BANNARI AMMAN SPINNING MILLS LIMITED

Regd. Office : 252, Mettupalayam Road, Coimbatore - 641 043, Tamilnadu INDIA
Telephone : 0422 - 2435555 E-mail : shares@bannarimills.com
Website : www.bannarimills.com CIN : L17111TZ1989PLC002476 GSTRN : 33AAACB8513A1ZE

BASML/SEC/669/BSE/2018–2019 24.9.2018

BSE LIMITED
FLOOR25,
PHIROZE JEEJEEBHOY TOWERS,
DALAL STREET
MUMBAI 400 001

Scrip Code: 532674

Sir,

Sub: Filling of Annual Report as adopted by the Shareholders at the Annual General Meeting - Regulation 34(1) – reg.

Pursuant to the provisions of Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, we file herewith soft copy of the Annual Report duly adopted by the Shareholders at the 28th Annual General Meeting held on 24.9.2018.

Please take on the record of the above.

Thanking you,

Yours faithfully,

For BANNARI AMMAN SPINNING MILLS LIMITED

N KRISHNARAJ
COMPANY SECRETARY

Encl : as above

GKS/E/NODE1/BASML/LETTER TO NSE&BSE

BANNARI AMMAN SPINNING MILLS LIMITED

Regd. Office. 252, Mettupalayam Road, Coimbatore - 641043
Phone : 0422- 2435555 Website : www.bannarimills.com
e-mail : shares@bannarimills.com CIN : L17111TZ1989PLC002476

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 28th Annual General Meeting of the Members of the Company will be held at Nani Kalaiarangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore - 641037 on Monday, the 24th day of September, 2018 at 9.15 AM to transact the business set out in the agenda given below :

You are requested to make it convenient to attend the meeting.

AGENDA

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company both Standalone and Consolidated for the financial year ended 31st March, 2018, the reports of the Board of Directors and the Auditors thereon;
2. To declare dividend on equity shares
3. To appoint a Director in the place of Sri S V Arumugam, (DIN 00002458) who retires by rotation and being eligible, offers himself for re-appointment
4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

   In partial modification of the earlier resolution passed in this regard, **RESOLVED** that the term of office of present Auditors viz., M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Bangalore (Firm Registration No: 117366W/W-100018) be continued till the conclusion of 32nd Annual General Meeting without requirement of ratification of their appointment every year in terms of Section 139 (1) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :**

   RESOLVED that pursuant to Sections 196, 197, 198, 199 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013, Sri S V Arumugam, (DIN 00002458) be and is hereby re-appointed as a Managing Director of the Company for a further period of 5 years w.e.f 27.6.2018 and that Sri S V Arumugam, Managing Director (DIN 00002458) be paid the following remuneration as recommended by the Nomination and Remuneration Committee :

   REMUNERATION : 10% (Ten percent) of the Net Profits of the Company computed under the relevant provisions of the Companies Act, 2013, as overall remuneration, paid in the following manner:

   a. **Salary :** Rs. 5,00,000/- (Rupees Five Lakhs only) per month.

   b. **Perquisites :** An amount not exceeding annual Salary.

   c. **Commission :** Balance of overall remuneration remaining after payment of the above Salary and Perquisites at the end of each financial Year.

MINIMUM REMUNERATION

In the absence or inadequacy of profits in any financial year, the remuneration to Sri S V Arumugam, Managing Director (DIN 00002458) shall be governed by the limits prescribed under Section II of the Part II of Schedule V of the Companies Act, 2013. It is further provided that this provision relating to payment of Minimum remuneration is limited to the first three years of appointment of Managing Director and that the following perquisites shall not be included when the remuneration is paid under Section II of Part II of Schedule V:

I. Contribution to Provident Fund as per rules of the Company, to the extent the same is not taxable under the Income Tax Act, 1961.

II. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

III. Encashment of leave as per rules of the Company.

RESOLVED FURTHER that approval of shareholders be and is hereby accorded for appointment of Sri S V Arumugam as a Managing Director, in terms of Section 196(3) of the Companies Act, 2013, who attains age of 70 years during the currency of this appointment.

6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :**

   RESOLVED that in terms of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval be and is hereby accorded for continuation of present term of Directorship of Sri K N V Ramani, (DIN 00007931) as a Non-Executive Independent Director, who has attained the age of 75 years.

7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :**

   RESOLVED that in terms of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval be and is hereby accorded for continuation of present term of Directorship of Sri S Palaniswami, (DIN 00007901) as a Non-Executive Independent Director, who attains the age of 75 years during the tenure of his present appointment.

8. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :**

   RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of Audit Committee, the remuneration of Rs. 1,00,000 (Rupees One Lakh only) (besides reimbursement of out of pocket expenses incurred by him for the purpose of Audit) payable to Sri M Nagarajan, Cost Auditor (Firm Registration No. 102133), as approved by the Board of Directors for conducting the audit of the Cost Records of the Company for the Financial Year ending 31st March 2019 be and is hereby ratified and confirmed.

By Order of the Board

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

Coimbatore
27th June, 2018

Notes :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote at the meeting.
2. Proxies, in order to be effective, should be deposited with the Company, forty eight hours before the commencement of the meeting.
3. A Statement of material facts pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business in respect of items 5 to 8 of the Agenda are annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from 18.9.2018 to 24.9.2018 (both the days are inclusive).
5. The dividend, if declared, will be paid to those members whose names appear on the Register of Members of the Company as on 17.9.2018. In respect of dematerialized shares, dividend will be paid on the basis of the beneficial ownership furnished by the National Security Depository Limited and Central Depository Services (India) Limited at the end of the business hours on 17.9.2018.
6. The dividend remaining unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund established under section 125 of the Companies Act, 2013 on the respective due dates; Members are requested to note that all shares in respect of which dividend remains unpaid or unclaimed for seven consecutive years or more, are required to be transferred to the Investor Education and Protection Fund (IEPF) Suspense Account.
7. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN Card to the Company or its RTA in the following cases viz., Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares held in Physical form. Shareholders are requested to furnish copy of PAN card for all above mentioned transactions.
8. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory for the listed companies, only Dematerialized securities will be allowed to be transferred except for transmission or transposition of securities.
9. Electronic copy of the Annual Report 2018 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report 2018 is being sent in the permitted mode.

   The members who have not yet registered their e-mail address are requested to register / update their e-mail address in respect of equity shares held by them in Demat form with their respective DP's and in the case of physical form with the RTA.
10. Members may also note that the Notice of the 28th Annual General Meeting and the Annual Report 2018 will also be available on the Company's website www.bannarimills.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholder may also send requests to the Company's investor E-mail ID: shares@bannarimills.com.

11. Shareholders, intending to require information about the Financial Statements to be approved at the Meeting, are requested to inform the Company Secretary at least a week in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.

12. All documents referred to in the accompanying Notice and the Statement of material facts shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company. The aforesaid documents are also available at the AGM venue on the date of AGM.

13. Members are requested to bring their copy of the Annual Report along with them to the meeting.

14. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at the meeting. Please note that the voting through electronic means is optional for the members.

15. The voting through electronic means will commence on 21.9.2018 at 10.00 a.m and will end on 23.9.2018 at 5.00 p.m. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the e-voting system shall be disabled for voting thereafter. During the period shareholders' of the Company, holding shares either in physical form or in dematerialised form as on the cut-off date (record date) i.e., on 17.9.2018, may cast their vote electronically.

16. The Company has appointed Mr R Dhanasekaran, Practicing Company Secretary, to act as the Scrutinizer for conducting the voting process in a fair and transparent manner.

17. **The instructions for shareholders voting electronically are as under :**

    Log-in to e-Voting website of Link Intime India Private Limited (LIIPL)

    i. Visit the e-voting system of LIIPL. Open web browser by typing the following URL: https://instavote.linkintime.co.in.

    ii. Click on "Login" tab, available under 'Shareholders' section.

    iii. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".

    iv. Your User ID details are given below:

       a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID

       b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID

       c. Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

    v. Your Password details are given below:

    If you are using e-Voting system of LIIPL: https://instavote.linkintime.co.in for the first time or if you are holding shares in physical form, you need to follow the steps given below:

    Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

	For Shareholders holding shares in Demat Form or Physical Form
PAN	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 depository Participant or in the company record are requested to use the sequence number which is printed on Ballot Form / Attendance Slip indicated in the PAN Field.
DOB / DOI	Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number. • Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).

If you are holding shares in demat form and had registered on to e-Voting system of LIIPL: https://instavote.linkintime.co.in, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password :

Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE : The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

❖ **Cast your vote electronically**

vi. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.

vii. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.

Cast your vote by selecting appropriate option i.e. Favour / Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

viii. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.

ix. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.

x. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

xi. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

❖ **General Guidelines for shareholders:**

❖ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIIPL: https://instavote.linkintime.co.in and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

❖ They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

❖ During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".

❖ Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

❖ In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or write an email to enotices@linkintime.co.in or Call us :- Tel : 022 - 49186000.

18. Kindly note that members can opt for only one mode of voting i.e., either by voting at the venue or through remote e-voting. The Members attending the meeting, who have not already cast their vote thro remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote thro remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the venue.

19. In support of the "Green Initiative" announced by the Government of India, electronic copy of the Annual Report and Notice inter alia indicating the process and manner of e-voting along with attendance slip and proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to the Company/ Depository Participants unless member has requested for a hard copy of the same.

20. The Route Map to the Venue of the Annual General Meeting is attached to the Proxy Form / Attendance Slip.

STATEMENT OF MATERIAL FACTSIN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM 5

The present term of office of Sri S V Arumugam, Managing Director of the Company expires on 26.6.2018. He is associated with the Textile Industry for about 33 years. Under his stewardship, the Company has grown from strength to strength and has achieved the status of one of the most reputed companies in the Textile Industry. Considering the duties and responsibilities entrusted to him and the commendable performance achieved by the Company during his tenure of office, the Board of Directors have at their meeting held on 30.5.2018, subject to approval of members of the Companyre-appointed Sri S V Arumugam as Managing Director and also to fix the remuneration payable to him, for a further period of 5 years with effect from 27.6.2018.

Sri S V Arumugam is also the Managing Director of Young Brand Apparel Private Limited, a subsidiary of the Company.

The aforesaid re-appointment and payment of remuneration were recommended by the Nomination and Remuneration Committee at its meeting held on 26.5.2018.

Further information about the appointee as required to be furnished under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is also annexed.

A copy of memorandum setting the terms and conditions of appointment of Managing Director is available at the Registered Office of the Company during business hours for inspection of members.

Approval of shareholders by Special Resolution is required for appointment of Sri S V Arumugam as Managing Director, pursuant to Section 196 (3) of the Companies Act, 2013, who attains the age of 70 years during the currency of this appointment. The Board recommended his appointment for approval of shareholders in compliance of Section 196 (3) of the Companies Act, 2013,considering his guidance and experience which would be important for the growth of the Company.

Further the Board of Directors have recommended for payment of minimum remuneration in case of loss or inadequacy of profits for a period of first 3 years of his tenure. The required information under Schedule V is attached to this statement.

The Board of Directors recommend the Special Resolution set out in this item of the notice for approval of members.

Information pursuant to Clause (iv) of Section II of Schedule V is as follows :

S. No.	Name of the Appointee - Sri S V Arumugam	
I	**General Information**	
	1) Nature of industry	Textile Manufacturing
	2) Date or expected date of commencement of commercial production	Not applicable, existing Company.
	3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable
	4) Financial performance based on given indicators	Financial Year 2017-18 (Rs. in Lakhs) Gross Revenue: 89783.72 Profit after Tax: 733.98 Rate of Dividend: 16% Earnings Per share:Rs.4.66
	5) Foreign investments or collaborators, if any.	The Company has not made any foreign investments or collaborators.
II	**Information about the appointee :**	
	1) Background details	Sri S V Arumugam, holds B.Sc., degree and is a qualified CA. He is associated with the Textile Industry for about 33 years. Sri S V Arumugam occupies the position of Managing Director in the Company since 2005. Under his stewardship, the Company has grown from strength to strength and has achieved the status of one of the most reputed companies in the Textile Industry.
	2) Past remuneration	**Year** **Rs.** 2016-17 2,43,92,601 2015-16 2,32,15,543 2014-15 91,59,457
	3) Recognition or awards	Past Chairman of Southern India Mills Association and Confederation of Indian Textile Industry and Vice Chairman of Indian Wind Power Association.
	4) Job profile and his suitability	He is the Managing Director of the Company and devotes whole time attention to the management of the day to day affairs of the Company subject to superintendence and guidance of Board of Directors.

	5) Remuneration proposed	REMUNERATION: 10% (Ten percent)of the Net Profits of the Company computed under the relevant provisions of the Companies Act, 2013, as overall remuneration, paid in the following manner: a) Salary : Rs. 5,00,000/- (Rupees Five Lakhs only) per month. b) Perquisites : An amount not exceeding annual Salary. c) Commission: Balance of overall remuneration remaining after payment of the above Salary and Perquisites at the end of each financial Year. **MINIMUM REMUNERATION** In the absence or inadequacy of profits in any financial year, the remuneration to Sri S V Arumugam, Managing Director (DIN 00002458) shall be governed by the limits prescribed under Section II of the Part II of Schedule V of the Companies Act, 2013. It is further provided that this provision relating to payment of Minimum remuneration is limited to the first three years of appointment of Managing Director and that the following perquisites shall not be included when the remuneration is paid under Section II of Part II of Schedule V: I. Contribution to Provident Fund as per rules of the Company, to the extent the same is not taxable under the Income Tax Act, 1961. II. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service. III. Encashment of leave as per rules of the Company.
	6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Proposed remuneration is commensurate with Industry standards and Board level positions held in similar sized business.
	7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Does not have any pecuniary relationship with the Company except remuneration drawn as Managing Director.

III	**Other information :**	
	1) Reasons of loss or inadequate profits	N A
	2) Steps taken or proposed to be taken for improvement	N A
	3) Expected increase in productivity and profits in measurable terms.	N A

Information pursuant to 1.2.5 of the Secretarial Standard on General Meetings (SS-2) and in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Director seeking appointment / re-appointment.

Name	Sri S V Arumugam
Age	69 Years
Qualification	B.Sc., ACA
Experience	He has more than 33 years of experience in Textile Industry
Terms and conditions of appointment or re-appointment	Terms of Appointment for 5 years with effect from 27.6.2018 to 26.6.2023
Last drawn remuneration	Rs. 2,43,92,601
Date of first appointment on the Board	27.6.2005
No.of shares held	168017
Relationship with Directors, Managers and KMP	NIL
No.of Board Meetings attended during 2017-2018	6 out of 6 meetings held.
Other Directorship	Annamallai Infrastructures Limited Bannari Amman Flour Mill Limited Bannari Amman Food Products Limited Sakthi Murugan Transports Limited Shiva Texyarn Limited Shiva Mills Limited Anamallais Agencies Private Limited Anamallais Automobiles Private Limited Anamallais Motors Private Limited Young Brand Apparel Private Limited Bannari Techno Park Private Limited Murugan Enterprise Private Limited Senthil Infrastructure Private Limited Vedanayagam Enterprises Private Limited Abirami Amman Mills Private Limited Accel Apparels Private Limited Bannari Amman Logistics Private Limited Bannari Amman Properties Private Limited
Member of Committee	Stakeholders Relationship Committee - Member
Chairman/Member of the Committees of the Boards of other Companies	Shiva Texyarn Limited Stakeholders Relationship Committee - Member

Except Sri S V Arumugam, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested.

ITEM 6

Sri K N V Ramani is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 25.7.2005. Sri K N V Ramani is Chairman of the Remuneration Committee and a member of the Audit Committee, of the Board of Directors of the Company.

Sri K N V Ramani is a Corporate Lawyer has more than 59 years of specialisation in Companies Act, Taxation, Labour law etc., He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Sri K N V Ramani, was appointed as an Independent Director for five consecutive years for a term from 25.8.2014 to 24.8.2019.

Securities and Exchange Board of India in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in Regulation17 (1A), has mandated vide its notification dt : 9th May, 2018, that no Director shall continue the directorship as non-Executive Director who attains the age of 75 years unless a special resolution is passed by the members for this purpose.

Sri K N V Ramani has crossed the age of seventy five years. He is a Senior Corporate Lawyer with more than fifty years standing. He is the Founder and Senior Partner of leading the Law Firm 'RAMANI AND SHANKAR' which is a reputed and well recognized Consultant of many Corporates and other Institutions in the region. As a Corporate Lawyer, specializing in legislations concerning them and all types of commercial causes, his association in the Board has been of value to the Company. He continues on the Board and Committees including Audit Committees of several Listed Companies. The Company will benefit by his continued association and guidance as a Member of the Board.

Accordingly, the Board recommends the resolution in relation to continuation of Sri K N V Ramani, who has attained the age of 75 years as a non-Executive Independent Director, for the approval by the shareholders of the Company.

Except Sri K N V Ramani, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

ITEM 7

Sri S Palaniswami is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 26.5.2008. Sri S Palaniswami is a member of the Audit Committee and Nomination and Remuneration Committee of the Board of Directors of the Company.

He has more than 39 years of experience in the field of vertical transportation elevators, escalators and allied products. He is holding by himself 172 shares in the Company. Sri S Palaniswami, appointed as an Independent Director for five consecutive years for a term from 25.8.2014 to 24.8.2019.

Securities and Exchange Board of India in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in Regulation 17 (1A), has mandated vide its notification dt: 9th May, 2018, that no Director shall continue the directorship as non-Executive Director who attains the age of 75 years unless a special resolution is passed by the members for this purpose.

The Board considers that his continued association would be of benefit to the Company and it is desirable to continue to avail services of Sri S Palaniswami as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri S Palaniswami as an Independent Director, for the approval by the shareholders of the Company, who attains the age of 75 years during the tenure of his present appointment.

Except Sri S Palaniswami, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 7.

ITEM 8

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of Sri M Nagarajan, Cost Auditor to conduct the audit of the Cost records of the Company for the financial year ending 31st March, 2019.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditor for the financial year ending 31st March 2019, as set out in the resolution.

Necessary Ordinary Resolution is placed before the members for their approval.

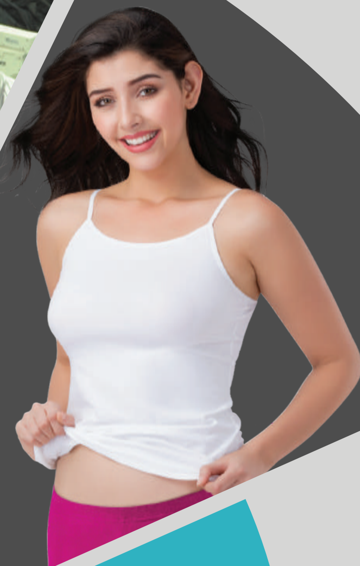
None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

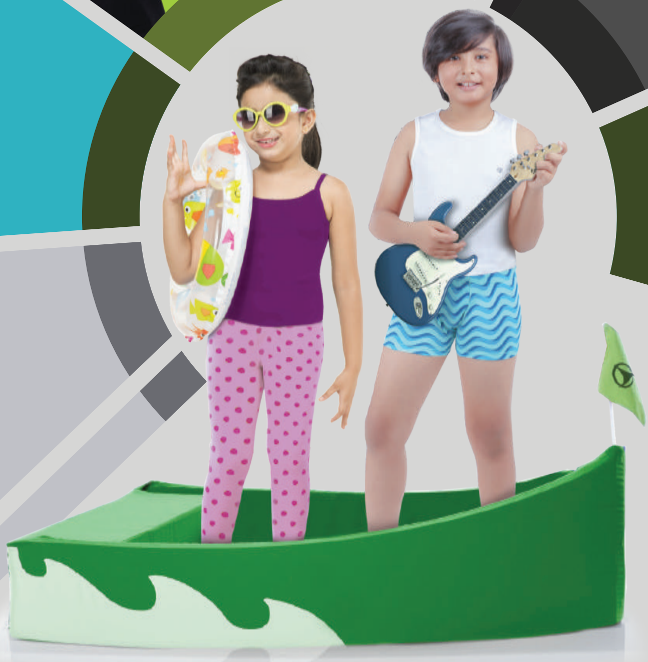
By Order of the Board

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

Coimbatore
27th June, 2018

BANNARI AMMAN SPINNING MILLS LTD





2018

28th

ANNUAL REPORT

CONTENTS

BOARD OF DIRECTORS

Sri S V Arumugam	-	Chairman & Managing Director
Sri K N V Ramani	-	Director
Sri C S K Prabhu	-	Director
Dr K R Thillainathan	-	Director
Sri S Palaniswami	-	Director
Sri K Sadhasivam	-	Director
Smt S Sihamani	-	Director

CHIEF EXECUTIVE OFFICER

Sri A Senthil

COMPANY SECRETARY

Sri N Krishnaraj

CHIEF FINANCIAL OFFICER

Sri S Seshadri

AUDITORS

M/s Deloitte Haskins & Sells LLP
Chartered Accountants
Coimbatore - 641 018

INTERNAL AUDITORS

M/s B M & Associates
Chartered Accountants
Coimbatore - 641 014

COST AUDITOR

Sri M Nagarajan
Cost Auditor
Coimbatore - 641 018

REGISTERED OFFICE

252, Mettupalayam Road
Coimbatore - 641 043 Tamilnadu
Ph No : 0422 - 2435555
www.bannarimills.com
CIN : L17111TZ1989PLC002476

BANKERS

The Karur Vysya Bank Limited
Corporation Bank
ICICI Bank Limited
Oriental Bank of Commerce
Indian Overseas Bank
Bank of Maharashtra
Indian Bank
Allahabad Bank
Kotak Mahindra Bank
Bank of Bahrain and Kuwait B.S.C.
HDFC Bank Ltd.
Axis Bank Ltd.
DCB Bank Ltd.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 28th Annual Report together with audited accounts of the Company for the year ended 31st March, 2018.

FINANCIAL RESULTS :

(Rs. in Lakhs)

	2017-2018	2016-2017
Profit before Depreciation	3586.83	4402.52
Less : Depreciation	2823.26	2957.47
Less : Taxes	29.59	324.62
Add : Other Comprehensive Income	2.47	(34.06)
Profit after Tax	736.45	1086.37
Surplus brought forward from last year	3092.02	3309.04
Amount available for appropriation	**3828.47**	**4395.41**

DIVIDEND

Your Directors are glad to recommend payment of dividend of Rs.1.60/- per equity share of Rs.10/- each to the equity shareholders @16% of the paid up capital.

IMPLEMENTATION OF INDIAN ACCOUNTING STANDARD (Ind AS)

Financial Year 2017-18 is the first year of implementation of Indian Accounting Standard. The Financial Statements for the year ended 31.3.2018 have been prepared in accordance with the Indian Accounting Standard (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other relevant provisions of the Act. The Financial Statements for the year ended 31.3.2017 have been restated in accordance with Ind AS for comparative purposes. Detailed information on the impact of the transition from previous GAAP to Ind AS is provided in the annexed Financial Statements.

REVIEW OF OPERATIONS

During the year under the review, the overall turnover of the company increased by 3.01% when compared with the previous year.

After a stable first quarter, the performance of Spinning Unit and Knitting Unit was affected in the second and third quarters due to demand and supply mismatch resulting in sales of finished goods produced out of higher priced cotton at lower values. The performance of the two divisions improved in the fourth quarter as the outlook for Textile sector turned positive.

The performance of Weaving unit and Processing unit was satisfactory during the year. The Home Textile unit of the Company has stabilised its operations and has registered a turnover of Rs.1833 Lakhs. The Company ventured into Retail marketing under brand name **'Bitz'** for both innerwear and outer Garments. Though the scope is tremendous, the benefits will accrue only slowly due to the inherent nature of the business.

The unit wise performance of the company is furnished below:

Spinning Division

During the year under review, the Spinning mills produced 27617.98 tonnes (28173.57 tonnes) inclusive of purchased quantity 574.48 tonnes (2148.01 tonnes) of Yarn and sold 22701.45 tonnes (23504.00 tonnes) of Yarn.

The sales include 8233.75 tonnes (11006.80 tonnes) by way of Export. The total yarn sales of this division amounted to Rs. 48076.01 Lakhs (Rs.49587.71 Lakhs) of which export sales amounted to Rs.17293.56 Lakhs (Rs.22715.09 Lakhs) constituting 35.97% (45.81%) of the total yarn sales

The Spinning division produced 8217.57 tonnes (8011.01 tonnes) of saleable waste cotton and sold 7913.97 tonnes (8045.74 tonnes) and the total waste cotton sales of this division amounted to Rs.4884.75 Lakhs (Rs.3746.00 Lakhs).

The Spinning division traded cotton and made a sales of 63.62 tonnes (234.00 tonnes) amounting to Rs. 95.05 Lakhs (Rs. 452.62 Lakhs).

Weaving Division

The Weaving division specializes in manufacturing wider-width cotton grey woven fabric. During the year under review, 117.80 Lakh metres (117.39 Lakh metres) of Fabric were produced and 101.49 Lakh metres (112.50 Lakh metres) of fabric were sold.

The sales include 29.95 tonnes (30.46 tonnes) by way of Export. The total fabric sales of this division amounted to Rs.8218.19 Lakhs (Rs.9272.78 Lakhs) of which export sales amounted to Rs.2582.60 Lakhs (Rs. 2063.78 Lakhs).

Home Textile Division

During the year under review, the Home Textile division produced 10.81 Lakh pieces (9.73 Lakh pieces) of made ups and sold 10.69 Lakh pieces (10.13 Lakh pieces).

The total sales of this division amounted to Rs.1806.94 Lakhs (Rs.1206.22 Lakhs) which includes fabric sales 4.68 Lakh metres (2.30 Lakh metres) and the sales amounted to Rs. 691.39 Lakhs (Rs. 354.72 Lakhs)

Knitting Division

During the year under review, 8600.98 tonnes (6515.43 tonnes) of Knitted fabric were produced and 7968.18 tonnes (6341.31 tonnes) were sold. The total sales of this division amounted to Rs. 17405.17 Lakhs (Rs.12291.71 lakhs) of which export sales amounted to Rs.10898.44 Lakhs (Rs.6670.71 lakhs).

Processing and Technical Textiles Division

During the year under review, 3727.65 tonnes (2967.82 tonnes) of fabric were processed on job work basis and 709.54 tonnes (1236.55 tonnes) of fabric were produced and 631.27 tonnes (1137.57 tonnes) of fabric were sold. The total fabric sales of this division amounted to Rs. 2704.16 Lakhs (Rs.4711.83 lakhs).

Apparel Division

During the year under review, 33.29 Lakhs (14.93 lakhs) pieces of Garments were produced and sold 14.28 Lakhs (13.58 Lakhs) pieces. The total sales of this division amounted to Rs.1689.31 (Rs.2704.85 Lakhs).

Wind Mill Division

The Company has 4 windmills of 1250 KW each totaling 5 MW in Radhapuram Taluk, Tirunelveli District, Tamilnadu, 25 Nos windmills, each of 800 KW capacity totaling 20 MW capacity in Dharapuram Taluk, Tirupur District and Palani Taluk, Dindigul District, Tamilnadu and 3 Windmills of 1650 KW each in Kongalnagaram, Udumalpet Taluk, Tirupur District, Tamilnadu. The total installed capacity of Windmills is 29.95 MW and the whole of the wind power generated is captively consumed by the Spinning Units and Weaving Unit.

The windmills produced 549.11 Lakh units of power as against 583.71 Lakh units produced in the last year.

PROSPECTS FOR THE CURRENT FINANCIAL YEAR 2018-19

Investment to de-bottleneck the production process in Spinning division was undertaken during the year 2017-18 which will result in the yarn production increasing to 90 tonnes per day from the earlier production of 75 tonnes per day. The increased production has already been achieved from the first quarter of current year 2018-19 onwards and coupled with better product mix the profitability of the Spinning units will improve in the years to come. The contribution from Windmills on overall performance of the Company is dependent on availability of Wind of adequate velocity and its evacuation by TANGEDCO.

The performance of Knitting, Processing, Weaving and Home Textiles divisions have stabilized and hence will continue to contribute to the overall performance of the Company. The Company is focusing on Home Textiles as one of the growth area and developing a range of products to increase business volume and margins from this unit.

The Retail division of the Company set up under the brand name **'Bitz'** commenced operations during the year 2017-18. The Company has appointed distributors in various cities to market the products. The products have been well accepted by the market for their quality. Though the Company is making all out efforts to increase volume, Retailing is a long term proposition and hence the benefits will accrue to the company gradually.

After the introduction of Goods and Service Tax (GST) from 1st July 2017 onwards, the Government rationalized the Duty Drawback rates, rates under Merchandise Exports from India Scheme (MEIS) and Rebate of State Levies (ROSL) enabling the Industry to revert to normal levels of apparel exports. The policy measures of the Government alongwith improved demand scenario for Textile and Apparel products both in domestic and export markets looks positive for the Company during the current financial year.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There are no material changes and commitments affecting the Financial position of the company, subsequent to the end of the Financial Year.

PUBLIC DEPOSITS

The company has no public deposits outstanding at the beginning of the year and, the company has not accepted any deposits within the meaning of Section 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

CORPORATE GOVERNANCE

In line with requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 your company is committed to the principles of good Corporate Governance and continues to adhere good corporate governance practices consistently.

A separate section is given on Corporate Governance, Management Discussion and Analysis alongwith a certificate from a Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

ANNUAL RETURN

Annual Return as on Financial Year ended on 31st March, 2018, pursuant to the sub-section (3) of Section 92 of the Companies Act, 2013 is posted on the website of the Company viz., www.bannarimills.com

DIRECTORS

During the period under review there were no changes in the Board of Directors.

Sri S V Arumugam, (DIN 00002458) is required to retire by rotation at the ensuing Annual General Meeting, he is eligible for re-appintment and seeks re-appointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL

The Company has appointed the following persons as Key Managerial Personnel :

Name of the person	Designation
Sri S V Arumugam	Managing Director
Sri S Seshadri #	Chief Financial Officer
Sri N Krishnaraj	Company Secretary

Appointed as Chief Financial Officer on 27.6.2018, in the casual vacancy caused by the death of Sri C S Balakumar, Chief Financial Officer on 10.6.2018.

AUDIT COMMITTEE

The Audit Committee comprises of

1. Sri C S K Prabhu - Chairman (Non- Executive Independent Director)
2. Sri K N V Ramani - Member (Non- Executive Independent Director) and
3. Sri S Palaniswami - Member (Non- Executive Independent Director)

The Board has implemented the suggestions made by the Audit Committee from time to time.

EVALUATION OF BOARD OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 (10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Independent Directors at their meeting without participation of non-Independent Directors and management considered and evaluated the Boards' performance, performance of the Chairman and Managing Director.

The Board has carried out an annual evaluation of its own performance of the individual Directors as well as the Committees of Directors.

BOARD MEETINGS

During the year under review, Six Board Meetings were conducted. The details of the same have been given in the Corporate Governance Report under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forming part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has furnished Corporate Guarantee to Oriental Bank of Commerce by way of security for the credit facilities extended by the bank to Young Brand Apparel Private Limited for a sum of Rs. 11826 lakhs.

ESTABLISHMENT OF VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established a vigil mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics. The policy has been posted in the website of the Company: www.bannarimills.com.

POLICY ON NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors have framed a policy setting out the framework for payment of Remuneration to Directors, Key Managerial Personnel and Senior Management Personnel of the Company. The policy is explained as part of the Corporate Governance Report. The Committee ensures that

a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully
b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and

c. Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

RELATED PARTY TRANSACTIONS

All the related party transactions that were entered into during the financial year in the ordinary course of business and the prices were at arm's length basis. Hence, the provisions of Section 188 of the Companies Act, 2013 are not attracted. Further no materially significant related party transactions were made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large. Hence reporting in AOC-2 is not made. Approval of Audit Committee was obtained for transactions of repetitive nature on annual basis. All related party transactions are placed before the Audit Committee and Board of Directors for their review. The policy on Related Party Transactions is available in the website www.bannarimills.com.

SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status and the Company's operation in future.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 134 (5) of the Companies Act, 2013 your Directors confirm that:

a) Your Directors have followed in the preparation of the annual accounts, the applicable accounting standards with proper explanation relating to material departures;

b) Your Directors have 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 at the end of the financial year and of the profit and loss of the Company for that period;

c) Your Directors have 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) Your Directors have prepared the annual accounts on a going concern basis;

e) Your Directors have 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) Your Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

The present Auditors of the Company M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Bangalore (Firm Registration No: 117366W/W-100018), were appointed for a term of 5 years, pursuant to the resolution passed by the members at the Annual General Meeting held on 25th September, 2017. Pursuant to Section 40 of the Companies (Amendment) Act, 2017, the proviso to Section 139 (1) relating to ratification of appointment of Auditors every year has been omitted. Accordingly, the term of office of present Auditors will be continued without ratification.

There is no audit qualification for the year under review.

SECRETARIAL AUDIT

Pursuant to provisions of section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Mr R Dhanasekaran, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The report is annexed herewith as **Annexure - I.**

No adverse qualifications/comments have been made in the said report by the Practicing Company Secretary.

COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India from time to time.

COST AUDITOR

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules 2014 as amended from time to time, the Board of Directors, on the recommendation of Audit Committee, has appointed Sri M Nagarajan, Cost Accountant, Coimbatore as Cost Auditor to conduct Cost Audit of the Company for the financial year 2018 - 2019. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening Annual General Meeting.

JOINT VENTURE, ASSOCIATE AND SUBSIDIARIES

During the year the Company has invested Rs.304.95 lakhs in its Joint Venture Company viz., Young Brand Apparel Private Limited (YBA), thereby making YBA a subsidiary of our company.

The Company has three subsidiaries viz., Abirami Amman Mills Private Limited, Accel Apparel Private Limited and Young Brand Apparel Private Limited, as on 31.3.2018. In accordance with the Section 129 (3) of the Companies Act, 2013 the consolidated Financial Statements of the Company has been prepared which forms part of the Annual Report. A separate statement containing the salient features of the Financial Statements of Subsidiaries in Form AOC-1 (Part A) is furnished :

Form AOC - 1

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

Part A subsidiaries

(Amount in Rs.)

1	Name of the subsidiary	Abirami Amman Mills Private Limited	Accel Apparel Private Limited	Young Brand Apprel Private Limited
2	The date since when subsidiary was acquired	23.6.2016	23.6.2016	7.7.2017
3	Share capital	10,00,000	1,00,000	65,16,06,060
4	Reserves and surplus	(26,216)	(1,08,933)	(6,06,99,967)
5	Total assets	10,00,416	72,357	156,54,44,859
6	Total Liabilities	10,00,416	72,357	156,54,44,859
7	Investments	-	-	-
8	Turnover	-	-	175,05,00,479
9	Profit before taxation	15,910	(21,420)	4,61,19,915
10	Provision for taxation	-	-	1,42,51,052
11	Profit after taxation	15,910	(21,420)	3,18,68,863
11	Proposed Dividend	Nil	Nil	Nil
12	Extent of shareholding (in percentage)	100 %	100%	51.33%

Notes :

1. Names of subsidiaries which are yet to commence operations - Abirami Amman Mills Private Limited and Accel Apparel Private Limited
2. Names of subsidiaries which have been liquidated or sold during the year - Nil

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee and to the Chairman and Managing Director of the Company.

The Company has Independent Internal Auditor and an Internal Audit Department which monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Based on the report of internal audit function, corrective actions are taken in the respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

STATEMENT ON RISK MANAGEMENT POLICY

Pursuant to section 134(3) (n) of the Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted a Risk Management Committee. The Committee has developed a Risk Management Policy and implemented the same. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Boards Report. At present the Company has not identified any element of risk which may threat the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted Corporate Social Responsibility Committee which shall recommend to the Board, the activities to be undertaken by the Company as specified in schedule VII, recommend the amount of expenditure to be incurred on such activities and monitor the CSR policy of the Company. The company has partially spent the amount stipulated under the requirements of the Act. Corporate Social Responsibility Committee constituted consisting of the following Directors

1. Sri S V Arumugam - Managing Director
2. Sri S Palaniswami - Independent Director
3. Sri K Sadhasivam - Independent Director

The CSR activities and its related particulars is enclosed as **Annexure II**

STATUTORY DISCLOSURES

I. **Conservation of Energy and others -** The particulars required to be included in terms of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March 2018 relating to Conservation of Energy, etc., is enclosed as **Annexure III.**

II. **Remuneration of Directors and other details -** The information required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2018 is provided in **Annexure IV.**

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

During the year under review the human relations continued to be very cordial. The Company wishes to acknowledge the contribution of the employees at all levels of the organisation.

The Company has placed an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints for sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any complaints during the year.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude the timely assistance and help extended by the Bankers for having provided the required bank facilities. Your Directors wish to place on record their appreciation of the contributions made by the employees at all levels for the excellent performance of your Company.

By Order of the Board

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

Coimbatore
27th June, 2018

ANNEXURE I

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018)

(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
Bannari Amman Spinning Mills Limited
(CIN: L17111TZ1989PLC002476)
252 Mettupalayam Road
Coimbatore 641 043

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bannari Amman Spinning Mills Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Bannari Amman Spinning Mills Limited ("the Company") for the financial year ended on 31st March 2018) ('Audit Period') according to the provisions of:

i. The Companies Act, 2013 (the Act) and the Rules made thereunder and applicable provisions of the Companies Act 1956;

ii. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. 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;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company;

a. The 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. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit Period);

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the company during the Audit Period)

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the Audit Period)

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the company during the Audit Period)

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);

vi. The following other laws specifically applicable to the company :

a. Additional Duties of Excise (Textiles and Textile Articles) Act, 1978

b. Textile Committee Act, 1963

c. Textiles (Development and Regulation) order, 2001

d. Textiles (Consumer Protection) Regulation, 1985

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

i) Secretarial Standards issued by The Institute of Company Secretaries of India.

ii) The Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I report that, during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc., mentioned above.

I further report that, based on the information provided by the Company, its officers and authorised representatives during the conduct of the audit, and also on the review of periodical compliance reports by respective department heads/company secretary/CFO taken on record by the Board of Directors of the Company, in my opinion, adequate systems and process and control mechanism exist in the Company to monitor and ensure compliance with applicable financial/general laws like, direct and indirect tax laws, labour laws, and environmental laws.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that, during the audit period:

The Company has not taken any events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

R Dhanasekaran
Company Secretary in Practice
FCS 7070/ CP 7745

Place : Coimbatore
Date : 27th June, 2018

ANNEXURE II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

CSR Policy - Approved by the Board of Directors and applicable from 14.8.2014

Present Activities:

- ❖ The Company is actively involved in promotion of education particularly in rural areas were the facilities for students are inadequate. The company provides for construction of buildings and equipments to deserving schools.
- ❖ The company has contributed equipment to the disabled kids like hearing materials and also contributes towards dispute children of Aids affected.

Future focus :

- ❖ Education along with health and sanitation will be the prime concern areas to be addressed
- ❖ Promote quality of services delivered by basic education, basic health, early childhood care and education by supplementing the effort of Government and suitably identifying the critical gaps and addressing it squarely
- ❖ Actively participating in integrated rural community development
- ❖ Focus on adopting villages with its holistic development
  Weblink:www.bannarimills.com

2. Composition of CSR Committee

Corporate Social Responsibility Committee consists of three Directors of which two are Independent Directors .

Name of the member	Designation
Sri S V Arumugam	Managing Director
Sri S Palaniswami	Independent Director
Sri K Sadhasivam	Independent Director

3. Average profit before tax of the Company for last 3 financial years : Rs. 23,76,29,241/-

4. Prescribed CSR expenditure (2% of the amount as in item 3 above) : Rs. 47,52,585/-

5. Details of CSR spent during the financial year

   a) Total amount spent for the financial year : Rs. 21,32,000/-

   b) Amount unspent, if any : Rs. 26,20,585/-

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

S. No.	Projects/ Activities	Sector	Project / program locations	Amount outlay (budget) project / program wise	Amount spent on the project / program	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
1	Free Eye Surgeries	Private	Coimbatore Dt	1,50,000	1,50,000	1,50,000	Direct
2	Education Cost for Economically Vulnerable Children	Private	Coimbatore Dt	5,00,000	5,00,000	6,50,000	Direct
3	Project "National Child Labour "	Private	Coimbatore Dt	50,000	50,000	7,00,000	Direct
4	School Development Expenses	Private	Coimbatore Dt	5,00,000	5,00,000	12,00,000	Direct
5	Medical Support for Children with Cancer and their families	Private	Coimbatore Dt	2,00,000	2,00,000	14,00,000	Direct
6	Rehabilitation of the Abandoned Senior Citizens	Private	Coimbatore Dt	2,32,000	2,32,000	16,32,000	Direct
7	All India Marvari Yuva Manch	Private	Dindigul Dt	5,00,000	5,00,000	21,32,000	Direct

Reason for not spending :

Some of the projects which were to be executed with the participation of Government could not be implemented for want of required approvals.

Responsibility Statement of the CSR Committee :

The CSR committee hereby confirms that the implementation and monitoring of CSR activities are in compliance with CSR objectives and policy of the company.

By Order of the Board

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

Coimbatore
27th June, 2018

ANNEXURE III

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information under section 134 (3) (m) of the Companies Act, 2013 read with rule 8 (3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2018 is given here below and forms part of the Director's Report.

A. CONSERVATION OF ENERGY

a. i) The steps taken or impact on conversation of energy :

1. Energy Audit and conservation measures are being reviewed and adopted periodically.
2. Spinning energy efficient pnemafil fan changed for fine count machines.
3. Humudification plant blade angle optimized in winter season.
4. Energy saving LED lamp 200 Nos replaced and achieved savings of 0.20 Lakhs units per annum and savings cost of Rs. 1.35 Lakhs per annum.
5. VXL filter line - 2 motor pulley changed and savings achieved 0.25 Lakhs units.
6. In ETP effluent water separation of sewage and sizing effluent collection before treatment by construction of new storage UG tank.
7. Energy saving from 28 Watt to 10 Watt by way of LED fitting and direct benefit of Rs.2250/- per month and indirect benefit for 5 years free of maintenance in our Weaving Unit.
8. In regular loom shed Tube Light Fitting completed to improvement of Fabric Quality.

ii) The steps taken by the company for utilising alternate source of energy ;

During the year under review the Company utilized wind power of 549.11 Lakh units by way of captive consumption.

iii) The capital investment on energy conversation equipments;

During the year the Company has not invested any amount for energy conservation equipment.

B. TECHNOLOGY ABSORPTION

1. The efforts made towards technology absorption; - Nil
2. The benefits derived like product improvement, cost reduction, product development or import substitution; - Nil
3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year); - Nil
4. The expenditure incurred on Research and Development;-Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review foreign exchange earnings were Rs.32841.69 Lakhs (Rs.35695.18 Lakhs). Foreign exchange outgo was Rs.6915.98 Lakhs (Rs.7844.95 Lakhs).

By Order of the Board

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

Coimbatore
27th June, 2018

ANNEXURE IV

Disclosure in the Board's Report

Particulars of Remuneration of Directors and Employees pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

i) The Ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial year 2017-18

Director's Name	Ratio
Sri S V Arumugam, Managing Director	88.01:1

ii) The Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any in the Financial year 2017-18 compared to 2016-17.

Director's Name/CS/CFO	% increase in remuneration
Sri S V Arumugam, Managing Director	(73.49)
Sri N Krishnaraj, Company Secretary	39.05
Sri C S Balakumar, Chief Financial Officer	28.59

In respect of other Directors, the Company is paying only sitting fees. Hence, not considered for the above purposes.

iii) Percentage increase in the median remuneration of employees in the Financial year 2017-18 — (24.42%)

iv) Number of permanent employees on the rolls of the Company — 2971

v) Average percentile increase already made in the salaries of Employees other than Managerial Personnel in the last financial year and its comparison with the percentile increase in managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increase granted to employees other than managerial personnel is - 31.35%.

The percentile increase granted to managerial personnel is Nil.

The Board of Directors of the Company affirm that the remuneration paid to Directors, Key Managerial Personnel and employees is as per the remuneration policy approved by the Board of Directors of the Company.

vi) Particulars of Employees as per Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Table 1: Particulars of Top Ten Employees in terms of remuneration drawn as required under Rule 5(2) :

Name (Age in years)	Designation	Gross Remuneration paid (in Rs.)	Qualification	Date of Commencement of employment (experience in years)	Previous Employment
Sri A Senthil (42)	Chief Executive Officer	30,00,000	MBA	23.5.2011(7)	Shiva Texyarn Limited
Sri C S Teotia (65)	Director - Cotton	18,00,000	B.Sc., MA PGDM	4.9.2013(5)	Cotton Corporation of India
Sri C S Balakumar (57)	Chief Financial Officer	15,40,400	B.Com.,	7.3.1989(29)	Shiva Texyarn Limited
Sri S Shankarkumar (52)	GM Marketing	15,37,250	B.Tech.MBA	21.8.1989(29)	Shiva Texyarn Limited
Sri J Annaraj (60)	GM - Weaving	15,30,000	DTT	30.3.2005(13)	Loyal Textile Mills Limited
Sri Anand Kumar Dubey (45)	Business Head	15,00,000	MBA (Marketing)	16.3.2017 (1)	JG Hosiery Pvt Ltd
Sri N Krishnaraj (54)	Company Secretary	14,49,500	B.Com., ACS	3.8.2007(11)	Bannari Amman Sugars Limited
Sri A Ganapathy (55)	GM Business Development	12,60,000	B.Tech M.B.A	15.2.2017 (1)	Rohini Textile Industry Pvt Limited
Sri M Ramamurthy (50)	GM - Knitting	12,12,000	DME	7.3.2008 (10)	Fabtech International
Sri Swaminathan (45)	Admin Head	12,00,000	DTMFT	10.4.2017 (1)	Premier Spinning & Weaving Mills P Limited
Sri K Mugunth (41)	Marketing Head	12,00,000	B.B.A	9.3.2017 (1)	Trident India Limited

Table 2 : The statement of employee(s) specified under Rule 5(2) (i), (ii) and (iii):

Name	:	S V Arumugam
Age	:	69
Designation	:	Managing Director
Nature of Duties	:	Management the day to day affairs of the Company
Remuneration	:	64.67 Lakhs
Qualification & Experience (years)	:	B.Sc., ACA. More than 33 years in Textile Industry
Date of commencement of employment	:	27.5.2005
Last employment	:	Shiva Texyarn Limited

Sri A Senthil, Chief Executive Officer, listed in the said Annexure is relative of Sri S V Arumugam, Managing Director (DIN 00002458) of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

By Order of the Board

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

Coimbatore
27th June 2018

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on corporate governance envisages the attainment of high levels of transparency, accountability, fairness and equity in all facets of its operations, procedures, reporting system and in all the interactions with its stakeholders.

Bannari Amman Spinning Mills Limited has adopted a Code of Conduct which lays down standards of values, ethics and business principles of management.

BOARD OF DIRECTORS

The Board comprises of **7** Directors viz., **1** Executive Director and **6** Non-Executive Independent Directors including a Woman Director.

NAME OF THE DIRECTOR		CATEGORY OF DIRECTOR	NO. OF DIRECTORSHIPS HELD IN OTHER COMPANIES*	NUMBER OF BOARD COMMITTEE MEMBERSHIP HELD IN OTHER COMPANIES**	
				Chairman	Member
1.	Sri S V Arumugam	Executive	9	-	1
2.	Sri K N V Ramani	Non-Executive Independent	6	3	2
3.	Sri C S K Prabhu	Non-Executive Independent	2	2	1
4.	Dr K R Thillainathan	Non-Executive Independent	1	-	-
5.	Sri S Palaniswami	Non-Executive Independent	2	1	2
6.	Sri K Sadhasivam	Non-Executive Independent	3	-	-
7.	Smt S Sihamani	Non-Executive Independent	-	-	-

* Excluding private companies which are not subsidiary of public limited companies.

** Only Committees formed under Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are considered.

The non-Executive Independent Directors fulfill the conditions laid down for appointment as Independent Directors as specified in Section 149 of the Companies Act, 2013 and rules made thereunder and the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015. A formal letter of appointment has been issued and a copy of the same is posted on the website of the Company viz., www.bannarimills.com.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

During the financial year, 6 Board Meetings were convened by giving advance notices to the Directors. The meetings were held on 30.5.2017, 6.7.2017, 14.8.2017, 24.8.2017, 14.11.2017 and 12.2.2018. The interval between the two Meetings were well within the maximum period prescribed under the Companies Act, 2013 and Regulation 17(2) of the SEBI (LODR) Regulations, 2015.

The Board is given all the material information which are incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meetings.

Details of attendance of each Director at the Board Meetings and at the last Annual General Meeting (held on 25.9.2017) are furnished here below :

NAME OF THE DIRECTOR	NUMBER OF BOARD MEETINGS ATTENDED	LAST AGM ATTENDED YES / NO
1. Sri S V Arumugam (DIN 00002458)	6	Yes
2. Sri K N V Ramani (DIN 00007931)	5	Yes
3. Sri C S K Prabhu (DIN 00002913)	5	Yes
4. Dr K R Thillainathan (DIN 00009400)	6	Yes
5. Sri S Palaniswami (DIN 00007901)	4	Yes
6. Sri K Sadhasivam (DIN 00610037)	6	Yes
7. Smt S Sihamani (DIN 06945399)	6	Yes

FAMILIARISATION PROGRAMME

At the time of appointment of Directors a formal letter of appointment is issued, which sets out roles, functions, duties and responsibilities expected from them. The Directors have also been explained the relevant regulations. The appointments are also provided with necessary information to understand the Company's operations, products and events relating to the Company.

CODE OF CONDUCT

The Company has adopted the code of conduct for all Board Members and Senior Management as required under Regulation 17(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The code is posted on the company's website at www.bannarimills.com. All Board Members and Senior Management personnel have affirmed compliance with the code on an annual basis and a declaration to this effect signed by the Chairman is attached to this report.

AUDIT COMMITTEE

The Audit Committee consists of following Directors:

Sl.No.	Name	Position	No. of Meetings Attended
1.	Sri C S K Prabhu	Chairman - Independent	6
2.	Sri K N V Ramani	Member - Independent	5
3.	Sri S Palaniswami	Member - Independent	4

The terms of reference of the Audit Committee are as set out in Regulation 18(3) read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which inter-alia includes the following :

a) Review of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible ;

b) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company ;

c) Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors;

d) Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:

   i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.

   ii) Changes, if any, in accounting policies and practices and reasons for the same.

   iii) Major accounting entries involving estimates based on the exercise of judgment by management

   iv) Significant adjustments made in the financial statements arising out of audit findings

   v) Compliance with listing and other legal requirements relating to financial statements

   vi) Disclosure of any related party transactions

   vii) Modified opinions in the draft audit report

e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

g) Review and monitor the Auditor's independence and performance, and effectiveness of audit process ;

h) Approval or any subsequent modification of transactions of the company with related parties;

i) Scrutiny of inter-corporate loans and investments;

j) Valuation of undertakings or assets of the company, wherever it is necessary;

k) Evaluation of internal financial controls and risk management systems;

l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

n) Discussion with Internal Auditors of any significant findings and follow up thereon;

o) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

p) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

r) To review the functioning of the Whistle Blower mechanism;

s) Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;

t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the financial year, the Audit Committee met 6 times on 27.5.2017, 6.7.2017,11.8.2017, 24.8.2017, 13.11.2017 and 9.2.2018. The Audit Committee Chairman was present at the last AGM.

NOMINATION AND REMUNERATION COMMITTEE :

The Nomination and Remuneration Committee consists of 3 Directors, all of whom are independent:

Sl.No.	Name of the Director	Position
1.	Sri K N V Ramani	Chairman
2.	Sri C S K Prabhu	Member
3.	Sri S Palaniswami	Member

The Nomination and Remuneration Committee Chairman was present at the last Annual General Meeting.

The terms of reference specified by Board of Directors to the Nomination & Remuneration Committee are as under :

a) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and also recommend to the Board a Policy relating to the Remuneration of Directors, Key Managerial Personnel and other employees.

b) Formulating the policy for determining qualification, positive attributes and independence of a Director.

c) To formulate criteria for evaluation of Independent Directors and the Board.

d) To devise a policy on Board diversity.

Remuneration Policy

The Nomination and Remuneration Committee has adopted a charter which, inter alia, deals with the manner of selection of Board of Directors/Key Managerial Personnel/Senior Managerial Personnel. The policy is accordingly derived from the said Charter. The policy on remuneration is available in the following weblink: www.bannarimills.com

Evaluation criteria

The Nomination and Remuneration Committee has formulated the methodology and criteria to evaluate the performance of the Board and each Director. The evaluation of the performance of the Board and its committees are evaluated through a questionnaire circulated to all directors and based upon the response to the questionnaire, the directors do a self evaluation of their performance. Accordingly Board reviewed the performance of each of the directors and expressed their satisfaction.

The performance evaluation of the Chairman and the Managing Director was carried out separately by the Independent Directors. The Independent Directors expressed their satisfaction on the performance of the Chairman and the Managing Director.

Remuneration to Managing Director is as follows :

Name	Designation	Remuneration (in Rs.)
Sri S V Arumugam	Managing Director	64,66,715/-

Remuneration paid to Director :

All the non-executive Directors are paid a sitting fee of Rs.5,000/- for each Board Meeting attended by them. The Members of Audit Committee are paid a sitting fee of Rs.5,000/- for each Committee Meeting attended by them.

Meeting of Independent Directors

During the year under review the Independent Directors met on 27.3.2018 for the following purposes:

- Evaluation of performance of non- Independent Directors and the Board as a whole
- Evaluation of performance of the Chairman and Managing Director of the Company
- Evaluation of quality and flow of information to the Board

All the Independent Directors were present at the meeting except Dr K R Thillainathan.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted Corporate Social Responsibility Committee which shall recommend to the Board, the activities to be undertaken by the Company as specified in schedule VII, of the Companies Act, 2013 recommend the amount of expenditure to be incurred on such activities and monitor the CSR policy of the Company. The Company has partially spent the amount stipulated under the requirements of the Act. Corporate Social Responsibility Committee constituted consisting of the following Directors with effect from 21.5.2014.

1. Sri S V Arumugam - Managing Director
2. Sri S Palaniswami - Independent Director
3. Sri K Sadhasivam - Independent Director

SUBSIDIARIES

The Company has no material subsidiary within the meaning of Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted a Policy for determining material subsidiary and is available on the weblink: www.bannarimills.com.

RELATED PARTY TRANSACTIONS

The company has adopted policy on dealing with Related parties. The same is disclosed in the website of the company and is available in the following weblink:www.bannarimills.com

RISK MANAGEMENT COMMITTEE

Risk Management Committee constituted with effect from 14.11.2014, consists of following members. They are delegated with the powers for implementation and monitoring of the risk management plan of the Company and other related functions.

1. Sri S V Arumugam - Managing Director
2. Sri S Palaniswami - Independent Director
3. Sri S Seshadri - Chief Financial Officer*

* Appointed on 27.6.2018, in the casual vacancy caused by the death of Sri C S Balakumar.

WHISTLE BLOWER MECHANISM

The Company has established a whistle blower policy/vigil mechanism for Directors and Employees to report concerns about unethical behavior, actual or suspected incidents of fraud or violation of the code of conduct or ethics policy. This mechanism provides adequate safeguards against victimization of directors/employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. The whistle blower policy is posted on the company's website at the link www.bannarimills.com.

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS AS ON 31.3.2018

Name of the Director	No. of shares held
Sri K N V Ramani	Nil
Sri C S K Prabhu	Nil
Dr K R Thillainathan	Nil
Sri S Palaniswami	172
Sri K Sadhasivam	Nil
Smt S Sihamani	Nil

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee was formed to specifically look into shareholders/investors complaints if any, on transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividend, etc., and also the action taken by the Company on those matters.

The Stakeholders Relationship Committee consists of :

1. Sri C S K Prabhu - Chairman
2. Sri S V Arumugam - Member

Sri N Krishnaraj, Company Secretary is the Compliance Officer.

The Company has received 1 complaint from the Investors for redressal during the year and there were no complaint pending at the beginning of the year.

In terms of Regulation 34(3) read with Part F of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchanges, the Company has opened Demat Suspense Account in the name of **"Bannari Amman Spinning Mills Limited-Unclaimed Shares Demat Suspense Account"** and has transferred the shares which remains unclaimed and are lying in the escrow account out of the Initial Public Offer made by the Company.

Unclaimed Shares	No. of share holders	No. of shares
Outstanding at the beginning of the year	23	1216
Approached for transfer during the year	-	-
Transferred to the shareholder during the year	-	-
Transferred to the IEPF during the year	22	1166
Balance at the end of the year	1	50

The voting rights on these shares shall remain frozen till the rightful owners of such shares claim the shares.

CEO & CFO CERTIFICATION

The Managing Director and Chief Financial Officer have furnished a certificate relating to financial statements and internal controls and systems to the Board of Directors as prescribed under Regulation17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Board took the same on record.

INSIDER TRADING

In compliance with SEBI Regulations in prevention of insider trading the company has framed a comprehensive Code of Conduct. The Code lays down guidelines and procedures to be followed and disclosures to be made by the management staff while dealing with the shares of the Company.

GENERAL BODY MEETINGS

Last three Annual General Meetings were held at Nani Kalai Arangam, Mani Higher Secondary School, Pappanaickenpalayam, Coimbatore 641037 on the following dates and details of Special Resolutions passed are as follows :

AGM	Date & Time	Special Resolutions Passed	Voting Pattern
25th	28.9.2015 9.15 A.M.	I) Deletion of Article 106. b) and Article 111. of the Articles of Association of the Company.	Total Votes polled : 87,53,906 Votes polled for : 87,53,906 Votes against : Nil Votes neutral : Nil
26th	28.9.2016 9.15 A.M.	Nil	Not Applicable
26th	28.9.2017 9.15 A.M.	Nil	Not Applicable

Sri R Dhanasekaran, Practicing Company Secretary, Coimbatore was appointed as Scrutinizer to conduct the voting process.

There is no Special Resolution is being proposed for the approval of shareholders through postal ballot in the forthcoming Annual General Meetings.

DISCLOSURES

- ✓ The Company has not entered into any transaction of a material nature with the related parties having potential conflict with the interest of the Company.
- ✓ There was no instance of non-compliance of any matter related to the capital markets during the last 3 years.
- ✓ The company has a Whistle Blower Policy in place and No personnel has been denied access to the Audit Committee and
- ✓ The Company has complied with all the mandatory requirements of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of Non-mandatory requirements the company has complied all the conditions except the suggestion relating to appointment of separate persons to the post of Chairman and Managing Director/CEO.

MEANS OF COMMUNICATION

i) The quarterly/half-yearly/annual financial results of the Company are announced within the stipulated period and are normally published in Business Standard (English) and Makkal Kural (Tamil) newspapers. The results and news items relating to the company are displayed in company's website www.bannarimills.com.

ii) The Management Discussion and Analysis forms part of this Annual Report.

SHAREHOLDERS' INFORMATION

Annual General Meeting

Day and Date	:	Monday, 24th September, 2018
Time	:	9.15 A M
Venue	:	Nani Kalai Arangam Mani Higher Secondary School Pappanaickenpalayam Coimbatore 641 037

Financial Year

Results Announced	:	30.5.2018
Posting of Annual Report	:	On or before 31st August, 2018
Last date of receipt of Proxy forms	:	22nd September 2018
Dividend payment Date	:	on or before 15th October, 2018
Announcement of quarterly Results	:	i) During first/second week of August and November 2018, February and May 2019 or as stipulated by SEBI from time to time.
		ii) The Financial Results are displayed on the website of the Company www.bannarimills.com

Date of Book Closure for the purpose of Dividend and Annual General Meeting 18.9.2018 to 24.9.2018 (both days inclusive)

Share Price Movement

The high and low quotations of the company's shares on the National Stock Exchange of India Limited and BSE Limited together with Nifty and SENSEX from April 2017 to March 2018 were:

MONTH	SHARE PRICE				NSE - NIFTY		BSE - SENSEX	
	NSE (Rs. Ps.)		BSE (Rs. Ps.)					
	High	Low	High	Low	High	Low	High	Low
April 2017	351.00	320.00	355.00	319.00	9367.15	9075.15	30184.22	29241.48
May	322.75	297.50	324.15	293.20	9649.60	9269.90	31255.28	29804.12
June	339.90	290.00	337.95	293.05	9709.30	9448.75	31522.87	30680.66
July	358.70	292.55	355.00	292.00	10114.85	9543.55	32672.66	31017.11
August	320.00	295.00	319.00	295.00	10137.85	9685.55	32686.48	31128.02
September	343.05	296.05	341.95	298.00	10178.95	9687.55	32524.11	31081.83
October	339.90	300.00	337.70	300.00	10384.50	9831.05	33340.17	31440.48
November	338.70	305.20	340.00	310.25	10490.45	10094.00	33865.95	32683.59
December	336.90	306.05	336.95	307.00	10552.40	10033.35	34137.97	32565.16
January 2018	405.00	305.00	406.70	305.10	11171.55	10404.65	36443.98	33703.37
February	313.95	265.10	313.00	266.00	11117.35	10276.30	36256.83	33482.81
March	290.00	225.15	290.60	225.00	10525.05	9951.90	34278.63	32483.84

Based on the closing quotation of Rs. 233.95 as at 31.3.2018 at NSE Mumbai, the market capitalization of the company was Rs. 368.57 Crores.

SHARE DETAILS

The Company's Equity Shares are listed on the following Stock Exchanges :

Exchange	Stock Code	Exchange	Stock Code
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001	532674	**National Stock Exchange of India Limited** "Exchange Plaza" Bandra-Kurla Complex Bandra (E) Mumbai 400 051	BASML

The company has paid Annual Listing Fees for the year 2018-2019.

Outstanding GDRs/ADRs/Warrants or any convertible instruments

The company has not issued GDRs/ADRs/Warrants or any convertible instruments.

DEMATERIALISATION OF SHARES

The shares of the Company are in compulsory demat segment. The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). Members have option to hold their shares in demat form (i.e electronic mode) either through the NSDL or CDSL. ISIN allotted to our company is INE186H01014.

SHARE TRANSFER AGENT

Link Intime India Private Limited,
Surya, 35, Mayflower Avenue, Behind Senthil Nagar
Sowripalayam Road, Coimbatore - 641 028

Phone : (0422) 2314792, 2315792
Fax : (0422) 2314792
E-mail : coimbatore@linkintime.co.in

Share Transfer documents, Non Receipt of share certificates sent for transfer, nomination forms and change of address may directly be sent to the above address.

SHARE TRANSFER SYSTEM

The Share Transfers in physical form are registered and returned within 30days from the date of receipt if the documents are in order. The share transfers are approved by the Share Transfer Committee who usually meet twice in a month, if needed.

DISTRIBUTION OF SHAREHOLDING AS ON 31.3.2018

Category	No. of Shares Held	Percentage of Shareholding
Promoter's Holding	87,51,250	55.55
Banks/FIs/Mutual Funds	-	-
Private Corporate Bodies	32,35,236	20.54
Indian Public	36,78,596	23.34
NRI/OCBs	89,187	0.57
Total	**1,57,54,269**	**100.00**

PLANT LOCATIONS:

Spinning Units	
NaduKandanur Pirivu, Morepatty Post Vadamadurai, Dindigul 624 802. Tamilnadu	Velvarkottai, Dindigul Trichy National Highway 45, Vedasandur Taluk Dindigul 624 803. Tamilnadu
Weaving Unit	**Knitting Unit**
Karanampet - Paruvai Road Paruvai Post, Coimbatore - 641 658	Karanampet - Paruvai Road Paruvai Post, Coimbatore - 641 658
Technical Textile Unit	**Processing Unit**
Kovai – Sathy Main Road, Kunnathur Village Ganesapuram Post, S S Kulam (Via) Coimbatore - 641107	Factory H-11, E-12 & R-44 SIPCOT Industrial Growth Estate Perundurai, Erode 638 052
Garment Unit	**Retail Unit**
Palladam Hitech Weaving Park Sukkampalayam Village K N Puram (Po) Palladam- 641 662	252, Mettupalayam Road Coimbatore - 641 043
Windmill Units	
Irukandurai & Dhanakarkulam Villages Radhapuram Taluk Tirunelveli District, Tamilnadu	Chinnapudur Village Dharapuram Taluk Erode District, Tamilnadu
Melkaraipatti & Kottathurai Villages Palani Taluk Dindigul District Tamilnadu	Virugalpatti & Illuppanagaram Village Udumelpet Taluk Tirupur District Tamilnadu
Address for Correspondence	
All investor related queries and complaints may be sent to the following address: The Company Secretary, Bannari Amman Spinning Mills Limited, Regd. Office: 252, Mettupalayam Road, Coimbatore - 641 043 E-mail: shares@bannarimills.com	

By Order of the Board

Coimbatore
27th June, 2018

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY'S BUSINESS

The Company's principal line of business is manufacturing and marketing of Cotton Yarn, Woven and Knitted fabrics, Home Textiles, Knitted Garments and Processing of fabrics. The Company has two spinning units near Dindigul, Tamilnadu with an installed capacity of 144240 spindles, Weaving and Home Textiles units at Karanampettai near Palladam with an installed capacity of 153 looms, Processing unit at SIPCOT, Perundurai with an installed capacity to process 3600 tonnes of fabric per annum, Knitting unit at Karanampettai near Palladam with installed capacity to produce 10800 tonnes of knitted fabric per annum, Two garment units at Palladam Hi-tech weaving park with a capacity to produce 60 lakh pieces of knitted garments per annum and 32 Windmills with an installed capacity of 29.95 MW green power which is entirely used for captive consumption.

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's textile sector is one of the oldest industries in Indian economy and has made major contribution to the national economy in terms of direct and indirect employment generation, Contribution to GDP and net foreign exchange earnings. Textile and apparel sector contributes 7% to industrial production, 2% to India's Gross Domestic Product (GDP), 14 per cent to overall Index of Industrial Production (IIP), and constitutes 15% of the country's export earnings. Textile and apparel sector is the second largest employment provider in the country employing nearly 51 million people directly and 68 million people indirectly. The size of India's textile market as of July 2017 was around US$ 150 billion, which is expected to touch US$ 250 billion market by 2019, growing at a CAGR of 13.58 per cent between 2009-2019. Thus the growth and all round development of this Industry has a direct bearing on the improvement of the economy of the Country.

The Government has taken various initiatives like TUF scheme, Scheme for Integrated Textile parks, Integrated processing development scheme for sanctioning processing parks and Integrated skill development scheme, Amended TUF scheme etc to name a few to scale up the textile and apparel sector. With the introduction of Goods & Service Tax (GST) from July' 2017 onwards, there was a downward revision in Duty Drawback rates for most product categories in the Textile sector as compared to the Duty Drawback rates under the earlier Tax regime, which affected the competitiveness of the exporters. However the Government have subsequently increased the rates under Merchandise Exports from India Scheme (MEIS) from 2% to 4% and also revised the rates under Rebate of State Levies (RoSL) scheme upto a maximum of 1.70% for Garments and 2.20% for made-ups thus compensating the loss due to reduction in Drawback rates to some extent. In order to strengthen its global competitiveness and to support the overall growth of the Textile Industry, India's GST Council has kept a majority of the industry under the 5% GST slab. The government has also reduced the tax on all job works like weaving, cutting, knitting and embroidery in the textile sector to 5% from the previous rate of 18%.

OPPORTUNITIES

India is the second largest textile fibre producer and largest cotton and jute producer in the World, has the second largest textile manufacturing capacity. Inspite of having a strong production base, India's share in global textile and apparel trade is about 5% only. Hence there is tremendous scope for India to increase its market share in the world textile market. Indian textile industry has strengths across the entire value chain from natural to man-made fiber to apparel to home furnishings. Considering the targeted growth in exports, India should be able to double its share of the global textile and apparel trade from the present level of 5%. India can achieve higher growth rates of finished products such as apparel, home furnishing, and technical textiles. This would maximize employment generation and value creation within the country and realize the Prime Minister's vision of 'Make in India'.

OUTLOOK

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US$ 85 billion, is expected to reach US$ 160 billion by 2025. Fiscal incentives in the form of increased capital subsidy for capacity additions in Garment sector under A-TUFS from 15% to 25%, relaxed labour norms, favourable textile policies announced by several State Governments and sharing of EPF burden continue to augur well for the competitiveness of Indian apparel exporters.

An important development in the global textile trade is the fall in China's predominance, which presents a ray of hope for India to up its market share. However, the fast emergence of new textile manufacturing hubs like Vietnam and Bangladesh can upset India's calculations in a changing market, driven by market access and the policy support given by the respective governments to empower the textile chain. Also, emerging regional trading agreements can script a paradigm shift in future trade and investment flows. Further, India has to work towards eliminating trade barriers, and needs to take measures to expand market access.

India should aim to strengthen the textile value chain. Out of its total exports of textiles and apparel, more than 50% is contributed by textiles. The scope of value addition is higher in downstream activities like fabric processing and weaving.

RISKS AND CONCERNS

Availability of Cotton, the main raw material for manufacture of Cotton Yarn, is subject to the vagaries of nature and the prices also fluctuate wildly based on supply/demand in the World market and Government policy on export of Cotton. Going forward, the impending developments in the international trade including modified TPP and the EU-Vietnam FTA will be of concern for Indian apparel exporters. Volatile fluctuations in foreign exchange rates over a shorter period of time is also a matter of concern.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control procedures and systems commensurate with its size and nature of its business for purchase of raw materials, plant and machinery, components and other items and sale of goods. The checks and controls are reviewed by the Audit Committee for improvement in each of these areas on a periodical basis. The internal control systems are improved and modified continuously to meet with changes in business conditions, statutory and accounting requirements.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial performance of the Company has been discussed at length in Director's Report to the Members.

By Order of the Board

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

Coimbatore
27th June, 2018

DECLARATION ON CODE OF CONDUCT

To

The Members of
Bannari Amman Spinning Mills Limited

In compliance with the requirements of Regulation 34(3) read with Schedule V of SEBI (Lisiting Obligations and Disclosure Requirements) Regulation, 2015 with the Stock Exchanges, I declare that the Board of Directors and Members of Senior Management have affirmed the compliance with the code of conduct during the financial year ended 31.3.2018.

By Order of the Board

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

Coimbatore
27th June, 2018

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of
Bannari Amman Spinning Mills Limited
(CIN : L17111TZ1989PLC002476)

I have examined the compliance of conditions of Corporate Governance by Bannari Amman Spinning Mills Limited ('the Company'), for the year ended on 31st March, 2018 as referred in Regulation 15(2) of the Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015.

I further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

R. Dhanasekaran
Company Secretary in Practice
FCS 7070
CP 7745

Coimbatore
27th June, 2018

INDEPENDENT AUDITORS' REPORT

To
The Members of Bannari Amman Spinning Mills Limited

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of BANNARI AMMAN SPINNING MILLS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Ind AS 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 standalone 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility.

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

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS 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 standalone 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone Ind AS 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 standalone Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

a) The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March, 2017 and 31st March, 2016 dated 30th May, 2017 and 25th May, 2016 respectively expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

   Our opinion on the standalone Ind AS financial statements is not modified in respect of this matter.

5. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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 A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

   i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements.

   ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

C R Rajagopal
Partner
(Membership No. 23418)

Coimbatore
27th June, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 BANNARI AMMAN SPINNING MILLS LIMITED ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone 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. 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 respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 the Institute of Chartered Accountants of India 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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, 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 31st March, 2018, based on the criteria for internal financial control over financial reporting established by the respective 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

C R Rajagopal
Partner
(Membership No. 23418)

Coimbatore
27th June, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of plant, property and equipment.

b) Some of the plant, property and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the plant, property and equipment at reasonable intervals. According to the information and explanation given to us no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as plant, property and equipment in the financial statements and the buildings constructed on such leasehold land, whose lease deeds have been pledged as security for credit facilities taken from banks. The lease agreements are in the name of the Company, where the Company is the lessee in the agreement based on the confirmations directly received by us from banks.

ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

iv) The Company has not granted any loans hence provisions of Section 185 is not applicable. The Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of making investments and providing guarantees.

v) According to the information and explanations given to us, the Company has not accepted any deposit during the year hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 is not applicable.

vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) According to the information and explanations given to us, in respect of statutory dues:

a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

c) Details of dues of Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax and Cess which have not been deposited as on 31st March, 2018 on account of disputes are given below :

Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in Lakhs)	Amount Unpaid (Rs. In Lakhs)
Income Tax Act, 1961	Income Tax	CIT Appeals	Assessment Year 2011-12	37.47	29.98
Central Excise Act, 1944	Claim for refund of duty	CESTAT Chennai	2008-09, 2009-10 2017-18	144.03	144.03
Central Sales Tax Act,1956	CST demand on exempted sales	High Court - Madras	2008-09, 2009-10	134.15	134.15

viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks. The Company has not taken any loans from the financial institutions, Government or has not issued any debentures.

ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). The Company has obtained term loans during the year and the same have been applied for the purposes for which they were obtained.

x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 Order is not applicable to the Company.

xv) In our opinion and according to information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of Companies Act, 2013 are not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

C R Rajagopal
Partner
(Membership No. 23418)

Coimbatore
27th June, 2018

STANDALONE BALANCE SHEET AS AT MARCH 31, 2018

(Rs. in Lakhs)

Particulars	Note No.	As at March 31,2018	As at March 31,2017	As at April 1,2016
ASSETS				
1 Non-current assets				
a) Property, plant and equipment	3A	59,789.91	57,358.30	51,726.90
b) Capital work-in-progress	3A	105.76	256.50	1,798.95
c) Financial assets	4			
i) Investments	4.1	2,731.32	2,501.67	2,705.50
d) Other non-current assets	5	972.70	2,072.94	1,828.66
Total non - current assets		**63,599.69**	**62,189.41**	**58,060.01**
2 Current assets				
a) Inventories	6	27,600.08	19,757.37	19,193.34
b) Financial assets	7			
i) Trade receivables	7.1	11,443.70	8,538.88	8,256.16
ii) Cash and cash equivalents	7.2	902.74	2,177.18	990.84
iii) Loans	7.3	22.29	19.10	24.19
iv) Other financial assets	7.4	1,266.59	307.90	1,017.36
c) Other assets	8	3,777.05	1,525.74	1,419.57
d) Assets classified as held for sale	3B	56.72	56.72	56.72
Total current assets		**45,069.17**	**32,382.89**	**30,958.18**
Total assets (1+2)		**108,668.86**	**94,572.30**	**89,018.19**
EQUITY AND LIABILITIES				
1 Equity				
a) Equity share capital	9	1,575.43	1,575.43	1,575.43
b) Other equity	10	27,713.08	27,318.00	26,535.02
Total equity		**29,288.51**	**28,893.43**	**28,110.45**
Liabilities				
2 Non-current liabilities				
a) Financial liabilities	11			
i) Borrowings	11.1	25,548.84	19,059.70	16,262.80
b) Deferred tax liabilities (net)	29C	3,009.18	3,135.19	3,347.11
c) Other liabilities	12.1	1,243.21	1,385.42	1,293.63
Total non - current liabilities		**29,801.23**	**23,580.31**	**20,903.54**
3 Current liabilities				
a) Financial liabilities	13			
i) Borrowings	13.1	35,231.65	31,535.35	23,703.70
ii) Trade payables	13.2	9,562.90	3,748.51	8,466.46
iii) Other financial liabilities	13.3	4,071.22	5,618.46	6,855.24
b) Provisions	14	121.90	279.69	225.40
c) Other current liabilities	15	591.45	916.55	753.40
Total current liabilities		**49,579.12**	**42,098.56**	**40,004.20**
Total equity and liabilities (1+2+3)		**108,668.86**	**94,572.30**	**89,018.19**
See accompanying notes to the financial statements				

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

For and on behalf of Board of Directors

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

STANDALONE STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

(Rs. in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	16	89,203.89	86,845.32
II	Other income	17	579.83	234.57
III	**Total revenue (I + II)**		**89,783.72**	**87,079.89**
IV	**EXPENSES**			
	a) Cost of materials consumed	18A	63,550.49	58,467.94
	b) Purchase of stock-in-trade	18B	1,227.37	4,495.89
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(3,960.78)	141.85
	d) Employee benefit expense	20	8,225.54	5,419.73
	e) Finance costs	21	5,686.49	4,379.06
	f) Depreciation and amortisation expense	3A	2,823.26	2,957.47
	g) Other expenses	22	11,467.78	9,772.90
	Total expenses (IV)		**89,020.15**	**85,634.84**
V	**Profit before tax (III - IV)**		**763.57**	**1,445.05**
VI	**Tax expense**			
	1) Current tax			
	a) Current year tax	29A	172.00	521.09
	b) Income tax relating to earlier years	29A	(15.30)	-
	c) MAT credit	29B	(172.00)	(521.09)
	d) MAT credit lapsed written off	29B	-	452.05
	2) Deferred tax	29B	44.89	(127.43)
	Total tax expense (VI)		**29.59**	**324.62**
VII	**Profit for the year (V - VI)**		**733.98**	**1,120.43**
VIII	**Other comprehensive income/(loss)**		**2.47**	**(34.06)**
	A i) Items that will not be recycled to profit or loss			
	a) Remeasurements of the defined benefit liabilities / (asset)		3.57	(51.12)
	b) Gain/(loss) on equity instruments designated at FVTOCI		-	1.26
	ii) Income tax relating to items that will not be reclassified to profit or loss		(1.10)	15.80
	B i) Items that may be reclassified to profit or loss		-	-
IX	**Total comprehensive income for the year (VII + VIII)**		**736.45**	**1,086.37**
X	**Earnings per equity share (in Rs.)**	28		
	1) Basic		4.66	7.11
	2) Diluted		4.66	7.11
	See accompanying notes to the standalone financial statements			

In terms of our report attached

For and on behalf of Board of Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

(Rs. in Lakhs)

a)	Equity share capital	Amount
	Balance as at April 1, 2016	1,575.43
	Balance as at March 31, 2017	**1,575.43**
	Balance as at April 1, 2017	1,575.43
	Balance as at March 31, 2018	**1,575.43**

b) Other equity

(Rs. in Lakhs)

Particulars	Securities premium account	General reserve	Retained earnings / (defecit)		Items of Other Comprehensive Income		Total other equity
			Retained earnings / (defecit)	Remeasurements of the defined benefit liabilities/ (asset) net of tax	Equity instruments through other comprehensive income	Other items of other Comprehensive Income	
Balance as at April 1, 2016	**7,930.76**	**15,295.22**	**3,305.80**	**-**	**3.24**	**-**	**26,535.02**
Profit for the year	-	-	1,120.43	-	-		1,120.43
Transfer to general reserve	-	1,000.00	(1,000.00)	-	-	-	-
Cash dividends (Refer Note 9(iii))	-	-	(252.07)	-	-	-	(252.07)
Dividend distribution tax (Refer Note 9(iii))	-	-	(51.32)	-	-	-	(51.32)
Other comprehensive income (net of taxes)	-	-	-	(35.32)	1.26	-	(34.06)
Balance as at March 31, 2017	**7,930.76**	**16,295.22**	**3,122.84**	**(35.32)**	**4.50**	**-**	**27,318.00**
Balance as at April 1, 2017	**7,930.76**	**16,295.22**	**3,122.84**	**(35.32)**	**4.50**	**-**	**27,318.00**
Profit for the year	-	-	733.98		-	-	733.98
Transfer to General Reserve	-	-	-	-	-	-	-
Cash dividends (Refer Note 9(iii))	-	-	(283.58)	-	-	-	(283.58)
Dividend distribution tax (Refer Note 9(iii))	-	-	(57.79)	-	-	-	(57.79)
Other comprehensive income (net of taxes)	-	-	-	2.47	-	-	2.47
Balance as at March 31, 2018	**7,930.76**	**16,295.22**	**3,515.45**	**(32.85)**	**4.50**	**-**	**27,713.08**

In terms of our report attached

For and on behalf of Board of Directors

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

STANDALONE STATEMENT OF CASH FLOWS

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax for the year		**763.57**		**1,445.05**
Adjustments for:				
Depreciation and amortisation expense	2,823.26		2,957.47	
(Profit) / loss on disposal of property plant and equipment	(45.03)		48.18	
(Profit) / loss on sale of investments	5.26		(71.88)	
Finance costs	5,686.49		4,379.06	
Interest income	(84.35)		(69.90)	
Dividend income	(0.03)		-	
Allowance for/(reversal of) doubtful trade receivables and advances and bad debts written off	31.30		69.65	
Net unrealised exchange (gain) / loss	23.60		-	
		8,440.50		7,312.58
Operating profit before working capital changes		9,204.07		8,757.63
Changes in working capital :				
Adjustments for (increase) / decrease in operating assets:				
Financial assets				
Trade receivables	(2,959.72)		(352.37)	
Loans	(3.19)		5.09	
Other financial assets	(1,038.28)		(12.79)	
Margin money deposits and other stamps	399.14		(2.56)	
Non-financial assets				
Inventories	(7,842.71)		(564.03)	
Other assets	(1,590.97)		(248.00)	
Adjustments for increase / (decrease) in operating liabilities:				
Financial liabilities				
Trade payables	5,814.39		(4,717.95)	
Other financial liabilities	191.97		194.14	
Non-financial liabilities				
Provisions	(35.29)		(43.71)	
Other liabilities	(340.52)		137.69	
		(7,405.18)		(5,604.49)
Cash generated from operations		1,798.89		3,153.14
Net income tax paid		(232.72)		(587.41)
Net cash flow from operating activities (A)		**1,566.17**		**2,565.73**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property plant and equipment, including capital advances	(4,796.32)		(7,336.59)	
Proceeds from sale of investments	77.79		287.47	
Investments made in subsidiary	(304.95)		(10.50)	
Payments for purchase of other investments	(7.75)		-	
Proceeds from disposal of property plant and equipment	53.50		289.61	
Interest received	104.66		49.59	
Dividend received	0.03		-	
Net cash flow used in investing activities (B)		**(4,873.04)**		**(6,720.42)**

STANDALONE STATEMENT OF CASH FLOWS (Contd...)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings	10,563.82		7,840.86	
Repayment of non-current borrowings	(5,863.90)		(6,361.24)	
Increase / (decrease) in working capital borrowings	3,696.30		7,831.65	
Payment of dividend including tax thereon	(341.33)		(303.42)	
Finance costs paid	(5,623.25)		(3,671.62)	
Net cash flow from financing activities (C)		**2,431.64**		**5,336.23**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(875.23)**		**1,181.54**
Add: Cash and cash equivalents at the beginning of the year		1,775.80		594.26
Cash and cash equivalents at the end of the year *		**900.57**		**1,775.80**
Reconciliation of Cash and Cash Equivalents with the Balance Sheet :				
Cash and cash equivalents as per Balance Sheet (Refer Note 7.2)		902.74		2,177.18
Less : Bank balances not considered as cash and cash equivalents, as defined in Ind AS 7 Cash Flow Statements:				
a) In earmarked accounts				
i) Margin money deposits		-		(392.38)
ii) Unpaid dividends account		(2.17)		(2.24)
iii) Others stamps		-		(6.76)
Cash and cash equivalents as per Cash Flow Statement		**900.57**		**1,775.80**
* Comprises :				
a) Cash on hand	18.01		16.12	
b) Cheques/drafts on hand	73.00		48.50	
c) Balances with banks:				
i) In current accounts	809.56		1,511.18	
ii) In deposit accounts	-		200.00	
Total		**900.57**		**1,775.80**
See accompanying notes to the standalone financial statements				

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

For and on behalf of Board of Directors

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

Notes to the Standalone financial statements for the year ended March 31, 2018

Note No.	Particulars
1.	**Corporate Information**
	Bannari Amman Spinning Mills Limited (the "Company") is an integrated textile company engaged in the manufacture of cotton yarn, knitted & woven fabrics, processing of fabrics, finished garments, home textiles and wind power generation. It also has retail division under the brand name "BITZ". The company was incorporated in the year 1989 and issued shares to the public in the year 2005.
2.	**Significant Accounting Policies**
	This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.
2.1	**Basis of accounting and preparation of financial statements**
	i) **Compliance with Ind AS**
	The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act. The financial statements up to year ended March 31 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the company and its subsidiaires (the "group") under Ind AS. Refer note 34 for an explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows.
	ii) **Historical cost convention**
	The financial statements have been prepared on a historical cost basis, except for the following :
	a) Property plant and equipment, financial assets and liabilities that are measured at fair value
	b) Defined benefit plans – plan assets measured at fair value
	c) Assets held for sale – measured at fair value less cost to sell
2.2	**Segment reporting**
	Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.
	The board of directors of the Company assesses the financial performance and position of the Company, and makes strategic decisions. The board of directors, which has been identified as being the chief operating decision maker.
2.3	**Use of estimates**
	In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
	The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that

Note No.	Particulars
	period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. **a) Impairment of investments in subsidiaries** The Company reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for. **b) Useful lives of property, plant and equipment** The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods. **c) Deferred tax assets** The carrying amount of deferred tax asset is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. **d) Employee Benefits** The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.
2.4	**Inventories** Inventories are valued at lower of cost and net realisable value. Cost of raw materials, Packing materials, Stores and Spares and consumables are valued at Cost on First-In-First-Out (FIFO) basis. Value of finished goods and work-in-progress are determined on First-In-First-Out (FIFO) basis and include appropriate share of overheads.
2.5	**Cash and cash equivalents** Cash and cash equivalents comprise cash on hand and demand deposits with banks other than deposits pledged with government authorities and margin money deposits. Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value. 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. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.
2.6	**Cash flow statement** Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of

Notes to the Standalone financial statements for the year ended March 31, 2018

Note No.	Particulars
	past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
2.7	**Taxes on income**
	a) Current tax
	The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted and are applicable as at the end of the reporting period. In the absence of adequate taxable profits, the Company is required to pay Minimum Alternate Tax (MAT) on the book profits, as adjusted for certain provisions.
	b) Deferred tax
	Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
	MAT paid in accordance with the tax laws, if any, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax. Accordingly, MAT is recognised as a deferred tax asset in the Balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
	The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
	Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
	The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
	c) Current and deferred tax for the year
	Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the Standalone financial statements for the year ended March 31, 2018

Note No.	Particulars
2.8	a) **Property, plant and equipment**
	The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.
	An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.
	Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.
	Freehold land and leasehold land where the lease is convertible to freehold land under lease agreements at future dates at no additional cost, are not depreciated.
	Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.
	b) **Capital work-in-progress :**
	Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost , comprising direct cost and related incidental expenses.
	Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013
	The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.
	For the purpose of transition to Ind AS, the Company has elected to fair value all its property plant and equipment in accordance with Ind AS 101 as of April 01, 2016.
2.9	**Leases**
	a) **Where the company is Lessee :**
	Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
	Lease arrangements where the risks and rewards incidental to ownership of an asset substantially

Notes to the Standalone financial statements for the year ended March 31, 2018

Note No.	Particulars
	vest with the lessor are recognised as operating leases. Lease rentals for non-cancellable leases are recognised in the Statement of Profit and Loss on a straight-line basis over the period of lease where the lease payments are structured to increase in line with expected general inflation.
	b) Where the company is Lessor :
	Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.
2.10	**Revenue recognition**
	Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.
	a) Sale of goods
	Revenue from the sale of goods is recognised when the goods are dispatched/delivered and titles have passed, at which time all the following conditions are satisfied:
	- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
	- The Company retains neither continuing managerial involvement to the degree associated with ownership nor effective control over goods sold;
	- The amount of revenue can be measured reliably;
	- It is probable that the economic benefits associated with the transaction will flow to the Company; and
	- The costs incurred or to be incurred in respect of the transaction can be measured reliably
	b) Sale of services
	The Company recognises revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured.
	c) Other operating revenue
	Income incidental to exports such as income from import entitlement and premium on sale of such entitlement are recognised when there is a reasonability of collection
2.11	**Other income**
	a) Interest
	Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
	b) Dividend
	Dividend Income from investments is recognised when the shareholder's right to receive payment

Note No.	Particulars
	has been established (provided that it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably).
2.12	**Employee benefits**
	Employee benefits include provident fund, employee state insurance, gratuity fund and compensated absences.
	a. Retirement benefit costs and termination benefits
	Payments to defined contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions.
	For defined benefit Retirement Benefit Plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.
	b. Defined benefit costs are categorised as follows
	- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) ;
	- Net interest expense or income; and
	- Remeasurement
	For defined benefit plan, in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme. The gratuity fund is maintained with Life Insurance Corporation of India.
	The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.
	The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.
	A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Notes to the Standalone financial statements for the year ended March 31, 2018

Note No.	Particulars
	c) Short-term and other long term employee benefits A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.
2.13	**Foreign currency transactions and translations**
	i) Functional and presentation currency Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.
	ii) Transactions and balances Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).
2.14	**Borrowings and Borrowing cost** Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. "Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred."

Notes to the Standalone financial statements for the year ended March 31, 2018

Note No.	Particulars
2.15	**Earnings per share** Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.
2.16	**Provisions and contingencies** A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.
2.17	**Financial Instruments** All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, financial liabilities like loans and borrowings and payables are recognised net of directly attributable transaction costs. For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, equity instruments at FVTOCI or fair value through profit and loss account (FVTPL) and financial liabilities at amortised cost or FVTPL. The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition. **a) Non-derivative financial assets** **1) Financial assets at amortised cost** A financial asset shall be measured at amortised cost if both of the following conditions are met: a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

Notes to the Standalone financial statements for the year ended March 31, 2018

Note No.	Particulars
	The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.
	Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.
	Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income" line item.
	2) Equity instruments at FVTOCI
	All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.
	If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.
	3) Financial assets at FVTPL
	FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL
	In addition the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
	Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.
	4) Derecognition of financial assets
	The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to

Note No.	Particulars
	pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. **b) Non-derivative financial liabilities** **i) Financial liabilities at amortised cost** Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method. **ii) Financial liabilities at FVTPL** Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Finance costs' line item. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss. For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Notes to the Standalone financial statements for the year ended March 31, 2018

Note No.	Particulars
	iii) Derecognition of non-derivative financial liabilities The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.
2.18	**Impairment** **a) Financial Assets** In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12-months after the reporting date. ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive(i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider : i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument. ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. As practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below : Financial assets measured at amortised cost, contractual revenue receivable: ECL is

Notes to the Standalone financial statements for the year ended March 31, 2018

Note No.	Particulars
	presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
	b) Non-financial assets
	The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.
	An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.
	The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").
2.19	**Government grants**
	Grants from the government are recognised when there is reasonable assurance that: i) The Company will comply with the conditions attached to them; and ii) The grant will be received.
	Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset.
	Where the Company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is recognized as government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.
2.20	**Operating cycle**
	Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes to the Standalone financial statements for the year ended March 31, 2018

3A Property, plant and equipment and capital work-in-progress (Rs. in Lakhs)

Carrying Amount of	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Own land	4,976.31	4,977.21	4,934.87
Leasehold land	610.49	612.89	614.65
Building - own	11,529.75	10,959.00	10,709.67
Building - leasehold	1,418.96	1,323.29	412.76
Plant and machinery	40,784.89	39,098.20	34,738.15
Office equipment	153.86	193.53	118.01
Furniture and fittings	227.79	100.09	71.90
Vehicles	86.07	92.26	125.01
Tools and implements	1.79	1.83	1.88
Total	**59,789.91**	**57,358.30**	**51,726.90**
Capital work-in-progress	105.76	256.50	1,798.95
Total	**59,895.67**	**57,614.80**	**53,525.85**

(Rs. in Lakhs)

Description of assets	Own land	Leasehold land	Building - own	Building - leasehold	Plant and machinery	Office equipment	Furniture and fittings	Vehicles	Tools and implements	Total
I. Deemed cost										
Balance as at April 1, 2016 (Fair value)	4,934.87	614.65	10,709.67	412.76	34,738.15	118.01	71.90	125.01	1.88	51,726.90
Additions	42.34	0.64	664.75	937.54	7,054.46	185.93	32.22	8.78	-	8,926.66
Disposals	-	-	-	-	(541.85)	-	(0.55)	(5.45)	-	(547.85)
Balance as at March 31, 2017	**4,977.21**	**615.29**	**11,374.42**	**1,350.30**	**41,250.76**	**303.94**	**103.57**	**128.34**	**1.88**	**60,105.71**
Additions	0.67	-	1,033.26	140.49	3,883.14	31.16	166.03	8.59	-	5,263.34
Disposals	(1.57)	-	(4.34)	-	(32.12)	-	-	(14.67)	-	(52.70)
Balance as at March 31, 2018	**4,976.31**	**615.29**	**12,403.34**	**1,490.79**	**45,101.78**	**335.10**	**269.60**	**122.26**	**1.88**	**65,316.35**
II. Accumulated depreciation										
Depreciation / amortisation expense for the year	-	2.40	415.42	27.01	2,357.09	110.41	3.56	41.53	0.05	2,957.47
Eliminated on disposal of assets	-	-	-	-	(204.53)	-	(0.08)	(5.45)	-	(210.06)
Balance as at March 31, 2017	**-**	**2.40**	**415.42**	**27.01**	**2,152.56**	**110.41**	**3.48**	**36.08**	**0.05**	**2,747.41**
Depreciation / amortisation expense for the year	-	2.40	458.17	44.82	2,195.73	70.83	38.33	12.94	0.04	2,823.26
Eliminated on disposal of assets	-	-	-	-	(31.40)	-	-	(12.83)	-	(44.23)
Balance as at March 31, 2018	**-**	**4.80**	**873.59**	**71.83**	**4,316.89**	**181.24**	**41.81**	**36.19**	**0.09**	**5,526.44**
III. Net block (I-II)										
Balance as at April 1, 2016	**4,934.87**	**614.65**	**10,709.67**	**412.76**	**34,738.15**	**118.01**	**71.90**	**125.01**	**1.88**	**51,726.90**
Balance as at March 31, 2017	**4,977.21**	**612.89**	**10,959.00**	**1,323.29**	**39,098.20**	**193.53**	**100.09**	**92.26**	**1.83**	**57,358.30**
Balance as at March 31, 2018	**4,976.31**	**610.49**	**11,529.75**	**1,418.96**	**40,784.89**	**153.86**	**227.79**	**86.07**	**1.79**	**59,789.91**

Notes to the Standalone financial statements for the year ended March 31, 2018

The Company has elected to use fair value in its Opening Ind AS Balance Sheet (as at April 01 2016) as deemed cost for owned property plant and equipment. Accordingly, the property plant and equipment is carried at fair value as shown below along with the carrying amount reported under previous GAAP. The difference between the fair value and carrying amount reported under previous GAAP has been taken to Retained Earnings as at April 01, 2016 (Transition Date) net of deferred tax.

Asset class	Fair value	Carrying value as reported under previus GAAP	Gain or (loss)
Land	4,934.87	1,027.18	3,907.69
Other assets	45,764.62	48,091.33	(2,326.71)
Total	**50,699.49**	**49,118.51**	**1,580.98**

The fair value of the above mentioned assets as at April 01, 2016 has been arrived at, on the basis of a valuation carried out as at March 31, 2016 by Mr. Karthikeyan, Chartered Engineer with respect to freehold land and with respect to other assets by Mr. K Kandaswamy, Chartered Engineers registered with the Institution of Engineers (India), having appropriate qualification and experience in the valuation of property plant and equipment. For the valuation of land, the fair value was derived using the market approach considering the prevailing market rate in the vicinity of the subject land parcel and also considering available details of recent transactions of similar land parcels adjusted for factors such as negotiation margin, land use, road location etc. For other assets, the fair value was dervied using the Depreciated Replacement Cost method (DRC). DRC has been worked out using the replacement value determined based on the existing conditions and specifications of the Building with depreciation having been deducted from such replacement value.

Amount Pertaining to the leased Land and Building comprised in the above note represented by 2,52,841 Equity Shares of Rs.10/- each of section 8 Company and Leave & License Agreement.

3B The Company entered into an agreement to sell dated March 30, 2011 with Shiva Tex Yarn Limited for the sale of land situated at Velvarkottai Dindigul & Kodangipalayam Karanampet Coimbatore for a value of Rs.56,72,085/-. Accordingly the said amount is disclosed as Assets held for sale.

Notes to the Standalone financial statements for the year ended March 31, 2018

Non - current assets

4 Financial assets

4.1 Investments

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I. Quoted investments (fully paid)			
Investments in equity instruments - others			
i) 250 (As at March 31, 2017 - 250, As at April 1, 2016 - 250) Equity Shares of Rs.10/- each in Bannari Amman Sugars Ltd	4.84	4.84	3.59
ii) 17 (As at March 31, 2017 - 17, As at April 1, 2016 - 17) Equity Shares of Rs.10/- each in Moil Ltd	0.03	0.03	0.02
Total quoted investments	**4.87**	**4.87**	**3.61**
II. Unquoted investments (fully paid)			
I. Investments in equity instruments - subsidiaries/joint ventures and associates			
i) 3,34,49,112 (As at March 31, 2017 - 2,17,20,202 and As at April 1, 2016 - 2,17,20,202) Equity shares of Rs.10/- each in Young Brand Apparel Private Limited	2,605.99	2,301.05	2,301.05
ii) 10,000 (As at March 31, 2017 - 10,000 and As at April 1, 2016 - 5,000) Equity shares of Rs.10/- each in Accel Apparels Private Limited	1.00	1.00	0.50
iii) 1,00,000 (As at March 31, 2017 - 1,00,000 and As at April 1, 2016 - Nil) Equity shares of Rs. 10/- each in Abirami Amman Mills Private Limited	10.00	10.00	-
II. Investments - others			
i) 54,740 (As at March 31, 2017 - 1,30,000 and As at April 1, 2016 - 3,02,336) Preference shares of Anamallais Agencies Private Limited of Rs.100 each	58.58	139.09	239.55
ii) 6,443 (As at March 31, 2017 - 6,443 and As at April 1, 2016 - 6,443) Preference Shares of Shiva Automobiles Private Limited of Rs. 100 each	5.10	5.10	5.10
iii) 1,123 (As at March 31, 2017 -1,123 and As at April 1, 2016 - 1,123) Preference Shares of Kandiamman Properties & Holdings Private Limited of Rs. 100 each	0.89	0.89	0.89
iv) 34,137 (As at March 31, 2017 - 34,137 and As at April 1, 2016 - 34,137) Preference Shares of Kandiamman Realtors & Developers Private Limited of Rs. 100 each	27.05	27.05	27.05
v) Nil (As at March 31, 2017 - Nil and As at April 1, 2016 - 3,89,200) Equity shares of Rs.10/- each in Cauvery Power Generation Corporation Limited	-	-	112.00

Notes to the Standalone financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
vi) 15,000 (As at March 31, 2017 - 15,000 and As at April 1, 2016 - 15,000) Equity shares of Rs.10/- each in OPG Metal Power Private Limited	1.50	1.50	1.50
vii) 1,45,200 (As at March 31, 2017 - 77,800 and As at April 1, 2016 - 1,29,300) Equity shares of Rs.10/- each in OPG Power Generation Private Limited	16.31	8.56	14.22
viii) Nil (As at March 31, 2017 - 750 and As at April 1, 2016 - Nil) Equity shares of Rs.10/- each in ARS Energy Private Limited	-	2.06	-
ix) Nil (As at March 31, 2017 - 100 and As at April 1, 2016 - Nil) Equity shares of Rs.10/- each in TCP Limited	-	0.47	-
III. Investments in Government securities - Kisan Vikas Patra	0.03	0.03	0.03
Total unquoted investments	**2,726.45**	**2,496.80**	**2,701.89**
Total investments	**2,731.32**	**2,501.67**	**2,705.50**
Aggregate amount of quoted investments	4.87	4.87	3.61
Aggregate market value of quoted investments	4.87	4.87	3.61
Aggregate amount of unquoted investments	2,726.45	2,496.80	2,701.89
Aggregate market value of unquoted investments	2,726.45	2,496.80	2,701.89

As per Ind AS 101 the Company chose to value investments in subsidiaries, joint ventures and associates at deemed cost. Such deemed cost is previous GAAP carrying amounts for all subsidiaries.

5 Other non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Security deposits	602.31	864.37	587.57
Capital advances	61.02	458.01	469.11
Other advances	177.81	576.09	711.06
Advance tax and tax deducted at Source (Net) (Refer Note below)	131.56	174.47	60.92
Total	**972.70**	**2,072.94**	**1,828.66**
Note :			
Advance tax and tax deducted at Source (Net) comprises :			
Current Year	(72.07)	11.91	8.27
Previous Year	203.63	162.56	52.65
Total	**131.56**	**174.47**	**60.92**

Notes to the Standalone financial statements for the year ended March 31, 2018

Current Assets

6 Inventories

(At lower of cost and net realisable value)

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw materials	17,461.06	13,736.96	13,120.96
Work-in-progress	3,368.18	969.56	1,378.49
Finished goods	6,075.79	4,462.43	4,209.15
Stock-in-trade	-	51.20	37.40
Stores and spares	695.05	537.22	447.34
Total	**27,600.08**	**19,757.37**	**19,193.34**

7 Financial assets

7.1 Trade receivables (unsecured)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Considered good	11,443.70	8,538.88	8,256.16
Considered doubtful	605.04	573.74	535.26
	12,048.74	9,112.62	8,791.42
Less: Allowance for doubtful trade receivables	(605.04)	(573.74)	(535.26)
Total	**11,443.70**	**8,538.88**	**8,256.16**

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date.

	Ageing		
	1-90 days	91-180 days	> 180 days
Exports Customers Default rate	9.00%	20.00%	25.00%
Domestic customers Default rate	0.50%	8.00%	18.00%

Notes to the Standalone financial statements for the year ended March 31, 2018

Movement in expected credit loss allowance

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning of the year	573.74	535.26
Movement in expected credit loss on trade receivables calculated at lifetime expected credit losses	236.77	38.48
Provision no longer required written back	(205.47)	-
Balance at the end of the year	**605.04**	**573.74**

7.2 Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Cash on hand	18.01	16.12	51.15
b) Cheques/drafts on hand	73.00	48.50	230.00
c) Balances with banks :			
i) In current accounts	809.56	1,511.18	309.61
ii) In deposit accounts	-	200.00	3.50
iii) In earmarked accounts			
- Margin money deposits	-	392.38	390.01
- Unpaid dividend accounts	2.17	2.24	-
iv) Others - stamps	-	6.76	6.57
Total	**902.74**	**2,177.18**	**990.84**
Of the above, balances that meet the definition of cash and cash equivalents as per Ind AS 7 Cash Flow Statements	900.57	1,775.80	594.26

7.3 Loans

(Unsecured and considered good, unless stated otherwise)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Employee advance	22.29	19.10	22.94
Security deposits	-	-	1.25
Total	**22.29**	**19.10**	**24.19**

Notes to the Standalone financial statements for the year ended March 31, 2018

7.4 Other financial assets

(Unsecured and considered good, unless stated otherwise)

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Accruals :			
Interest accrued on fixed deposits with banks	-	20.31	-
TUF subsidy receivable	175.34	234.63	977.19
Incentive/grant receivable	531.00	-	-
Unbilled revenue	547.89	52.96	40.17
Derivative financial instruments - foreign currency forward contracts	12.36	-	-
Total	**1,266.59**	**307.90**	**1,017.36**

8 Other Assets

(Unsecured and considered good, unless stated otherwise)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Prepaid expenses	587.97	597.33	409.63
Balances with government authorities :			
CENVAT credit receivable	-	3.85	60.74
VAT credit receivable	-	29.39	29.48
Excise duty rebate receivable	-	53.62	19.73
Duty drawback Receivable	221.32	266.99	273.52
GST receivable	1,411.20	-	-
Contribution to gratuity balance	-	41.48	86.68
Advance to suppliers	1,556.56	533.08	539.79
Total	**3,777.05**	**1,525.74**	**1,419.57**

Notes to the Standalone financial statements for the year ended March 31, 2018

9 Equity Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	Amount in Lakhs	Number of shares	Amount in Lakhs	Number of shares	Amount in Lakhs
a) Authorised :						
i) **Equity share capital** Equity shares of Rs.10/- each	1,60,00,000	1,600.00	1,60,00,000	1,600.00	1,60,00,000	1,600.00
ii) **Preference share capital** Cumulative preference shares of Rs.100/- each	50,000	50.00	50,000	50.00	50,000	50.00
Total	**1,60,50,000**	**1,650.00**	**1,60,50,000**	**1,650.00**	**1,60,50,000**	**1,650.00**
b) Issued, subscribed and fully paid-up :						
i) **Equity share capital** Equity shares of Rs. 10/- each	1,57,54,269	1,575.43	1,57,54,269	1,575.43	1,57,54,269	1,575.43
Total	**1,57,54,269**	**1,575.43**	**1,57,54,269**	**1,575.43**	**1,57,54,269**	**1,575.43**

i) **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :**

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10/- each						
At the beginning of the year	1,57,54,269	1,575.43	1,57,54,269	1,575.43	1,57,54,269	1,575.43
Add: Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**1,57,54,269**	**1,575.43**	**1,57,54,269**	**1,575.43**	**1,57,54,269**	**1,575.43**

ii) **Terms / rights attached to the equity shares :**

The Company has issued only one class of equity share having a face value of Rs. 10/- per share. The holder of each equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to all preferential creditors and other creditors, in the order of priority. The distribution will be in proportion to the number of equity shares held by shareholders. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing annual general meeting.

Notes to the Standalone financial statements for the year ended March 31, 2018

iii) Distributions made and proposed

Dividend recognized as distributions to equity shareholders for the year ended March 31, 2017 was Rs. 1.80 per share.

The Board of Directors at its meeting held on May 30, 2017 had recommended a dividend of 18% (Rs.1.80 per equity share of par value Rs. 10 each). The proposal was approved by shareholders at the Annual General Meeting held on September 25, 2017, this has resulted in a cash outflow of Rs. 303.39 lakhs, inclusive of corporate dividend tax of Rs. 51.32 lakhs. Further, the Board of Directors at its meeting held on May 30, 2018 have proposed a dividend of 16% (Rs.1.60 per equity share of par value of Rs. 10 each) .

iii) Details of shareholders holding more than 5% of the share capital :

Equity Shares

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Murugan Enterprise P Ltd	78,03,733	49.53%	78,03,733	49.53%	78,03,733	49.53%
Gagandeep Credit Capital P Ltd	9,87,475	6.27%	9,87,475	6.27%	9,87,475	6.27%

10 Other Equity

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities premium account Amounts received on issue of shares in excess of the par value has been classified as securities premium.	7,930.76	7,930.76	7,930.76
General reserve This represents appropriation of profit by the Company.	16,295.22	16,295.22	15,295.22
Retained earnings/(deficit) Retained earnings/(deficit) comprise of the Company's current and prior years' undistributed earnings after taxes or accumulated losses.	3,515.45	3,122.84	3,305.80
Equity Instruments through other comprehensive income Changes in the fair value of equity instruments is recognized in equity instruments through other comprehensive income (net of taxes), and presented within other equity.	4.50	4.50	3.24
Other items of other comprehensive income Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets and re-measurement of net defined benefit liability/asset.	(32.85)	(35.32)	-
Total	**27,713.08**	**27,318.00**	**26,535.02**

Notes to the Standalone financial statements for the year ended March 31, 2018

Non current liabilities :

11 Financial Liabilities

11.1 Borrowings

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Term Loans - Secured (Refer Notes below)			
- From banks	24,348.32	17,965.55	15,355.49
- From others	1,200.52	1,094.15	907.31
Total	**25,548.84**	**19,059.70**	**16,262.80**

Notes :

Details of terms of repayment and security provided in respect of secured term loans :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) ICICI Bank Limited- Rupee term loan 1	-	800.00	1,600.00
ICICI Bank Limited- Rupee term loan 2	2,437.50	3,000.00	-
ICICI Bank Limited- Rupee term loan 3	3,000.00	-	-
Less : Current maturities of long-term debt	(1,500.00)	(1,362.50)	(800.00)
Total	**3,937.50**	**2,437.50**	**800.00**

Security :

Term Loan 1 : First charge on entire movable and immovable property plant and equipment of spinning unit I situated at Vadamadurai Village, Vedasandhur Taluk, Dindigul District and entire movable property plant and equipment of weaving division situated at Karanampettai, Paruvai Road, Coimbatore 641658. Second charge on the current assets of Spinning Unit I situated at Vadamadurai Village, Vedasandhur Taluk, Dindigul.

Term Loan 2 : First Pari passu charge on the entire movable and immovable property plant and equipment of Spinning Unit I located at Vadamadurai, Dindigul and First Pari passu charge on the specific plant and machinery of Weaving unit located at Karanampet.

Term loan 3 : First charge on the entire property plant and equipment of Spinning Unit I situated at Dindigul and Exclusive first charge on the windmills (Land, Building, Plant & Machinery) located at Chinnaputhur village, Tirupur District and Irukkandurai & Dhanakarkulam Village, in Tirunelveli District.

Repayment : Term loan 1: 20 quarterly instalments starting from April 2013. Term Loan 2 :16 quarterly instalments starting from July 2017. Term Loan 3: 16 quarterly instalments starting from July 2018.

Rate of Interest : Term loan 1: 12.35% Term Loan 2: 10.5%. Term loan 3: 10%.

Notes to the Standalone financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ii) Corporation bank - Rupee term loan under technology upgradation fund scheme	-	-	361.28
Less: Current maturities of long term debt	-	-	(361.28)
Total	**-**	**-**	**-**

First charge by way of equitable mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the expansion project ranking pari-passu with other banks. Second charge on the above property plant and equipment to be extended to the bankers who are extending working capital facilities to the company.

Repayment : 32 Quarterly instalments starting from December 2009.

Rate of Interest : 12.15%

iii) Bank of Maharashtra -Rupee term loan under technology upgradation fund scheme	-	467.30	1,093.74
Less: Current maturities of long term debt	-	(467.30)	(625.00)
Total	**-**	**-**	**468.74**

First charge by way of equitable mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the expansion project ranking pari-passu with other banks. Second charge on the above property plant and equipment to be extended to the bankers who are extending working capital facilities to the company.

Repayment : 32 Quarterly instalments starting from March 2010.

Rate of Interest : 12.20%

iv) Oriental Bank of Commerce - Rupee term loan under technology upgradation fund scheme	-	933.84	2,808.84
Less: Current maturities of long term debt	-	(933.84)	(1,875.00)
Total	**-**	**-**	**933.84**

First charge by way of equitable mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the expansion project ranking pari-passu with other banks. Second charge on the above property plant and equipment to be extended to the bankers who are extending working capital facilities to the company.

Repayment :32 Quarterly instalments starting from October 2009.

Rate of Interest : 12.20%"

v) Indian Bank - Rupee term loan	-	372.50	745.00
Less: Current maturities of long term debt	-	(372.50)	(372.50)
Total	**-**	**-**	**372.50**

Exclusive first charge by way of mortgage and hypothecation on windmill unit III assets located at Melkaraipatti & Kottathurai Village, Palani Taluk, Dindigul District being financed by the Bank.

Repayment :32 quarterly instalments starting from June 2011.

Rate of Interest : 12.15%.

Notes to the Standalone financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
vi) Indian Bank - Rupee term loan	1,730.91	2,032.93	2,220.92
Less : Current maturities of long term debt	(376.00)	(312.00)	(188.00)
Total	**1,354.91**	**1,720.93**	**2,032.92**

Pari-pasu First charge by way of equitable mortgage over factory land and building at SIPCOT Perundurai and exclusive charge on property, plant and equipment purchased out of the loan.

Repayment : 32 Quarterly instalments starting from Feb' 2014.

Rate of Interest : 11.65%

vii) Indian Bank - Rupee term loan	8,350.00	8,888.98	9,357.11
Less : Current maturities of long term debt	(936.00)	(468.00)	(467.85)
Total	**7,414.00**	**8,420.98**	**8,889.26**

Pari-passu First Charge by way of equitable mortgage over factory land and building of Knitting, Processing & Garments Division and exclusive charge on property plant and equipment purchased out of this term loan.

Repayment : 32 quarterly instalments starting from June 2016.

Rate of Interest : 11.65%.

viii) Indian Bank - Rupee term loan	4,560.00	4,535.14	-
Less : Current maturities of long term debt	(228.00)	-	-
Total	**4,332.00**	**4,535.14**	**-**

Pari passu first charge by way of equitable mortgage over the factory land and building of Spinning Division located in Dindigul, Knitting Division Processing & Garments division and exclusive charge on the property plant and equipment purchased out of the Term Loan.

Repayment : 32 quarterly instalments starting from June 2018.

Rate of Interest : 11.20%

ix) Indian Overseas Bank - Rupee term loan under technology upgradation fund scheme	-	587.23	1,837.23
Less : Current maturities of long term debt	-	(587.23)	(1,250.00)
Total	**-**	**-**	**587.23**

First charge by way of equitable mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the expansion project ranking pari-passu with other banks. Second charge on the above property plant and equipment to be extended to the bankers who are extending working capital facilities to the company.

Repayment : 32 Quarterly instalments starting from October 2009.

Rate of Interest : 12.45%

x) Indian Overseas Bank - Rupee term loan	-	1,271.00	1,691.00
Less : Current maturities of long term debt	-	(420.00)	(420.00)
Total	**-**	**851.00**	**1,271.00**

Notes to the Standalone financial statements for the year ended March 31, 2018

Exclusive first charge on windmil unit IV & V assets situated at Chinnapudur village, Dharapuram Taluk, Tamilnadu and Kongalnagaram, Udumalpet Taluk, Tirupur district, Tamilnadu.

Repayment :32 Quarterly instalments starting from June 2012.

Rate of Interest : 12.45%

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
xi) DCB Bank - term loan	2,500.00	-	-
Less: Current maturities of long term debt	(119.05)	-	-
Total	**2,380.95**	**-**	**-**

Exclusive charge over windmills located at Melkaraipatti & Kottathurai Village, Palani Taluk, Dindigul Dist.

Repayment :32 Quarterly instalments starting from Februaru 2019.

Rate of Interest : 8.50%

xii) Axis Bank - term loan	2,300.00	-	-
Less: Current maturities of long term debt	(100.00)	-	-
Total	**2,200.00**	**-**	**-**

Exclusive First charge on windmil unit IV & V assets situated at Chinnapudur village, Dharapuram Taluk, Tamilnadu and Kongalnagaram, Udumalpet Taluk, Tirupur district, Tamilnadu.

Repayment :24 Quarterly instalments starting from December 2018.

Rate of Interest : 10.00%

xiii) Indian overseas Bank - term loan	2,728.96	-	-
Less: Current maturities of long term debt	-	-	-
Total	**2,728.96**	**-**	**-**

Exclusive charge on the Machineries / Assets created out of the Fresh Term loan. Paripassu First charge on property plant and equipment of Spinning Mill Unit I located at Nadukandanur Pirivu, Vadamadurai, Dindigul and Paripassu first charge on Fixed of Spinning Mill Unit II located at Velavarkottai, Trichy Highway 45, Vedasandur TK, Dindigul - 624803.

Repayment 32 Quarterly instalments starting from April 2019.

Rate of Interest: 10.25%

xiv) Palladam Hi-Tech Weaving Park	53.11	71.64	90.07
Less: Current maturities of long term debt	(22.07)	(20.18)	(18.45)
Total	**31.04**	**51.46**	**71.62**

First charge on property plant and equipment acquired out of loan of Garment Unit located at Palladam Hi-Tech Weaving Park, Sukkampalayam Village, K.N.Puram (P o), Palladam.

Repayment : 120 Monthly instalment starting from April 2010.

Rate of Interest : 0.75% .

xv) SIPCOT soft loan	2,554.90	2,554.90	2,230.65
Less: Current maturities of long term debt	-	-	-
Less: Government grant (Refer note (ii) below)	(1,385.42)	(1,512.21)	(1,394.96)
Total	**1,169.48**	**1,042.69**	**835.69**

Notes to the Standalone financial statements for the year ended March 31, 2018

i) First charge by way of equitable mortgage over factory land and building and hypothecation of other movable assets financed by SIPCOT for the expansion project ranking paripassu with other banks and property plant and equipment of the expansion scheme of spinning units located in Velvarkottai Village, Dindigul, Weaving unit at Karanampet, Coimbatore and Technical Textile Unit at Kunnathur Village Annur.

ii) The Government of Tamil Nadu in its order order : G.O. Ms. No. 126, dated October 20, 2009, has granted an amount equivalent to net output VAT + CST paid through expansion project to Government as Investment Promotion Soft Loan for a period of 10 years, subject to terms and condition mentioned in the Eligibility Certificate ID/SPA/BSML/2010 dated 30 April 2013. The soft loan will carry a nominal rate of 0.1% per annum. The soft loan sanctioned is repayable on the 10th year from the date of sanction. This is considered as Government grant and accordingly the loan amount is carried at amortised cost considering an effective interest rate of 12.16%. The Government grant income is recognised proportionately in relation to the interest expense.

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current borrowings - Total	25,548.84	19,059.70	16,262.80
Current maturities of long term debt - Total	3,281.12	4,943.55	6,378.08
Total	**28,829.96**	**24,003.25**	**22,640.88**

12. Other liabilities

Government grant - SIPCOT soft loan (Refer note 11.1)	1,243.21	1,385.42	1,293.63
Total	**1,243.21**	**1,385.42**	**1,293.63**

Current Liabilities

13 Financial Liabilities

13.1 Borrowings

a) Working capital loan from banks (Secured) (Refer Note 1 below)	34,258.72	27,761.78	22,945.16
b) Working capital loan from banks (Un-secured) (Refer Note 2 below)	972.93	3,773.57	758.54
Total	**35,231.65**	**31,535.35**	**23,703.70**

Note : 1 - Secured loans

Details of security offered and other terms & conditions :

i) The Karur Vysya Bank Limited	1,718.75	1,052.92	631.28

Working Capital Limit: Rs.1250 Lakhs

Security: Pari passu first charge on the entire current asset of Spinning Unit I situated at Nadukandanur pirivu, Morepatty Post, Vadamadurai, Dindigul. Pari passu second charge on the entire Fixed Assets of the Spinning Unit I.

ii) Corporation Bank	3,458.50	2,254.66	2,342.91

Working Capital Limit :Rs. 5250 Lakhs

Security : Paripassu first charge on the entire current asset of Spinning Unit I , II and Weaving Unit. Paripassu second charge on the entire Fixed asset of Spinning Unit I, II and Weaving.

Notes to the Standalone financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
iii) ICICI Bank Limited	5,382.00	5,996.14	5,145.83

Working capital limit : Rs.10,000 Lakhs

Security: First Charge by way of Hypothecation of Raw materials, Semi-finished and Finished goods, Consumable stores and Spares and other movable properties of Spinning Unit I, both present and future for Limit upto Rs.2,500 Lakhs.

iv) Oriental bank of Commerce	5,481.82	4,240.82	4,915.42

Working Capital Limit : Rs.6,000 Lakhs

Security : Paripassu first charge on the entire current asset of Spinning unit II, Garment and Processing Units. Paripassu second charge on the entire Fixed asset of Spinning Unit II, Garment and Processing Units.

v) Indian Overseas Bank	8,497.91	7,185.78	7,487.26

Working Capital Limit : Rs.10,000 Lakhs

Security: Paripassu first charge on the entire current asset of Spinning Unit II and Knitting Unit. Paripassu second charge on the entire Fixed asset of Spinning Unit II and Knitting Unit.

vi) Bank of Maharashtra	1,273.20	1,113.85	257.61

Working Capital Limit : Rs.1,500 Lakhs

Security: Paripassu first charge on the entire current asset of Processing unit. Paripassu second charge on the entire Fixed asset of Processsing Unit.

vii) Allahabad Bank	4,041.83	4,267.47	1,341.72

Working Capital Limit : Rs.4,500 Lakhs

Security: Paripassu first charge on the entire current asset of Spinning Unit II & Garment unit. Paripassu second charge on the entire Fixed asset of Spinning unit II & Garment unit.

viii) Bank of Bahrain and Kuwait B.S.C.	471.02	-	747.90

Working Capital Limit : Rs.2,000 Lakhs

Security: Paripassu first charge on the entire current asset of Spinning unit I. Paripassu second charge on the entire Fixed asset of Spinning unit I.

ix) Indian Bank	1,433.70	1,650.14	75.22

Working Capital Limit : Rs.3,000 Lakhs

Security : First Charge by way of Hypothecation of Raw materials, Stock in-process, Finished goods of the Garment and Retail Division. Second charge on the Fixed Assets of the Garment and Retail Division.

x) DCB Bank	2,500.00	-	-

Working Capital Limit : Rs.2,500 Lakhs

Security : Extension of charge on Windmills.

Notes to the Standalone financial statements for the year ended March 31, 2018

Note : 2 Unsecured loans

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) Kotak Mahindra Bank	472.93	1,273.57	758.54
Working Capital Limit : Rs.3,000 Lakhs			
ii) HDFC Bank Limited	500.00	2,500.00	-
Working Capital Limit : Rs.2,500 Lakhs			

13.2 Trade payables

Other than acceptance	9,562.90	3,748.51	8,466.46
Dues to micro and small enterprises (Refer Note 24)	-	-	-
Total	**9,562.90**	**3,748.51**	**8,466.46**

13.3 Other financial liabilities

Current maturities of long-term Debt	3,281.12	4,943.55	6,378.08
Interest accrued but not due on borrowings	184.20	180.25	215.37
Unpaid dividend	2.18	2.21	-
Employee payables	396.02	345.06	152.17
Security deposits received	70.16	23.28	25.51
Contractually reimbursable expenses	100.00	5.86	2.38
Payables on purchase of property plant and equipment	37.54	118.25	81.73
Total	**4,071.22**	**5,618.46**	**6,855.24**

14 Provisions

a) Provision for employee benefits			
i) Provision for compensated absences	8.75	-	-
ii) Provision for bonus	113.15	160.76	153.35
b) Provision for income tax (Net) (Refer Note below)	-	118.93	72.05
Total	**121.90**	**279.69**	**225.40**
Note : Provision for income tax (Net) comprises :			
i) Current year	-	118.93	72.05
ii) Previous years	-	-	-
Total	**-**	**118.93**	**72.05**

15 Other liabilities

Statutory dues	89.63	145.77	113.35
Liability towards funded gratuity scheme	1.60	-	-
Advances received from customers	263.71	549.69	444.42
Advance received towards sale of property, plant and equipment	94.30	94.30	94.30
Government grant - SIPCOT soft loan (Refer note 11.1)	142.21	126.79	101.33
Total	**591.45**	**916.55**	**753.40**

Notes to the Standalone financial statements for the year ended March 31, 2018

16 Revenue from operations

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Revenue from Sale of goods	84,610.70	83,412.18
b) Revenue from rendering of services	2,611.48	1,560.39
c) Other operating revenues (Refer Note below)	1,981.71	1,872.75
Total	**89,203.89**	**86,845.32**
NOTE :		
Other operating revenues comprises:		
a) Sale of scrap	216.04	226.87
b) Duty drawback and other export incentives	1,186.74	1,525.88
c) Rental income form operating lease	120.00	120.00
d) Income from brand promotion	458.93	-
Total	**1,981.71**	**1,872.75**

17 Other Income

a) Interest income (Refer Note 1 below)	84.35	69.90
b) Dividend income from financial assets designated at FVTOCI	0.03	-
c) Net gain on foreign currency transactions and translation	113.35	92.79
d) Other non-operating income (Refer Note 2 below)	382.10	71.88
Total	**579.83**	**234.57**
NOTE 1 :		
Interest income comprises:		
a) Interest from financial assets at amortised cost	-	7.50
b) Interest on security deposit	84.35	62.40
Total - Interest income	**84.35**	**69.90**
NOTE 2 :		
2 Other non-operating income comprises :		
a) Profit on sale of Investment (Net)	-	71.88
b) Profit on sale of property, plant and equipment (Net)	45.03	-
c) Revenue grant and incentives	333.00	-
d) Miscellaneous income	4.07	-
Total - Other non-operating income	**382.10**	**71.88**

Notes to the Standalone financial statements for the year ended March 31, 2018

18 A Cost of materials consumed

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock	13,736.96	13,120.96
Add: Purchases	67,274.59	59,083.94
	81,011.55	72,204.90
Less: Closing stock	(17,461.06)	(13,736.96)
Cost of material consumed	**63,550.49**	**58,467.94**
Material consumed comprises:		
Cotton	45022.56	42,226.85
Yarn	15781.85	13,127.44
Fabric	1050.10	1,897.94
Chemicals	1055.28	977.66
Trims	640.70	238.05
Total	**63,550.49**	**58,467.94**

18 B Purchase of Stock-in-trade

Purchase of stock-in-trade	1,227.37	4,495.89
Total	**1,227.37**	**4,495.89**

19 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Inventories at the end of the year :		
Finished goods	6,075.79	4,462.43
Work-in-progress	3,368.18	969.56
Stock in trade	-	51.20
Total	**9,443.97**	**5,483.19**
Inventories at the beginning of the year :		
Finished goods	4,462.43	4,209.15
Work-in-progress	969.56	1,378.49
Stock in trade	51.20	37.40
Total	**5,483.19**	**5,625.04**
Net (increase) / decrease	**(3,960.78)**	**141.85**

20 Employee benefits expense

Salaries and wages	7,003.15	4,389.29
Contributions to provident and other funds	359.62	302.90
Staff welfare expenses	862.77	727.54
Total	**8,225.54**	**5,419.73**

Notes to the Standalone financial statements for the year ended March 31, 2018

21 Finance Costs

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Interest expense on financial liabilities at amortised cost:		
i) Borrowings (Refer note 30)	5,294.77	4,014.46
b) Other borrowing costs	391.72	364.60
Total	**5,686.49**	**4,379.06**

22 Other Expenses

Consumption of stores and spare parts	405.90	68.07
Manufacturing expenses	53.70	72.40
Consumption of packing materials	893.32	889.85
Power, fuel and water charges	4,292.68	3,043.85
Rent including lease rentals	117.79	121.18
Repairs and Maintenance - Building	91.54	82.68
Repairs and maintenance - Machinery	1,928.38	1,399.42
Repairs and maintenance - Others	190.12	165.50
Insurance	345.51	257.89
Rates and taxes	381.71	412.91
Communication expenses	72.79	75.44
Travelling and conveyance	278.48	195.74
Printing & stationery	52.95	54.33
Freight and forwarding charges	1,168.71	1,282.73
Sales commission	919.84	836.24
Quality claim	(17.17)	4.88
Hank yarn obligation	14.42	14.88
Business promotion expenses	22.68	469.34
Donation	2.65	3.49
Legal and professional charges	156.48	111.41
Payments to Auditors (Refer note 1 below)	22.50	25.19
Corporate social responsibility	21.32	30.61
Allowance for doubtful trade receivables	31.30	38.48
Bad debts written off	-	31.17
Loss on sale of investment	5.26	-
Loss on sale of property plant and equipment (Net)	-	48.18
Miscellaneous expenses	14.92	37.04
Total	**11,467.78**	**9,772.90**

NOTE 1 - Payments to Auditors:

Payments to auditors comprises (net of service tax input credit, where applicable):		
Statutory audit fees	22.50	14.00
For taxation matters	-	4.03
For other services	-	7.16
Total	**22.50**	**25.19**

Notes to the Standalone financial statements for the year ended March 31, 2018

Additional information to the financial statement

23 Contingent liabilities and commitments (to the extent not provided for)

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) Contingent liabilities:			
a) Income tax demands, pending in appeal	29.97	44.12	6.76
b) Central Excise demands, pending in appeal	144.03	142.24	120.03
c) Sales tax demands, pending in appeal	134.15	134.15	134.15
d) TANGEDCO demands, pending in appeal	916.81	772.96	-
e) Corporate guarantee	11826.00	-	-
ii) Commitments:			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:			
Tangible assets	1250.00	308.00	5,651.21

24. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-	-
ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-	-
v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
vi) The amount of further interest due and payable even in the succeeding year, 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	-	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Notes to the Standalone financial statements for the year ended March 31, 2018

25 Employee benefits plans

25.1.a Defined contribution plans- provident fund employee state insurance

The Company makes Provident Fund and Employee state insurance scheme contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised the following contributions in the Statement of profit and loss.

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Provident fund	302.97	286.35
Employee state insurance	74.76	65.14

25.1.b Defined benefit plan - gratuity

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity plan). The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn eligible salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a fund managed by the Insurer included as part of 'Contribution to provident and other funds' in Note 20 Employee benefit expense. Under this plan, the settlement obligation remains with the company.

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows :

a) **Interest Rate Risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

b) **Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

c) **Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liabilty.

d) **Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e) **Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non-availabilty of enough cash/cashequivalent to meet the liabilities or holding of illiquid assets not being sold in time.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2018 by Mr. N Srinivasan, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Notes to the Standalone financial statements for the year ended March 31, 2018

25 Disclosures under Accounting Standards (Contd...)

The following table sets out the funded status of the gratuity scheme: (Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Components of employer expense		
Current service cost	38.48	23.75
Past service cost	21.76	-
Interest cost	23.66	16.79
Expected return on plan assets	(27.25)	(23.99)
Recognised in statement of profit and loss	56.65	16.55
Re-measurement - actuarial (gain)/loss recognised in OCI	(3.57)	51.12
Total expense recognised in the Statement of total comprehensive income	**53.08**	**67.67**
Other Comprehensive Income (OCI)		
Actuarial (gain)/loss due to DBO experience	77.12	36.95
Actuarial (gain)/loss due to DBO assumption changes	(83.22)	13.15
Actuarial (gain)/loss arising during period	(6.10)	50.10
Actual return on plan assets (greater)/less interest on plan assets	2.53	1.02
Actuarial (gains)/ losses recognized in OCI	(3.57)	51.12
Defined Benefit Cost		
Service cost	38.48	23.75
Net interest on net defined benefit liability / (asset)	(3.59)	(7.20)
Actuarial (gains)/ losses recognized in OCI	(3.57)	51.12
Defined benefit cost	**31.32**	**67.67**
Change in defined benefit obligation (DBO) during the year		
Present value of DBO at beginning of the year	312.78	234.69
Current service cost	38.48	23.75
Past service cost	21.76	-
Interest cost	23.66	16.79
Actuarial (gains) / losses	(6.10)	50.10
Benefits paid	(13.44)	(12.55)
Present value of DBO at the end of the year	**377.14**	**312.78**
Actual contribution and benefit payments for year		
Actual benefit payments	13.44	12.55
Actual contributions	10.00	22.47

Notes to the Standalone financial statements for the year ended March 31, 2018

25 Disclosures under Accounting Standards (Contd...)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Change in fair value of assets during the year		
Plan assets at beginning of the year	354.26	321.37
Expected return on plan assets	27.25	23.99
Actual company contributions	10.00	22.47
Actuarial gain / (loss)	(2.53)	(1.02)
Benefits paid	(13.44)	(12.55)
Plan assets at the end of the year	375.54	354.26
Actual return on plan assets	24.72	22.97
Current and Non Current Liability portion		
Particulars :		
Current Liability	(1.60)	-
Non-current asset/ (liability)	-	-
Net asset/(liability)	(1.60)	-
Net asset / (liability) recognised in the Balance Sheet :		
Present value of defined benefit obligation	377.14	312.78
Fair value of plan assets	375.54	354.26
Funded status (Surplus / (Deficit))	(1.60)	41.48
Net asset / (liability) recognised in the Balance Sheet	**(1.60)**	**41.48**
Composition of the plan assets is as follows:		
Insurer managed funds	100%	100%
Total	**375.54**	**354.26**
*Funds are managed by Life Insurance Corporation of India and composition of the fund as at the balance sheet date was not provided by the insurer.		
Actuarial assumptions		
Discount rate	7.73%	7.35%
Expected return on plan assets	7.73%	7.35%
Salary escalation	6.00%	7.50%

Notes to the Standalone financial statements for the year ended March 31, 2018

25 Disclosures under Accounting Standards (Contd...)

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

(Rs. in Lakhs)

Gratuity Plan	March 31, 2018	March 31, 2017	April 1, 2016
Estimate value of obligation if discount rate is taken 1% higher	342.19	275.37	207.67
Estimated value of obligation if discount rate is taken 1% lower	419.04	358.29	267.48
Estimate value of obligation if salary growth rate is taken 1% higher	417.89	354.00	264.02
Estimate value of obligation if salary growth rate is taken 1% lower	342.47	277.72	209.69
Estimate value of obligation if attrition rate is taken 1% higher	381.50	311.29	234.62
Estimate value of obligation if attrition rate is taken 1% lower	377.29	314.71	234.92

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Maturity profile of defined benefit obligation:

Maturity profile, if it ensues	March 31, 2018	March 31, 2017	April 1, 2016
1	19.58	15.37	8.03
2	23.68	26.09	20.88
3	21.90	46.12	29.45
4	17.11	64.25	46.90
5	15.53	78.95	62.38
Above 5	100.26	185.61	174.28

Asset Liability Matching Strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

Notes to the Standalone financial statements for the year ended March 31, 2018

26 Segment Reporting

a) Primary business segment information

The Company's operations relate to only one business segment, viz., Textiles. Accordingly, this is the only reportable business segment.

b) Secondary geographic segment information

(Rs. in Lakhs)

Geographic Segment		Revenue	Segment assets	Capital expenditure incurred
Outside India	March 31, 2018	34,228.70	2,012.76	-
	March 31, 2017	35,720.87	1,746.08	-
	April 1, 2016	-	2,610.92	-
India	March 31, 2018	55,555.02	106,524.54	5,263.34
	March 31, 2017	51,359.02	92,651.75	8,926.66
	April 1, 2016	-	86,346.35	-
Unallocated	March 31, 2018	-	131.56	-
	March 31, 2017	-	174.47	-
	April 1, 2016	-	60.92	-
Total	**March 31, 2018**	**89,783.72**	**108,668.86**	**5,263.34**
	March 31, 2017	**87,079.89**	**94,572.30**	**8,926.66**
	April 1, 2016	**-**	**89,018.19**	**-**

27 Related party transactions

a) Details of Related parties :

Description of relationship	Name of related parties
Subsidiaries	Accel Apparels Private Limited Abirami Amman Mills Private Limited Young Brand Apparel Private Limited (From July 7, 2017)
Joint Venture	Young Brand Apparel Private Limited (Till July 6, 2017)
Enterprises in which the Key management Personnel or relatives have significant influence	Shiva Texyarn Limited Anamallais Automobiles P Ltd Shiva Automobiles Private Limited Shiva Mills Limited Vedanayagam Oil Company Sakthi Murugan Transports Limited
Key Management Personnel (KMP)	Sri S V Arumugam, Managing Director Sri N Krishnaraj, Company Secretary Sri C S Balakumar, Chief Financial Officer (Demised on 10.6.2018)
Relative of KMP	Sri A Senthil, S/o. Sri S V Arumugam, Chief Executive Officer

Notes to the Standalone financial statements for the year ended March 31, 2018

B Details of transactions during the year and balance outstanding as at balance sheet date: (Rs. in Lakhs)

Particulars	Related Party	For the year ended March 31, 2018	For the year ended March 31, 2017
Transactions during the year:			
Purchase of yarn	Shiva Mills Limited	205.87	-
	Shiva Texyarn Limited	178.55	1,065.35
Sale of yarn	Shiva Texyarn Limited	10.77	93.68
	Young Brand Apparel Private Limited	20.72	-
Sale of fabric	Shiva Mills Limited	2.53	-
	Shiva Texyarn Limited	758.72	851.00
	Young Brand Apparel Private Limited	194.47	328.45
Conversion/job work charges received	Shiva Texyarn Limited	32.04	45.67
	Young Brand Apparel Private Limited	4.78	-
Conversion/job work charges paid	Shiva Texyarn Limited	0.14	7.91
	Shiva Mills Limited	5.72	-
	Young Brand Apparel Private Limited	-	3.34
Lease rent received	Shiva Texyarn Limited	138.15	120.00
Lease rent paid for building and machinery	Shiva Texyarn Limited	69.00	63.59
Vehicle maintenance paid	Shiva Automobiles Private Limited	4.19	4.09
Purchase of fabric	Shiva Texyarn Limited	-	362.50
Processing charges received	Young Brand Apparel Private Limited	110.71	51.37
	Shiva Texyarn Limited	-	13.01
Processing charges paid	Shiva Texyarn Limited	-	11.25
Purchase of fuel	Vedanayagam Oil Company	2.23	2.28
Rent paid	Anamallais Automobiles P Ltd	2.11	3.10
	Sakthi Murugan Transports Limited	1.06	-
Purchase of sundry materials	Shiva Mills Limited	0.14	-
Purchase of vehicle	Shiva Automobiles Private Limited	7.41	-
Purchase of canvas	Shiva Texyarn Limited	0.13	-
Sale of machinery	Shiva Texyarn Limited	0.77	-
Remuneration of KMP	Sri S V Arumugam, Managing Director	64.67	243.93
	Sri N Krishnaraj, Company Secretary	14.50	10.74
	Sri C S Balakumar, Chief Financial Officer	15.40	12.61
Salary to relative of KMP	Sri A Senthil, S/o. Sri S V Arumugam, Chief Executive Officer,	30.00	30.00

Notes to the Standalone financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars	Related Party	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balance outstanding as at year end :				
Receivables	Shiva Texyarn Limited	265.02	317.17	285.32
	Young Brand Apparel Private Limited	539.69	234.95	101.57
	Shiva Automobiles Private Limited	-	8.60	0.81
(Payables)	Shiva Mills Limited	(24.67)	-	-
	Vedanayagam Oil Company	(0.24)	-	-
	Sakthi Murugan Transports Limited	(0.09)	-	-
	Sakthi Murugan Transports Limited	-	-	(0.08)
	Young Brand Apparel Private Limited	-	(0.11)	-
	Anamallais Automobiles Private Limited	-	0.34	-
Amount outstanding as at the year end		**779.71**	**560.95**	**387.62**

28 Earnings per equity share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit / (Loss) attributable to equity shareholders (Rs. in Lakhs)	733.98	1,120.43
Weighted average number of equity shares (Nos.)	15,754,269	15,754,269
Par value per equity share (Rs.)	10.00	10.00
Earning per share - Basic & Diluted (Rs.)	4.66	7.11

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Statement of profit and loss	Other comprehensive income	Statement of profit and loss	Other comprehensive income
29A **Income tax recognised :**				
Current tax :				
In respect of current year	156.70	-	521.08	-
Deferred tax :				
In respect of current year	(127.11)	1.10	(196.46)	(15.80)
Income tax expense	**29.59**	**1.10**	**324.62**	**(15.80)**

Notes to the Standalone financial statements for the year ended March 31, 2018

29 B Movement in deferred tax balances :

(Rs. in Lakhs)

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balace
For the year ended March 31, 2018					
Tax effect of items constituting deferred tax asset					
Provision for investments	-	-	-	-	-
Provision for doubtful debts	113.80	-	-	-	113.80
Provision for compensated absences and gratuity	15.80	-	(1.10)	-	14.70
Deferred tax asset on unused tax losses	-	-	-	-	-
Minimium alternate tax	4,894.50	172.00	-	-	5,066.50
Tax effect of items constituting deferred tax asset	**5,024.10**	**172.00**	**(1.10)**	**-**	**5,195.00**
Tax effect of items constituting deferred tax (liability)					
On difference between book balance and tax balance of property plant and equipment	(8,133.32)	(44.89)	-	-	(8,178.21)
Others	(25.97)	-	-	-	(25.97)
Tax effect of items constituting deferred tax (liability)	**(8,159.29)**	**(44.89)**	**-**	**-**	**(8,204.18)**
Net Deferred tax asset/(liability)	**(3,135.19)**	**127.11**	**(1.10)**		**(3,009.18)**
For the year ended March 31, 2017					
Tax effect of items constituting deferred tax asset					
Provision for doubtful debts	101.91	11.89	-	-	113.80
Provision for compensated absences and gratuity	-	-	15.80	-	15.80
Minimium alternate tax	4,825.81	69.03	-	(0.34)	4,894.50
Tax effect of items constituting deferred tax asset	**4,927.72**	**80.92**	**15.80**	**(0.34)**	**5,024.10**
Tax effect of items constituting deferred tax (liability)					
On difference between book base and tax base of property plant and equipment	(8,248.86)	115.54	-	-	(8,133.32)
Others	(25.97)				(25.97)
Tax effect of items constituting deferred tax (liability)	**(8,274.83)**	**115.54**	**-**	**-**	**(8,159.29)**
Net Deferred tax asset/(liability)	**(3,347.11)**	**196.46**	**15.80**	**(0.34)**	**(3,135.19)**

Notes to the Standalone financial statements for the year ended March 31, 2018

29 C Deferred tax (liability) / asset

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Tax effect of items constituting deferred tax Assets			
Provision for doubtful debts	113.80	113.80	101.91
Deferred tax asset 43B deductions	14.70	15.80	-
Minimium alternate tax	5,066.50	4,894.50	4,825.81
Tax effect of items constituting deferred tax Asset	**5,195.00**	**5,024.10**	**4,927.72**
Tax effect of items constituting deferred tax (liability)			
On difference between book balance and tax balance of property plant and equipment	(8,178.21)	(8,133.32)	(8,248.86)
Others	(25.97)	(25.97)	(25.97)
Tax effect of items constituting deferred tax (liability)	**(8,204.18)**	**(8,159.29)**	**(8,274.83)**
Net deferred tax (liability) / asset	**(3,009.18)**	**(3,135.19)**	**(3,347.11)**

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	**763.57**	**1,445.05**
Enacted income tax rate in India	30.90%	34.61%
Computed expected tax expense	235.94	500.10
Effect on account of non-deductible expenses under income tax	-	11.90
Effect on account of Income exempt under income tax	2.29	-
Effect on account of brought forward tax losses on which no deferred tax is created	-	87.62
Write off of Minimum alternate tax	-	(452.06)
Deferred tax relating to earlier years	(208.64)	177.06
Income tax expense recognised in the statement of profit and loss	**29.59**	**324.62**

30 During the year the Company capitalised an amount of Rs.450 lakhs of borrowing cost under property, plant and equipment (For the year ended March 31, 2017 Rs.316.37 Lakhs). The capitalisation rate considered is 10.25% being the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

Notes to the Standalone financial statements for the year ended March 31, 2018

31 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2018, March 31, 2017 and April 1, 2016 is as follows :

(Rs. in Lakhs)

Particulars	Carrying value			Fair value		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Financial assets						
Amortised cost						
Loans	22.29	19.10	24.19	22.29	19.10	24.19
Trade receivable	11,443.70	8,538.88	8,256.16	11,443.70	8,538.88	8,256.16
Cash and cash equivalents	902.74	2,177.18	990.84	902.74	2,177.18	990.84
Other financial assets	1,266.59	307.90	1,017.36	1,266.59	307.90	1,017.36
Investment in Government securities	0.03	0.03	0.03	0.03	0.03	0.03
FVTOCI						
Investment in equity instruments	4.87	4.87	3.61	4.87	4.87	3.61
FVTPL						
Investment in equity instruments (unquoted)	2,726.42	2,496.77	2,701.86	2,726.42	2,496.77	2,701.86
Total assets	**16,366.64**	**13,544.73**	**12,994.05**	**16,366.64**	**13,544.73**	**12,994.05**
Financial liabilities						
Amortised cost						
Borrowings	64,061.61	55,538.60	46,344.58	64,061.61	55,538.60	46,344.58
Trade payables	9,562.90	3,748.51	8,466.46	9,562.90	3,748.51	8,466.46
Other financial liabilities	790.10	674.91	477.16	790.10	674.91	477.16
Total liabilities	**74,414.61**	**59,962.02**	**55,288.20**	**74,414.61**	**59,962.02**	**55,288.20**

The Management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included 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.

The following methods and assumptions were used to estimate the fair values :

i) Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

Notes to the Standalone financial statements for the year ended March 31, 2018

ii) Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2018 was assessed to be insignificant.

iii) The fair values of the unquoted equity shares have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

32 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2018, March 31, 2017 and April 1, 2016.

(Rs. in Lakhs)

Particulars	As at	Fair value measurement using				
		Date of valuation	Total	Quoted Prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value :						
FVTOCI financial assets designated at fair value :						
Investment in equity instruments (quoted)	March 31, 2018	March 31, 2018	4.87	4.87	-	-
	March 31, 2017	March 31, 2017	4.87	4.87	-	-
	April 1, 2016	April 1, 2016	3.61	3.61	-	-
FVTPL financial assets designated at fair value :						
Investment in equity instruments (unquoted)	March 31, 2018	March 31, 2018	2,726.42	-	-	2,726.42
	March 31, 2017	March 31, 2017	2,496.77	-	-	2,496.77
	April 1, 2016	April 1, 2016	2,701.86	-	-	2,701.8

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

33 Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The Company uses foreign currency borowings to mitigate foreign exchange related risk exposures.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

1. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

2. Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers :

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from top customer	3,089.35	3,165.17
Revenue from top 5 customers	9,732.92	10,344.29

Five customers accounted for more than 10% of the revenue for the year ended March 31, 2018 , however two of the customers accounted for more than 10% of the receivables as at March 31, 2018. Four customers accounted for more than 10% of the revenue for the year March 31, 2017, however two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2017.

3. Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The company does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

4. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk through credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

Notes to the Standalone financial statements for the year ended March 31, 2018

The working capital position of the Company is given below :

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and cash equivalents	902.74	2,177.18	990.84
Total	**902.74**	**2,177.18**	**990.84**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016.

Particulars	As at	Less than 1 year	1-2 years	2 years and above
Borrowings	March 31, 2018	38,512.77	5,125.79	20,423.05
	March 31, 2017	36,478.90	4,666.54	14,393.16
	April 1, 2016	30,081.78	5,894.71	10,368.09
Trade payables	March 31, 2018	9,562.90	-	-
	March 31, 2017	3,748.51	-	-
	April 1, 2016	8,466.46	-	-
Other financial liabilities	March 31, 2018	790.10	-	-
	March 31, 2017	674.91	-	-
	April 1, 2016	477.16	-	-

5 Foreign Currency risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling and euros) and foreign currency borrowings (primarily in U.S. dollars, British pound sterling and euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company's management meets on a periodic basis to formulate the strategy for foreign currency risk management.

Consequently, the Company management believes that the borrowings in foreign currency and its assets in foreign currency shall mitigate the foreign currency risk mutually to some extent.

Notes to the Standalone financial statements for the year ended March 31, 2018

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2018, March 31, 2017 and April 1, 2016.

(Rs. in Lakhs)

Particulars	As at	US$	Euro	Pound / sterling	Total
		Rs.	Rs.	Rs.	Rs.
Assets					
Trade receivables	March 31, 2018	1,589.69	793.28	44.98	2,427.95
	March 31, 2017	1,056.06	728.92	31.00	1,815.98
	April 1, 2016	2,232.85	814.56	38.83	3,086.24
Liabilities					
Trade payable	March 31, 2018	2,226.94	272.33	-	2,499.27
	March 31, 2017	-	-	-	-
	April 1, 2016	7,021.06	332.53	-	7,353.59
Borrowings	March 31, 2018	6,154.36	-	-	6,154.36
	March 31, 2017	1,782.58	-	-	1,782.58
	April 1, 2016	8,120.30	-	-	8,120.30
Net assets/(liabilities)	**March 31, 2018**	**(6,791.61)**	**520.95**	**44.98**	**(6,225.68)**
	March 31, 2017	**(726.52)**	**728.92**	**31.00**	**33.40**
	April 1, 2016	**(12,908.51)**	**482.03**	**38.83**	**(12,387.65)**

Foreign currency sensitivity analysis

The Company is mainly exposed to the currency USD on account of significant outstanding trade receivables, borrowings and trade payables in USD.

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity and the balances below would be negative.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Impact on profit for the year	339.58	36.33

For a 5% weakening of the INR against the relevant currency, there would be equivalent amount of impact on the profit as mentioned in the above table.

6. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Notes to the Standalone financial statements for the year ended March 31, 2018

Interest rate sensitivity analysis

If interest rates had been 1% higher and all other variables were held constant, the company's profit for the year ended would have impacted in the following manner :

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Increase / (decrease) in the Profit for the year	(562.42)	(422.06)

If interest rates were 1% lower, the company's profit would have increased by the equivalent amount as shown in the above table.

7 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total equity attributable to the equity share holders of the company	29,288.51	28,893.43	28,110.45
As percentage of total capital	31%	34%	38%
Current borrowings	35,231.65	31,535.35	23,703.70
Non-current borrowings	28,829.96	24,003.25	22,640.88
Total borrowings	64,061.61	55,538.60	46,344.58
As a percentage of total capital	69%	66%	62%
Total capital (borrowings and equity)	**93,350.12**	**84,432.03**	**74,455.03**

The Company is predominantly debt financed which is evident from the capital structure table.

34 Transition to Ind AS

The Company's financial statements for the year ended March 31, 2018 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the interim Ind AS financial statements for the year ended March 31, 2017 be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as at the transition date have been recognized directly in equity at the transition date.

In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below :

Notes to the Standalone financial statements for the year ended March 31, 2018

a) **Exceptions from full retrospective application :**

Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

b) **Exemptions from retrospective application :**

a. The Company has elected to fair value all its property plant and equipment and restate the carrying value of the balance categories of property, plant and equipment in accordance with Ind AS 101 as of April 01, 2016.

b. The Company has elected to continue with the carrying value of all of its investments in subsidiaries, joint venture recognised as of April 01, 2016 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition.

c) **Reconciliations :**

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101 :

- Equity as at April 1, 2016 ;
- Equity as at March 31, 2017 ;
- Total comprehensive income for the year ended March 31, 2017 ;
- Explanation of material adjustments to cash flow statements.

i) **Equity reconciliation:**

(Rs. in Lakhs)

Particulars	Explanation Note	As at March 31, 2017	As at April 1, 2016
Equity under previous GAAP		**28,873.96**	**26,891.37**
Accrual for expected credit loss for trade receivables (Net of tax)	i)	(396.46)	(369.87)
Proposed dividend	ii)	-	303.38
Government grant for setting up of undertaking (net of tax)	iii)	52.83	58.08
Fair value of quoted investment	iv)	4.50	3.24
Fair value of own land (Net of tax)	vi)	3,171.53	3,171.53
Fair value of other assets (net of tax)	vi)	(1,607.75)	(1,607.75)
Reversal of depreciation on fair valued assets (net of tax)	vi)	45.86	-
De-recognition of asset	vii)	(319.90)	-
Change in inventory valuation	viii)	(980.71)	(426.22)
Others		49.57	86.69
Equity as per Ind AS		**28,893.43**	**28,110.45**

Notes to the Standalone financial statements for the year ended March 31, 2018

ii) **Total comprehensive income reconciliation :**

(Rs. in Lakhs)

Particulars	Explanation Note	For the year ended March 31, 2017
Net income/(loss) under previous GAAP		**1,982.59**
Accrual for expected credit loss for trade receivables (Net of tax)	i)	(26.59)
Reversal of income recognised on account of government grant	iii)	(5.25)
Gains/(losses) on defined benefit obligations	v)	35.32
Reversal of depreciation on fair valued assets	vi)	45.86
De-recognition of asset	vii)	(319.90)
Change in inventory valuation (net of tax)	viii)	(554.49)
Others		(37.11)
Profit for the year under Ind AS		**1,120.43**
Fair Value of quoted investment	iv)	1.26
Remeasurement gains/(losses) on defined benefit obligations	v)	(35.32)
Total comprehensive income under Ind AS		**1,086.37**

iii) There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

iv) **Explanation notes for Ind AS transition :**

i) Previous GAAP provision for bad and doubtful receivables were based on 'Incurred Loss Model' (ILM) and financials of the Company for previous year did not carry any provisions against the trade receivables. Under Ind AS, an entity uses trends when measuring Expected Credit Losses (ECL).

ii) Under Ind AS, liability for dividend is recognized in the period in which the obligation to pay is established. Under previous GAAP (till March 31, 2016), a liability is recognized in the period to which the dividend relates, even though the dividend may be approved by the shareholders subsequent to the reporting date.

iii) During the year 2014-15, the Company had received a sum of Rs. 15 Million in the eligible fixed assets and to create direct employment within the investment period of 3 years. The preconditions were complied with by the Company within the given period before April 1, 2016. Under the previous GAAP the said grant was recognised over the useful life of the fixed assets.

Since the Company has already complied with the investment and employment conditions as per the Government order as at 01 April 2016 the carrying amount as at the transition date 01 April 2016 of Rs.84 lakhs shall be adjusted to retained earnings as at the said date.

iv) The Company has made an irrevocable election to present the subsequent changes to the fair value of quoted equity investments in OCI. Accordingly all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss. Under the previous GAAP these investments were recognised at cost.

v) Under the previous GAAP, actuarial gains or losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains or losses from part of remeasurement of the net defined benefit liability / asset is recognised in other comprehensive income.

vi) The Company has fair valued its property plant and equipment as at the transition date i.e April 1, 2016 and accordingly adjutsed the opening retained earnings as at the Transition date. Accordingly the excess depreciation on such revalued property plant and equipment has been reversed in the respective years.

Notes to the Standalone financial statements for the year ended March 31, 2018

vii) Assets not qualifying for recognition under Ind AS is de-recognised.

viii) The Company changed the inventory valuation policy and accordingly such effect is adjusted in the retained earnings/statement of profit and loss of the respective years.

35 Corporate Social responsibility

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Gross amount required to be spent by the company during the year	47.52	41.96
Amount spent during the year on		
i) Construction/ acquisition of any asset	-	4.11
ii) On purposes other than (i) above.	21.32	20.65

Standards / amendments not yet effective

36 Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition :

1) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

2) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is currently assessing the impact on adoption of this standard on its standalone financial statements.

37 Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force for periods beginning on or after April 1, 2018. The Company is currently assessing the impact of this on the consolidated financial statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

For and on behalf of Board of Directors

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To

The Members of Bannari Amman Spinning Mills Limited

1. Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of BANNARI AMMAN SPINNING MILLS LIMITED (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the 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 Ind AS financial statements").

2. Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Parent, as aforesaid.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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 consolidated 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 consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated 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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us and other auditors on separate financial statements/ financial information of the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

a) We did not audit the financial statements/ financial information of two subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 10.73 lakhs as at 31st March, 2018, total revenues of Rs. 0.52 Lakhs and net cash inflows amounting to Rs.0.12 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

   Our opinion on the consolidated Ind AS financial statements above 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 work done and the reports of the other auditors and the financial statements certified by the Management.

b) The comparative financial statements/ financial information for the year ended 31st March, 2017 in respect of two subsidiaries, and the related transition date opening balance sheet as at 1st April, 2016 prepared in accordance with the Ind AS and included in these consolidated Ind AS financial statements have been audited by other auditors, whose reports have been furnished to us by the Management and in so far as it relates to the comparative amounts and disclosures included in respect of these subsidiaries made in these consolidated Ind AS financial statements, is based solely on the reports of the other auditors.

c) The comparative financial information of the Group for the year ended 31st March, 2017 and the related transition date opening balance sheet as at 1st April, 2016 included in these consolidated Ind AS financial statements, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued consolidated financial statements were audited by the predecessor auditor whose reports for the years ended 31st March, 2017 and 31st March, 2016 dated 25th May, 2017 and 25th May, 2016 respectively expressed an unmodified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of the above matters on the comparative financial information.

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 the report of the other auditors on separate financial statements and the other financial information of subsidiary companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2018 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

C.R. Rajagopal
Partner
(Membership No. 23418)

Coimbatore
27th June, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of BANNARI AMMAN SPINNING MILLS LIMITED (hereinafter referred to as "the "Parent") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 the respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies which are companies incorporated in India, 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 the Institute of Chartered Accountants of India 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies which are companies incorporated in India.

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 authorisation 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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies which are companies incorporated in India, 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, 2018, based on the criteria for internal financial control over financial reporting 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.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

C.R. Rajagopal
Partner
(Membership No. 23418)

Coimbatore
27th June, 2018

Consolidated Balance Sheet as at March 31, 2018

(Rs. in Lakhs)

Particulars	Note No.	As at March 31,2018	As at March 31,2017	As at April 1,2016
ASSETS				
1 **Non-current assets**				
a) Property, plant and equipment	3A	66,891.90	57,358.30	51,726.90
b) Capital work-in-progress	3A	105.76	256.50	1,798.95
c) Other intangible assets	3B	17.58	-	-
d) Financial assets	4			
i) Investments	4.1	114.33	2,055.94	2,239.36
e) Deferred tax asset		119.18	-	-
f) Other non-current assets	5	1,034.76	2,073.03	1,828.66
Total non - current assets		**68,283.51**	**61,743.77**	**57,593.87**
2 **Current assets**				
a) Inventories	6	32,009.28	19,757.37	19,193.34
b) Financial assets	7			
i) Trade receivables	7.1	12,407.18	8,538.88	8,256.16
ii) Cash and cash equivalents	7.2	1,682.00	2,187.66	990.84
iii) Loans	7.3	61.95	19.10	24.19
iv) Other financial assets	7.4	2,169.12	307.90	1,017.36
c) Other assets	8	4,257.11	1,525.24	1,419.58
d) Assets classified as held for sale	3D	56.72	56.72	56.72
Total current assets		**52,643.36**	**32,392.87**	**30,958.19**
Total Assets (1+2)		**120,926.87**	**94,136.64**	**88,552.06**
EQUITY AND LIABILITIES				
1 **Equity**				
a) Equity share capital	9	1,575.43	1,575.43	1,575.43
b) Other equity	10	27,915.09	26,881.47	26,068.88
Equity attributable to the owners of the Holding Company		**29,490.52**	**28,456.90**	**27,644.31**
Non-controlling interest		2,875.75	-	-
Total equity		**32,366.27**	**28,456.90**	**27,644.31**
Liabilities				
2 **Non-current liabilities**				
a) Financial liabilities	11			
i) Borrowings	11.1	27,014.02	19,059.70	16,262.80
b) Provisions	12.1	112.57	-	-
c) Deferred tax liabilities (net)		3,232.64	3,135.19	3,347.11
d) Other liabilities	12.2	1,243.21	1,385.42	1,293.63
Total non - current liabilities		**31,602.44**	**23,580.31**	**20,903.54**
3 **Current liabilities**				
a) Financial liabilities	13			
i) Borrowings	13.1	39,491.56	31,535.35	23,703.69
ii) Trade payables	13.2	10,831.22	3,749.35	8,466.46
iii) Other financial liabilities	13.3	4,807.81	5,618.45	6,855.26
b) Provisions	14	269.31	279.73	225.40
c) Other current liabilities	15	1,558.26	916.55	753.40
Total current liabilities		**56,958.16**	**42,099.43**	**40,004.21**
Total equity and liabilities (1+2+3)		**120,926.87**	**94,136.64**	**88,552.06**
See accompanying notes to the consolidated financial statements				

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

For and on behalf of Board of Directors

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(Rs. in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue from operations	16	100,785.78	86,845.32
II	Other income	17	597.37	234.57
III	**Total revenue (I + II)**		**101,383.15**	**87,079.89**
IV	**EXPENSES**			
	a) Cost of materials consumed	18A	70,171.96	58,467.94
	b) Purchase of stock-in-trade	18B	1,227.37	4,495.89
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	19	(3,960.78)	141.85
	d) Employee benefit expense	20	11,300.64	5,419.73
	e) Finance costs	21	5,998.88	4,379.06
	f) Depreciation and amortisation expense	3C	3,132.98	2,957.47
	g) Other expenses	22	12,400.36	9,774.20
	Total expenses (IV)		**100,271.41**	**85,636.14**
V	**Profit before tax (III - IV)**		**1,111.74**	**1,443.75**
VI	Share of net profit from joint venture accounted for using equity method		37.66	30.90
VII	**Profit before tax (V + VI)**		**1,149.40**	**1,474.65**
VIII	**Tax expense**			
	1) Current tax			
	a) Current tax for the year		172.00	521.09
	b) Income tax relating to earlier years		(15.31)	-
	c) MAT credit		(172.00)	(521.09)
	d) MAT credit lapsed written off		-	452.06
	2) Deferred tax		187.40	(127.43)
	Total tax expense (VIII)		**172.09**	**324.63**
IX	**Profit for the year (VII - VIII)**		**977.31**	**1,150.02**
X	**Other comprehensive income/(loss)**		**493.64**	**(34.06)**
	A i) Items that will not be recycled to profit or loss			
	a) Remeasurement of the defined benefit liabilities / (asset)		(4.98)	(51.12)
	b) Gain/(loss) on equity instruments designated at FVTOCI		-	1.26
	ii) Income tax relating to items that will not be reclassified to profit or loss		(1.10)	15.80
	B i) Items that may be reclassified to profit or loss		723.19	-
	ii) Income tax relating to items that will be reclassified to profit or loss		(223.47)	-
XI	**Total comprehensive income for the year (VII + VIII)**		**1,470.95**	**1,115.96**
	Profits attributable to			
	Non-controlling interest		100.12	-
	Owners of the Company		877.19	1,150.02
	Other comprehensive income attributable to			
	Non-controlling interest		(4.16)	-
	Owners of the Company		497.80	(34.06)
	Total comprehensive income attributable to			
	Non-controlling interest		95.96	-
	Owners of the Company		1,374.99	1,115.96
			1,470.95	**3,348.00**
XI	**Earnings per equity share (in Rs.)**	28		
	1) Basic		6.20	7.30
	2) Diluted		6.20	7.30

See accompanying notes to the consolidated financial statements

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

For and on behalf of Board of Directors

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

Consolidated Statement of changes in equity for the year ended March 31, 2018

(Rs. in Lakhs)

a) Equity share capital	Amount
Balance as at April 1, 2016	1,575.43
Balance as at March 31, 2017	**1,575.43**
Balance as at April 1, 2017	1,575.43
Balance as at March 31, 2018	**1,575.43**

b) Other equity

(Rs. in Lakhs)

Particulars	Securities premium account	General reserve	Retained earnings (Refer Note No. 10)	Items of Other Comprehensive Income			Equity attributable to the owners of the Holding Company	Non-Controlling Interest	Total other equity
				Remeasurements of the defined benefit liabilities/ (asset) net of tax	Equity instruments through other comprehensive income	Other items of other Comprehensive Income (Refer Note No. 34)			
Balance as at April 1, 2016	**7,930.76**	**15,295.22**	**2,839.67**	**-**	**3.23**		**26,068.88**	**-**	**26,068.88**
Profit for the year	-	-	1,150.02	-	-	-	1,150.02	-	1,150.02
Transfer to General Reserve	-	1,000.00	(1,000.00)	-	-	-	-	-	-
Cash dividends (Refer Note 9(iii))	-	-	(252.06)	-	-	-	(252.06)	-	(252.06)
Dividend distribution tax (Refer Note 9(iii))	-	-	(51.31)	-	-	-	(51.31)	-	(51.31)
Other comprehensive income (net of taxes)	-	-	-	(35.32)	1.26	-	(34.06)	-	(34.06)
Balance as at March 31, 2017	**7,930.76**	**16,295.22**	**2,686.32**	**(35.32)**	**4.49**	**-**	**26,881.47**	**-**	**26,881.47**
Balance as at April 1, 2017	**7,930.76**	**16,295.22**	**2,686.32**	**(35.32)**	**4.49**	**-**	**26,881.47**	**-**	**26,881.47**
Profit for the year	-	-	877.19	-	-	-	877.19	100.12	877.19
Cash dividends (Refer Note 9(iii))	-	-	(283.59)	-	-	-	(283.59)	-	(283.59)
Dividend distribution tax (Refer Note 9(iii))	-	-	(57.78)	-	-	-	(57.78)	-	(57.78)
Other comprehensive income (net of taxes)	-	-	-	(1.92)	-	499.72	497.80	(4.16)	497.80
Balance as at March 31, 2018	**7,930.76**	**16,295.22**	**3,222.14**	**(37.24)**	**4.49**	**499.72**	**27,915.09**	**95.96**	**27,915.09**

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

For and on behalf of Board of Directors

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

Consolidated Cash Flow Statement

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax for the year		**1,111.74**		**1,443.75**
Adjustments for :				
Depreciation and amortisation expense	3,132.98		2,957.47	
(Profit) / loss on disposal of property, plant and equipment	(45.04)		48.18	
(Profit) / loss on sale of investments	5.26		(71.88)	
Finance costs	5,998.88		4,379.06	
Interest income	(70.73)		(69.90)	
Dividend income	(0.03)		-	
Provision for doubtful debts	31.30		69.65	
Net unrealised exchange (gain) / loss	23.60		-	
		9,076.22		7,312.58
Operating profit before working capital changes		10,187.96		8,756.33
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Financial assets				
Trade receivables	(1,317.58)		(352.37)	
Loans	(42.85)		5.09	
Other financial assets	(1,704.07)		(12.79)	
Margin money deposits and other stamps	381.60		(2.54)	
Non-financial assets				
Inventories	(8,372.19)		(564.03)	
Other assets	(1,054.00)		(247.48)	
Adjustments for increase / (decrease) in operating liabilities:				
Financial liabilities				
Trade payables	7,081.91		(4,717.09)	
Other financial liabilities	(3,172.77)		194.12	
Non-financial liabilities				
Provisions	216.12		(43.72)	
Other liabilities	626.29		137.69	
		(7,357.54)		(5,603.12)
Cash generated from operations		2,830.42		3,153.21
Net income tax (paid) / refunded		(244.26)		(587.47)
Net cash flow from operating activities (A)		**2,586.16**		**2,565.74**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property, plant and equipment including capital advances	(5,148.67)		(7,336.62)	
Investment made in of subsidiary	(304.95)		-	
Payments for other investments	(5.69)		-	
Proceeds on sale of investments	75.67		287.46	
Proceeds from disposal of property, plant & equipment	53.52		289.61	
Interest received	91.04		49.59	
Dividend received	0.03		-	
Net cash flow used in investing activities (B)		**(5,239.05)**		**(6,709.96)**

Consolidated Cash Flow Statement Contd..

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings	7,060.99		8,491.03	
Repayment of non-current borrowings	(6,840.65)		(7,011.40)	
Increase / (decrease) in working capital borrowings	7,956.21		7,831.66	
Payment of dividend including tax thereon	(341.36)		(303.39)	
Finance costs paid	(5,969.19)		(3,671.61)	
Net cash flow from financing activities (C)		**1,866.00**		**5,336.29**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(786.89)**		**1,192.07**
Add: Cash and cash equivalents at the beginning of the year		1,786.32		594.25
Cash and cash equivalents acquired on acquisition		662.86		-
Cash and cash equivalents at the end of the year *		**1,662.29**		**1,786.32**
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note No. 7.2)		1,682.00		2,187.66
Less: Bank balances not considered as cash and cash equivalents, as defined in Ind AS 7 Cash Flow Statements:				
i) In earmarked accounts				
- Margin money deposits		(17.53)		(392.38)
- Unpaid dividends account		(2.18)		(2.21)
- Others stamps		-		(6.75)
Cash and cash equivalents as per cash flow statement		**1,662.29**		**1,786.32**
* Comprises:				
a) Cash on hand	19.46		16.16	
b) Cheques/drafts on hand	73.00		48.50	
c) Balances with banks:				
i) In current accounts	968.83		1,514.11	
ii) In deposit accounts	601.00		207.55	
Total		**1,662.29**		**1,786.32**
See accompanying notes to the consolidated financial statements				

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

For and on behalf of Board of Directors

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
1.	**Corporate information** Bannari Amman Spinning Mills Limited (the "Company") is an integrated textile company engaged in the manufacture of cotton yarn, knitted & woven fabrics, processing of fabrics, finished garments, home textiles and wind power generation. It also has retail division under the brand name "**BITZ**". The company was incorporated in the year 1989 and issued shares to the public in the year 2005. In addition the Company has an investment in subsidiaries which have been collectively referred to as "Group".
2.	**Significant accounting policies** This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.
2.1	a) **Basis of accounting and preparation of financial statements** i) **Compliance with Ind AS** The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act. The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the company under Ind AS. Refer note 35 for an explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows. ii) **Historical cost convention** The financial statements have been prepared on a historical cost basis, except for the following : a) Certain property plant and equipment, financial assets and liabilities that are measured at fair value and b) Defined benefit plans – plan assets measured at fair value c) Assets held for sale – measured at fair value less cost to sell b) **Principles of consolidation and equity accounting** i) **Subsidiaries** Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars

ii) Joint arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Holding Company had a joint venture as at April 1, 2016 and March 31, 2017.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its joint venture are eliminated to the extent of the group's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investee have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment.

The consolidated Ind AS financial statements of the Group include subsidiaries/joint ventures which are incorporated in India in the table below:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Young Brand Apparel Private Limited	51.33%	33.33%	33.33%
Accel Apparels Private Limited	100%	100%	50%
Abirami Amman Mills Private Limited	100%	100%	-

2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The board of directors of the Holding Company assesses the financial performance and position of the Company, and makes strategic decisions. The board of directors, has been identified as being the chief operating decision maker.

2.3 Use of estimates

In the application of the group's accounting policies, the directors of the Holding Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
	The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
	The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
	a) **Useful lives of property, plant and equipment**
	The group reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.
	b) **Deferred tax assets**
	The carrying amount of deferred tax asset is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
	c) **Employee Benefits**
	The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.
2.4	**Inventories**
	Inventories are valued at lower of cost and net realisable value. Cost of raw materials, Packing materials, Stores and Spares and consumables are valued at cost on First-In-First-Out (FIFO) basis. Value of finished goods and work-in-progress are determined on First-In-First-Out basis and include appropriate share of overheads.
2.5	**Cash and cash equivalents**
	Cash and cash equivalents comprises cash on hand and demand deposits with banks other than deposits pledged with government authorities and margin money deposits.
	Cash and cash equivalent in the Balance Sheet comprises cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value. 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. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn.
2.6	**Cash flow statement**
	Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and 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. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
2.7	**Taxes on income**
	a) **Current tax**
	The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before

Note No.		Particulars
		tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted and are applicable as at the end of the reporting period. In the absence of adequate taxable profits, the Company is required to pay Minimum Alternate Tax (MAT) on the book profits, as adjusted for certain provisions.
	b)	**Deferred tax**
		Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
		MAT paid in accordance with the tax laws, if any, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax. Accordingly, MAT is recognised as a deferred tax asset in the Balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
		The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
		Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
		The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
	c)	**Current and deferred tax for the year**
		Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.
2.8	a)	**Property, plant and equipment**
		The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
	An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.
	Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.
	Freehold land and leasehold land where the lease is convertible to freehold land under lease agreements at future dates at no additional cost, are not depreciated.
	Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.
	b) **Capital work-in-progress:**
	Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost , comprising direct cost and related incidental expenses.
	Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013
	The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.
	For the purpose of transition to Ind AS, the Holding Company has elected to fair value all its property plant and equipment in accordance with Ind AS 101 as of April 01,2016.
2.9	**Leases**
	a) **Where the group is Lessee:**
	Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.
	Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals for non-cancellable leases are recognised in the Statement of Profit and Loss on a straight-line basis over the period of lease where the lease payments are structured to increase in line with expected general inflation.
	b) **Where the group is Lessor:**
	Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
2.10	**Revenue recognition** Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties. a) **Sale of goods** Revenue from the sale of goods is recognised when the goods are dispatched/delivered and titles have passed, at which time all the following conditions are satisfied: - The group has transferred to the buyer the significant risks and rewards of ownership of the goods; - The group retains neither continuing managerial involvement to the degree associated with ownership nor effective control over goods sold; - The amount of revenue can be measured reliably; - It is probable that the economic benefits associated with the transaction will flow to the group; and - The costs incurred or to be incurred in respect of the transaction can be measured reliably b) **Sale of services** The group recognises revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured. c) **Other operating revenue** Income incidental to exports such as income from import entitlement and premium on sale of such entitlement are recognised when there is a reasonability of collection
2.11	**Other income** a) **Interest** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. b) **Dividend** Dividend Income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the group and the amount of income can be measured reliably).
2.12	**Employee benefits** Employee benefits include provident fund, employee state insurance, gratuity fund and compensated absences. a) **Retirement benefit costs and termination benefits** Payments to defined contribution Retirement Benefit Plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit Retirement Benefit Plans, the cost of providing benefits is determined using the

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
	projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.
	b) Defined benefit costs are categorised as follows:
	- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
	- Net interest expense or income; and
	- Remeasurement
	For defined benefit plan, in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme. The gratuity fund is maintained with Life Insurance Corporation of India.
	The group presents the first two components of defined benefit costs in profit or loss in the line item `Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.
	The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.
	A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.
	c) Short-term and other long term employee benefits
	A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
	Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.
	Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
2.13	**Foreign currency transactions and translations** i) **Functional and presentation currency** Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the group's functional and presentation currency. ii) **Transactions and balances** Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).
2.14	**Borrowings and Borrowing cost** Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.
2.15	**Earnings per share** Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.
2.16	**Provisions and contingencies** A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
	These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.
2.17	**Financial Instruments**
	All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, financial liabilities like loans and borrowings and payables are recognised net of directly attributable transaction costs.
	For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, equity instruments at FVTOCI or fair value through profit and loss account (FVTPL) and financial liabilities at amortised cost or FVTPL.
	The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.
	a) Non-derivative financial assets
	i) Financial assets at amortised cost
	A financial asset shall be measured at amortised cost if both of the following conditions are met:
	a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flowsand
	b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
	They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.
	The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period, to the gross carrying amount on initial recognition.
	Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.
	Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other Income" line item.
	ii) Equity instruments at FVTOCI
	All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present

Note No.	Particulars
	subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss. **iii) Financial assets at FVTPL** FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL In addition the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. **iv) Derecognition of financial assets** The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. On derecognition of a financial asset other than in its entirety (e.g. when the group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
	b) Non-derivative financial liabilities **i) Financial liabilities at amortised cost** Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method. **ii) Financial liabilities at FVTPL** Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Finance costs' line item. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss. For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss. **iii) Derecognition of non-derivative financial liabilities** The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.
2.18	**Impairment** **a) Financial Assets** In accordance with Ind AS 109, the group applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12-months after the reporting date.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
	ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive(i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider: i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument. ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. As practical expedient, the group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in forward-looking estimates are analysed. ECL impairment loss allowance (or reversal) recognised during the year is recognised as income/expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below: Financial assets measured at amortised cost, contractual revenue receivable: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the group does not reduce impairment allowance from the gross carrying amount. **b) Non-financial assets** The group assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the group estimates the amount of impairment loss. An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss. The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note No.	Particulars
2.19	**Government grants** Grants from the government are recognised when there is reasonable assurance that: i) the group will comply with the conditions attached to them; and ii) the grant will be received. Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. When the grant relates to an asset, it is recognized as income over the expected useful life of the asset. Where the group receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost it is recognised at a fair value. When loan or similar assistance are provided by government or related institutions, with an interest rate below the current applicable marketrate, the effect of this favourable interest is recognized as government rate. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.
2.20	**Operating cycle** Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

3A Property, plant and equipment and capital work-in-progress (Rs. in Lakhs)

Carrying Amount of	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Own land	7,851.51	4,977.21	4,934.87
Leasehold land	610.49	612.89	614.65
Building own	13,033.52	10,959.00	10,709.67
Building leashold	1,418.96	1,323.29	412.76
Plant and machinery	43,398.09	39,098.20	34,738.15
Office equipment	235.06	193.53	118.01
Furniture and fittings	256.10	100.09	71.90
Vehicles	86.38	92.25	125.00
Tools and implements	1.79	1.84	1.89
Total	**66,891.90**	**57,358.30**	**51,726.90**
Capital work-in-progress	105.76	256.50	1,798.95
Total	**66,997.66**	**57,614.80**	**53,525.85**

(Rs. in Lakhs)

Description of assets	Own land	Leasehold land	Building - own	Building - leasehold	Plant and machinery	Office equipment	Furniture and fittings	Vehicles	Tools and implements	Total
I. Cost/Deemed cost										
Balance as at April 1, 2016 (Fair value)	4,934.87	614.65	10,709.67	412.76	34,738.15	118.01	71.90	125.00	1.89	51,726.90
Additions	42.34	0.64	664.75	937.54	7,054.46	185.93	32.22	8.78	-	8,926.66
Disposals		-		-	(541.85)		(0.55)	(5.45)		(547.85)
" Balance as at March 31, 2017 "	**4,977.21**	**615.29**	**11,374.42**	**1,350.30**	**41,250.76**	**303.94**	**103.57**	**128.33**	**1.89**	**60,105.71**
Acquisition on business combination (Refer note 34)	2,875.20	-	1,542.73	-	2,505.72	93.64	37.03	0.34	-	7,054.66
Additions	0.67	-	1,043.01	140.49	4,219.49	34.12	169.33	8.59	-	5,615.70
Disposals	(1.57)	-	(4.34)	-	(32.12)	-	-	(14.66)	-	(52.69)
" Balance as at March 31, 2018 "	**7,851.51**	**615.29**	**13,955.82**	**1,490.79**	**47,943.85**	**431.70**	**309.93**	**122.60**	**1.89**	**72,723.38**
II. Accumulated depreciation										
Depreciation expense for the year	-	2.40	415.42	27.01	2,357.09	110.41	3.56	41.53	0.05	2,957.47
Eliminated on disposal of assets	-	-	-	-	(204.53)	-	(0.08)	(5.45)	-	(210.06)
" Balance as at March 31, 2017 "	-	2.40	415.42	27.01	2,152.56	110.41	3.48	36.08	0.05	2,747.41
Depreciation expense for the year	-	2.40	506.88	44.82	2,424.58	86.23	50.35	12.97	0.05	3,128.28
Eliminated on disposal of assets	-	-	-	-	(31.38)	-	-	(12.83)	-	(44.21)
" Balance as at March 31, 2018 "	**-**	**4.80**	**922.30**	**71.83**	**4,545.76**	**196.64**	**53.83**	**36.22**	**0.10**	**5,831.48**
III. Net block (I-II)										
Balance as at April 1, 2016	**4,934.87**	**614.65**	**10,709.67**	**412.76**	**34,738.15**	**118.01**	**71.90**	**125.00**	**1.89**	**51,726.90**
Balance as at March 31 2017	**4,977.21**	**612.89**	**10,959.00**	**1,323.29**	**39,098.20**	**193.53**	**100.09**	**92.25**	**1.84**	**57,358.30**
Balance as at March 31 2018	**7,851.51**	**610.49**	**13,033.52**	**1,418.96**	**43,398.09**	**235.06**	**256.10**	**86.38**	**1.79**	**66,891.90**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

3B Intangible assets

(Rs. in Lakhs)

Description of assets	Computer software
I. Deemed cost	
Balance as at April 1, 2016	-
Additions	
Disposals	-
Balance as at March 31, 2017	**-**
Acquisiion on business combination (Refer Note 34)	22.28
Additions	-
Disposals	-
Balance as at March 31, 2018	**22.28**
II. Accumulated amortisation	
Balance as at April 1, 2016	**-**
Amortisation expense for the year	-
Eliminated on disposal of assets	-
Balance as at March 31, 2017	**-**
Amortisation expense for the year	4.70
Eliminated on disposal of assets	
Balance as at March 31, 2018	**4.70**
III. Net block (I-II)	
Balance as at April 1, 2016	**-**
Balance as at March 31 2017	**-**
Balance as at March 31 2018	**17.58**

3C Depreciation and amortisation expenses

Particulars	As at March 31, 2018	As at March 31, 2017
Tangible assets	3,128.28	2,957.47
Intangible assets	4.70	-
Total	**3,132.98**	**2,957.47**

The Holding Company has elected to use fair value in its opening Ind AS Balance Sheet (as at April 01 2016) as deemed cost for owned property plant and equipment. Accordingly, the property plant and equipment is carried at fair value as shown below along with the carrying amount reported under previous GAAP. The difference between the fair value and carrying amount reported under previous GAAP has been taken to Retained Earnings as at April 01, 2016 (Transition Date) net of deferred tax.

Asset class	Fair value	Carrying value as reported under previus GAAP	Gain or (loss)
Own Land (excluding assets classified as held for sale)	4,934.87	1,027.18	3,907.69
Other assets	45,764.62	48,091.33	(2,326.71)
Total	**50,699.49**	**49,118.51**	**1,580.98**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

The fair value of the above mentioned assets as at April 01, 2016 has been arrived at, on the basis of a valuation carried out as at March 31, 2016 by Mr. Karthikeyan, Chartered Engineer with respect to freehold land and with respect to other assets by Mr. K Kandaswamy, Chartered Engineer registered with the Institution of Engineers (India), having appropriate qualification and experience in the valuation of property plant and equipment. For the valuation of land, the fair value was derived using the market approach considering the prevailing market rate in the vicinity of the subject land parcel and also considering available details of recent transactions of similar land parcels adjusted for factors such as negotiation margin, land use, road location etc. For other assets, the fair value was dervied using the Depreciated Replacement Cost method (DRC). DRC has been worked out using the replacement value determined based on the existing conditions and specifications of the Building with depreciation having been deducted from such replacement value.

Amount Pertaining to the Land and Building comprised in the above property, plant and equipment schedule represented by 2,52,841 Equity Shares of Rs.10/- each of section 8 Company and Leave & License Agreement.

3D The Holding company entered into an agreement to sell dated March 30, 2011 with Shiva Texyarn Limited for the sale of land situated at Velvarkottai Dindigul and Kodangipalayam Karanampet Coimbatore for a value of Rs.56.72 lakhs. Accordingly the said amount is disclosed as assets held for sale.

Non - current Assets

4 Financial Assets

4.1 Investments

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
I. Quoted investments (fully paid)			
Investments in equity instruments - others			
i) 250 (As at March 31, 2017 - 250, As at April 1, 2016 - 250) Equity shares of Rs.10/- each in Bannari Amman Sugars Ltd	4.85	4.85	3.59
ii) 17 (As at March 31, 2017 - 17, As at April 1, 2016 - 17) Equity Shares of Rs.10/- each in Moil Ltd.	0.03	0.03	0.02
Total quoted investments	**4.88**	**4.88**	**3.61**
II. Unquoted investments (fully paid)			
I. Investments in equity instruments - Joint venture			
NIL (As at March 31, 2017 - 2,17,20,202 and As at April 1, 2016 - 21,720,202) Equity shares of Rs.10/- each in Young Brand Apparel Private Limited (Refer Note 34).	-	1,866.31	1,835.41
II. Investments - Others			
i) 54,740 (As at March 31, 2017 - 1,30,000 and As at April 1, 2016 - 3,02,336) Preference shares of Anamallais Agencies Private Limited of Rs.100 each	58.57	139.09	239.55
ii) 6,443 (As at March 31, 2017 - 6,443 and As at April 1, 2016 - 6,443) Preference Shares of Shiva Automobiles Private Limited of Rs. 100 each	5.10	5.10	5.10

Notes forming part of consolidated financial statements for the year ended March 31, 2018

4.1 Investments (Contd.,)

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
iii) 1,123 (As at March 31, 2017- 1,123 and As at April 1, 2016- 1,123) Preference Shares of Kandiamman Properties & Holdings P Ltd of Rs. 100 each	0.89	0.89	0.89
iv) 34,137 (As at March 31, 2017 - 34,137 and As at April 1, 2016 - 34,137) Preference Shares of Kandiamman Realtors & Developers Private Limited of Rs. 100 each	27.05	27.05	27.05
v) Nil (As at March 31, 2017 - Nil and As at April 1, 2016 - 3,89,200) Equity shares of Rs.10/- each in Cauvery Power Generation Corporation Ltd	-	-	112.00
vi) 15,000 (As at March 31, 2017 - 15,000 and As at April 1, 2016 - 5,000) Equity shares of Rs.10/- each in OPG Metal Power P Ltd	1.50	1.50	1.50
vii) 1,45,200 (As at March 31, 2017 - 77,800 and As at April 1, 2016 - 1,29,300) Equity shares of Rs.10/- each in OPG Power Generation P Ltd	16.31	8.56	14.22
viii) NIL (As at March 31, 2017 - 750 and As at April 1, 2016 - NIL) Equity shares of Rs.10/- each in ARS Energy Private Limited	-	2.06	-
ix) NIL (As at March 31, 2017 100 and As at April 1, 2016 NIL) Equity shares of Rs.10/- each in TCP Ltd	-	0.47	-
III. Investments in Government securities - Kisan Vikas Patra	0.03	0.03	0.03
Total unquoted investments	**109.45**	**2,051.06**	**2,235.75**
Total Investments	**114.33**	**2,055.94**	**2,239.36**
Aggregate amount of quoted investments	4.88	4.88	3.61
Aggregate market value of quoted investments	4.88	4.88	3.61
Aggregate amount of unquoted investments	109.45	2,051.06	2,235.75
Aggregate market value of unquoted investments	109.45	2,051.06	2,235.75

Notes forming part of consolidated financial statements for the year ended March 31, 2018

5 Other non-current assets

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Security deposits	652.70	864.36	587.54
Capital advances	61.01	458.01	469.11
Other advances	177.87	576.10	711.10
Advance tax and tax deducted at source (Net)	143.18	174.56	60.91
Total	**1,034.76**	**2,073.03**	**1,828.66**
Advance tax and tax deducted at Source (Net) comprises:			
Current year	(60.45)	11.91	8.27
Previous years	203.63	162.65	52.64
Total	**143.18**	**174.56**	**60.91**

Current Assets

6 Inventories
(At lower of cost and net realisable value)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw materials	20,099.75	13,736.98	13,120.96
Work-in-progress	3,785.17	969.57	1,378.49
Finished goods	7,345.97	4,462.42	4,209.15
Stock-in-trade	-	51.21	37.40
Stores and spares	778.39	537.19	447.34
Total	**32,009.28**	**19,757.37**	**19,193.34**

7 Financial assets

7.1 Trade receivables (unsecured)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Considered good	12,407.18	8,538.88	8,256.16
Considered doubtful	605.04	573.74	535.26
	13,012.22	**9,112.62**	**8,791.42**
Less: Allowance for doubtful debts	(605.04)	(573.74)	(535.26)
Total	**12,407.18**	**8,538.88**	**8,256.16**

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

	Ageing		
	1-90 days	91-180 days	> 180 days
Exports Customers Default rate	9.00%	20.00%	25.00%
Domestic customers Default rate	0.50%	8.00%	18.00%

Movement in expected credit loss allowance

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at the beginning of the year	573.74	535.26
Movement in expected credit loss on trade receivables calculated at lifetime expected credit losses	236.77	38.48
Provision no longer required written back	(205.47)	-
Balance at the end of the year	**605.04**	**573.74**

7.2 Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Cash on hand	19.46	16.16	51.15
b) Cheques/drafts on hand	73.00	48.50	230.00
c) Balances with banks :			
i) In current accounts	968.83	1,514.11	309.60
ii) In deposit accounts	601.00	207.55	3.50
iii) In earmarked accounts			
- Margin money deposits	17.53	392.38	390.01
- Unpaid dividend accounts	2.18	2.21	-
iv) Others - stamps	-	6.75	6.58
Total	**1,682.00**	**2,187.66**	**990.84**
Of the above, balances that meet the definition of cash and cash equivalents as per Ind AS 7 Cash Flow Statements	1,662.29	1,786.32	594.25

7.3 Loans

(Unsecured and considered good, unless stated otherwise)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Employee advance	61.95	19.10	22.93
Security deposits	-	-	1.26
Total	**61.95**	**19.10**	**24.19**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

7.4 Other financial assets

(**Unsecured and considered good, unless stated otherwise**)

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Accruals :			
Interest accrued on fixed deposits with banks	-	20.31	-
TUF subsidy receivable	208.88	234.63	977.19
Unbilled revenue	547.90	52.96	40.17
Incentive/grant receivable	1,399.97	-	-
Derivative financial instruments	12.37	-	-
Total	**2,169.12**	**307.90**	**1,017.36**

8 Other Assets

(**Unsecured and considered good, unless stated otherwise**)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Prepaid expenses	636.88	597.32	409.61
Balances with government authorities :			
CENVAT credit receivable	-	3.85	60.74
VAT credit receivable	6.95	29.36	29.48
Excise duty rebate receivable	-	53.62	19.73
Duty drawback receivable	258.02	267.00	273.51
GST receivable	1,747.33	-	-
Contibution to gratuity fund	-	41.47	86.68
Advance to suppliers	1,607.93	532.62	539.83
Total	**4,257.11**	**1,525.24**	**1,419.58**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

9 Equity Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number of shares	Amount in Lakhs	Number of shares	Amount in Lakhs	Number of shares	Amount in Lakhs
a) Authorised :						
i) **Equity share capital**						
Equity shares of Rs.10/- each	1,60,00,000	1,600.00	1,60,00,000	1,600.00	1,60,00,000	1,600.00
ii) **Preference share capital**						
Cumulative preference shares of Rs.100/- each	50,000	50.00	50,000	50.00	50,000	50.00
Total	**1,60,50,000**	**1,650.00**	**1,60,50,000**	**1,650.00**	**1,60,50,000**	**1,650.00**
b) **Issued, subscribed and fully paid-up :**						
i) **Equity share capital**						
Equity shares of Rs. 10/- each	1,57,54,269	1,575.43	1,57,54,269	1,575.43	1,57,54,269	1,575.43
Total	**1,57,54,269**	**1,575.43**	**1,57,54,269**	**1,575.43**	**1,57,54,269**	**1,575.43**

i)Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period :

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number of shares	Amount in Lakhs	Number of shares	Amount in Lakhs	Number of shares	Amount in Lakhs
Equity shares of Rs. 10/- each						
At the beginning of the year	1,57,54,269	1,575.43	1,57,54,269	1,575.43	1,57,54,269	1,575.43
Add: Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**1,57,54,269**	**1,575.43**	**1,57,54,269**	**1,575.43**	**1,57,54,269**	**1,575.43**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

(ii) Terms / rights attached to the equity shares:

The Holding Company has issued only one class of equity share having a face value of Rs. 10/- per share. The holder of each equity share is entitled to one vote per share. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to all preferential creditors and other creditors, in the order of priority. The distribution will be in proportion to the number of equity shares held by shareholders. The Holding Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

(iii) Distributions made and proposed

Dividend recognized as distributions to equity shareholders for the year ended March 31, 2017 was Rs 1.80 per share.

The Board of Directors of the Holding Company at its meeting held on May 30, 2017 had recommended a dividend of 18% (Rs.1.80 per equity share of par value Rs.10/- each). The proposal was approved by shareholders at the Annual General Meeting held on September 25, 2017, this has resulted in a cash outflow of Rs 303.39 lakhs, inclusive of corporate dividend tax of Rs 51.32 lakhs. Further, the Board of Directors at its meeting held on May 30, 2018 have proposed a dividend of 16% (Rs.1.60 per equity share of par value of Rs.10/- each).

iii) Details of shareholders holding more than 5% of the share capital :

Equity Shares

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of shares held	% of holding	Number of shares held	% of holding	Number of shares held	% of holding
Murugan Enterprise P Ltd	78,03,733	49.53%	78,03,733	49.53%	78,03,733	49.53%
Gagandeep Credit Capital P Ltd	9,87,475	6.27%	9,87,475	6.27%	9,87,475	6.27%

10 Other Equity

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Securities premium account	7,930.76	7,930.76	7,930.76
Amounts received on issue of shares in excess of the par value has been classified as securities premium.			
General reserve	16,295.22	16,295.22	15,295.22
This represents appropriation of profit by the group.			
Retained earnings	3,222.14	2,686.32	2,839.67
Retained earnings comprise of the group's current and prior years' undistributed earnings after taxes or accumulated losses.			
Equity Instruments through other comprehensive income	4.49	4.49	3.23
Changes in the fair value of equity instruments is recognized in equity instruments through other comprehensive income (net of taxes), and presented within other equity.			
Other items of other comprehensive income	462.48	(35.32)	-
Other items of other comprehensive income consist of fair value changes on FVTOCI financial assets, gain on business combination and re-measurement of net defined benefit liability/asset.			
Total	**27,915.09**	**26,881.47**	**26,068.88**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Non-current Liabilities

11 Financial Liabilities

11.1 Borrowings

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Term loans - Secured(Refer Notes below)			
- From banks	25,813.50	17,965.55	15,355.50
- From others	1,200.52	1,094.15	907.30
Total	**27,014.02**	**19,059.70**	**16,262.80**

Notes : Details of terms of repayment and security provided in respect of secured term loans :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) ICICI Bank Limited- Rupee term loan 1	-	3,800.00	1,600.00
ICICI Bank Limited- Rupee term loan 2	2,437.50	-	-
ICICI Bank Limited- Rupee term loan 3	3,000.00	-	-
Less: Current maturities of long term debt	(1,500.00)	(1,362.50)	(800.00)
	3,937.50	**2,437.50**	**800.00**

Security:

Term Loan 1: First charge on entire movable and immovable property, plant and equipment of spinning unit I situated at Vadamadurai Village, Vedasandhur Taluk, Dindigul District and entire movable property, plant and equipment of weaving division situated at Karanampettai, Paruvai Road, Coimbatore 641658. Second charge on the current assets of Spinning Unit I situated at Vadamadurai Village, Vedasandhur Taluk, Dindigul.

Term Loan 2: First Pari passu charge on the entire movable and immovable property, plant and equipment of Spinning Unit I located at Vadamadurai, Dindigul and first Paripassu charge on the specific planted machinery of weaving unit located Karanampet.

Term loan 3: First charge on the entire property, plant and equipment of Spinning Unit I situated at Dindigul and Exclusive first charge on the windmills (Land, Building, Plant & Machinery) located at Chinnaputhur village, Tirupur District and Irukkandurai & Dhanakarkulam Village, in Tirunelveli District.

Repayment: Term loan 1: 20 quarterly instalments starting from April 2013. Term Loan 2- 16 quarterly instalments starting from July 2017. Term Loan 3: 16 quarterly instalments starting from July 2018.

Rate of Interest : Term loan 1: 12.35% Term Loan 2: 10.5%. Term loan 3: 10%

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ii) Corporation bank - Rupee term loan under technology upgradation fund scheme	-	-	361.28
Less: Current maturities of long term debt	-	-	(361.28)
Total	**-**	**-**	**-**

First charge by way of Equitable Mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the expansion project ranking pari-passu with other banks. Second charge on the property, plant and equipment to be extended to the bankers who are extending working capital facilities to the company.

Repayment : 32 Quaterly instalments starting from Dec 2009.

Rate of Interest : 12.15% p.a

Notes forming part of consolidated financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
iii) Bank of Maharashtra -Rupee term loan under technology upgradation fund scheme	-	467.30	1,093.75
Less: Current maturities of long term debt	-	(467.30)	(625.00)
Total	**-**	**-**	**468.75**

First charge by way of Equitable Mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the expansion project ranking pari-passu with other banks. Second charge on the property, plant and equipment to be extended to the bankers who are extending working capital facilities to the company.

Repayment :32 Quarterly instalments starting from March 2010.

Rate of Interest : 12.20%

iv) Oriental Bank of Commerce - Rupee term loan under technology upgradation fund scheme	-	933.84	2,808.84
Less: Current maturities of long term debt	-	(933.84)	(1,875.00)
Total	**-**	**-**	**933.84**

First charge by way of Equitable Mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the expansion project ranking pari-passu with other banks. Second charge on the property, plant and equipment to be extended to the bankers who are extending working capital facilities to the company.

Repayment :32 Quarterly instalments starting from October 2009.

Rate of Interest : 12.20%

v) Indian Bank - Rupee term loan	-	372.50	745.00
Less: Current maturities of long term debt	-	(372.50)	(372.50)
Total	**-**	**-**	**372.50**

Exclusive First charge by way of Mortgage and hypothecation on windmil unit III assets being financed by the Bank.

Repayment :32 Quarterly instalments starting from June 2011.

Rate of Interest : 12.15%

vi) Indian Bank - Rupee term loan	1,730.91	2,032.93	2,220.92
Less: Current maturities of long term debt	(376.00)	(312.00)	(188.00)
Total	**1,354.91**	**1,720.93**	**2,032.92**

Pari-pasu First charge by way of equitable mortgage over factory land and building at SIPCOT Perundurai and exclusive charge on property, plant and equipment purchased out of the loan.

Repayment :32 Quarterly instalments starting from Feb' 2014.

Rate of Interest : 11.65%

vii) Indian Bank - Rupee term loan	8,350.00	8,888.98	9,357.11
Less: Current maturities of long term debt	(936.00)	(468.00)	(467.85)
Total	**7,414.00**	**8,420.98**	**8,889.26**

Pari-passu First Charge by way of Equitable Mortgage over factory land and building of Knitting, Processing & Garments and exclusive charge on property, plant and equipment purchased out of this term loan.

Repayment :32 Quarterly instalments starting from June 2016. Rate of Interest : 11.65%

Notes forming part of consolidated financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
viii) Indian Bank - Rupee term loan	4,560.00	4,535.14	-
Less: Current maturities of long term debt	(228.00)	-	-
Total	**4,332.00**	**4,535.14**	**-**

Pari passu first charge by way of equitable mortgage over the factory land and building of Spinning Division located in Dindigul, Knitting, Processing & Garments division and exclusive charge on the property, plant and equipment purchased out of the term loan.

Repayment :32 Quarterly instalments starting from June 2018.

Rate of Interest : 11.20%

ix) Indian Overseas Bank - Rupee term loan under technology upgradation fund scheme	-	587.23	1,837.23
Less: Current maturities of long term debt	-	(587.23)	(1,250.00)
Total	**-**	**-**	**587.23**

First charge by way of Equitable Mortgage over factory land and building and hypothecation of other movable assets financed by the bank for the expansion project ranking pari-passu with other banks. Second charge on the property, plant and equipment to be extended to the bankers who are extending working capital facilities to the company.

Repayment :32 Quarterly instalments starting from October 2009.

Rate of Interest : 12.45%

x) Indian Overseas Bank - Rupee term loan	-	1,271.00	1,691.00
Less: Current maturities of long term debt	-	(420.00)	(420.00)
Total	**-**	**851.00**	**1,271.00**

Exclusive First charge on windmil unit IV & V assets situated at Chinnapudur village, Dharapuram Taluk, Tamilnadu and Kongalnagaram, Udumalpet Taluk, Tirupur district, Tamilnadu. Repayment :32 Quarterly instalments starting from June 2012. Rate of Interest : 12.45%

xi) DCB Bank - term loan	2,500.00	-	-
Less: Current maturities of long term debt	(119.05)	-	-
Total	**2,380.95**	**-**	**-**

Exclusive charge over windmills located at Melkaraipatti & Kottathurai Village, Palani Taluk, Dindigul Dist. Repayment :32 Quarterly instalments starting from February 2019. Rate of Interest : 8.50%

xii) Axis Bank - term loan	2,300.00	-	-
Less: Current maturities of long term debt	(100.00)	-	-
Total	**2,200.00**	**-**	**-**

Exclusive First charge on windmil unit IV & V assets situated at Chinnapudur village, Dharapuram Taluk, Tamilnadu and Kongalnagaram, Udumalpet Taluk, Tirupur district, Tamilnadu.
Repayment :24 Quarterly instalments starting from December 2018.
Rate of Interest : 8.50%

Notes forming part of consolidated financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
xiii) Indian overseas Bank - term loan	2,728.96	-	-
Less: Current maturities of long term debt	-	-	-
Total	**2,728.96**	**-**	**-**

Exclusive charge on the Machineries / Assets created out of the Fresh Term loan. Paripassu First charge on property, plant and equipment of Spinning Mill Unit I located at Nadukandanur Pirivu, Vadamadurai, Dindigul and Paripassu first charge on Fixed of Spinning Mill Unit II located at Velavarkottai, Trichy Highway 45, Vedasandur TK, Dindigul - 624803.

Repayment : 32 Quarterly instalments starting from April 2019. Rate of Interest : 10.25%

xiv) Oriental Bank of Commerce - Rupee term loan	1,359.85	-	-
Less: Current maturities of long term debt	(228.00)	-	-
Total	**1,131.85**	**-**	**-**

First charge on Property plant and equipment of Young Brand Apparel Private Limited, including equitable mortgage over factory land and building and hypothecation of other property plant and equipment acquired out the loan. After the initial holiday period of 24 months.

Repayment : 84 equal quarterly installments starting from June 2017. Rate of Interest : 13.5%

xv) Oriental Bank of Commerce - Rupee term loan	533.33	-	-
Less: Current maturities of long term debt	(200.00)	-	-
Total	**333.33**	**-**	**-**

First charge on Property plant and equipment of Young Brand Apparel Private Limited, including equitable mortgage over factory land and building. After the initial holiday period of 12 months.

Repayment : 60 equal quarterly installments starting from June 2017. Rate of Interest : 13.5%

xvi) Palladam Hi-Tech Weaving Park	53.11	71.64	90.07
Less: Current maturities of long term debt	(22.07)	(20.18)	(18.45)
Total	**31.04**	**51.46**	**71.62**

First charge on property, plant and equipment acquired out of loan of Garment Unit located at Palladam Hi-Tech Weaving Park, Sukkampalayam Village, K.N.Puram (P o), Palladam.

Repayment : 120 Monthly instalment starting from April 2010.
Rate of Interest : 0.75% .

xvii)SIPCOT Soft loan	2,554.90	2,554.90	2,230.65
Less: Current maturities of long term debt	-	-	-
Less: Government grant (Refer note (ii) below)	(1,385.42)	(1,512.21)	(1,394.96)
Total	**1,169.48**	**1,042.69**	**835.69**

First charge by way of equitable mortgage ove factory land and building and hypothecation of other movable assets financed by SIPCOT for the expansion project ranking paripassu with other banks and property, plant and equipment of the expansion scheme of spinning units located in Velvarkottai Village, Dindigul, Weaving Unit at Karanampet, Coimbatore and Technical Textile Unit at Kunnathur Village Annur.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

The Government of Tamil Nadu in its order order: G.O. Ms. No. 126, dated October 20, 2009, has granted an amount equivalent to net output VAT + CST paid through expansion project to Government as Investment Promotion Soft Loan for a period of 10 years , subject to terms and condition mentioned in the Eligibility Certificate ID/SPA/BSML/2010 dated 30 April 2013. The soft loan will carry a nominal rate of 0.1% per annum. The soft loan sanctioned is repayable on the 10th year from the date of sanction. This is considered as Government grant and accordingly the loan amount is carried at amortised cost considering an effective interest rate of 12.16%. The government grant income is recognised proportionately in relation to the interest expense.

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-current borrowings - Total	27,014.02	19,059.70	16,262.80
Current maturities of long-term borrowings - Total	3,709.12	4,943.55	6,378.07
Total	**30,723.14**	**24,003.25**	**22,640.87**

12.1 Provisions

Provision for employee benefits :			
Provision for gratuity (Refer Note No.25.1.b)	112.57	-	-
Total	**112.57**	**-**	**-**

12.2 Other Liabilities

Government Grant - SIPCOT soft loan (Refer Note no. 11.1)	1,243.21	1,385.42	1,293.63
Total	**1,243.21**	**1,385.42**	**1,293.63**

Current Liabilities

13 Financial Liabilities

13.1 Borrowings

a) Working capital loan from banks (secured) (Refer Note 1 below)	38,518.63	27,761.78	22,945.15
b) Working capital loan from banks (un-secured) (Refer Note 2 below)	972.93	3,773.57	758.54
Total	**39,491.56**	**31,535.35**	**23,703.69**

Note - 1 Secured loan :

Details of security offered and other terms & conditions :

i) The Karur Vysya Bank Limited	1,718.27	1,052.92	631.28

Working Capital Limit: Rs.1,250 Lakhs

Security: Pari passu first charge on the entire current asset of Spinnng Unit I situated at Nadukandanur pirivu, Morepatty Post, Vadamadurai, Dindigul. Pari passu second charge on the entire property, plant and equipment of the Spinning Unit I.

ii) Corporation Bank	3,458.50	2,254.66	2,342.91

Working Capital Limit: Rs.5,250 Lakhs

Security: Paripassu first charge on the entire current asset of Spinning Unit I, II and Weaving Unit. Paripassu second charge on the entire property, plant and equipment of Spinning Unit I, II and Weaving.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
iii) ICICI Bank Limited	5,382.00	5,996.14	5,145.83

Working capital limit : Rs.10,000 Lakhs

Security : First Charge by way of hypothecation of raw materials, semi-finished and finished goods, consumable stores and Spares and other movable properties of spinning unit I, both present and future for Limit upto Rs.2,500 Lakhs.

iv) Oriental bank of Commerce	5,481.82	4,240.82	4,915.42

Working Capital Limit : Rs.6,000 Lakhs

Security: Paripassu first charge on the entire current asset of Spinning Unit II, Garment and Processing Units. Paripassu second charge on the entire property, plant and equipment of Spinning Unit II, Garment and Processing Units.

v) Indian Overseas Bank	8,497.91	7,185.78	7,487.26

Working Capital Limit: Rs.10,000 Lakhs

Security: Paripassu first charge on the entire current asset of Spinning Unit I , II and Weaving Unit. Paripassu second charge on the entire property, plant and equipment of Spinning I, II and Weaving.

vi) Bank of Maharashtra	1,273.20	1,113.85	257.61

Working Capital Limit: Rs.1,500 Lakhs

Security: Paripassu first charge on the entire current asset of Processing Unit. Paripassu second charge on the entire property, plant and equipment of Processsing Unit.

vii) Allahabad Bank	4,041.83	4,267.47	1,341.72

Working Capital Limit: Rs.4,500 Lakhs

Security: Paripassu first charge on the entire current asset of Spinning Unit II & Garment Unit. Paripassu second charge on the entire property, plant and equipment of Spinning Unit II & Garment Unit.

viii) Bank of Bahrain & Kuwait B.S.C.	471.02	-	747.90

Working Capital Limit: Rs.2,000 Lakhs.

Security : Paripassu first charge on the entire current asset of Spinning Unit I. Paripassu second charge on the entire property, plant and equipment of Spinning Unit I. "

ix) Indian Bank	1,433.70	1,650.14	75.22

Working capital limits : Rs.3,000 lakhs

Security : First Charge by way of Hypothecation of Raw materials, Stock in-process, Finished goods of the Garment Division. Second charge on the property, plant and equipment of the Garment Division.

x) DCB Bank	2,500.00	-	-

Working Capital Limit: Rs.2500 Lakhs
Security: Extension of charge on Windmills

xi) Oriental Bank of commerce	4,259.90	-	-

Working capital limits : Rs.7,700 lakhs

Security: First Charge by way of Hypothecation of Raw materials, Stock in-process, Finished goods, stores ands spares and receivables of Young Brand Apparel Private Limited. Second charge on the Assets secured on term loans.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Note : 2 Unsecured loans

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) Kotak Mahindra Bank	472.93	1,273.57	758.54

Working Capital Limit : Rs.3,000 Lakhs

ii) HDFC Bank	500.00	2,500.00	-

Working Capital Limit : Rs.2,500 Lakhs

13.2 Trade payables

Other than acceptances	10,831.22	3,749.35	8,466.46
Dues to micros and small enterprises (Refer Note no. 24)	-	-	-
Total	**10,831.22**	**3,749.35**	**8,466.46**

13.3 Other financial liabilities

Current maturities of long-term debt	3,709.12	4,943.55	6,378.07
Interest accrued but not due on borrowings	184.20	180.26	215.37
Unpaid dividend	2.18	2.21	-
Employee payables	704.52	345.04	152.17
Security deposits received	70.26	23.28	25.51
Contractually reimbursible expenses	100.00	5.87	2.39
Payables on purchase of property, plant and equipment	37.53	118.24	81.75
Total	**4,807.81**	**5,618.45**	**6,855.26**

14 Provisions

a) Provision for employee benefits			
Provision for compensated absence	110.00	-	-
Provision for Gratuity (Refer Note No. 25.1.b)	46.13	-	-
Provision for bonus	113.15	160.75	153.35
b) Provision for income tax (Net) (Refer Note below)	0.03	118.98	72.05
Total	**269.31**	**279.73**	**225.40**
Note : Provision for income tax (Net) comprises:			
i) Current year	0.03	118.98	72.05
ii) Previous year	-	-	-
	0.03	**118.98**	**72.05**

15 Other liabilities

Statutory dues	114.94	145.78	113.35
Liability towards funded gratuity scheme	1.60	-	-
Advances from customers	1,205.21	549.68	444.42
Advance received towards sale of property plant and equipment	94.30	94.30	94.30
Government Grant - SIPCOT soft loan (Refer Note no. 11.1)	142.21	126.79	101.33
Total	**1,558.26**	**916.55**	**753.40**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

16 Revenue from operations

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Revenue from sale of goods	95,372.90	83,412.17
b) Revenue from rendering of services	2,531.65	1,560.40
c) Other operating revenu (Refer Note below)	2,881.23	1,872.75
Total	**1,00,785.78**	**86,845.32**
NOTE :		
Other operating revenues comprises:		
a) Sale of scrap	216.04	226.87
b) Rental income form operating lease	120.00	120.00
c) Income from brand promotion	458.93	-
d) Duty drawback and other export incentives	2,086.26	1,525.88
Total	**2,881.23**	**1,872.75**

17 Other Income

a) Interest income (Refer Note 1 below)	70.73	69.90
b) Dividend income from financial assets designated at FVTOCI	0.03	-
c) Net gain on foreign currency transactions and translation	113.35	92.79
d) Other non-operating income (Refer Note 2 below)	413.26	71.88
Total	**579.83**	**234.57**
NOTE 1 :		
Interest income comprises:		
a) Interest from financial assets at amortised cost	-	7.50
b) Interest on security deposit	70.73	62.40
Total - Interest income	**70.73**	**69.90**
NOTE 2 :		
Other non-operating income comprises :		
a) Profit on sale of property, plant and equipment (Net)	45.04	-
b) Revenue grant and incentives	333.00	-
c) Profit on sale of investment	-	71.88
d) Miscellaneous income	35.22	-
Total - Other non-operating income	**413.26**	**71.88**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

18 A Cost of materials consumed

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening stock	13,736.98	13,120.96
Add: Purchases	76,534.73	59,083.96
	90,271.71	72,204.92
Less: Closing stock	(20,099.75)	(13,736.98)
Cost of material consumed	**70,171.96**	**58,467.94**
Material consumed comprises:		
Cotton	45,022.56	42,226.84
Yarn	15,781.85	13,127.44
Fabric	4,563.29	1,897.94
Chemicals	1,055.28	977.66
Others	3,748.99	238.06
Total	**70,171.96**	**58,467.94**

18 B Purchase of Stock-in-trade

Purchase of stock-in-trade	1,227.37	4,495.89
Total	**1,227.37**	**4,495.89**

19 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Inventories at the end of the year:		
Finished goods	6,075.79	4,462.43
Work-in-progress	3,368.18	969.56
Stock in trade	-	51.21
	9,443.97	**5,483.20**
Inventories at the beginning of the year:		
Finished goods	4,462.42	4,178.64
Work-in-progress	969.56	1,446.41
Stock in trade	51.21	-
	5,483.19	**5,625.05**
Net (increase) / decrease	**(3,960.78)**	**141.85**

20 Employee benefits expense

Salaries and wages	9,458.41	4,389.28
Contributions to provident and other funds	531.17	302.91
Staff welfare expenses	1,311.06	727.54
Total	**11,300.64**	**5,419.73**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

21 Finance Costs

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Interest expense on financial liabilities at amortised cost:		
i) Borrowings (Refer note 30)	5,557.47	4,014.46
b) Other borrowing costs	441.41	364.60
Total	**5,998.88**	**4,379.06**

22 Other expenses

Consumption of stores and spare parts	498.90	68.07
Manufacturing expenses	53.70	72.40
Consumption of packing materials	813.49	889.85
Power, fuel and water charges	4,449.88	3,043.86
Rent including lease rentals	138.18	121.19
Repairs and maintenance - Building	109.20	82.67
Repairs and maintenance - Machinery	1,967.37	1,399.39
Repairs and maintenance - Others	209.66	165.50
Insurance	399.25	257.92
Rates and taxes	391.08	412.91
Communication expenses	89.43	75.42
Travelling and conveyance	336.09	195.75
Printing and stationery	330.71	54.32
Freight and forwarding Charges	1,248.68	1,282.73
Sales commission	919.83	836.22
Hank yarn obligation	14.42	14.88
Business promotion expenses	27.23	469.35
Donation	2.65	3.49
Legal and professional charges	210.38	111.40
Payments to Auditors (Refer Note 1 below)	30.00	25.19
Corporate social responsibility	21.32	30.61
Provision for doubtful debts	31.30	38.48
Bad debts written off	-	31.17
Loss on sale of investments	5.26	-
Loss on sale of property, plant and equipment	-	48.18
Miscellaneous expenses	102.35	43.25
Total	**12,400.36**	**9,774.20**

NOTE 1 - Payments to Auditors:

Payments to auditors comprises (net of service tax input credit, where applicable):		
Statutory audit fees	30.00	14.00
For taxation matters	-	4.03
For other services	-	9.16
Total	**30.00**	**25.19**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Additional information to the financial statement

23 Contingent liabilities and commitments (to the extent not provided for)

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
i) Contingent liabilities:			
a) Income tax demands, pending in appeal	29.97	44.12	6.76
b) Central Excise demands, pending in appeal	144.03	142.24	120.03
c) Sales tax demands, pending in appeal	134.15	134.15	134.15
d) TANGEDCO demands, pending in appeal	916.81	772.96	-
e) Demand of Service tax on the amounts paid to Foreign Service Providers is under dispute and an appeal has been filed before the Honourable Madras High Court, Chennai.	75.08	-	-
f) Infrastructure and amenities charges levied by Department of Town and Country Planning, for which the Company has jointly made appeal to Honourable High Court along with industrial units in the location and the Honourable High Court has given a stay order.	79.60	-	-
ii) Commitments:			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:			
Tangible assets	1,250.00	308.00	5,651.21

24. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-	-
ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-	-
v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
vi) The amount of further interest due and payable even in the succeeding year, 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	-	-	-
Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.			

Notes forming part of consolidated financial statements for the year ended March 31, 2018

25 Employee benefits plans

25.1.a Defined contribution plans- provident fund employee state insurance

The group makes Provident Fund and Employee state insurance scheme contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The group recognised the following contributions in the Statement of profit and loss.

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Provident fund	436.95	286.35
Employee state insurance	74.76	65.14

25.1.b Defined benefit plan - gratuity

In accordance with applicable Indian laws, the group provides for gratuity, a defined benefit retirement plan (Gratuity plan). The Gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn eligible salary and the years of employment with the group. The group provides the gratuity benefit through annual contributions to a fund managed by the Insurer included as part of 'Contribution to provident and other funds' in Note 20 Employee benefit expense. Under this plan, the settlement obligation remains with the group.

"Description of Risk ExposuresValuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the group is exposed to various risks in providing the above gratuity benefit which are as follows:"

a) **Interest Rate Risk :** The plan exposes the group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

b) **Investment Risk :** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

c) **Salary Escalation Risk :** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liabilty.

d) **Demographic Risk :** The group has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

e) **Liquidity Risk :** This is the risk that the group is not able to meet the short-term gratuity payouts. This may arise due to non-availabilty of enough cash/cashequivalent to meet the liabilities or holding of illiquid assets not being sold in time.

In respect of the plan in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2018 by Mr. N Srinivasan, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

The following table sets out the funded status of the gratuity scheme:

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Components of employer expense		
Current service cost	66.16	23.75
Past service cost	21.76	-
Interest cost	33.55	16.79
Expected return on plan assets	(27.25)	(23.99)
Recognised in statement of profit and loss	94.22	16.55
Re-measurement - actuarial (gain)/loss recognised in OCI	(19.49)	51.12
Total expense recognised in the Statement of total comprehensive income	**74.73**	**67.67**
Other Comprehensive Income (OCI)		
Actuarial (gain)/loss due to DBO experience	65.69	36.95
Actuarial (gain)/loss due to DBO assumption changes	(87.71)	13.15
Actuarial (gain)/loss arising during period	(22.02)	50.10
Actual return on plan assets (greater)/less interest on plan assets	2.53	1.02
Actuarial (gains)/ losses recognized in OCI	(19.49)	51.12
Defined Benefit Cost		
Service cost	66.16	23.75
Net interest on net defined benefit liability / (asset)	6.30	(7.20)
Actuarial (gains)/ losses recognized in OCI	(19.49)	51.12
Defined benefit cost	**52.97**	**67.67**
Change in defined benefit obligation (DBO) during the year		
Present value of DBO at beginning of the year	312.79	234.70
Current service cost	66.16	23.75
Past service cost	21.76	-
Interest cost	33.55	16.79
Actuarial (gains) / losses	(22.02)	50.10
Acquisitions	137.04	-
Benefits paid	(13.44)	(12.55)
Present value of DBO at the end of the year	**535.84**	**312.79**
Actual contribution and benefit payments for year		
Actual benefit payments	13.44	12.55
Actual contributions	10.00	22.47
Change in fair value of assets during the year		
Plan assets at beginning of the year	354.26	321.37
Expected return on plan assets	27.25	23.99
Actual company contributions	10.00	22.47
Actuarial gain / (loss)	(2.53)	(1.02)
Benefits paid	(13.44)	(12.55)
Plan assets at the end of the year	**375.54**	**354.26**
Actual return on plan assets	24.72	22.97

Notes forming part of consolidated financial statements for the year ended March 31, 2018

25 Disclosures under Accounting Standards (Contd...)

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current and non-current liability portion		
Current liability	(47.73)	15.89
Non current asset/ (liability)	(112.57)	25.58
Net asset/(liability)	(160.30)	41.47
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	535.84	312.79
Fair value of plan assets	375.54	354.26
Funded status (Surplus / (Deficit))	**(160.30)**	**41.47**
Net asset / (liability) recognised in the Balance Sheet	**(160.30)**	**41.47**
Composition of the plan assets is as follows:		
Government securities	-	-
Debentures and bonds	-	-
Fixed deposits	-	-
Insurer managed funds	100%	100%
Total	**375.54**	**354.26**
*Funds are managed by Life Insurance Corporation of India and composition of the fund as at the balance sheet date was not provided by the insurer.		
Actuarial assumptions		
Discount rate	7.73%	7.35%
Expected return on plan assets	7.73%	7.35%
Salary escalation	6.00%	7.50%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

Gratuity Plan	March 31, 2018	March 31, 2017	April 1, 2016
Estimate value of obligation if discount rate is taken 1% higher	493.17	275.37	207.67
Estimated value of obligation if discount rate is taken 1% lower	586.24	358.29	267.48
Estimate value of obligation if salary growth rate is taken 1% higher	583.72	354.00	264.02
Estimate value of obligation if salary growth rate is taken 1% lower	494.56	277.72	209.69
Estimate value of obligation if attrition rate is taken 1% higher	381.50	311.29	234.62
Estimate value of obligation if attrition rate is taken 1% lower	377.29	314.71	234.92

Notes forming part of consolidated financial statements for the year ended March 31, 2018

25 Disclosures under Accounting Standards (Contd...)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Maturity profile of defined benefit obligation:

Maturity profile, if it ensues	March 31, 2018	March 31, 2017	April 1, 2016
1	40.89	15.37	8.03
2	42.41	26.09	20.88
3	38.36	46.12	29.45
4	31.58	64.25	46.90
5	73.54	78.95	62.38
Above 5	100.26	185.61	174.28

Asset Liability Matching Strategies

The Holding Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity liability occurring during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

26 Segment Reporting

a) **Primary business segment information**

The group's operations relate to only one business segment, viz., Textiles. Accordingly, this is the only reportable business segment.

The Company's operations relate to only one business segment, viz., Textiles. Accordingly, this is the only reportable business segment.

b) **Secondary geographic segment Information**

(Rs. in Lakhs)

Geographic Segment		Revenue	Segment assets	Capital expenditure incurred
Outside India	March 31, 2018	45,934.33	3,541.14	-
	March 31, 2017	35,720.87	1,746.08	-
	April 1, 2016	-	2,610.92	-
India	March 31, 2018	55,448.82	117,242.55	5,646.85
	March 31, 2017	51,359.02	92,216.00	9,931.10
	April 1, 2016	-	85,880.23	-
Unallocated	March 31, 2018	-	143.18	-
	March 31, 2017	-	174.56	-
	April 1, 2016	-	60.91	-
Total	**March 31, 2018**	**101,383.15**	**120,926.87**	**5,646.85**
	March 31, 2017	**87,079.89**	**94,136.64**	**9,931.10**
	April 1, 2016	**-**	**88,552.06**	**-**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

27 Related party transactions

a) Details of Related parties :

Description of relationship	Name of related parties
Subsidiaries	Accel Apparels Private Limited Abirami Amman Mills Private Limited Young Brand Apparel Private Limited (From July 7, 2017)
Joint Venture	Young Brand Apparel Private Limited (Till July 6, 2017)
Enterprises in which the Key management Personnel or relatives have significant influence	Shiva Texyarn Limited Anamallais Automobiles P Ltd Shiva Automobiles Private Limited Shiva Mills Limited Vedanayagam Oil Company Sakthi Murugan Transports Limited
Key Management Personnel (KMP)	Sri S V Arumugam, Managing Director Sri N Krishnaraj, Company Secretary Sri C S Balakumar, Chief Financial Officer (Demised on 10.6.2018)
Relative of KMP	Sri A Senthil, S/o. Sri S V Arumugam, Chief Executive Officer

b) Details of transactions during the year and balance outstanding as at the balance sheet date :

(Rs. in Lakhs)

Particulars	Related Party	For the year ended March 31, 2018	For the year ended March 31, 2017
Transactions during the year:			
Purchase of yarn	Shiva Mills Limited	205.87	-
	Shiva Texyarn Limited	199.27	1,065.35
Sale of yarn	Shiva Texyarn Limited	10.77	93.68
	Young Brand Apparel Private Limited	15.54	-
Sale of fabric	Shiva Mills Limited	2.53	-
	Shiva Texyarn Limited	758.72	851.00
	Young Brand Apparel Private Limited	145.85	328.45
Conversion/Job work charges received	Shiva Texyarn Limited	32.04	45.67
	Young Brand Apparel Private Limited	3.58	-
Conversion/Job work charges paid	Shiva Texyarn Limited	0.14	7.91
	Shiva Mills Limited	5.72	-
	Young Brand Apparel Private Limited	-	3.34
Lease rent received	Shiva Texyarn Limited	138.15	120.00
Lease rent paid for building and machinery	Shiva Texyarn Limited	69.00	63.59
Vehicle maintenance paid	Shiva Automobiles Private Limited	4.19	4.09
Purchase of fabric	Shiva Texyarn Limited	-	362.50
Processing charges received	Young Brand Apparel Private Limited	110.71	51.37

Notes forming part of consolidated financial statements for the year ended March 31, 2018

B Details of transactions during the year and balance outstanding as at the balance sheet date (Contd..)

(Rs. in Lakhs)

Particulars	Related Party	For the year ended March 31, 2018	For the year ended March 31, 2017
	Shiva Texyarn Limited	-	13.01
Processing charges paid	Shiva Texyarn Limited	-	11.25
Purchase of Fuel	Vedanayagam Oil Company	2.23	2.28
Rent paid	Anamallais Automobiles P Ltd	2.11	3.10
	Sakthi Murugan Transports Limited	1.06	-
Purchase of sundry materials	Shiva Mills Limited	0.14	-
Purchase of vehicle	Shiva Automobiles Private Limited	7.41	-
Purchase of canvas	Shiva Texyarn Limited	0.13	-
Sale of machinery	Shiva Texyarn Limited	0.77	-
Remuneration of KMP	Sri S V Arumugam, Managing Director	64.67	243.93
	Sri N Krishnaraj, Company Secretary	14.50	10.74
	Sri C S Balakumar, Chief Financial Officer	15.40	12.61
Salary to relative of KMP	Sri A Senthil, S/o. Sri S V Arumugam, Chief Executive Officer,	30.00	30.00

Particulars	Related Party	March 31, 2018	March 31, 2017	April 1, 2016
Balance outstanding as at year end				
Receivables	Shiva Mills Limited	-	-	-
	Shiva Texyarn Limited	265.02	317.17	285.32
	Young Brand Apparel Private Limited	-	234.95	101.57
	Shiva Automobiles Private Limited	-	8.60	0.81
(Payables)	Shiva Mills Limited	(24.67)	-	-
	Vedanayagam Oil Company	(0.24)	-	-
	Sakthi Murugan Transports Limited	(0.09)	-	(0.08)
	Young Brand Apparel Private Limited	-	(0.11)	-
	Anamallais Automobiles Private Limited	-	0.34	-
Amount outstanding as at year end		**240.02**	**560.95**	**387.62**

28 Earnings per equity share

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit attributable to equity shareholders (Rs. in Lakhs)	977.31	1,150.02
Weighted average number of equity shares (Nos.)	15,754,269	15,754,269
Par value per equity share (Rs.)	10.00	10.00
Earning per share - Basic & Diluted (Rs.)	6.20	7.30

Notes forming part of consolidated financial statements for the year ended March 31, 2018

(Rs. in Lakhs)

	Particulars	For the year ended March 31, 2018		For the year ended March 31, 2017	
		Statement of profit and loss	Other comprehensive income	Statement of profit and loss	Other comprehensive income
29A	**Income tax recognised :**				
	Current Tax :				
	In respect of current year	172.00	-	521.09	-
	In respect of earlier years	(15.31)	-	-	-
	Deferred Tax :				
	In respect of current year	15.40	224.57	(196.46)	(15.80)
	Income tax expense	**172.09**	**224.57**	**324.63**	**(15.80)**

29B Movement in deferred tax balance

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balace
For the year ended March 31, 2018					
a) Holding Company					
Tax effect of items constituting deferred tax asset					
Provision for investments	-	-	-	-	-
Provision for doubtful debts	113.80	-	-	-	113.80
Provision for compensated absences and gratuity	15.80	-	(1.10)	-	14.70
Minimum alternate tax	4,894.50	172.00	-	-	5,066.50
Tax effect of items constituting deferred tax asset	**5,024.10**	**172.00**	**(1.10)**	**-**	**5,195.00**
Tax effect of items constituting deferred tax (liability)					
On difference between book balance and tax balance of property, plant and equipment	(8,133.32)	(44.88)	-	-	(8,178.20)
Deferred tax on gain on acquisition of control	-	-	(223.47)	-	(223.47)
Others	(25.97)	-	-	-	(25.97)
Tax effect of items constituting deferred tax (liability)	**(8,159.29)**	**(44.88)**	**(223.47)**	**-**	**(8,427.64)**
Net deferred tax asset/(liability)	**(3,135.19)**	**127.12**	**(224.57)**	**-**	**(3,232.64)**
	-	-	-	-	-
b) Subsidiary Company (Young Brand Apparel Private Limited)					
Tax effect of items constituting deferred tax asset					
Unabsorbed Depreciation and Brought Forward Business Loss	-	323.67	-	770.06	1,093.73
On account of difference in treatment of expenditure	-	55.94	-	-	55.94
Tax effect of items constituting deferred tax asset	**-**	**379.61**	**-**	**770.06**	**1,149.67**
Tax effect of items constituting deferred tax (liability)					
On difference between book balance and tax balance of fixed assets	-	(522.13)	-	(508.36)	(1,030.49)
Tax effect of items constituting deferred tax (liability)	-	(522.13)	-	(508.36)	(1,030.49)
Net deferred tax asset/(liability)	**-**	**(142.52)**	**-**	**261.70**	**119.18**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Movement in deferred tax balance (Contd.,)

(Rs. in Lakhs)

Particulars	Opening Balance	Recognised in profit and Loss	Recognised in other comprehensive income	Recognised directly in equity	Closing balace
For the year ended March 31, 2017					
Tax effect of items constituting deferred tax asset					
Provision for investments	-	-	-	-	-
Provision for doubtful debts	101.91	11.89	-	-	113.80
Provision for compensated absences and gratuity	-	-	15.80	-	15.80
Minimum Alternate tax	4,825.81	69.03	-	(0.34)	4,894.50
Tax effect of items constituting deferred tax asset	**4,927.72**	**80.92**	**15.80**	**(0.34)**	**5,024.10**
Tax effect of items constituting deferred tax (liability)					
On difference between book base and tax base of property plant and equipment	(8,248.86)	115.54	-	-	(8,133.32)
Others	(25.97)	-	-	-	(25.97)
Tax effect of items constituting deferred tax (liability)	**(8,274.83)**	**115.54**	**-**	**-**	**(8,159.29)**
Net Deferred tax asset/(liability)	(3,347.11)	196.46	15.80	(0.34)	(3,135.19)

29C Deferred tax (liability) / asset

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Holding Company			
Tax effect of items constituting deferred tax assets			
Provision for doubtful debts	113.80	113.80	101.91
Deferred tax asset 43B deductions	(1.10)	15.80	-
Minimum Alternate tax	5,066.50	4,894.50	4,825.81
Tax effect of items constituting deferred tax asset	**5,179.20**	**5,024.10**	**4,927.72**
Tax effect of items constituting deferred tax (liability)			
On difference between book balance and tax balance of property, plant and equipment	(8,162.40)	(8,133.32)	(8,248.86)
Deferred tax on gain on acquistion of control	(223.47)	-	-
Others	(25.97)	(25.97)	(25.97)
Tax effect of items constituting deferred tax (liability)	**(8,411.84)**	**(8,159.29)**	**(8,274.83)**
Net deferred tax (liability) / asset	**(3,232.64)**	**(3,135.19)**	**(3,347.11)**
b) Subsidiary company (Young Brand Apparel Private Limited)			
Tax effect of items constituting deferred tax assets			
Unabsorbed depreciation and brought forward losses	1,093.73	-	-
On account of difference in treatment of expenditure	55.94	-	-
Tax effect of items constituting deferred tax asset	**1,149.67**	**-**	**-**
Tax effect of items constituting deferred tax (liability)			
On difference between book balance and tax balance of fixed assets	(1,030.49)	-	-
Tax effect of items constituting deferred tax (liability)	**(1,030.49)**	**-**	**-**
Net deferred tax (liability) / asset	**119.18**	**-**	**-**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

Reconciliation of income tax expense and the accounting profit multiplied by Company's domestic tax rate:

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	1,111.74	1,443.75
Enacted income tax rate in India	30.90%	34.61%
Computed expected tax expense	343.53	499.65
Effect on account of non-deductible expenses under income tax	33.79	11.91
Effect on account of Income exempt under income tax	2.29	-
Effect on account of brought forward tax losses on which no deferred tax is created	-	87.62
Write off of Minimum alternate tax	-	(452.06)
Deferred tax relating to earlier years	(207.52)	177.51
Income tax expense recognised in the statement of profit and loss	**172.09**	**324.63**

30 During the year the group capitalised an amount of Rs.450 lakhs of borrowing cost under property, plant and equipment (For the year ended March 31, 2017 Rs. 316.37 Lakhs). The capitalisation rate considered is 10.25% being the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

31 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2018, March 31, 2017 and April 1, 2016 is as follows :

(Rs. in Lakhs)

Particulars	Carrying value			Fair value		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Financial assets						
Amortised cost						
Loans	61.95	19.10	24.19	61.95	19.10	24.19
Trade receivable	12,407.18	8,538.88	8,256.16	12,407.18	8,538.88	8,256.16
Cash and cash equivalents	1,682.00	2,187.66	990.84	1,682.00	2,187.66	990.84
Other financial assets	2,169.12	307.90	1,017.36	2,169.12	307.90	1,017.36
Investment in Government securities	0.03	0.03	0.03	0.03	0.03	0.03
FVTOCI						
Investment in equity instruments	4.88	4.88	3.61	4.88	4.88	3.61
FVTPL						
Investment in equity instruments (unquoted)	109.42	2,051.03	2,235.72	109.42	2,051.03	2,235.72
Total assets	**16,434.58**	**13,109.48**	**12,527.91**	**16,434.58**	**13,109.48**	**12,527.91**
Financial liabilities						
Amortised cost						
Borrowings	70,214.70	55,538.60	46,344.56	70,214.70	55,538.60	46,344.56
Trade payables	10,831.22	3,749.35	8,466.46	10,831.22	3,749.35	8,466.46
Other financial liabilities	1,098.69	674.90	477.19	1,098.69	674.90	477.19
Total liabilities	**82,144.61**	**59,962.85**	**55,288.21**	**82,144.61**	**59,962.85**	**55,288.21**

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included 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.

The following methods and assumptions were used to estimate the fair values:

i) Long-term fixed-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables.

iii) Fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2018 was assessed to be insignificant.

iv) The fair values of the unquoted equity shares have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

32 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2018, March 31, 2017 and April 1, 2016.

(Rs. in Lakhs)

Particulars	As at	Fair value measurement using				
		Date of valuation	Total	Quoted Prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value :						
FVTOCI financial assets designated at fair value :						
Investment in equity instruments (quoted)	March 31, 2018	March 31, 2018	4.88	4.88	-	-
	March 31, 2017	March 31, 2017	4.88	4.88	-	-
	April 1, 2016	April 1, 2016	3.61	3.61	-	-
FVTPL financial assets designated at fair value :						
Investment in equity instruments (unquoted)	March 31, 2018	March 31, 2018	109.42	-	-	109.42
	March 31, 2017	March 31, 2017	2,051.03	-	-	2,051.03
	April 1, 2016	April 1, 2016	2,235.72	-	-	2,235.72

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

33 Financial risk management

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The Company uses foreign currency borowings to mitigate foreign exchange related risk exposures.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below :

1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

2) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of percentage of revenues generated from top customer and top 5 customers :

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue from top customer	3,089.35	3,165.17
Revenue from top 5 customers	9,732.92	10,344.29

Eight customers accounted for more than 10% of the revenue for the year ended March 31, 2018 , however four of the customers accounted for more than 10% of the receivables as at March 31, 2018. Seven customer accounted for more than 10% of the revenue for the year March 31, 2017, however four of the customers accounted for more than 10% of the receivables for the year ended March 31, 2017.

3) Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The company does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

4) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk through credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

The working capital position of the Company is given below :

(Rs. in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Cash and cash equivalents	1,682.00	2,187.66	990.84
Total	**1,682.00**	**2,187.66**	**990.84**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016.

Particulars	As at	Less than 1 year	1-2 years	2 years and above
Borrowings	March 31, 2018	43,200.68	5,553.79	21,460.23
	March 31, 2017	36,478.90	5,094.54	15,870.43
	April 1, 2016	30,081.76	6,871.46	11,079.10
Trade payables	March 31, 2018	10,831.22	-	-
	March 31, 2017	3,749.35	-	-
	April 1, 2016	8,466.46	-	-
Other financial liabilities	March 31, 2018	1,098.69	-	-
	March 31, 2017	674.91	-	-
	April 1, 2016	477.16	-	-

5) Foreign Currency risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars, British pound sterling and euros) and foreign currency borrowings (primarily in U.S. dollars, British pound sterling and euros). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company's management meets on a periodic basis to formulate the strategy for foreign currency risk management.

Consequently, the Company management believes that the borrowings in foreign currency and its assets in foreign currency shall mitigate the foreign currency risk mutually to some extent.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2018, March 31, 2017 and April 1, 2016.

(Rs. in Lakhs)

Particulars	As at	US$	Euro	Pound / sterling	Total
		Rs.	Rs.	Rs.	Rs.
Assets					
Trade receivables	March 31, 2018	3,118.07	793.28	44.98	3,956.33
	March 31, 2017	1,056.06	728.92	31.00	1,815.98
	April 1, 2016	2,232.85	814.56	38.83	3,086.24
Cash and cash equivalents	March 31, 2018	0.20	0.02	0.38	0.60
	March 31, 2017				
	April 1, 2016				
Liabilities					
Trade payable	March 31, 2018	3,323.53	272.33	-	3,595.86
	March 31, 2017	1,839.60	-	-	1,839.60
	April 1, 2016	8,995.89	332.53	-	9,328.42
Borrowings	March 31, 2018	9,313.86		-	9,313.86
	March 31, 2017	3,641.28	-	-	3,641.28
	April 1, 2016	10,133.67	663.88	-	10,797.55
Net assets/(liabilities)	**March 31, 2018**	**(9,519.12)**	**520.97**	**45.36**	**(8,953.39)**
	March 31, 2017	**(4,424.82)**	**728.92**	**31.00**	**(3,664.90)**
	April 1, 2016	**(16,896.71)**	**(181.85)**	**38.83**	**(17,039.73)**

Foreign currency sensitivity analysis

The Company is mainly exposed to the currency USD on account of outstanding trade receivables and trade payables in USD.

The following table details the Company's sensitivity to a 5% increase and decrease in INR against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens 5% against the relevant currency. For a 5% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Impact on profit for the year	475.96	221.24

For a 5% weakening of the INR against the relevant currency, there would be equivalent amount of impact on the profit as mentioned in the above table.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

6. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates and investments.

Interest rate sensitivity analysis

If interest rates had been 1% higher and all other variables were held constant, the company's profit for the year ended would have impacted in the following manner :

(Rs. in Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Increase / (decrease) in the Profit for the year	127.90	101.34

If interest rates were 1% lower, the company's profit would have increased by the equivalent amount as shown in the above table.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows :

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Total equity attributable to the equity shareholders of the company	32,366.27	28,456.90	27,644.31
As percentage of total capital	32%	34%	37%
Current borrowings	39,491.56	31,535.35	23,703.69
Non-current borrowings	30,723.14	24,003.25	22,640.87
Total borrowings	70,214.70	55,538.60	46,344.56
As a percentage of total capital	**68%**	**66%**	**63%**
Total capital (borrowings and equity)	**1,02,580.97**	**83,995.50**	**73,988.87**

The Company is predominantly debt financed which is evident from the capital structure table.

34 Business combination

a) Summary of acquisition

As at April 1, 2016 and March 31, 2017 the Holding Company held 33.33% of equity interest in Young Brand Apparel Priavte Limited ("YBAPL") , a manufacturer of ready made garments. Accordingly YBAPL was considered as a Joint Venture till July 5, 2017. On July 6, 2017 the Holding Company acquired additional 18% of the issued share capital of YBAPL. This acquisition of controlling stake will enable the group to expand its market in India with respect to ready made garments.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

The assets and liabilities recognised as a result of the acquisition are as follows :

(Rs. in Lakhs)

Particulars	Amount
Assets	
Property plant and equipment	7,076.94
Deferred tax asset	261.70
Inventories	3,879.72
Trade receivables	2,605.62
Cash and bank balances	662.86
Other current assets	1,067.98
Loans and advances	203.21
	15,758.03
Liabilities	
Secured borrowings	6,159.77
Unsecured borrowings	212.99
Current liabilities and provisions	3,673.37
	10,046.13
Net assets acquired	**5,711.90**
Calculation of gain on change in control	
Purchase consideration paid in cash for acquisition of additional 18%	304.95
Acquisition date fair value of previously held equity interest in YBAL for acquition of 33.33%	1,903.96
Non-controlling interest in YBAPL	2,779.79
Less: Net identifiable assets acquired	(5,711.90)
Gain on change in control	**(723.20)**

The consolidated profit before tax for the year ended March 31, 2018 includes profit before tax of Rs.348.23 lakhs attributable to the business of YBAL and Revenue for the year ended March 31, 2018 includes Rs. 1,158.82 lakhs in respect to Young Brand Apparel Private Limited.

Had this acquisition occurred on April 1, 2017, the profit before tax for the year would have been higher by Rs. 461.20 lakhs and revenue for the year ended March 31, 2018, would have increased by Rs.1,721.45 lakhs.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

35 Additional information as required by Paragraph 2 of the General Instructions for Preparation of consolidated Ind AS financial statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount in Lakhs	As % of consolidated profit or loss	Amount in Lakhs	As % of consolidated other comprehensive income	Amount in Lakhs	As % of consolidated total comprehensive income	Amount in Lakhs
Holding Company	**87.00%**	**1,05,261.68**	**79.00%**	**771.63**	**101.73%**	**502.20**	**87.00%**	**1,273.82**
Bannari Amman Spinning Mills Limited (including consolidation adjustments)								-
Indian - Subsidiaries								
Young Brand Apparel Private Limited	13.00%	15,654.45	21.00%	205.72	(1.73%)	(8.55)	13.00%	197.17
Accel Apparels Private Limited	0.00%	0.72	0.00%	(0.21)	0.00%	-	0.00%	(0.21)
Abhirami Amman Mills Private Limited	0.00%	10.00	0.00%	0.16	0.00%	-	0.00%	0.16
Total	**100.00%**	**1,20,926.85**	**100.00%**	**977.30**	**100.00%**	**493.65**	**100.00%**	**1,470.95**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

36 Transition to Ind AS

The Company's financial statements for the year ended March 31, 2018 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the interim Ind AS financial statements for the year ended March 31, 2017 be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as at the transition date have been recognized directly in equity at the transition date.

In preparing these financial statements, the Company has availed itself of certain exemptions and exceptions in accordance with Ind AS 101 as explained below :

a) Exceptions from full retrospective application :

Estimates exception: Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Indian GAAP.

b) Exemptions from retrospective application :

i) The Company has elected to fair value all its property plant and equipment and restate the carrying value of the balance categories of property, plant and equipment in accordance with Ind AS 101 as of April 01, 2016.

ii) The Company has elected to continue with the carrying value of all of its investments in subsidiaries, joint venture recognised as of April 01, 2016 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition.

c) Reconciliations :

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Indian GAAP to Ind AS in accordance with Ind AS 101:

- Equity as at April 1, 2016;
- Equity as at March 31, 2017;
- Total comprehensive income for the year ended March 31, 2017;
- Explanation of material adjustments to cash flow statements.

i) Equity reconciliation :

(Rs. in Lakhs)

Particulars	Explanation Note	As at March 31, 2017	As at April 1, 2016
Equity under previous GAAP		27,866.57	25,854.37
Accrual for expected credit loss for trade receivables (Net of tax)	i)	(396.46)	(369.87)
Proposed dividend	ii)	-	303.38
Government grant for setting up of undertaking (net of tax)	iii)	52.83	58.08
Fair value of quoted investment	iv)	4.50	3.24
Fair value of own land (Net of tax)	v)	3,849.29	3,849.29
Fair value of other assets (net of tax)	v)	(1,607.75)	(1,607.75)
Assets de-recogised	vii)	(319.90)	-
Reversal of depreciation on fair valued assets (net of tax)	v)	45.86	-
Re-estimation of deferred tax	viii)	(106.90)	(106.90)
Change in inventory valuation	ix)	(980.71)	(426.22)
Others		49.59	86.70
Equity as per Ind AS		**28,456.90**	**27,644.31**

Notes forming part of consolidated financial statements for the year ended March 31, 2018

ii) **Total comprehensive income reconciliation :**

(Rs. in Lakhs)

Particulars	Explanation Note	As at March 31, 2017
Net income/(loss) under previous GAAP		**2,017.82**
Accrual for expected credit loss for trade receivables (Net of tax)	(i)	(26.59)
Reversal of income recognised on account of government grant	(ii)	(5.25)
Gains/(losses) on defined benefit obligations		35.32
Reversal of depreciation on fair valued assets		45.86
De-recognition of asset		(319.90)
Change in inventory valuation (net of tax)		(554.49)
Others		(42.72)
Profit for the year under Ind AS		**1,150.02**
Fair Value of quoted investment	(iv)	1.26
Remeasurement gains/(losses) on defined benefit obligations	(v)	(35.32)
Total comprehensive income under Ind AS		**1,115.96**

iii) There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

iv) **Explanation notes for Ind AS transition :**

i) Under Previous GAAP provision for bad and doubtful receivables were based on 'Incurred Loss Model' (ILM) and financials of the Company for previous year did not carry any provisions against the trade receivables. Under Ind AS, an entity uses trends when measuring Expected Credit Losses ('ECL').

ii) Under Ind AS, liability for dividend is recognized in the period in which the obligation to pay is established. Under previous GAAP (till March 31, 2016), a liability is recognized in the period to which the dividend relates, even though the dividend may be approved by the shareholders subsequent to the reporting date.

iii) During the year 2014-15, the Company had received a sum of Rs. 15 Million in the eligible fixed assets and to create direct employment within the investment period of 3 years. The preconditions were complied with by the Company within the given period before April 1, 2016. Under the previous GAAP the said grant was recognised over the useful life of the fixed assets. Since the Company has already complied with the investment and employment conditions as per the Government order as at April 1, 2016 the carrying amount as at the transition date April 1, 2016 of Rs. 84 lakhs shall be adjusted to retained earnings as at the said date.

iv) The Company has made an irrevocable election to present the subsequent changes to the fair value of quoted equity investments in OCI. Accordingly all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss. Under the previous GAAP these investments were recognised at cost.

v) The Company has fair valued its property plant and equipment as at the transition date i.e April 1, 2016 and accordingly adjusted the opening retained earnings as at the Transition date. Accordingly the excess depreciation on such revalued property plant and equipment has been reversed in the respective years.

vi) Under the previous GAAP, actuarial gains or losses were recognised in the statement of profit and loss. Under Ind AS, the actuarial gains or losses from part of remeasurement of the net defined benefit liability / asset is recognised in other comprehensive income.

Notes forming part of consolidated financial statements for the year ended March 31, 2018

vii) Assets not qualifying for recognition under Ind AS is de-recognised under Ind AS.

viii) The Company re-estimated the deferred tax as at the transition date and accordingly adjusted the opening reserve.

ix) The Company changed the inventory valuation policy and accordingly such effect is adjusted in the retained earnings/statement of profit and loss of the respective years.

Standards / amendments not yet effective

37 Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition :

1) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

2) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is currently assessing the impact on adoption of this standard on its consolidated financial statements.

38 Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force for periods beginning on or after April 1, 2018. The Company is currently assessing the impact of this on the consolidated financial statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

C R RAJAGOPAL
Partner

Coimbatore
27th June, 2018

For and on behalf of Board of Directors

S V ARUMUGAM
Chairman & Managing Director
DIN 00002458

K SADHASIVAM
Director
DIN 00610037

N KRISHNARAJ
Company Secretary
ACS No. 20472

S SESHADRI
Chief Financial Officer

Financial Performance - Yearwise

(Rs. in Lakhs)

Financial Year	Equity Share Capital	Reserves & Surplus	Turnover *	Profit Before Depreciation	Depre-ciation	Profit Before Tax	Dividend on Equity Shares (%)
1994-1995	350.05	0.32	8.60	1.21	0.90	0.32	-
1995-1996 (18 months)	350.05	42.16	3171.12	185.77	143.93	41.84	-
1996-1997	350.05	104.84	4936.08	769.28	668.09	101.19	10
1997-1998	350.05	181.02	5270.53	494.61	379.92	114.69	10
1998-1999	350.05	592.27	6137.82	792.70	342.60	450.10	10
2000-2001 (18 months)	350.05	1464.27	9942.63	1702.90	537.03	1165.87	15
2001-2002	350.05	1736.63	6365.46	736.57	333.64	402.93	10
2002-2003	350.05	2085.64	6361.65	1183.80	340.02	843.78	10
2003-2004	350.05	2685.39	7533.23	1206.95	322.97	883.99	20
2004-2005	875.13	3601.48	7487.43	1789.41	321.42	1467.99	20
2005-2006	1575.43	13569.54	8670.07	2044.41	470.86	1573.55	20
2006-2007	1575.43	14903.05	11033.07	2563.34	848.69	1714.65	20
2007-2008	1575.43	14657.28	20933.17	3122.39	1493.26	1629.12	20
2008-2009	1575.43	14454.79	29095.40	3139.29	2180.84	958.44	10
2009-2010	1575.43	15683.92	35427.40	4799.92	2565.30	2234.62	15
2010-2011	1575.43	19196.90	58645.01	12108.40	5389.09	6719.31	20
2011-2012	1575.43	17559.28	43660.96	326.46	3722.63	-3396.16	-
2012-2013	1575.43	19922.46	54928.79	7648.08	3575.65	4072.42	20
2013-2014	1575.43	22710.63	71654.61	8105.12	3500.16	4604.96	20
2014-2015	1575.43	23764.29	68539.95	4580.63	2666.24	1914.38	15
2015-2016	1575.43	26535.02	77347.89	5652.94	2880.73	2772.21	16
2016-2017	1575.43	27318.00	86703.47	4402.52	2957.47	1445.05	18
2017-2018	1575.43	27713.08	93164.67	3586.83	2823.26	763.57	16

* Turnover = Net Sales + Closing Stock - Opening Stock

* Excludes interdivision transfers

Notes

Notes

Bitz™

Respects your body

Retail

Bannari Amman Retails Division is now introducing Innerwear & Active Wear brand for Women, Men and Kids in the name of "BITZ". The brand BITZ is featuring a wide range of products manufactured using advanced precision technology from unique Organic cotton. The key feature of the products is that, all the fabric are made from 100% ORGANIC COTTON and it'scertified by the Govt of India Textile Department.

Range of Products

WOMEN'S RANGE :

Camisoles, Racer back, Leggings, Capris Cycling Shorts, T-Shirts and Lingeries

MENS RANGE :

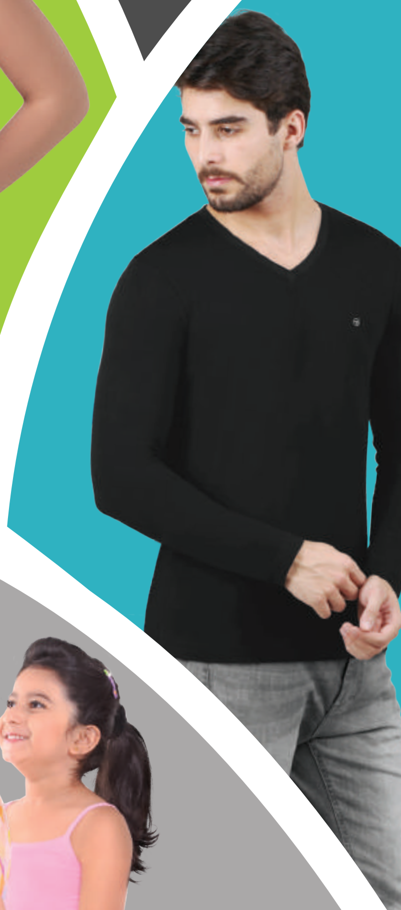
Vest, Fashion Vest, Muscle Tee, Brief, Trunk, T-Shirt, Joggers, Track Pants, Shorts

BOYS RANGE :

Vest, Brief, Trunk

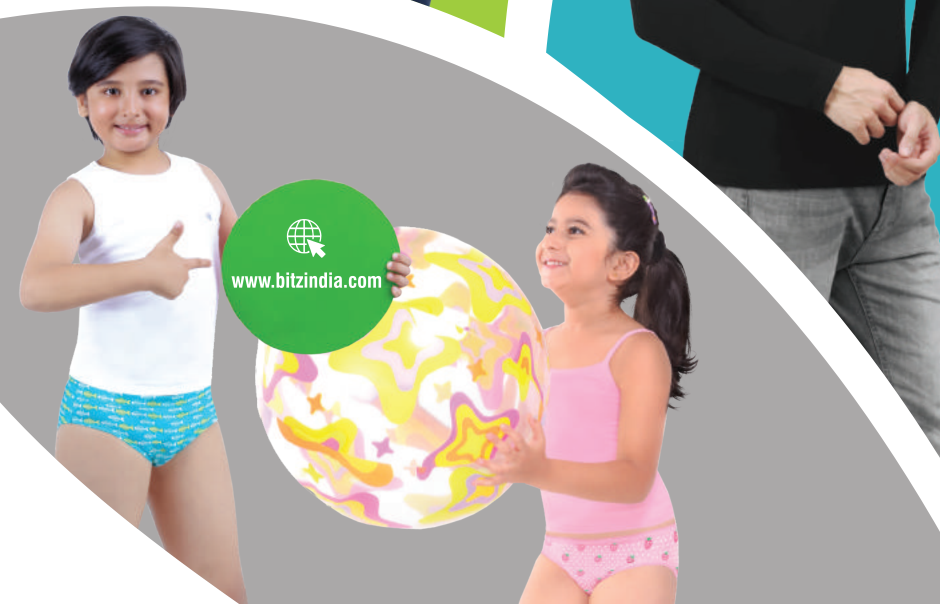
GIRLS RANGE :

Camisoles, Bloomer, Leggings(Plain/Printed), Panties



COMFORT

REDEFINED



Manufactured & Marketed by

BANNARI AMMAN SPINNING MILLS LTD.,

No.252, Mettupalayam Road,

Coimbatore - 641 043. Tamil Nadu, India.

email: customercare@bitzindia.com