**SRI RAMAKRISHNA MILLS (Coimbatore) LTD**.

**27. Additional Information to Financial Statements**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **31.03.2015**  **Rs.** | 31.03.2014  Rs. |
| 1. | Estimated amount of contracts remaining to be  executed on Capital account (Net of Advance) | **NIL** | 11,77,42,209 |
| 2. The following Sales Tax demands are being contested before Hon’ble Madras High Court and no provision is made in the accounts as these are stayed:-  (a)   |  |  |  |  | | --- | --- | --- | --- | | **Asst.Year** | **Nature of Dispute** | **31.03.2015** | 31.03.2014 | | **Disputed Demand**  **(Rs.in lakhs)** | | | 1995-96 | TNGST Demand | 54.59 | 54.59 | | 1998-99 | TNGST Demand | 61.66 | 61.66 | |  |  | (Rs.31.00 lacs since paid as per Madras High Court Interim Order) | | | 1999-00 | TNGST Pre-assessment Demand | 89.37 | 89.37 | | 2000-01 | Total (TNGST+Additional Sales Tax | 121.97 | 121.97 | | 01.04.2004 to  31.12.2006 | Additional Sales Tax under TNGST | 7.43 | 7.43 |   (b) Customs department filed an appeal before Madras High Court against the orders of Settlement Commission under Advance License Scheme in respect of reduction of Interest of Rs.8.26 lakhs allowed to us. | | | | |
|  | | | | |
| (c) There is a demand of Rs.3,19,712/- raised by Andhra Pradesh Electricity Department in respect of Fuel Surcharge adjustment (FSA). The same is disputed by the Company before Hon’ble High Court and pending orders no provision is made in the accounts. | | | | |
|  | | | | |

3. a) Income Tax assessments from Assessment year 2013-14 and onwards are pending.

b) Sales Tax Assessments pending:

a) Under TNGST : 1999-00 to 2000-01 & 2004-05 to 31.12.06

b) Under TNVAT : 01.01.07 to 31.03.14

c) Under CST (TN) : 1999-00 to 2011-14

d) Under KGST : 2005-06

e) Under CST (Kerala) : 2005-06

f ) Under APVAT : 2013-14

g) Under CST (AP) : 2013-14

**Additional Information to Financial Statements( Cont’d)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 4. Consumption: | **31.03.2015** | | 31.03.2014 | |
|  | **Value (Rs.)** | **%** | Value (Rs.) | % |
| Raw materials:  Imported  Indigenous | **---**  **8,71,77,970** | **100** | ---  10,62,83,472 | ---  100 |
| Total | **8,71,77,970** | **100** | 10,62,83,472 | 100 |
| 5. Stores,Spares & Components:  Imported  Indigenous | **---**  **43,41,278** | **---**  **100** | ---  36,73,360 | ---  100 |
| Total | **43,41,278** | **100** | 36,73,360 | 100 |

|  |  |  |  |
| --- | --- | --- | --- |
| 6. i. | The amount remitted during the year in  Foreign currencies on account of dividends:- | **31.03.2015** | 31.03.2014 |
|  | a. Number of Non-resident shareholders  b. Number of shares held by them  c. The year to which the dividend related  d. The amount remitted in foreign currencies | **5**  **45616**  **---**  **---** | 5  45616  ---  --- |
| ii. | Earnings in Foreign Exchange: |  |  |
|  | Export of goods – FOB Value (Rs.) | **---** | --- |
| iii | Expenditure in foreign currency   1. Travelling (Rs) 2. Technical Knowhow, Royalty, Consultation, etc. 3. Interest 4. Others | **Nil**  **Nil**  **Nil**  **Nil** | 2,63,554  Nil  Nil  Nil |

7. Managerial Remuneration:

Due to inadequacy of profits, only minimum remuneration was paid as under:-

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Sri D.Lakshminarayanaswamy  Managing Director | | Smt.L. Nagaswarna | |
|  | **31.03.2015** | 31.03.2014 | **31.03.2015** | 31.03.2014 |
| Salary | 30,00.000 | 30,00,000 | **18,09,919** | 0 |
| P F Contribution | 16,500 | 9,360 | **16,500** | 0 |
| Medical Reimbursement | 0 | 0 | **0** | 0 |
| Leave Salary | 0 | 0 | **0** | 0 |
| Total | 30,16,500 | 30,09,360 | **18,26,419** | 0 |

**Additional Information to Financial Statements(Cont’d)**

8. The Balance of Debtors and Creditors, which in the absence of confirmations wherever necessary are taken as per the books and are subject to reconciliation and adjustments thereon having an impact of revenue nature, if any will be made in the year in which the same are finalized and settled.

9. In the opinion of Directors, assets other than fixed assets and non-current investments have the value or realization in the ordinary course of business at least equal to the amount at which they are stated.

10. Sales Tax collections not included in the Sales for the year ended 31.03.2015 is Rs.18,56,895/- (previous year Rs.24,84,441/-).

1. Disclosure required under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **31.03.2015** | 31.03.2014 |
| (a) | Principal amount due | **40,32,911** | **42,45,071** |
| (b) | Interest due on the above | **Nil** | **Nil** |
| (c) | Interest paid during the period beyond the appointed day | **Nil** | Nil |
| (d) | Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act | **Nil** | Nil |
| (e) | Amount of interest accrued and remaining unpaid at the end of the period | **Nil** | Nil |
| (f) | Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act | **Nil** | Nil |

12. Building, Plant & Machinery had been revalued as on 30th September 2002 and land had been revalued as on 30th September 2003 ( by approved valuers, since their original costs no longer gave a true and fair view of their then values) and surplus (arisen on revaluation of Building, Plant & Machinery) amounting to Rs.15,56,26,170/- and Rs.6,88,20,020/- respectively were credited to Revaluation Reserve Account.

13. Particulars regarding investment in the capital of M/s.Dove Real Estates:

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | **31.03.2015** | 31.03.2014 | |
| Capital Contribution | **15,000/-** | 15,000/- |
| Profit Sharing Ratio | **98%** | 98% |

**Additional Information to Financial Statements ( Cont’d)**

14. Auditors’ Remuneration:

Rs.

|  |  |  |
| --- | --- | --- |
|  | **31.03.2015**  **Rs** | 31.03.2014  Rs |
| Audit fees | 74,100 | 73,034 |
| Tax Audit fee | 22.230 | 21,910 |
| I T Representation fee | 22,230 | 21,910 |
| Certificate fees | 78,709 | 64,731 |
| Travelling Expenses | 5,000 | 5,000 |
| **Total** | 2,02,269 | 1,86,585 |

15. Employee Benefits (AS-15):

1. **Defined Benefit Plans**

A. Expenses recognized in the Profit and Loss Account for the year ended:-

Gratuity (unfunded)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **31.03.2015**  **Rs.** | 31.03.2014  Rs. | 31.03.2013  Rs. |
| 1. | Current Service Cost | **5,16,574** | 6,72,696 | 12,37,885 |
| 2. | Interest Cost | **10,33,927** | 16,12,051 | 14,91,523 |
| 3. | Settlement Cost | **0** | 0 | 0 |
| 4. | Expected return on planned assets | **0** | 0 | 0 |
| 5. | Net actuarial (gain)/Loss recognized during the year | **9,18,204** | (19,668) | 4,10,182 |
| 6. | Expenses/(Income) recognized in the Statement of Profit and Loss | **1,35,80,289** | 22,65,079 | 31,39,590 |

1. Actuarial return on Plan Assets for the Year Ended:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | Expected return on Plan assets | **Nil** | Nil | Nil |
| 2 | Actuarial (gain)/Loss on Plan assets | **Nil** | Nil | Nil |
| 3 | Actuarial return on Plan assets | **Nil** | Nil | Nil |

1. Net Asset / (Liability) recognised in the Balance Sheet as at

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **31.03.2015**  **Rs.** | 31.03.2014  Rs. | 31.03.2013  Rs. |
| 1 | Present Value of Obligation | **1,35,80,289** | 1,14,88,077 | 2,01,50,643 |
| 2 | Fair Value of Plan assets | **Nil** | Nil | Nil |
| 3 | Net asset/(liability)recognised in the  Balance Sheet | **(1,35,80,289)** | (1,14,88,077) | (2,01,50,643) |

**Additional Information to Financial Statements ( Cont’d)**

1. Change in Defined Obligation during the year ended:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **31.03.2015**  **Rs.** | 31.03.2014  Rs. | 31.03.2013  Rs. |
| 1 | Present Value Obligation at the beginning of the Year | **1,14,88,077** | 2,01,50,643 | 2,02,15,383 |
| 2 | Current Service Cost | **5,16,574** | 6,72,696 | 12,37,885 |
| 3 | Interest Cost | **10,33,927** | 16,12,051 | 14,91,523 |
| 4 | Benefits paid | **(3,76,493)** | 1,09,27,646 | 32,04,330 |
| 5 | Actuarial (gain) / Loss | **9,18,204** | (19,668) | 4,10,182 |
| 6 | Present Value Obligation at the end of the year | **1,35,80,289** | 3,33,43,368 | 2,01,50,643 |

1. Changes in Fair Asset during the year ended:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | Fair Value of Plan assets as at | Nil | Nil | Nil |
| 2 | Expected return on Plan assets | Nil | Nil | Nil |
| 3 | Contributions made | Nil | Nil | Nil |
| 4 | Benefits paid | Nil | Nil | Nil |
| 5 | Actuarial gain/(loss) on Plan assets | Nil | Nil | Nil |
| 6 | Fair value of Plan assets as at | Nil | Nil | Nil |

* 1. Major categories of Plan assets as a percentage of total Planned assets

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | Central Government Securities | **Nil** | Nil | Nil |
| 2 | State Government Securities | **Nil** | Nil | Nil |
| 3 | Private Sector bonds | **Nil** | Nil | Nil |
| 4 | Special deposit Scheme | **Nil** | Nil | Nil |
| 5 | Cash at Bank | **Nil** | Nil | Nil |
| 6 | Investm Investments in Insurance Companies | **Nil** | Nil | Nil |
| 7 | Others | **Nil** | Nil | Nil |

* 1. Actuarial assumptions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1. | Discount rate | **8%** | 8 % | 8% |
| 2. | Expected rate of return on Planned Assets | **Nil** | Nil | Nil |
| 3. | Salary Escalation | **6%** | 6% | 6% |
| 4. | Mortality rate | **LIC 94-96** | LIC 94-96 | LIC 94-96 |

Future salary increase considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

1. **Defined Contribution Schemes**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Provident Fund | **25,11,303** | 23,83,671 | 38,35,020 |

16. Segmental Reporting (AS-17):

The Company has only Single Reportable Business Segment, i.e. “Yarn Segment” in terms of requirements of AS-17.

17. Related party disclosure (AS-18)

(As identified by the Management)

|  |  |  |
| --- | --- | --- |
| Associates | Key Management Personnel | Relatives of Key Management Personnel |
| Sri Jaganatha Ginning & Oil Mills (JGOM)  Sri Jaganatha Textiles Ltd (SJTL)  Suhasini Spinners Ltd (SSL)  Swathy Processors Ltd (SPL)  Sri Ramakrishna Yarn Carriers Ltd(SRYC)  Dove Real Estates | Sri.D.Lakshminarayanaswamy  Smt.L.Nagaswarna | Sri.R.Doraiswami  (Deceased) Smt.R.Suhasini  Smt.L.Swathy |

ii) Transactions with Related Parties / Associates:

( In Rupees)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Nature of Transactions | 31.03.2015 | | | 31.03.2014 | | |
| Associates | Key  Management  Personnel | Associates | Associates | Key  Management  Personnel | Relatives  of Key  Management  Personnel |
| Managerial Remuneration D.Lakshminarayanaswamy | ---- | 30,16,500 | ---- | ---- | 32,59,360 | ---- |
| Others | ---- | ---- | ---- | ---- | 1,19,505 | ---- |
| Smt.L.Nagaswarna | ---- | 18,26,419 | ---- | ---- | 16,36,966 | ---- |
| Lease Rent Received  SJTL  SRYC  JGOM |  |  |  |  |  |  |
| 1,74,077 | ---- | ---- | 3,000 | ---- | ---- |
| 2,05,620 | ---- | ---- | 1,58,424 | ---- | ---- |
| 2,69,664 | ---- | ---- | 2,69,664 | ---- | ---- |
| Yarn Conversion Charges Received  SPL  SJTL |  |  |  |  |  |  |
| 39,53,449 | ---- | ---- | 52,96,377 | ---- | ---- |
| 4,478 | ---- | ---- | 23,139 | ---- | ---- |
| Yarn Conversion  Charges Paid  SJTL  SPL |  |  |  |  |  |  |
| ---- | ---- | ---- | 14,17,657 | ---- | ---- |
|  |  |  | 3,72,034 | ---- | ---- |
| Purchases  SRYC | 8,86,466 | --- | --- | --- | --- | --- |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | |
| Share Of Profit/(Loss) From Firm:  Dove Real Estates | (5,989) | --- | --- | (6,320) | | ---- | ---- |
| Raw Material / PSF Purchases:  SRYC  SJTL | 11,68,054 | --- | --- | ---- | | ---- | ---- |
| 5,481 | --- | --- |  | | ---- | ---- |
| Loan Received :  R.Doraiswami | --- | --- | ---- | ---- | | 57,60,000 | ---- |
| D.Lakshminarayanaswamy | ---- | 21,85,36,806 | ---- | ---- | | 4,45,96,122 | ---- |
| L. Nagaswarna |  | 1,00,00,000 |  |  | |  |  |
| Interest on Trade Deposit  JGOM | ---- | ---- | ---- | 11,68,530 | | ---- | ---- |
| Loan repaid :  R.Doraiswami | ---- | ---- | 50,78,980 | ---- | | ---- | 9,17,348 |
| D.Lakshminarayanaswamy | ---- | 8,29,39,356 | ---- | ---- | | 4,33,89,563 | ---- |
| L. Nagaswarna | ---- | 4,65,810 | ---- | ---- | | ---- | ---- |
| Interest on Loan  R.Doraiswami | ---- | ---- | 6,24,349 | ---- | | ---- | 2,36,110 |
| D.Lakshminarayanaswamy |  |  |  | ---- | | 7,72,574 | ---- |
| L. Nagaswarna | ---- | 3,48,644 | ---- | ---- | | ---- | ---- |
| R.Suhasini | ---- | ---- | ---- | ---- | | ---- | 4,30,267 |
| Outstanding Balance  Payable |  |  |  |  |  | |  | |
| SRYC | **10,89,201** | **----** | **---** ---- | **10,38,719** | ---- | | **----** | |
| R. Doraiswami | **---** | **---** | **---** | **----** | **----** | | **50,78,980** | |
| D.Lakshminarayanaswamy |  | **14,45,23,272** | **----** | **----** | **52,54,989** | | **----** | |
| L.Nagaswarna | **----** | **1,02,98,834** | **----** | **----** | **3,76,707** | | **----** | |
| Receivable |  |  |  |  |  | |  | |
| SJTL | 2,72,29,523 | **----** | **----** | 2,60,96,262 | **----** | | **----** | |
| SPL | 3,73,980 | **----** | **----** | 14,10,750 | **----** | | **----** | |
| JGOM | 4,55,28,041 | **----** | **----** | 6,03,21,062 | **----** | | **----** | |
| Dove Real Estates | 97,70,879 | **----** | **----** | 97,76,869 | **----** | | **----** | |

**Additional Information to Financial Statements ( Cont’d)**

18. **Lease (AS-19)**

The Lease Agreement provides for an option to the company to renew the lease period for a further period varying from 1 to 2 years at the end of the period provided atleast three months’ prior notice is given:

Future Minimum lease rent to be received:

|  |  |  |
| --- | --- | --- |
|  | **31.03.2015**  **Rs.** | 31.03.2014  Rs. |
| Not later than 1 year | **4,23,000** | 7,92,000 |
| Later than 1 year but not more than 5 years | **16,92,000** | 11,07,000 |
| More than 5 years | **21,15,000** | 21,15,000 |

19. **Earnings per Share (AS-20)**

|  |  |  |
| --- | --- | --- |
|  | **31.03.2015**  **Rs** | 31.03.2014  Rs |
| Net Profit / (Loss) before exceptional items | **(8,46,86,633)** | (4,35,97,227) |
| Less: Exceptional Items | **6,82,42,005** | 85,92,500 |
| (Loss) after exceptional items | **(1,64,44,628)** | (3,50,04,727) |
| Weighted average number of shares (Nos.) | **71,18,330** | 71,18,330 |
| Nominal Value of share | **Rs.10/-** | Rs.10/- |
| Basic & diluted EPS before exceptional items | **(11.90)** | (6.12) |
| Basic & diluted EPS after exceptional items | **(2.31)** | (4.92) |

20. a) The components of Deferred Tax Asset consists of the following :-

|  |  |  |
| --- | --- | --- |
|  | **31.03.2015**  **Rs.** | 31.03.2014  Rs. |
| 1. **Deferred Tax Asset:** |  |  |
| Business Loss | **9,83,93,837** | 9,83,93,837 |
| Unabsorbed Depreciation | **1,04,10,574** | 1,04,10,574 |
| On account of Depreciation | **1,02,31,777** | 6,42,999 |
| **Deferred Tax Asset** | **11,90,36,188** | 10,94,47,410 |

**Additional Information to Financial Statements ( Cont’d)**

b) The Company has provided for Deferred Tax Asset on account of depreciation that arose on account of assets whose lives has become NIL as per Schedule-II of the Companies Act, 2013 to the extent of Rs.95,88,778/-. However, the Company has not considered Deferred Tax Asset in respect of others as there is no virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Consequent to the enactment of the Companies Act, 2013 and its applicability for accounting periods commencing from 1st April 2014, the Company has reassessed the remaining useful life of fixed assets in accordance with the provisions prescribed under Schedule-II to the Companies Act 2013. In case of assets which have completed their useful life, the carrying value (net of residual life) as at 1st April 2014 was Rs.3,06,23,007/- out of which Rs.2,10,34,229/- was transferred to retained earnings after considering Rs.95,88,778/- under Deferred Tax. In case of other assets, the carrying value (net of residual value) is being depreciated over the revised remaining useful life. The depreciation and amortization expenses charge for the year would have been higher by Rs.1,56,654/- had the company continued with the previous useful life of assets.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 21. Capital Reserve relates to revaluation of land made during 2013 in Partnership Firm in which Company is a Partner. The revaluation of land is done on the basis of valuation certified by Certified Valuer. Corresponding effect is accounted under receivable from Partnership Firm.  22. Previous year figures have been re grouped and reclassified wherever necessary to correspond with current year’s classification/disclosure.   |  |  |  |  | | --- | --- | --- | --- | |  |  |  |  | |  |  | In terms of our Report of even date | | |  | **For M.S.JAGANNATHAN & VISVANATHAN** | | | |  |  | **Chartered Accountants** | | |  |  | Firm Regd.No.001209S | | |  |  |  |  | | **D.Lakshminarayanaswamy** |  |  | **M.V. Jeganathan** | | Managing Director |  |  | **Partner** | |  |  | **M.No. 214178** | | |  |  |  |  | | **N. Jothikumar** |  |  |  | | Director |  |  |  | |  |  |  |  | | **S.A. Subramanian** |  | | | | Company Secretary |  |  |  | |  |  |  |  | |  |  |  |  | | **G.Krishnakumar** |  | **Sasirekha Vengatesh** | | | CFO |  |  | **Chartered Accountant** | |  |  |  | **Internal Auditor** | |  |  |  | **M.No.200464** | | **Place: Coimbatore**  **Date: 28.05.2015** |  |  |  | |
|
|