)

Balance as at 01-04-2015	737.62
Changes in Equity Share Capital during the year 2015-16	-
Less: Treasury Shares adjustment	(4.90)
Balance as at 31-03-2016	732.72
Changes in Equity Share Capital during the year 2016-17	-
Add: Treasury Shares adjustment	3.29
Balance as at 31-03-2017	736.01

Note: Treasury Shares adjustment computed based on holding of Company's shares by fellow associates.

B. Other Equity

Particulars	Reserves and Surplus					Items of OCI			Total Other Equity
	Capital Reserve	Capital Reserve on Consolidation	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments Obligations	Re-measurements of Defined Benefit	Share of OCI of Associates	
Other Equity as at 1st April, 2015	**3.75**	**1,05,462.30**	**1,490.48**	**15,782.48**	**1,154.44**	**0.19**	**–**	**–**	**1,23,893.64**
Add: Profit for the financial year 2015-16	–	–	–	–	10,252.34	–	–	–	10,252.34
Add: Other Comprehensive Income	–	–	–	–	–	0.33	(29.91)	(98.01)	(127.59)
Total Comprehensive Income	–	–	–	–	**10,252.34**	**0.33**	**(29.91)**	**(98.01)**	**10,124.75**
Less: Cash Dividend	–	–	–	–	405.68	–	–	–	405.68
Less: Dividend Distribution Tax on Cash Dividend	–	–	–	–	82.59	–	–	–	82.59
Less: Transfer to Retained Earnings	–	–	–	–	–	–	(29.91)	(98.01)	(127.92)
Add: Transfer from OCI	–	–	–	–	(127.92)	–	–	–	(127.92)
Less: Transfer to General Reserve	–	–	–	–	2,018.77	–	–	–	2,018.77
Add: Transfer from Retained Earnings	–	–	–	2,018.77	–	–	–	–	2,018.77
Other Equity as at 31st March, 2016	**3.75**	**1,05,462.30**	**1,490.48**	**17,801.25**	**8,771.82**	**0.52**	**–**	**–**	**1,33,530.12**
Add: Profit for the financial year 2016-17	–	–	–	–	14,519.45	–	–	–	14,519.45
Add: Other Comprehensive Income	–	–	–	–	–	(0.28)	(54.59)	42.49	(12.38)
Total Comprehensive Income	–	–	–	–	**14,519.45**	**(0.28)**	**(54.59)**	**42.49**	**14,507.07**
Less: Transfer to Retained Earnings	–	–	–	–	–	–	(54.59)	42.49	(12.10)
Add: Transfer from OCI	–	–	–	–	(12.10)	–	–	–	(12.10)
Less: Transfer to General Reserve	–	–	–	–	11,310.07	–	–	–	11,310.07
Add: Transfer from Retained Earnings	–	–	–	11,310.07	–	–	–	–	11,310.07
Add: Others	–	–	–	50.73	–	–	–	–	50.73
Other Equity as at 31st March, 2017	**3.75**	**1,05,462.30**	**1,490.48**	**29,162.05**	**11,969.10**	**0.24**	**-**	**-**	**1,48,087.92**

1. Corporate Information

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

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

The consolidated financial statements of the Company for the year ended 31-03-2017 were approved and adopted by Board of Directors of the Company in their meeting dated 25-05-2017.

2. Basis of Preparation of Consolidated Financial Statements (CFS)

(i) The consolidated financial statements for the period upto 31-03-2016 were prepared in accordance with Accounting Standards notified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Pursuant to the mandatory requirement for adoption of Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs (MCA), the Company has prepared its financial statements for the year ended 31-03-2017 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time. The Company has reclassified some of the non-trade investment as investment in 'Associates' in accordance with Ind AS. The Company, under previous GAAP has not consolidated 'Associates' acquired during the past period.

(ii) The significant accounting policies used in preparing the financial statements are set out in Note No.6.

(iii) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.

(iv) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(v) The Company has considered its operating cycle to be 12 months for the purpose of Current or Non-current classification of assets and liabilities.

(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 Rs.0.00 Lakhs.

(vii) Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the Separate financial statements

are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.

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

Name of the Associates	% of Holding & Voting Rights	
	2016-17	2015-16
The Ramco Cements Limited	13.82%	13.82%
Ramco Industries Limited	9.14%	9.14%
Ramco Systems Limited	2.41%	2.45%
The Ramaraju Surgical Cotton Mills Limited	0.10%	0.10%
Sri Vishnu Shankar Mill Limited	2.56%	2.56%
Ontime Industrial Services Limited	17.77%	17.77%

(ix) The Financial Statements of above Associates Companies have not been audited for the year ended March 31, 2017 and have been consolidated on the basis of the accounts as certified by their respective Management.

3. Principles of Consolidation

a) Associates are the entities over which the Company has significant influence. Investments in Associates are accounted for using equity method of accounting.

b) While preparing these consolidated financial statements, the Company has first prepared its opening Balance sheet as at 01-04-2015, the date of transition to Ind AS. Ind AS 101 provides an option to apply Ind AS-103 prospectively from the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to transition date. This exemption is also available for investments in Associates. The Company has elected to apply the equity method of accounting for investments made in Associates prospectively from the transition date i.e. 01-04-2015. In accordance with Ind AS-101, the deemed cost of Goodwill / Capital Reserve has been computed as the difference at the date of transition to Ind AS (01-04-2015) between:

I. The Company's share of fair value of net assets of Associates; and

II. The Company's cost in the separate financial statements of its investment in the Associates.

c) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate Company and adjusted thereafter to recognize the Company's share of post-acquisition profits or losses of the Associate in the profit & loss and the Company's share of other comprehensive income of the Associate in other comprehensive income of the Company.

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 group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

f) The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in Note (N) below.

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

4. First time adoption of Ind AS

The financial statements for the year ended 31-03-2017 are the first financial statements prepared in accordance with Ind AS. Since the Company has not presented consolidated financial statements under previous GAAP, the Reconciliation and description of the effect of transition from previous GAAP to Ind AS on Equity, Statement of Profit and Loss and Cash flow are not applicable. The Balance sheet as on the date of transition has been prepared in accordance with Ind AS 101 - First time adoption of Indian Accounting Standards (Ind AS). All applicable Ind AS were applied consistently and retrospectively in preparation of the first Ind AS Financial Statements with certain mandatory exceptions and voluntary exemptions for the specific cases as provided under Ind AS 101.

Estimates

The estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error.

The Company has not made any changes to estimates made in accordance with previous GAAP.

a) The mandatory exceptions for retrospective application as provided under Ind AS 101 that are applicable to the Company are as below:

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Derecognition of previously recognised financial assets / financial liabilities	
An entity shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.	The Company has applied the de-recognition requirements prospectively.

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
Hedge accounting	
At the date of transition to Ind AS, an entity shall measure all derivatives at fair value and eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities.	The Company has measured derivatives at fair value eliminating all gains and losses arising on derivatives.
An entity shall not reflect in its opening Ind AS Balance Sheet a hedging relationship that does not qualify for hedge accounting in accordance with Ind AS 109.	The Company does not have any hedging relationship that meets the qualifying criteria for Hedge accounting.
Classification and measurement of financial assets	
Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS.	The Company has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial assets and accordingly has classified and measured financial assets on the date of transition.
Impairment of Financial Assets	
Impairment requirements under Ind AS 109 should be applied retrospectively based on the reasonable and supportable information that is available on transition date without undue cost or effort.	The Company has applied impairment requirements retrospectively.
Government Loans	
A first-time adopter shall classify all Government loans received as a financial liability or any equity instrument in accordance with Ind AS 32, Financial Instruments Presentation. If a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below market rate of interest on a basis of consistent with Ind AS requirements, it shall use its	The Company has opted to apply the fair value measurements for the loans availed at a concessional rate prospectively and accordingly, the Company has used its previous GAAP carrying amount of the loan at the date of transition to Ind AS as

Mandatory Exceptions under Ind AS 101	Applicability / Compliance
previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind AS. An entity shall apply the requirements of Ind AS 109 and Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to Government loans existing at the date of transition to Ind AS and shall not recognise the corresponding benefit of the Government loan at a below market rate of interest as a Government grant.	the carrying amount of the loan in the opening Ind AS Balance sheet.

b) The voluntary exemptions for retrospective application as provided under Ind AS 101 that are applicable to the Company are as below:

Voluntary Exemption under Ind AS 101	Applicability / Option exercised
Deemed Cost	
An entity may elect to measure an item of property, plant and equipment and intangible asset at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of property, plant and equipment, intangibles by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost.	The Company has opted to continue with the carrying amount for all of its property, plant and equipment and intangible assets measured as per Previous GAAP and use that as its deemed cost as at the date of transition.
Investments in Subsidiary and Associates	
An entity is required to account for its investments in subsidiaries, joint ventures and associates either (a) at cost; or (b) in accordance with Ind AS 109. Such cost shall be cost as per Ind AS 27 or deemed cost. The deemed cost of such an investment shall be its fair value on the date of transition to Ind AS or Previous GAAP carrying amount at that date.	The Company has opted to measure its investment in subsidiaries / associates as per the previous GAAP carrying amount as at the date of transition to Ind AS.
Designation of previously recognised financial instruments	
An entity may designate an investment in an equity instrument as at fair value through other comprehensive income (FVTOCI) in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.	The Company has designated all equity instruments in companies other than subsidiaries / associates at FVTOCI, based on the assessment made on the date of transition to Ind AS.

5. Basis of Measurement

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note 5.S - 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, including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.

(ii) Process stock is valued at cost including the cost of conversion with systematic allocation of production and administration overheads, or net realisable value whichever is lower.

(iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion and other costs incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition.

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 less than 3 months, highly liquid investments that are readily convertible into cash.

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

C. Dividend distribution to Equity shareholders

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

D. Income Taxes

(i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws.

(ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset 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 and the same is included in Deferred Tax Asset. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period.

(iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.

(iv) Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date.

(v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(vi) 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.

(vii) 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 for such set off.

E. Property, plant and equipments (PPE)

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

(ii) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. When each major

inspection / overhauling is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/ overhauling (as distinct from physical parts) is de-recognised.

(iii) 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 in accordance with Ind AS 16 are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

(iv) The present value of the expected cost for the decommissioning of PPE after its use, if materially significant, is included in the cost of the respective asset when the recognition criteria are met.

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

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

(vi) 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.

(vii) 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 receivable 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.

(viii) 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.

(ix) 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.

(x) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

F. Capital Work in progress

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

G. Leases

(i) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset.

(ii) The lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease. Operating lease receipts and payments are recognised in the Statement of Profit and Loss on accrual basis as per the lease terms. The Company do not have any finance leases.

(iii) The amount paid for securing right to use of building qualify as "Operating Lease" and the amount paid for such property is classified as "Lease prepayments" under prepaid expenses, which are amortised over the tenure of lease.

H. Revenue Recognition

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

(ii) Revenue from Operations

a) Sale of products

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

b) Power generated from Windmills

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

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 recognised and shown as Income from Wind Mills.

c) Income from Job Work

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

(iii) Other Income

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

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

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

d) Value of Carbon credits are recognised when the Company's right to receive the same is established.

e) Scrap sales is recognised at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods and after deducting applicable taxes on sale.

f) Government grants are recognised at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

I. Employee Benefits

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

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

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

(iv) The Company also contributes for superannuation a sum equivalent to 15% of the officer's eligible annual basic salary. Out of the said 15% contribution, a sum upto Rs.1.50 Lakhs per annum is remitted to Rajapalayam Mills Limited Officers' Superannuation Fund administered by trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.

(v) The Company has its own Defined Benefit Plan viz., an approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment, for an amount equivalent to 15 days' basic salary for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to "Rajapalayam Mills Limited Employees' Gratuity Fund" administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the Balance Sheet date using Projected Unit Credit method.

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

(vii) Re-measurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to 'Other Comprehensive Income' in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

J. Government Grants

(i) Government grants are recognised at fair value on accrual basis 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) In case of grant relates to an asset, it is recognised as income over the expected useful life of the related asset.

(iv) Interest subsidy under Technology Up-gradation Fund Scheme (TUFS) is recognised on accrual basis and credited to the Interest and Finance cost.

(v) Power Subsidy under Industrial Investment Promotion Policy of Andhra Pradesh is credited to the Power & Fuel cost.

(vi) Other subsidies under Industrial Investment Promotion Policy of Andhra Pradesh are credited to Industrial Promotion Assistance under Note No. 29 "Other Income".

K. Foreign currency transactions

(i) The financial statements are presented in Indian Rupees, which is also the Company's functional currency.

(ii) All transactions in foreign currency are recorded on initial recognition at their functional currency exchange rates prevailing on that date.

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

(iv) Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rates at the date of transaction.

L. Borrowing Costs

(i) Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

(ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings cost are expensed in the period in which they occur.

M. Earnings per Share

(i) Earnings per share is calculated by dividing the Net profit after tax by the weighted average number of equity shares outstanding during the year, after deducting treasury shares which represents holding of its own shares indirectly through associates by way of reciprocal interests.

(ii) Where an item of income or expense which is otherwise required to be recognised in the Statement of Profit and Loss is debited or credited to Equity, the amount in respect thereof is suitably adjusted in Net profit for the purpose of computing Earnings per share.

(iii) The Company do not have any potential equity shares.

N. Impairment of Non-Financial Assets

(i) The carrying values of assets include property, plant and equipment, investment properties, cash generating units and intangible assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors.

(ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.

(iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

(iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

O. Provisions, Contingent Liabilities and Contingent Assets

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

(ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are neither recognised nor disclosed.

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

P. Intangible Assets

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

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

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

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

(iv) The residual values, useful lives and methods of depreciation 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) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant components as detailed below:

Asset type	Useful life
Buildings under Investment properties	60 years

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

(v) 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 prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

The Company identifies business segment as the primary segment. Under the primary segment, there are two reportable segments viz., Textiles and Power generation from Windmills.

Segments were identified considering the nature of the products, the differing risks and returns as per Ind AS 108 (Segment Reporting).

The inter-segment transfers of units of power from windmills are recognized at the applicable tariff rates of the electricity boards for the purpose of segment reporting as per the relevant accounting standard.

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

S. Financial Instruments

(i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(ii) Financial assets and liabilities are offset and the net amount is presented in the Balance Sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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

T. Financial Assets

(i) Financial assets comprise of investments in Equity, Trade Receivables, Cash and Cash Equivalents and Other Financial Assets.

(ii) Depending on the business model (i.e) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:

a) Amortised cost; or

b) Fair value through Other Comprehensive Income (FVTOCI); or

c) Fair value through Profit or Loss (FVTPL)

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

(iii) The Company has evaluated the facts and circumstances on date of transition to Ind AS for the purpose of classification and measurement of financial assets. Accordingly, financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely

payments of principal and interest thereon, are measured as detailed below depending on the business model:

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

(iv) Investment in equity of associates are carried at cost (i.e) previous GAAP carrying amount as the date of transition to Ind AS. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

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

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

a. significant risk and rewards of the financial asset, or

b. control of the financial asset

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

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

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

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

U. Financial Liabilities

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

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

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

(iii) Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Transaction cost of financial guarantee contracts that are directly attributable to the issuance of the guarantee are recognised initially as a liability at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortization.

(iv) Financial liabilities are derecognised when and only when it is extinguished (i.e) when the obligation specified in the contract is discharged or cancelled or expired.

(v) Upon de-recognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in the Statement of Profit and Loss.

V. Fair value measurement

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

(ii) The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.

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

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

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

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

(iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period (i.e) based on the lowest level input that is significant to the fair value measurement as a whole.

(v) For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

(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) 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.

c) 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.

d) 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.

e) Investment Properties

The fair value of Investment property disclosed in Note No. 7. The fair values are determined based on valuation report given by an Independent Valuer.

W. Significant Estimates and Judgements

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

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

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

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation / amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

(ii) Current Taxes

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

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

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

(iv) Contingent Liabilities

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

(v) Impairment of Trade receivables

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

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

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

(vii) Defined Benefit Plans and Other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rate are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions.

(viii) Fair value measurement of financial instruments

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

(ix) Interests in other entities

Significant management judgement is exercised in determining the interests in other entities. The management believes that wherever there is significant influence over certain companies belong to its group, such companies are treated as Associate companies even though it holds less than 20% of the voting rights.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 6

PROPERTY, PLANT AND EQUIPMENT

(Rs. in Lakhs)

Particulars	Year	Gross Block				Depreciation				Net Block	
		As at the beginning of the year	Additions	Deductions	As at the end of the year	As at the beginning of the year	For the year (Note No. 34)	Deductions	As at the end of the year	As at the end of the year	As at the beginning of the year
Tangible Assets											
Land	2016-17	832.25	–	6.97	825.28	–	–	–	–	825.28	832.25
	2015-16	830.85	1.40	–	832.25	–	–	–	–	832.25	830.85
Buildings	2016-17	4,809.06	9.97	–	4,819.03	1,680.60	149.54	–	1,830.14	2,988.89	3,128.46
	2015-16	4,742.98	66.08	–	4,809.06	1,530.80	149.80	–	1,680.60	3,128.46	3,212.18
Plant and Machinery	2016-17	55,269.22	668.88	174.63	55,763.47	30,315.54	1,724.37	109.67	31,930.24	23,833.23	24,953.68
	2015-16	54,168.62	1,369.15	268.55	55,269.22	28,818.56	1,732.72	235.74	30,315.54	24,953.68	25,350.06
Electrical Machinery	2016-17	2,873.54	8.00	52.50	2,829.04	2,159.09	146.10	49.87	2,255.32	573.72	714.45
	2015-16	2,850.92	22.62	–	2,873.54	1,947.03	212.06	–	2,159.09	714.45	903.89
Furniture & Office Equipments	2016-17	709.96	16.29	4.79	721.46	553.06	38.93	4.70	587.29	134.17	156.90
	2015-16	693.19	24.78	8.01	709.96	518.36	39.58	4.88	553.06	156.90	174.83
Vehicles	2016-17	366.17	11.90	15.90	362.17	182.23	32.40	10.69	203.94	158.23	183.94
	2015-16	329.54	65.22	28.59	366.17	175.51	28.91	22.19	182.23	183.94	154.03
Total - Tangible Assets	2016-17	64,860.20	715.04	254.79	65,320.45	34,890.52	2,091.34	174.93	36,806.93	28,513.52	29,969.68
	2015-16	63,616.10	1,549.25	305.15	64,860.20	32,990.26	2,163.07	262.81	34,890.52	29,969.68	30,625.84
Intangible Assets											
Computer software	2016-17	182.32	5.67	–	187.99	174.57	2.45	–	177.02	10.97	7.75
	2015-16	182.12	0.20	–	182.32	172.56	2.01	–	174.57	7.75	9.56
Power Transmission System	2016-17	79.37	–	–	79.37	35.36	20.42	–	55.78	23.59	44.01
	2015-16	79.37	–	–	79.37	15.13	20.23	–	35.36	44.01	64.24
Total - Intangible Assets	2016-17	261.69	5.67	–	267.36	209.93	22.87	–	232.80	34.56	51.76
	2015-16	261.49	0.20	–	261.69	187.69	22.24	–	209.93	51.76	73.80

(a) The Company has opted to use previous GAAP carrying amount as deemed cost as at the date of transition to Ind AS (i.e As on 1-4-2015). However, as per the FAQ issued by Accounting Standard Board of ICAI, the above information regarding gross block of assets, accumulated depreciation under Previous GAAP is an additional disclosure and the same is not considered for subsequent recognition and/or measurement purposes.

(b) No Borrowings cost have been capitalised for both current and previous year.

(c) All the fixed assets have been pledged by way of pari-passu first charge as security for long-term borrowings and second charge for short-term borrowings Note No. 19 & 23.

(Rs. in Lakhs)

		As at 31-03-2017		As at 31-03-2016		As at 01-04-2015
NOTE NO. 7						
INVESTMENT PROPERTY						
Land						
As at the beginning of the year	**138.98**		138.98		138.98	
Less: Sale of Land	**83.81**		–		–	
As at the end of the year		**55.17**		138.98		138.98
Building						
As at the beginning of the year	**126.05**		126.05		126.05	
Addition / Sale	**–**		–		–	
As at the end of the year	**126.05**		126.05		126.05	
Less:						
Accumulated depreciation as at the beginning of the year	**35.58**		35.35		35.12	
Depreciation for the year	**0.23**		0.23		0.23	
Accumulated depreciation as at the end of the year	**35.81**		35.58		35.35	
Net Block		**90.24**		90.47		90.70
Total Investment Property		**145.41**		229.45		229.68
For investment property existing as on 1st April 2015, i.e. the date of transition to Ind AS, the company has used Indian GAAP carrying amount as deemed cost.						
Information regarding income and expenditure of Investment property						
Rental Income from Investment Properties		**0.68**		0.68		0.68
Direct Operating Expenses		**–**		–		–
Profit arising from Investment Properties before Deprecition and indirect expenses		**0.68**		0.68		0.68
Less: Depreciation		**0.23**		0.23		0.23
Profit arising from Investment Properties before indirect expenses		**0.45**		0.45		0.45
Fair Value of Investment Property		**2,112.67**		2,118.96		1,907.06

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

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

Fair value hierarchy disclosures for investment properties have been provided in Note No. 45.

(Rs. in Lakhs)

			As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 8					
A) INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD					
Name of the Company	**No. of Shares**	**Total face Value**	**Amount**	**Amount**	**Amount**
Investment in Equity Instruments					
1) Quoted					
The Ramco Cements Limited	3,29,05,000	329.05	**1,15,449.64**	1,06,302.79	1,00,162.82
Ramco Industries Limited	79,20,680	79.21	**8,828.03**	7,011.80	5,536.55
Ramco System Limited	7,33,531	73.35	**4,804.44**	4,780.05	4,722.11
Sub-Total (A)			**1,29,082.11**	1,18,094.63	1,10,421.48
2) Unquoted					
The Ramaraju Surgical Cotton Mills Limited	2,000	0.20	**5.92**	4.69	3.00
Sri Vishnu Shankar Mills Limited	38,400	3.84	**132.05**	83.87	19.20
Ontime Industrial Services Limited	50,000	5.00	**59.34**	52.03	39.67
Sub-Total (B)			**197.43**	140.59	61.87
Grand-Total C= (A+B)			**1,29,279.54**	1,18,235.22	1,10,483.35
Quoted Investments - Carrying Value			**1,29,082.11**	1,18,094.63	1,10,421.48
Market Value			**2,42,037.85**	1,44,277.51	1,10,421.48
B) OTHER INVESTMENT					
I. Investment in Equity Instruments					
1) Quoted					
Lakshmi Automatic Loom Works Limited	2,500	0.25	**0.55**	0.83	0.48
Tamilnadu Jai Bharath Mills Limited	1,200	0.12	**0.05**	0.05	0.08
Total Quoted Investments (A)			**0.60**	0.88	0.56
2) Unquoted					
Miot Hospitals Limited	2,500	0.25	**0.25**	0.25	0.25
ARS Energy Private Limited	280 (PY: 440)	0.03 (PY: 0.04)	**0.77**	1.21	–
Total Unquoted Investments (B)			**1.02**	1.46	0.25
II. Investment in Preference Shares, Non-Trade - Unquoted					
Thanjavur Spinning Mill Limited (C)	2,50,00,000	10.00	**2,500.00**	2,500.00	2,500.00
Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited.					
III. Other Non-Current Investments, Non-Trade - Unquoted					
Ramco Group Employees' Co-operative Stores Limited	500	0.01	**0.01**	0.01	0.01
Srivilliputhur Uganda Producers Co-operative Society.	10	–	**–**	–	–
Total other investments (D)			**0.01**	0.01	0.01
Tota (A+B+C+D)			**2,501.63**	2,502.35	2,500.82

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 9			
FINANCIAL ASSETS - (NON CURRENT) LOANS AND ADVANCES			
Unsecured, considered good			
Loans and Advances to Related Parties [Refer to Note No.43 b (i)]	**950.00**	950.00	950.00
NOTE NO. 10			
OTHER FINANCIAL ASSETS - (NON CURRENT)			
Unsecured, considered good			
Security Deposits with Electricity Board / Others	**997.33**	710.38	353.10
Loans to Employees	**0.59**	0.84	1.18
	997.92	711.22	354.28
NOTE NO. 11			
OTHER NON CURRENT-ASSETS			
Unsecured, considered good			
Advance to Suppliers / Others	**200.94**	200.94	200.94
NOTE NO. 12			
INVENTORIES			
(Valued at lower of cost or net realisable value)			
Finished Goods	**2,559.63**	1,989.59	1,591.30
Rawmaterials - Cotton & Cotton Waste	**10,555.39**	7,285.20	7,241.36
Stores and Spares	**207.08**	196.64	223.95
Works-in-progress (Cotton Yarn)	**1,378.21**	1,369.56	922.71
	14,700.31	10,840.99	9,979.32

Note:

(a) Raw Material includes Goods-in-transit of Rs. 713.39 Lakhs (As at 31-03-2016 Rs. 569.80 Lakhs)

(b) The total carrying amount in Inventories as at reporting date has been pledged as security for Borrowings.

NOTE NO. 13			
TRADE RECEIVABLES			
Secured, Considered good	**1,696.71**	2,640.97	1,679.47
Unsecured, considered good	**2,640.58**	1,349.02	2,445.61
	4,337.29	3,989.99	4,125.08

(a) Trade receivables are non-interest bearing and are generally on terms of 30 to 35 days.

(b) No trade receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

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

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 14			
CASH AND CASH EQUIVALENTS			
Cash on Hand	**1.59**	2.83	3.43
Balance with Bank			
In Current Account	**25.81**	52.89	101.60
In Deposit Account for Margin Money	**212.03**	112.09	192.66
In Unclaimed Dividend Warrant Account	**71.36**	65.49	73.40
	310.79	233.30	371.09
NOTE NO. 15			
OTHER FINANCIAL ASSETS (CURRENT)			
Government Grants Receivable	**626.46**	1,045.68	739.21
Security Deposit	**13.00**	13.00	13.00
Insurance Claim Receivable	**13.92**	1.82	7.03
	653.38	1,060.50	759.24
NOTE NO. 16			
OTHER CURRENT ASSETS			
Unsecured, considered good			
Advance to Suppliers / Others	**600.70**	526.59	604.49
Accrued Income	**102.59**	93.78	166.87
Prepaid Expenses	**140.86**	147.61	192.42
Other Current Assets	**66.75**	92.45	107.14
	910.90	860.43	1,070.92
NOTE NO. 17			
EQUITY SHARE CAPITAL			
Authorised			
1,50,00,000 Equity Shares of Rs.10/- each (PY: 1,50,00,000 Equity Shares of Rs. 10/- each)	**1,500.00**	1,500.00	1,500.00
Issued, Subscribed and Fully paid-up			
73,76,160 Equity Shares of Rs.10/- each (PY: 73,76,160 Equity Shares of Rs. 10/- each)	**736.01**	732.72	737.62

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

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015

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

Particulars	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	**73,76,160**	**737.62**	73,76,160	737.62	73,76,160	737.62
Issued during the year - Bonus Issue	**–**	**–**	–	–	–	–
Issued during the year - Preferential Issue	**–**	**–**	–	–	–	–
Number of Shares at the end	**7,376,160**	**737.62**	7,376,160	737.62	7,376,160	737.62

c. Rights / Restrictions attached to Equity Shares

The Company has one class of equity shares having a face value of Rs. 10/- each. Each Shareholder is eligible for one vote per share held. The Company declares and pays dividend in Indian Rupees. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all perferential 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 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
P.R. Venketrama Raja	**14,66,080**	**19.87%**	11,06,080	15.00%	7,46,080	10.11%
P.R. Ramasubrahmaneya Rajha	**9,88,792**	**13.41%**	9,88,792	13.41%	9,88,792	13.41%
P.V. Abinav Ramasubramaniam Raja	**9,63,160**	**13.06%**	9,63,160	13.06%	98,160	1.33%
Ramco Industries Limited	**1,27,360**	**1.73%**	4,87,360	6.61%	8,47,360	11.49%
The Ramco Cements Limited	**25,600**	**0.35%**	25,600	0.35%	7,25,600	9.84%

e. Aggregate number of Equity Shares alloted as fully paid up by way of Bonus Shares during the last 5 years : 35,12,580.

NOTE NO. 18

OTHER EQUITY

Capital Reserve	**3.75**	3.75	3.75
Capital Reserve on Consolidation	**1,05,462.30**	1,05,462.30	1,05,462.30
Securities Premium Reserve	**1,490.48**	1,490.48	1,490.48
General Reserve	**29,162.05**	17,801.25	15,782.48
FVTOCI Reserve	**0.24**	0.52	0.19
Retained Earnings	**11,969.10**	8,771.82	1,154.44
	1,48,087.92	1,33,530.12	1,23,893.64

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015

Capital Reserve
Represents the difference between the shares alloted to the Shareholders of Transferor Company and Net Worth acquired from Transferor Company as per scheme of Amalgamation.

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

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

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

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

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

Particulars		
Cash dividends on Equity shares declared and paid:		
Final dividend @ Rs. 2.50 per share for 31-03-2015.		184.40
Distribution Tax on Final dividend		37.55
Interim dividend @ Rs. 3/- per share for 31-03-2016		221.28
Distribution Tax on Interim dividend		45.05
		488.28
Proposed dividends on Equity shares:		
Final cash dividend @ Rs. 4/- per Share for 31-03-2017	295.05	
Distribution Tax on Proposed dividend	60.07	
	355.12	

Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31st March, 2017.

NOTE NO. 19

NON CURRENT BORROWINGS

Secured			
Term Loan from Banks	**3,081.08**	5,472.01	9,575.90
Working Capital Term Loan from Banks / Financial Institutions	**3,010.40**	4,346.19	–
Unsecured, Considered good			
Working Capital Term Loan from Banks	**1,196.43**	208.33	698.13
	7,287.91	10,026.53	10,274.03

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

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

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015

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

Year	Amount	Amount	Amount
2016-17	–	–	4,699.00
2017-18	–	4,375.00	3,023.33
2018-19	**4,105.85**	3,428.00	2,076.99
2019-20	**2,464.14**	1,946.00	474.71
2020-21	**638.84**	277.53	–
2021-22	**79.08**	–	–
	7,287.91	10,026.53	10,274.03

NOTE NO. 20

PROVISION (NON - CURRENT)			
Provision for Employee Benefits *[Refer to Note No. 40]*	**259.15**	214.91	182.06

NOTE NO. 21

DEFERRED INCOME			
Deferred Income Government Grants	**32.39**	34.30	33.74

NOTE NO. 22

DEFERRED TAX LIABILITY (NET)			
Deferred Tax Liability			
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	**6,307.66**	6,414.20	6,335.50
Tax effect on Fair Value Measurement	**(28.60)**	(6.55)	(0.34)
Deferred Tax Asset			
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	**–**	–	(26.00)
Tax effect on Provision for Bonus and Leave Encashment	**(250.28)**	(199.60)	(180.80)
MAT Credit Entitlement	**(2,899.14)**	(2,524.55)	(2,610.45)
Net Deferred Tax Liability	**3,129.64**	3,683.50	3,517.91
Reconciliation of deferred tax Liabilities (net)			
Opening balance as on 1st April	**3,683.50**	3,517.91	
Tax income / (Expense) during the period recognised in Profit and Loss	**(179.27)**	79.69	
MAT Credit Entitlement recognised in Proift and Loss / adjusted against Current Tax	**(374.59)**	85.90	
Closing balance as on 31st March	**3,129.64**	3,683.50	

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 23			
CURRENT BORROWINGS			
Secured			
Loan Repayable on Demand from Banks *	**6,084.52**	9,725.77	12,628.81
Unsecured			
Loan Repayable on Demand from Banks	**8,898.54**	2,701.43	3,009.23
Loan from Related Parties *[Refer to Note No.43 (b) (ii)]*	**1,153.69**	1,014.72	0.98
	16,136.75	13,441.92	15,639.02

* 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. 24			
TRADE PAYABLES			
Trade Payables	**956.49**	604.44	508.19

Terms and conditions of the above Financial Liabilities:

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

There are no dues to micro and small enterprises as at 31-03-2017 (PY: Rs. NIL). This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE NO. 25			
OTHER CURRENT FINANCIAL LIABILITIES			
Current Maturities of Long Term Loans	**4,734.19**	5,214.32	4,910.00
Interest Accrued but not Due on Borrowings	**96.79**	77.64	17.37
Unpaid Dividends	**71.36**	65.49	73.40
PACR Memorial Fund	**70.00**	60.00	150.00
Liabilites for Other Finance	**666.77**	898.06	895.26
Financial Guarantee Contracts	**400.57**	539.92	603.06
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	**402.49**	54.99	–
	6,442.17	6,910.42	6,649.09

NOTE NO. 26			
PROVISIONS, CURRENT			
Provision for Employee Benefits	**843.01**	701.20	736.28

(Rs. in Lakhs)

	2016-17		2015-16	
NOTE NO. 27				
REVENUE FROM OPERATION				
Sale of Products				
Yarn	**39,814.06**		38,738.67	
Fabrics	**144.08**		–	
Waste Cotton	**178.63**		187.59	
		40,136.77		38,926.26
Other Operating Revenues				
Export Incentive		**228.29**		219.69
Jobwork Charges Received		**343.95**		203.41
		40,709.01		39,349.36
NOTE NO. 28				
FINANCE INCOME				
Interest Receipts		**325.09**		296.14
NOTE NO. 29				
OTHER INCOME				
Rent Receipts		**27.56**		30.54
Profit on Sale of Property, Plant and Equipment		**–**		47.82
Exchange Gain on Foreign Currency Transactions (Net)		**241.34**		105.58
Carbon Credit Sale		**–**		1.06
Government Grants		**1.91**		2.68
Miscellaneous Income		**152.26**		122.05
		423.07		309.73
NOTE NO. 30				
COST OF MATERIALS CONSUMED				
Rawmaterials Consumed				
Cotton & Cotton Waste		**20,349.47**		18,705.05

(Rs. in Lakhs)

	2016-17		2015-16	
NOTE NO. 31				
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS				
Opening stock				
Finished Goods	**1,989.59**		1,591.30	
Work-in-Progress	**1,369.56**	**3,359.15**	922.71	2,514.01
Closing Stock				
Finished Goods	**2,559.63**		1,989.59	
Work-in-Progress	**1,378.21**	**3,937.84**	1,369.56	3,359.15
Net (Increase) / Decrease in Stock		**(578.69)**		(845.14)
NOTE NO. 32				
EMPLOYEE BENEFITS				
Salaries, Wages and Bonus		**4,121.42**		4,024.03
Contribution to Provident and Other Funds		**523.30**		502.66
Staff and Labour Welfare Expenses		**190.35**		204.25
		4,835.07		4,730.94
NOTE NO. 33				
FINANCE COSTS				
Interest on Debts and Borrowings		**2,140.85**		2,597.97
Other Borrowing Costs		**185.77**		2.05
Exchange differences regarded as an adjustment to borrowing costs		**1.94**		68.99
		2,328.56		2,669.01
NOTE NO. 34				
DEPRECIATION				
Depreciation of Property, Plant and Equipment		**2,091.34**		2,163.07
Amortization of intangible assets		**22.87**		22.24
Depreciation on Investment Properties		**0.23**		0.23
		2,114.44		2,185.54

(Rs. in Lakhs)

	2016-17		2015-16	
NOTE NO. 35				
OTHER EXPENSES				
Manufacturing Expenses				
Power and Fuel	**3,192.05**		5,024.04	
Packing Materials	**607.85**		654.59	
Repairs to Buildings	**97.10**		75.72	
Repairs to Plant and Machinery	**950.10**		1,000.23	
Repairs - General	**929.43**		954.68	
Jobwork Charges Paid	**132.71**	**5,909.24**	180.27	7,889.53
Establishment Expenses				
Managing Director's Remuneration	**210.63**		156.76	
Rates and Taxes	**141.59**		129.09	
Insurance	**78.52**		78.78	
Postage and Telephone	**18.12**		21.27	
Printing and Stationery	**19.01**		20.45	
Travelling Expenses	**60.79**		92.25	
Vehicle Maintenance	**83.33**		74.66	
Loss on Sale of Property, Plant and Equipment & Investment Property	**30.46**		–	
Directors Sitting Fees	**28.80**		27.30	
Rent	**3.67**		6.31	
Audit and Legal Expenses	**29.44**		27.23	
Corporate Social Responsibility Expenses	**78.55**		80.94	
MTM Loss on Forward Contracts	**347.50**		54.99	
Miscellaneous Expenses	**147.69**	**1,278.10**	140.65	910.68
Selling Expenses				
Sales Commission	**452.65**		447.70	
Export Expenses	**134.37**		120.21	
Other Selling Expenses	**266.77**	**853.79**	318.02	885.93
		8,041.13		9,686.14

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

(Rs. in Lakhs)

	2016-17	2015-16
NOTE NO. 36		
AUDITOR'S REMUNERATION		
As Auditor:		
Audit fee	**4.00**	4.00
Tax audit fee	**0.60**	0.50
In other capacity:		
Taxation matters	**0.60**	1.20
Other services (Certification fees)	**0.95**	1.30
Reimbursement of Expenses	**0.70**	0.74
	6.85	7.74
NOTE NO. 37		
INCOME TAX		
Reconciliation Tax Expenses and Accounting Profit		
Accounting Profit before Income Tax	**3,785.26**	1,488.26
At India's statutory Income Tax Rate of 34.608% (PY: 34.608%)	**1,310.00**	515.06
Effects of:		
Adjustments of Tax in respect of prior years		107.57
Wind Mill Profit exempted from Tax	**(1,048.35)**	
Profit / (Loss) on Sale of Property, Plant and Equipment	**10.54**	(16.55)
Government Grants exempted from tax	**(0.66)**	(0.93)
Other exempted Items	**(13.50)**	(54.14)
Other non-deductible expenses	**142.51**	(57.26)
Net effective Income Tax under Regular method (A)	**400.54**	493.75
Income Tax Under MAT		
Accounting Profit before Income Tax	**3,785.26**	1,488.26
At India's statutory Income Tax Rate of 21.3416% (PY: 21.3416%)	**807.84**	317.62
Adjustements as per Income Tax	**(32.71)**	1.24
Net effective Income Tax (B)	**775.13**	318.86
Tax applicable higher of A and B	**775.13**	493.75
MAT Credit		
Net effective Income Tax	**775.13**	–
Income Tax expense under Regular Method	**(400.54)**	–
MAT Credit	**374.59**	–
Deferred Tax Recognised in the Statement of Profit and Loss		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	**(106.54)**	78.70
Tax effect on Fair Value Measurement	**(22.05)**	(6.21)
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	–	26.00
Tax effect on Provision for Bonus and Leave Encashment	**(50.68)**	(18.80)
	(179.27)	79.69

(Rs. in Lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE NO. 38			
CONTINGENT LIABILITIES			
Guarantees given by the bankers on behalf of company	**32.65**	24.40	–
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to -			
- Parent	**622.23**	660.05	606.33
- Parent's share in Associates	**14,225.36**	13,950.50	13,069.81
NOTE NO. 39			
Financial Guarantee given to banks to avail loan facilities by Related parties:			
The Ramaraju Surgical Cotton Mills Limited	**8,860**	11,457	11,457
Sri Vishnu Shankar Mill Limited	**12,090**	14,050	11,550
Sandhya Spinning Mill Limited	**11,280**	14,346	12,346
Thanjavur Spinning Mill Limited	**4,031**	9,656	11,756
Actual amount of loan outstanding against above Financial Guarantees			
The Ramaraju Surgical Cotton Mills Limited	**2,092**	3,481	4,875
Sri Vishnu Shankar Mill Limited	**5,012**	5,167	4,004
Sandhya Spinning Mill Limited	**4,771**	5,245	4,714
Thanjavur Spinning Mill Limited	**745**	1,623	5,790

	(Rs. in Lakhs)	
	31-03-2017	31-03-2016

NOTE NO. 40

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

Defined Contribution Plan:		
Employer's Contribution to Provident Fund	**319.65**	314.11
Employer's Contribution to Superannuation Fund	**23.62**	18.69
Details of the post retirement gratuity plan (Funded) are as follows:		
Movements in the present value of define benefit obligation:		
Opening defined Benefit Obligation	**746.71**	656.65
Current Service Cost	**57.67**	51.87
Interest Cost	**56.17**	49.21
Actuarial (gain) / loss	**83.81**	40.69
Benefits paid	**(-) 89.22**	(-) 51.71
Closing Defined Benefit obligation	**855.14**	746.71
Movement in the present value of plan assets:		
Opening fair value of plan assets	**651.42**	484.55
Expected return on plan assets	**52.40**	42.52
Actuarial gain / (loss)	**0.33**	3.13
Employer Contribution	**96.57**	172.93
Benefits paid	**(-) 89.22**	(-) 51.71
Closing fair value of plan assets	**711.50**	651.42
The amount included in the Statement of Financial position arising from the entity's obligation in respect of its define benefit plans:		
Fair value of plan assets	**711.50**	651.42
Present value of obligation	**855.14**	746.71
Present value of Funded defined obligation	**143.64**	95.29
Cost of define benefit plan:		
Current Service Cost	**57.67**	51.87
Interest Cost	**3.76**	6.68
Net Cost Recognized in the Income Statement	**61.43**	58.55
Expected return on plan assets (To the extent it does not represent an adjustment to Interest Cost)	**(-) 0.33**	(-) 3.13
Actuarial (gain) / loss	**83.81**	40.69
Net Cost recognized in the Other Comprehensive Income	**83.48**	37.56

	(Rs. in Lakhs)	
	31-03-2017	31-03-2016
Major Categories of Plan Assets:		
GOI Securities	**–**	–
Funds with LIC	**707.11**	647.06
Others	**4.39**	4.36
Total	**711.50**	651.42
Actuarial assumptions:		
Discount rate p.a.	**7.50%**	8.00%
Rate of escalation in salary p.a.	**3.50%**	3.00%
Estimate of Expected Benefit payments		
Year 1	**56.26**	53.41
Year 2	**58.42**	43.72
Year 3	**53.98**	54.23
Year 4	**57.21**	52.96
Year 5	**51.61**	59.91
Next 5 Years	**375.10**	304.73
Quantitative Sensitivity Analysis for Significant Assumptions		
0.50% Increase in Discount Rate	**60.66**	54.21
0.50% Decrease in Discount Rate	**68.90**	61.46
0.50% Increase in Salary Growth Rate	**69.10**	61.68
0.50% Increase in Salary Growth Rate	**60.45**	54.00
Details of Leave encashment plan (Unfunded) are as follows:		
Movement in the present value of define benefit Obligation:		
Opening defined Benefit Obligation	**232.91**	202.57
Current Service Cost	**22.81**	23.95
Interest Cost	**17.75**	14.72
Actuarial (gain) / loss	**28.57**	19.37
Benefits paid	**(-) 21.96**	(-) 27.70
Closing defined Benefit obligation	**280.08**	232.91
Movement in the present value of plan assets:		
Opening fair value of plan assets	**NIL**	NIL
Expected return on plan assets	**NIL**	NIL
Actuarial gain / (loss)	**NIL**	NIL
Employer Contribution	**21.96**	27.70
Benefits paid	**(-) 21.96**	(-) 27.70
Closing fair value of plan assets	**NIL**	NIL

(Rs. in Lakhs)

	31-03-2017	31-03-2016
Actual Return of plan assets:		
Expected return of plan assets	**NIL**	NIL
Actuarial gain / (loss) on plan assets	**NIL**	NIL
Actual return on plan assets	**NIL**	NIL
The amount included in the Statement of Financial position arising from the entity's obligation in respect of its define benefit plans:		
Fair value of plan assets	**NIL**	NIL
Present value of obligation	**280.08**	232.91
Present value of Funded define obligation	**280.08**	232.91
Cost of define benefit Plan:		
Current Service Cost	**22.81**	23.95
Interest Cost	**17.75**	14.72
Actuarial (gain) / loss	**28.57**	19.37
Net Cost recognized in the Income Statement	**69.13**	58.04
Major Categories of Plant Assets:		
GOI Securities	**NIL**	NIL
Funds with LIC	**NIL**	NIL
Bank balance	**NIL**	NIL
Total	**NIL**	NIL
Actuarial assumptions:		
Discount rate p.a.	**7.50%**	8.00%
Rate of escalation in salary p.a.	**3.50%**	3.00%
Estimate of Expected Benefit payments		
Year 1	**12.25**	12.60
Year 2	**23.82**	18.85
Year 3	**24.89**	13.99
Year 4	**19.77**	23.79
Year 5	**13.16**	17.54
Next 5 Years	**99.54**	79.29
Quantitative Sensitivity Analysis for Significant Assumptions		
0.50% Increase in Discount Rate	**20.48**	18.07
0.50% Decrease in Discount Rate	**22.97**	20.16
0.50% Increase in Salary Growth Rate	**23.02**	20.21
0.50% Increase in Salary Growth Rate	**20.43**	18.02

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

NOTE NO. 41

Disclosure of Interests in Associates under equity method

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

Name of the Company	% of Shareholding as at		
	31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	**13.82%**	13.82%	13.82%
Ramco Industries Limited	**9.14%**	9.14%	9.14%
Ramco Systems Limited	**2.41%**	2.45%	3.01%
The Ramaraju Surgical Cotton Mills Limited	**0.10%**	0.10%	0.10%
Sri Vishnu Shankar Mill Limited	**2.56%**	2.56%	2.56%
Ontime Industrial Services Limited	**17.77%**	17.77%	17.77%

Summarised financial information for Associates :

The summarized consolidated financial statements of the material associates are as below: **(Rs. in lakhs)**

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non Current Liabilities	Current Liabilities	Total Equity
As at 31-03-2017						
The Ramco Cements Limited	5,46,481.00	18,392.00	1,42,178.00	1,24,763.00	2,02,548.00	3,79,740.00
Ramco Industries Limited	47,175.61	2,24,185.04	54,984.61	8,026.46	46,717.77	2,71,601.03
Ramco Systems Limited	40,217.50	110.90	27,923.30	1,571.30	12,606.60	54,073.80
As at 31-03-2016						
The Ramco Cements Limited	5,44,022.00	16,989.00	1,33,418.00	1,77,720.00	2,03,325.00	3,13,384.00
Ramco Industries Limited	46,116.08	2,10,751.44	49,052.84	14,196.61	39,413.63	2,52,310.12
Ramco Systems Limited	35,234.30	95.90	30,682.80	1,945.40	12,549.00	51,518.60
As at 01-04-2015						
The Ramco Cements Limited	5,49,646.00	16,836.00	1,27,502.00	2,42,972.00	1,78,953.00	2,72,059.00
Ramco Industries Limited	45,333.52	1,98,052.82	47,554.30	12,500.92	42,725.40	2,35,714.32
Ramco Systems Limited	30,260.10	55.60	24,784.70	23,040.90	16,890.70	15,168.80

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

(Rs. in lakhs)

Profit and Loss	TRCL		RIL		RSL	
	31-3-2017	31-3-2016	31-3-2017	31-3-2016	31-3-2017	31-3-2016
Total Revenue	4,62,125.00	4,21,488.00	96,509.53	97,344.30	45,932.10	44,340.20
Profit before tax	8,5691.00	66,292.00	7,945.19	5,746.92	(3,044.70)	3,307.70
Tax expenses	20,270.00	13,166.00	2,413.95	(0.71)	(4,132.30)	890.50
Profit after Tax	65,421.00	53,126.00	5,531.24	5,747.63	1087.60	2,417.20
Share of profit in Associate	977.00	1,406.00	14,944.72	13,496.11	-	-
Other Comprehensive Income	40.00	(204.00)	602.18	(550.06)	(55.50)	(45.50)
Share of OCI of Associate	(82.00)	(96.00)	(41.12)	(61.71)	-	-
Total Comprehensive Income	66,356.00	54,232.00	21,037.02	18,631.97	1,032.10	2,371.70

Fair value of Investments

Name of the material Associates	31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	2,20,282.50	1,31,768.07	1,00,162.82
Ramco Industries Limited	18,946.27	7,287.03	5,536.56
Ramco Systems Limited	2,809.06	5,222.37	4,722.11

Share of Contingent Liabilities in respect of associates

Name of the material Associates	31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	13,875.83	13,294.98	12,597.62
Ramco Industries Limited	318.91	578.94	442.87
Ramco Systems Limited	29.67	31.50	28.37

Reconciliation to the carrying amount of investment in associates

Profit and Loss	TRCL		RIL		RSL	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
Entity's TCI	66,356.00	54,232.00	21,037.02	18,631.97	1,031.10	2,371.70
Entity's Adjusted TCI	66,180.00	55,140.38	19,836.12	16,883.18	1,011.00	2,369.00
Effective shareholding %	13.82%	13.82%	9.14%	9.14%	2.41%	2.45%
Associates share of profit / OCI	9,146.85	7,621.04	1,812.94	1,543.06	24.39	57.94
Less: Unrealised profit on inter-company transactions (net of tax)		–		–		–
Amount recognized in P & L	9,146.85	7,621.04	1,812.94	1,543.06	24.39	57.94
Reconciliation						
Opening Carrying amount	1,06,302.79	1,00,162.82	7,011.80	5,536.55	4,780.05	4,722.11
Less: Treasury Share adjustment	–	(0.35)	3.29	(4.45)	–	–
Add: Fair Value of Corporate Guarantee obligation given		–		–		–
Add: Associate's share of Profit / OCI	9,146.85	7,621.04	1,812.94	1,543.05	24.39	57.94
Less: Dividend received	–	1,480.72	–	63.36	–	–
Net Carrying amount	1,15,449.64	1,06,302.79	8,828.03	7011.80	4,804.44	4,780.05

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.

(Rs. in lakhs)

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

Aggregate amounts of Group's share of:	31-03-2017	31-03-2016
Profit after Tax	**42.16**	32.97
Other Comprehensive Income	**(0.87)**	(0.63)
Total Comprehensive Income	**41.29**	32.34

NOTE NO. 42

EARNINGS PER SHARE

Particulars		31-03-2017	31-03-2016
Net profit after tax (Rs. in Lakhs)	(A)	**14,519.45**	10,252.35
Weighted average number of Equity shares after deducting treasury shares [in Lakhs]	(B)	**73.60**	73.27
Nominal value per equity share (in Rs)		**10.00**	10.00
Basic & Diluted Earnings per share (A) / (B) in Rs.		**197.27**	139.92

Note: Treasury share of 1.61 Lakhs shares (PY: 4.90 Lakhs shares) computed based on holdings of Company's share by fellow associates.

NOTE NO. 43

RELATED PARTY TRANSACTIONS

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March, 2017:

1) Associates Company

Name of the Company	Country of Incorporation	% of Shareholding as at		
		31-03-2017	31-03-2016	01-04-2015
The Ramco Cements Limited	India	**13.82%**	13.82%	13.82%
Ramco Industries Limited	India	**9.14%**	9.14%	9.14%
Ramco Systems Limited	India	**2.41%**	2.45%	3.01%
The Ramaraju Surgical Cotton Mills Limited	India	**0.10%**	0.10%	0.10%
Sri Vishnu Shankar Mill Limited	India	**2.56%**	2.56%	2.56%
Ontime Industrial Services Limited	India	**17.77%**	17.77%	17.77%

2) Key Managerial Personnel (including KMP under Companies Act, 2013)

Name of the Key Management Personnel	Designation
Shri P.R. Ramasubrahmaneya Rajha	Chairman
Shri P.R. Venketrama Raja	Non-Executive Director
Smt. R. Sudarsanam	Managing Director
Shri B. Gnanagurusamy	Chief Financial Officer
Shri A. Arul Pranavam	Secretary
Shri S.S. Ramachandra Raja	Non-Executive Director
Shri N.K. Ramasuwami Raja	Independent Director
Shri A.V. Dharamakrishnan	Non-Executive Director
Justice Shri P.P.S. Janarthana Raja	Independent Director
Shri V. Santhana Raman	Independent Director
Shri K.B. Nagendra Murthy	Independent Director
Smt. Soundara Kumar	Independent Director
Shri P.V. Abinav Ramasubramniam Raja	Non-Executive Director
Shri P.A.S. Alaghar Raja	Independent Director

3) Relatives of Key Managerial Personnel

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

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

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

5) Employee Benefit Funds where control exists

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

6) Other entities over which there is a significant influence

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

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

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

(Rs. in Lakhs)

Name of the Related party	Value	
	2016-17	2015-16
i. Good Supplied / Services rendered		
Associates		
The Ramaraju Surgical Cotton Mills Limited	**149.88**	1,384.65
Ramco Industries Limited	**461.40**	335.16
Ramco Systems Limited	**0.68**	0.68
Sri Vishnu Shankar Mill Limited	**1,583.28**	638.05
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	**626.11**	175.18
Thanjavur Spinning Mill Limited	**120.48**	6.61
Rajapalayam Textile Limited	**410.61**	187.10
Sri Harini Textiles Limited	**NIL**	0.02

(Rs. in Lakhs)

	Name of the Related party	Value	
		2016-17	2015-16
ii.	**Sale of Fixed Assets**		
	Associates		
	The Ramaraju Surgical Cotton Mills Limited	**NIL**	0.84
	Sandhya Spinning Mill Limited	**NIL**	3.00
	Ramco Industries Limited	**NIL**	0.21
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Rajapalayam Textile Limited	**5.04**	NIL
	Other entities over which there is a significant influence		
	Raja Charity Trust	**NIL**	3.50
iii.	**Cost of Goods & Services purchased / availed**		
	Associates		
	The Ramco Cements Limited	**4.47**	248.23
	Ramco Industries Limited	**161.10**	329.62
	Ramco Systems Limited	**22.89**	18.86
	The Ramaraju Surgical Cotton Mills Limited	**200.58**	9.71
	Sri Vishnu Shankar Mill Limited	**599.37**	192.93
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sandhya Spinning Mill Limited	**295.60**	292.67
	Thanjavur Spinning Mill Limited	**558.54**	298.71
	Rajapalayam Textile Limited	**47.38**	727.11
	Shri Harini Media Limited	**1.40**	1.05
	Madras Chipboard Limited	**NIL**	0.09
	Other entities over which there is a significant influence		
	PACR Sethuramammal Charity Trust	**47.92**	39.70
iv.	**Purchase of Fixed Assets**		
	Associates		
	Ramco Industries Limited	**NIL**	23.75
	Sri Vishnu Shankar Mill Limited	**3.15**	NIL
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sandhya Spinning Mill Limited	**NIL**	0.32
	Thanjavur Spinning Mill Limited	**NIL**	572.84
v.	**Leasing Arrangements - Rent Paid**		
	Relative of Key Managerial Personnel		
	Smt. Saradha Deepa	**1.44**	1.32

(Rs. in Lakhs)

Name of the Related party	Value	
	2016-17	2015-16
vi. Dividend Paid		
Key Managerial Personnel		
Shri P.R. Ramasubrahmaneya Rajha	**NIL**	54.38
Smt. R. Sudarsanam	**NIL**	3.51
Shri P.R. Venketrama Raja	**NIL**	51.83
Shri P.V. Abinav Ramasubramaniam Raja	**NIL**	26.40
Associates		
The Ramco Cements Limited	**NIL**	18.91
Ramco Industries Limited	**NIL**	35.80
The Ramaraju Surgical Cotton Mills Limited	**NIL**	16.51
Sri Vishnu Shankar Mill Limited	**NIL**	1.64
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	**NIL**	0.03
The Ramco Management Private Limited	**NIL**	0.11
Relative of Key Management Personnel		
Smt. R. Chittammal	**NIL**	4.54
Smt. Nalina Ramalakshmi	**NIL**	0.37
Smt. Saradha Deepa	**NIL**	0.60
Smt. P.V. Nirmala	**NIL**	0.80
Smt. B. Sri Sandhya Raju	**NIL**	0.91
vii. Dividend Received		
Associates		
The Ramco Cements Limited	**NIL**	1,480.73
Ramco Industries Limited	**NIL**	63.37
The Ramaraju Surgical Cotton Mills Limited	**NIL**	0.04
viii. Interest Paid / (Received)		
Key Managerial Personnel		
Shri P.R. Ramasubrahmaneya Rajha	**134.79**	47.65
Smt. R. Sudarsanam	**4.35**	3.18
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	**(104.50)**	(104.79)

(Rs. in Lakhs)

	Name of the Related party	Value	
		2016-17	2015-16
ix.	**Sitting Fees**		
	Key Managerial Personnel		
	Shri P.R. Ramasubrahmaneya Rajha	**3.90**	4.20
	Shri P.R. Venketrama Raja	**1.20**	1.80
	Smt. R. Sudarsanam	**0.90**	1.50
	Shri S.S. Ramachandra Raja	**3.60**	3.90
	Shri N.K. Ramasuwami Raja	**5.70**	5.70
	Shri A.V. Dharmakrishnan	**3.30**	3.00
	Justice Shri P.P.S. Janarthana Raja	**3.90**	3.30
	Shri V. Santhana Raman	**1.50**	1.80
	Shri K.B. Nagendra Murthy	**2.70**	1.50
	Smt Soundara Kumar	**1.50**	0.60
	Shri P.V. Abinav Ramasubramniam Raja	**0.30**	NIL
	Shri P.A.S Alaghar Raja	**0.30**	NIL
x.	**Remuneration to Key Management Personnel (Other than Sitting Fees)**		
	Key Managerial Personnel		
	Smt. R. Sudarsanam, Managing Director	**210.63**	156.76
	Shri B. Gnanagurusamy, Chief Financial Officer	**21.17**	19.23
	Shri A. Arulpranavam, Secretary	**8.38**	5.91
xi.	**CSR Expenditure**		
	Other entities over which there is a significant influence		
	PACR Sethuramammal Charities	**60.00**	150.00
xii.	**Contribution to Superannuation Fund / Gratuity Fund**		
	Other entities over which there is a significant influence		
	Rajapalayam Mills Limited Officers' Superannuation Fund	**23.62**	18.69
	Rajapalayam Mills Limited Employees' Gratuity Fund	**144.90**	96.12
xiii.	**Maximum amount of loans and advance / (borrowings) outstanding during the year**		
	Key Managerial Personnel		
	Shri P.R. Ramasubrahmaneya Rajha	**(1,104.16)**	(982.88)
	Smt. R. Sudarsanam	**(49.53)**	(31.84)
	Companies over which KMP / Relative of KMP exercise significant Influence		
	Sri Harini Textiles Limited	**950.00**	950.00
xiv.	**Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL**		
	Associates		
	The Ramco Cements Limited	**2.08**	2.22

(Rs. in Lakhs)

Name of the Related party	31-03-2017	31-03-2016	01-04-2015
b. Outstanding balance including commitments			
i. Loans and advances			
Companies over which KMP / Relative of KMP exercise significant Influence			
Sri Harini Textiles Limited	**950.00**	950.00	950.00
ii. Borrowings			
Key Managerial Personnel			
Shri P.R. Ramasubrahmaneya Rajha	**(1,104.16)**	(982.88)	NIL
Smt. R. Sudarsanam	**(49.53)**	(31.84)	0.98
iii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL			
Associates			
The Ramco Cements Limited	**13.00**	13.00	13.00
iv. Corporate Guarantee given to lender of Related parties			
Associates			
The Ramaraju Surgical Cotton Mills Limited	**8,860**	11,457	11,457
Sri Vishnu Shankar Mill Limited	**12,090**	14,050	11,550
Companies over which KMP / Relative of KMP exercise significant Influence			
Sandhya Spinning Mill Limited	**11,280**	14,346	12,346
Thanjavur Spinning Mill Limited	**4,031**	9,656	11,756

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

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

Particulars	31-03-2017	31-03-2016
Short - Term Benefits [1]	**213.87**	168.07
Defined Contribution Plan [2]	**27.19**	18.12
Defined Benefit Plan / Other Long-Term Benefits [3]	**–**	–
Total	**241.06**	186.19

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

NOTE NO. 44

Segment Information for the year ended 31-03-2017 **(Rs. in Lakhs)**

Particulars	Textiles		Power from Windmills		Total	
	31-03-2017	31-03-2016	31-03-2017	31-03-2016	31-03-2017	31-03-2016
REVENUE						
External Sales (Net)	**40,709.01**	39,349.36	**–**	–	**40,709.01**	39,349.36
Inter Segment Sale	**–**	–	**4,561.67**	2,626.93	**4,561.67**	2,626.93
Total Sales	**40,709.01**	39,349.36	**4,561.67**	2,626.93	**45,270.68**	41,976.29
Other Income	**423.07**	309.73	**–**	–	**423.07**	309.73
Total Revenue	**41,132.08**	39,659.09	**4,561.67**	2,626.93	**45,693.75**	42,286.02
RESULT						
Segment Profit	**2,703.46**	2,501.69	**3,085.27**	1,359.44	**5,788.73**	3,861.13
Unallocated Income					**–**	–
Unallocated Expenses						
Operating Profit					**5,788.73**	3,861.13
Interest Expenses					**2,328.56**	2,669.01
Interest Income					**325.09**	296.14
Provision for Taxation						
Current Tax					**775.13**	386.18
Income Tax related to earlier years					**–**	107.57
Deferred Tax					**(553.86)**	79.69
Profit from ordinary activities					**3,563.99**	914.82
Other Comprehensive Income					**(83.76)**	(45.41)
Share of TCI from Associates					**11,026.84**	9,255.35
Total Comprehensive Income					**14,507.07**	10,124.76
OTHER INFORMATION						
Segment Assets	**44,217.85**	39,182.85	**7,070.96**	9,198.53	**51,288.81**	48,381.38
Unallocated Assets					**8,472.70**	8,473.40
Total Assets					**59,761.51**	56,854.78
Segment Liabilities	**3,756.86**	3,308.43	**–**	–	**3,756.86**	3,308.43
Unallocated Liabilities					**31,320.89**	32,400.56
Total Liabilities					**35,077.75**	35,708.99
Capital Expenditure	**985.94**	1,297.03	**–**	–	**985.94**	1,297.03
Unallocated Capital Expenditure					**–**	–
Depreciation	**1,702.96**	1,772.93	**411.48**	412.61	**2,114.44**	2,185.54
Unallocated Depreciation Expenditure					**–**	–
Non-Cash expenses other than Depreciation	**–**	–	**–**	–	**–**	–

NOTE NO. 45

DISCLOSURE OF FAIR VALUE MEASUREMENTS

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

Financial Instruments by category **(Rs. in Lakhs)**

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
As at 31-03-2017					
Financial Assets					
Investments - Preference Shares	2,500.00	–	–	2,500.00	2,500.00
Other Investments	1.03	–	0.60	1.63	1.63
Loans	950.00	–	–	950.00	950.00
Trade Receivables	4,337.29	–	–	4,337.29	4,337.29
Cash and Cash Equivalents	310.79	–	–	310.79	310.79
Other Financial Assets	997.92	–	–	997.92	997.92
Financial Liabilities					
Borrowings	7,287.91	–	–	7,287.91	7,287.91
Trade Payables	956.48	–	–	956.48	956.48
As at 31-03-2016					
Financial Assets					
Investments - Preference Shares	2,500.00	–	–	2,500.00	2,500.00
Other Investments	1.47	–	0.88	2.35	2.35
Loans	950.00	–	–	950.00	950.00
Trade Receivables	3,989.99	–	–	3,989.99	3,989.99
Cash and Cash Equivalents	233.30	–	–	233.30	233.30
Other Financial Assets	711.22	–	–	711.22	711.22
Financial Liabilities					
Borrowings	10,026.53	–	–	10,026.53	10,026.53
Trade Payables	604.44	–	–	604.44	604.44
As at 01-04-2015					
Financial Assets					
Investments - Preference shares	2,500.00	–	–	2,500.00	2,500.00
Other Investments	0.26	–	0.56	0.82	0.82
Loans	950.00	–	–	950.00	950.00
Trade Receivables	4,125.08	–	–	4,125.08	4,125.08
Cash and Cash Equivalents	371.09	–	–	371.09	371.09
Other Financial Assets	354.28	–	–	354.28	354.28
Financial Liabilities					
Borrowings	10,274.03	–	–	10,274.03	10,274.03
Trade Payables	508.19	–	–	508.19	508.19

Fair value hierarchy

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

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

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

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

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

(Rs. in lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Instruments at FVTOCI				
Investments in listed equity securities				
As at 31-03-2017	0.60	–	–	0.60
As at 31-03-2016	0.88	–	–	0.88
As at 01-04-2015	0.56	–	–	0.56
Investment in unlisted securities				
As at 31-03-2017	–	–	1.03	1.03
As at 31-03-2016	–	–	1.47	1.47
As at 01-04-2015	–	–	0.26	0.26
Financial Instruments at FVTPL				
Foreign exchange forward contracts				
As at 31-03-2017	–	402.49	–	402.49
As at 31-03-2016	–	54.99	–	54.99
As at 01-04-2015	–	–	–	–

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 31st March in Stock Exchange
Investment in Unlisted securities	At Book Value	Insignificant Value
Foreign exchange forward contracts	Mark to Market	Based on MTM valuations provided by the Banker
Financial Guarantee Obligation	Differential Interest Rate	Interest rates quote have been obtained from the Banker

NOTE NO. 46

FINANCIAL RISK MANAGEMENT

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework and thus established a risk management policy to identify and analyse the risk faced by the Company. Risk Management systems are reviewed by the BOD periodically to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures develop a disciplined and constructive

control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit committee is assisted in the oversight role by Internal Audit. Internal Audit undertakes reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company has the following financial risks:

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

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

Credit Risk

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

Receivables

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

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

(Rs. in Lakhs)

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

As at 31-03-2016	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	3,131.69	666.75	191.23	0.32	3,989.99
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	3,131.69	666.75	191.23	0.32	3,989.99

(Rs. in Lakhs)

As at 01-04-2015	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
Gross carrying amount	3,135.13	777.06	207.70	5.19	4,125.08
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	3,135.13	777.06	207.70	5.19	4,125.08

Financial Instruments and Cash deposits

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

Liquidity Risk

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

Financial arrangements

The Company has access to the following undrawn borrowing facilities:

Particulars	31-03-2017	31-03-2016	01-04-2015
Expiring within one year			
Working Capital and other facilities	**9,305.00**	10,078.00	6,449.00
Term Loans	**699.49**	490.00	–
Expiring beyond year			
Term Loans	**–**	–	–

Maturities of Financial Liabilities

Nature of Financial Liability	< 1 Year	1 - 5 Years	> 5 years	Total
As at 31-3-2017				
Borrowings from Banks	4,734.19	7,287.91	–	12,022.10
Trade payables	956.49	–	–	956.49
Other Financial Liabilities (Including Interest)	1,707.98	–	–	1,707.98
As at 31-3-2016				
Borrowings from Banks	5,214.32	10,026.53	–	15,240.85
Trade payables	604.44	–	–	604.44
Other Financial Liabilities (Including Interest)	1,696.10	–	–	1,696.10
As at 01-04-2015				
Borrowings from Banks	4,910.00	10,274.03	–	15,184.03
Trade payables	508.19	–	–	508.19
Other Financial Liabilities (Including Interest)	1,739.09	–	–	1,739.09

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
USD in Millions				
As at 31-03-2017	–	–	–	3.32
As at 31-03-2016	–	–	–	3.77
As at 01-04-2015	–	–	–	3.01
EURO in Millions				
As at 31-03-2017	–	–	–	0.17
As at 31-03-2016	–	–	–	–
As at 01-04-2015	–	–	–	0.26

Risk sensitivity on foreign currency fluctuation

Foreign Currency	31-03-2017	31-03-2016
	1% Increase	1% increase
USD	(-) 21.63	(-) 25.00
EURO	(-) 1.19	–

Cash flow and fair value interest rate risk

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

Interest rate risk exposure **(Rs. in Lakhs)**

Particulars	31-03-2017	31-03-2016	01-04-2015
Variable rate borrowings	**28,158.85**	27,991.77	29,778.05
Fixed rate borrowings	**–**	691.00	1,045.00

The Company does not have any interest rate swap contracts.

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-3-2017	31-3-2016
1% Increase in Interest Rate	**281.58**	279.92

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.

(Rs. in Lakhs)

Particulars	31-03-2017	31-03-2016	01-04-2015
Long Term Borrowings	**7,287.91**	10,026.53	10,274.03
Current maturities of Long Term borrowings	**4,734.19**	5,214.32	4,910.00
Short Term Borrowings	**16,136.75**	13,441.92	15,639.02
Less: Cash and Cash Equivalents	**310.79**	233.30	371.09
Net Debt (A)	**27,848.06**	28,449.47	30,451.96
Equity Share Capital	**736.01**	732.72	737.62
Other Equity	**1,48,087.92**	1,33,530.12	1,23,893.64
Total Equity (B)	**1,48,823.93**	1,34,262.84	1,24,631.26
Total Capital Employed (C) = (A) + (B)	**1,76,671.99**	1,62,712.31	1,55,083.22
Capital Gearing Ratio (A) / (C)	**16%**	17%	20%

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 31-03-2017 and 31-03-2016.

As per our report annexed

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

K. SRINIVASAN
Partner, M.No. 21510

For RAMAKRISHNA RAJA AND CO.,
Chartered Accountants
Firm Registration No. 005333S

V. JAYANTHI
Partner, M.No. 28952

Smt. R. SUDARSANAM
MANAGING DIRECTOR

JUSTICE P.P.S. JANARTHANA RAJA
DIRECTOR

B. GNANAGURUSAMY
CHIEF FINANCIAL OFFICER

A. ARULPRANAVAM
SECRETARY

Rajapalaiyam,
25th May, 2017.

PROXY FORM

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

RAJAPALAYAM MILLS LIMITED

[CIN : L17111TN1936PLC002298]

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

Name of the Member(s) : .....

Registered address : .....

E-mail Id : .....

Folio No. / DP Id. Client Id. : .....

I/We, being the Member(s) of ..... shares of the above named Company, hereby appoint

1. Name : ..... Address : .....
   E-mail Id : ..... Signature : ..... or failing him,
2. Name : ..... Address : .....
   E-mail Id : ..... Signature : ..... or failing him,
3. Name : ..... Address : .....
   E-mail Id : ..... Signature : .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 81st Annual General Meeting of the Company, to be held on the Thursday, the 10th August, 2017 at 10.00 AM at P.A.C. Ramasamy Raja Centenary Community Hall, Sudarsan Gardens, P.A.C. Ramasamy Raja Salai, Rajapalayam - 626 108, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
	Ordinary Business
1	Adoption of Financial Statements for the year ended 31st March, 2017
2	Declaration of Dividend for the year 2016-17
3	Appointment of Shri S.S. Ramachandra Raja as Director, who retires by rotation
4	Appointment of Shri P.R. Venketrama Raja as Director, who retires by rotation
5	Appointment of M/s. N.A. Jayaraman & Co., Chartered Accountants, and M/s. SRSV & Associates, Chartered Accountants, as Auditors

Please see overleaf for Special Business

RAJAPALAYAM MILLS LIMITED

[CIN : L17111TN1936PLC002298]

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

ATTENDANCE SLIP

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

I / We hereby record my/our presence at the 81st Annual General Meeting of the Company.

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

Date & Time : Thursday, 10th August, 2017, at 10.00 AM

Name of the Member_____ Folio No/DP ID - Client ID _____

Name of the Proxy* _____ Signature of Member / Proxy Attending_____

*(To be filled in, if the proxy attends instead of the Member)

Resolution No.	Resolutions
	Special Business
6	Appointment of Shri P.V. Abinav Ramasubramaniam Raja as a Director
7	Appointment of Shri P.A.S. Alaghar Raja as an Independent Director
8	Ratification of fee payable to Shri M. Kannan,Cost Accountant, appointed as Cost Auditor of the Company for the financial year 2017-18

Signed this..... day of 2017

Signature of Shareholder .....

Signature of Proxy holder(s) .....

Affix Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Shri V. Raju, Vice President – Technical receiving service award for completion of 35 years of service in our Mills from former Chairman Shri P.R. Ramasubrahmaneya Rajha.

Shri N. Mohanarengan, Vice President – Marketing receiving service award for completion of 25 years of service in our Mills from former Chairman Shri P.R. Ramasubrahmaneya Rajha.

A view of Rieter C60 Carding Machines installed at our unit Rajapalaiyam Spintext.