



M/s. NACHIAR SPINNING MILLS PRIVATE LIMITED, CHATRAPATTI – 626102.

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF M/s. NACHIAR SPINNING MILLS PRIVATE LIMITED, CHATRAPATTI - 626102.

Report on the Audit of the Financial Statements:

Opinion

We have audited the Financial Statements of M/s. *M/s. NACHIAR SPINNING MILLS PRIVATE LIMITED.*, ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and notes to the financial statement including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('The Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of state of affairs of the Company as at March 2020 and Profit it and its cash flows for the year ended on that date.

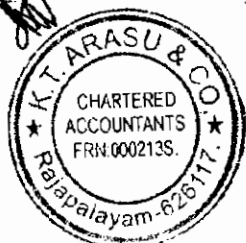
Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern,

There is no Material Uncertainties seen related to Going Concern and the Company has prepared the aforesaid statements on a going concern basis.





Emphasis of Matter

We draw attention to the following matters in the Note No:2 to the financial statements:

- a). Basis of Preparation of Financial Statements and
- b). Use of Estimates.

Our Opinion is not modified in respect of these matters.

Key Audit Matters

Information other than the Standalone Financial Statements and Auditor's Report Thereon

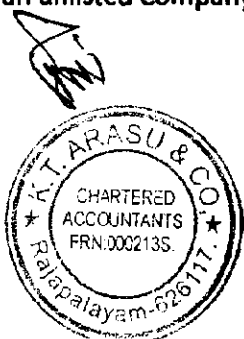
The Company's Board of Directors is responsible for the other information. The Other Information comprises the information included in the Management Discussion and Analysis, Board Report including Annexures to Board's Report, Business Responsibility Report, Corporate governance and Shareholders information, but does not include the standalone financial statements and our Auditors Report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read other information and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it

is an unlisted Company.





Responsibilities of Management and Those Charged with Governance for the Financial Statements.

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or





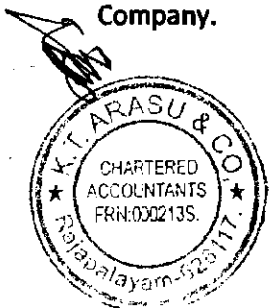
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error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

A further description of the auditor's responsibilities for the audit of the Standalone Ind AS financial statements is included in "Annexure – A". The Description forms part of our Auditor's Report.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure – B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Sec. 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, is not applicable to the Company.





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

1. The Company does not have any pending litigations which would impact its financial position
2. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.



RAJAPALAYAM

18th December 2020.

For M/s. K.T.ARASU & Co.,

Chartered Accountants FRN: 000213S.

CA. K. THIRUNAVUKKARASU

Membership No: 021834

UDIN NO: 20021834AAAAANH1380

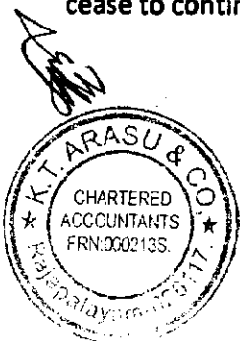


ANNEXURE "A"

RESPONSIBILITIES FOR AUDIT OF STANDALONE IND AS FINANCIAL STATEMENTS.

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

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

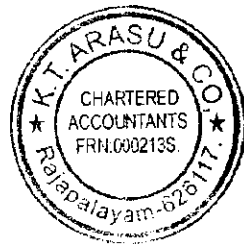


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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- We also from the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RAJAPALAYAM

18th December 2020.



For M/s. K.T.ARASU & Co.,

Chartered Accountants FRN: 000213S.

A handwritten signature in black ink, appearing to read "K. Thirunavukkarasu".

CA K. THIRUNAVUKKARASU

Membership No: 021834

UDIN NO: 20021834AAAAANH1380



ANNEXURE "B" TO THE INDEPENDENT AUDITORS REPORT.

Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our Report of even date to the Financial Statements of the Company for the year ended 31st March 2020:

1. Fixed Assets:

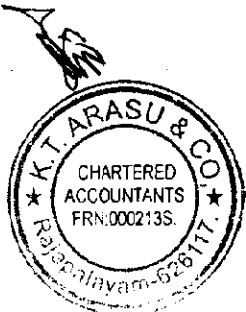
- 1.1 The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2 The Fixed Assets were physically verified by the management in accordance with the regular program of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- 1.3 According to the information and explanation given to us, and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the Company.

2. Inventory:

- 2.1 The Management has conducted the physical verification of inventory at reasonable intervals.
- 2.2 The discrepancies noticed on verification between the physical stocks and the book records were properly dealt with in the books of account and were not material.

3. Loans to Parties Listed U/s.189 if the Act:

The Company has not granted any loan to parties covered in the register maintained under section 189 of the Act and accordingly, the provisions of clause 3(iii) of the Order are not applicable to the Company.





M/s. NACHIAR SPINNING MILLS PRIVATE LIMITED, CHATRAPATTI – 626102.

4. Compliance With Section 185 & 186 of the Act:

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

5. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2019 with regard to the deposits accepted from the public are not applicable.

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

7. STATUTORY DUES.

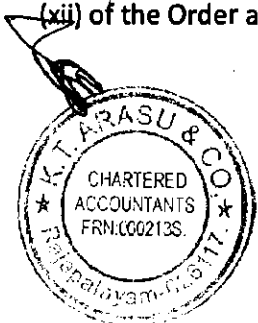
7.1 The Company is regular in depositing undisputed statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

7.2 As the company is not having any overdue under dispute relating to Income tax, value added tax and Service Tax, accordingly the provisions of clause 3 (vii) (b) of the Order are not applicable to the Company.

8. The Company has no loans / pending repayment of dues to Financial Institution or Banks. The Company has neither taken loans from the Government nor has issued any Debentures during the year.

9. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

10. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.



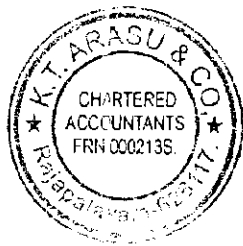


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11. In our opinion, all the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
12. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
13. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.
14. In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company.

RAJAPALAYAM

18th December 2020.



For M/s. K.T.ARASU & Co.,

Chartered Accountants FRN: 000213S.

CA. K. THIRUNAVUKKARASU

Membership No: 021834

UDIN NO: 20021834AAAAANH1380

**M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI****BALANCE SHEET AS AT MARCH 31, 2020**

Particulars	Note No.	As at 31.03.2020		As at 31.03.2019	
		Rs.	Rs.	Rs.	Rs.
I. ASSETS					
1) Non- Current Assets					
(a) Property, Plant and Equipment	3	64173550		71549994	
(b) Capital Work in Progress	3	0		0	
(c) Other Intangible Assets	3	0		0	
(d) Financial Assets					
i) Other Investments	4	5495170		5495170	
ii) Others Financials Assets	5	2654248		5063021	
(e) Other Non- Current Assets	6	NIL	72322968	NIL	82108185
2) Current Asset:					
(a) Inventories	7	331765436		283220100	
(b) Financial Assets					
i) Trade Receivable	8	6100421		4203996	
ii) Cash and Cash Equivalents	9	8532958		8144720	
iii) Other Bank Balance	10	NIL		NIL	
iv) Other Financials Assets	11	0		0	
(c) Other Current Assets	12	5708389	352107204	4849186	300418002
TOTAL ASSETS			424430172		382526187
II. EQUITY AND LIABILITIES					
1) EQUITY					
(a) Equity Share Capital	13	38570000		38570000	
(b) Other Equity	14	37036159	75606159	36917503	75487503
2) LIABILITIES					
A. Non Current Liabilities:					
(a) Fincial Liabilites					
i) Borrowings	15	NIL		NIL	
(b) Deferred Tax Liabilites (Net)		NIL	NIL	4127000	4127000
B. Current Liabilities:					
(a) Fincial Liabilites					
i) Borrowings	16	334840656		284943426	
ii) Trade Payable	17	13659328		17504174	
iii) Other Financial Laibilites	18	NIL		NIL	
(b) Other Current Laibilites	19	295761		464084	
(c) Provisions	20	28268	348824013	0	302911684
TOTAL EQUITY AND LIABILITIES			424430172		382526187

The notes 1 & 2 is Corporate Information & Significant Accounting Policies.

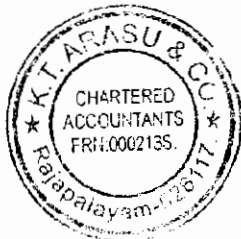
The notes 3 to 20 attached form an integral part of the Balance Sheet Items.

In Accordance with our Report attached

For and on behalf of the Board

For M/S. K.T. ARASU & CO.,
Chartered Accountants FRN : 0002135

CA. K. THIRUNAVUKKARASU
Membership No: 021834
UDIN NO: 20021834AAAAAH1380



[Signature]

A. BALASUBRAMANIAM
MANAGING DIRECTOR
DIN: 00515998

[Signature]

B. JEYAMANI
DIRECTOR
DIN: 00338077

Place: RAJAPALAYAM

Date : 18.12.2020

Place: CHATRAPATTI

Date : 18.12.2020

M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED : 31.03.2020

Particulars	Note No.	31.03.2020		31.03.2019	
		Rs.	Rs.	Rs.	Rs.
INCOME					
I Revenue from Operations	21		425207124		422001440
II Other Income	22		756092		1027417
III Total revenue (I+II)			425963216		423028857
IV Expenses :-					
Cost of materials consumed	23	251632058		223086799	
Purchases of stock in trade		NIL		NIL	
Changes in inventories of finished goods, Work in progress and stock in trade	24	1828034	253460092	5751816	228838615
Employee benefits expense	25		45119129		50066899
Finance costs	26		25511497		28184529
Depreciation and amortization expense	27		9711701		14248752
Other expenses	28		92013873		103847436
Total Expenses			425816292		425186231
V Net Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)			146924		-2157374
VI Exceptional items	29		0		0
VII Net Profit before tax (vii-viii)			146924		-2157374
VIII Tax expense:					
(1) Current tax			28268		0
(2) Previous Year Tax paid			0		0
IX Net Profit/(Loss) for the period from continuing operations /Profit or Loss for the Period			118656		-2157374
X Additional Information	30				
XVI Earning per equity share:	31				
(1) Basic			0.31		-5.59
(2) Diluted			0.31		-5.59

The notes 21 to 30 attached form an integral part of the statement of profit and loss items.

In Accordance with our Report attached

For and on behalf of the Board

For M/S.K.T.ARASU & CO.,
Chartered Accountants FRN : 0002135

CA.K.THIRUNAVUKKARASU
Membership No: 021834
UDIN NO: 20021834AAAANH1380



(Signature)

A.BALASUBRAMANIAM
MANAGING DIRECTOR
DIN: 00515998

(Signature)

B.JEYAMANI
DIRECTOR
DIN: 00338077

Place: RAJAPALAYAM
Date : 18.12.2020

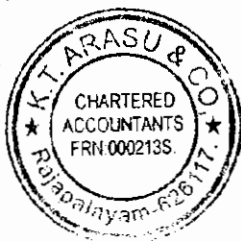
Place: CHATRAPATTI
Date : 18.12.2020

**M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI****CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

Particulars	Current reporting period		Previous reporting period	
	Rs.	Rs.	Rs.	Rs.
A. Cash flows from operating activities				
(i) Profit before taxation		146924		-2157374
Adjustments for:				
(a) Depreciation and amortization expense	9711701		14248752	
(b) Interest Payment	25511497		28184529	
(c) Interest received	-756092		-1027417	
(d) TDS Previous Year Transferred	0	34467106	0	41405864
Profit Before Change In Working Capital		34614030		39248490
(i) Increase/Decrease in trade receivables	-1896425		6539706	
(ii) Increase/Decrease in inventories	-48545336		-17407096	
(iii) Increase/Decrease in Other Current Assets	-859203		-428963	
(iv) Increase/Decrease in Trade Payables	-3844846		-25035058	
(v) Increase/Decrease in Other Current Liabilities	-140055	-55285865	0	-36331411
		-20671835		2917079
(v) Income taxes paid		-28268		0
Net cash from operating activities	A	-20700103		2917079
B. Cash flows from investing activities				
Purchase of property : - increase in Fixed Assets	-12240337		-4287448	
Sale of Machinery	5778080		80000	
Interest received	756092	-5706165	1027417	-3180031
Net cash from investing activities	B	-5706165		-3180031
(C) Cash flows from financing activities				
Proceeds of Short Term Borrowings	49897230		23634985	
Decrease in NonCurrwbr - Other Finaancial Assets	2408773		2070632	
Interest Payments	-25511497	26794506	-28184529	-2478912
Net cash from financing activities	C	26794506		-2478912
Net increase in cash and cash equivalents	(A+B+C)	388238		-2741864
Cash and cash equivalents at beginning of reporting period		8144720		10886584
Cash and cash equivalents at end of reporting period		8532958		8144720
Cash & cash equivalents:		8532958		8144720

In Accordance with our Report attached

For and on behalf of the Board

For M/S.K.T.ARASU & CO.,
Chartered Accountants FRN : 0002135CA.K.THIRUNAVUKKARASU
Membership No: 021834
UDIN NO: 20021834AAAAANH1380A. BALASUBRAMANIAM
MANAGING DIRECTOR
DIN: 00515998B. JEYAMANI
DIRECTOR
DIN: 00338077Place: RAJAPALAYAM
Date : 18.12.2020Place: CHATRAPATTI
Date : 18.12.2020



M/s. NACHIAR SPINNING MILLS PRIVATE LIMITED, CHATRAPATTI – 626102.

NOTES FORMING PART OF FINANCIAL STATEMENTS

1) CORPORATE INFORMATION:

M/s. NACHIAR SPINNING MILLS PRIVATE LIMITED (the Company) was incorporated on 26.06.1987. the Company is engaged in the manufacturing. of Textile Product viz; Cotton Yarn.

2) SIGNIFICANT ACCOUNTING POLICIES:

i) Basis of Preparation of financial statements:

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies Act, 2013 ("the Act"). The Accounting Policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

ii) Use of Estimates:

The Preparation of Financial Statements is in conformity with the GAAP requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reported period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although, these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognized in the period in which the results are known or materialize.

Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

iii) Operating Cycle:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash or cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.



iv) Cash and Cash Equivalents (for the purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

v) 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 are segregated based on the available information.

vi) Property, Plant and Equipment:

Property, Plant and Equipment (whether Tangible or Intangible) are stated at the cost of acquisitions, less accumulated depreciation/amortization/impairment loss (if any), net of Modvat/Cenvat (Wherever claimed). Investment subsidy received in respect of capital goods are adjusted against cost of acquisition. The cost of fixed assets includes taxes, duties, freight, borrowing cost, if capitalization criteria are met and other incidental expenses incurred in relation to their acquisition/bringing the assets for their intended use.

Property, Plant and Equipment held for disposal are stated at lower of net book value and net realizable value.

vii) Depreciation and Amortization:

The Depreciable amount of an asset is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation on assets has been provided under written down value method based on the useful life of the assets as prescribed under the Companies Act, 2013. Intangible asset is amortized based on management evaluation of the useful life.

Asset Category	Residual Vale(%age)	Useful Life (Years)
Tangible Assets:		
Building	5	60
Plant & Machineries	5	15
Electrical & Fittings	5	10
Furniture & Fittings	5	10



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Vehicles	5	10
Other Assets	5	10
Intangible Assets:		
NIL		

viii) Impairment of Assets:

The Carrying amount of assets are reviewed at each balance sheet date, if there is an indication of impairment based on internal and external factors.

An Asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an assets and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which the asset is identified as impaired. Impairment loss recognized in prior years is reversed when there is an indication that impairment loss recognized for the asset no longer exists or has decreased.

ix) Inventories:

Inventories are valued at lower of cost and net realizable value. Cost of inventories is computed on FIFO basis and comprises of cost of procurement, cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

x) Investments:

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which investments are made, are classified as current investments. Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost of acquisition. Provision for diminution is made if such diminution is considered other than temporary in nature. Investments in Mutual Funds are valued at the lower of cost and fair value, prevailing as at the Balance Sheet date.



xi) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such asset till such time the asset ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

xii) Revenue Recognition:

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

- (a) Sales are accounted on dispatch of products from the factory. Sales are disclosed net of excise duty, sales tax, discounts and returns as applicable.
- (b) Revenue from services is recognized in accordance with the specific terms of contract on performance.
- (c) Interest income on deposits with bank is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (d) All other income is recognized on accrual basis.

xiii) Government Grants and Subsidies:

Grant and subsidies are recognized when there is a reasonable assurance that the grant or subsidy will be received and that all underlying conditions thereto will be complied with. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. When the grant or subsidy relates to revenue expenditure, its value is deducted from the respective expenditure.

xiv) Taxes on Income:

Income Tax Expenses comprise current tax and deferred tax charge or credit.

- (a) **Income Tax:** Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.
- (b) **Deferred Tax:** Deferred Tax is recognized on timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred Tax liabilities are recognized for all timing differences. Deferred Tax assets are recognized and carried forward only to the extent that there



is reasonable certainly, that the assets will be realized in future. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

xv) Provisions, Contingent Liabilities and Contingent Assets:

A Provision is recognized when the Company has present or legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the transaction and reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent asset is not recognized in the financial statements since this may result in the recognition of income that may never be realized.

xvi) Foreign Currency Transactions:

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated at the yearend rates.

Exchange difference relating to borrowed funds, liabilities and commitments in the foreign currency for acquisition of fixed assets, arising till the assets are ready for their intended use, are adjusted to cost of fixed assets. Any other exchange difference either on settlement or translation is recognized in the Statement of Profit and Loss.

xvii) Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividend and attributable taxes) by weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting period. For the purposes of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity share.



M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI

ACCOUNTING YEAR ENDED : 31st MARCH 2020

3. PROPERTY, PLANT AND EQUIPEMENTS AND CAPITAL WORK IN PROGRESS:

SL	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As on 01.04.2019	Additions	Deletions	As on 31.03.2020	Up to 01.04.2019	For the period	Up to 31.03.2020	As at 31.03.2020	As at 31.03.2019
A)	Tangible Assets									
1	Land	654175	0	0	654175	-	-	-	654175	654175
2	Building	36617151	0	0	36617151	28805817	141839	28947656	7669495	7811334
3	Building Under Construction	3778672	0	0	3778672	-	-	-	3778672	3778672
4	Machinery	369985906	12240337	5778080	376448163	312355141	9196957	321552098	54896065	57630765
5	Electrical Installations	15491294	0	0	15491294	14547460	83346	14630806	860488	943834
6	Furniture & Fittings	1298361	0	0	1298361	1157950	22571	1180521	117840	140411
7	Vehicle	6337853	0	0	6337853	5755262	266988	6022250	315603	582591
8	Computers	1279593	0	0	1279593	1271381	0	1271381	8212	8212
		435443005	12240337	5778080	441905262	363893011	9711701	373604712	68300550	71549994
B)	Deferred Tax Liability write off	-	-	-	-	-	4127000	4127000	4127000	-
C)	Intangible Assets	NIL								
	TOTAL	435443005	12240337	5778080	441905262	363893011	13838701	377731712	64173550	71549994

Additional information:

- i) The following assets were revalued in the year NIL.
- ii) Borrowing costs capitalized up to March 31, 2020 Rs. NIL.



M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI
NOTES TO FINANCIAL STATEMENTS

Particulars			As At 31.03.2020	As At 31.03.2019
FINANCIAL ASSETS				
4. Other Investments				
a). Investment in Equity Instruments			NIL	NIL
Name of the Company		Face Value	No of Shares	Amount
i) Suryadev Alloys & Power (P) Ltd.		Rs.10/- per Share	700	5495170
Total			5495170	5495170
Additional Information:				
(i) Investment in Equity Instruments represents Captive Power Share Holding Scheme and Purchased at Premium of Rs.136 Per Share.				
5. OTHER FINANCIAL ASSETS (NON CURRENT)				
a). Security Deposit with Electricity Board/ Others			2462775	4871548
b). Other Government Deposits			191473	191473
Total			2654248	5063021
6. OTHER NON CURRENT ASSETS				
Unsecured, Considered Good:				
a) Advance to Suppliers / Others			NIL	NIL
b) Preliminary & Pre-Operative Expenditure			NIL	NIL
Less: During the Year Written Off			NIL	NIL
Total			NIL	NIL
7. INVENTORIES:				
a) Raw Materials - Cotton			253571370	199754434
b) Work-in-Progress			53851691	55725954
c) Finished Goods - Cotton Yarn			10243370	10197141
d) Stores & Spares			14099005	17542571
e) Goods in transit:			NIL	NIL
Total			331765436	283220100
8. TRADE RECEIVABLES				
Secured, Considered Good				
a). Trade receivables exceeding six months			NIL	NIL
b). Others			6100421	4203996
			6100421	4203996
Less: Provision for Doubtful Debts			NIL	NIL
Total			6100421	4203996
9. CASH AND CASH EQUIVALENTS				
a). Cash on Hand			56546	33033
b). Balance with Banks				
- In current Accounts			76695	136768
- In Deposit Account: Fixed Deposit			8399717	7974919
- Cheque on Hand			0	0
Total			8532958	8144720
10. OTHER BANK BALANCE				
a). Balance with Banks held as Security against Borrowings			NIL	NIL
b). Earmarked Balances with Banks for unclaimed Dividend			NIL	NIL
Total			NIL	NIL



M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI
NOTES TO FINANCIAL STATEMENTS

Particulars	As At			
	31.03.2020	31.03.2019		
	Rs.			
11. OTHER FINANCIAL ASSETS (CURRENT)				
a). GST Receivables	0	0		
b). Security Deposit	0	0		
Total	0	0		
12. OTHER CURRENT ASSETS				
a) Advance to Suppliers / Others	2745632	2745632		
b) Income Tax - Advance Tax & TDS	1582861	1475805		
c) Prepaid Expenses	0	0		
d) Other Current Assets	1379896	627749		
Total	5708389	4849186		
13. EQUITY SHARE CAPITAL				
- Authorised 4,91,000/- Equity Shares Rs.100/- each [Previous Year : 4,91,000 Equity Shares Rs.100/- each]	49100000	49100000		
- Issued, Subscribed and Paid up 3,85,700/- Equity Shares Rs.100/- each fully Paid-up [Previous Year : 3,85,700 Equity Shares Rs.100/- each]	38570000	38570000		
Total	38570000	38570000		
13.1 Reconciliation of the Number of Shares Outstanding				
Number of Shares at the Beginning	385700	385700		
Add: During the Year Share Issued	0	0		
Number of Shares at the End	385700	385700		
13.2. List of of Share Holders Holding More than 5% of the Company				
Particulars	As at 31.03.2020		As at 31.03.2019	
	No. Of. Shares	%	No. Of. Shares	%
a). Shri. A.Balasubramaniam	297590	76.70%	297590	76.70%
b). Smt. B.Jeyamani	71500	18.55%	71500	18.55%
c). Others	18410	4.75%	18410	4.75%
Total	387500	100.00%	387500	100.00%
14. OTHER EQUITY:				
a). General Reserve			NIL	NIL
b). Retained Earnings:				
Opening Balance			36917503	39074877
Add: During the Year Profit Transferred			118656	-2157374
Total			37036159	36917503
15. BORROWINGS (NON CURRENT)				
SECURED				
a) Term Loan			NIL	NIL
b) Loans and advances from related parties:			NIL	NIL
Sub- Total (i)			NIL	NIL
UNSECURED				
a) Term Loan			NIL	NIL
b) Loans and advances from related parties:			NIL	NIL
Sub - Total (ii)			NIL	NIL
Total			NIL	NIL



M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI

NOTES TO FINANCIAL STATEMENTS

Particulars	As At	As At		
	31.03.2020	31.03.2019		
	Rs.			
16. BORROWINGS (CURRENT)				
SECURED				
a) Loans repayable on demand from Banks				
i).Cash Credit from Bank of India, RJPM	99988762	100479975		
ii).LC Payable - Bank of India, RJPM	69999637	69316473		
iii).OD against Deposits from Bank of India, RJPM	801823	0		
iv).Term Loan from Bank of India, RJPM	2992882	0		
b) Loans repayable on demand from Others	NIL	NIL		
Total of (i)	173783104	169796448		
UNSECURED				
a) Loans repayable on demand from Banks	NIL	NIL		
b) Loans repayable on demand from others	89062421	45645535		
c) Loans and Advances from Related Parties:				
i).M/s.Naatchiar Textiles Exporters	71995131	69501443		
Total of (ii)	161057552	115146978		
Total (I +ii)	334840656	284943426		
16.1. Details of Security for Secured Loans from Banks:				
S.No	Type of Loan	Nature of Security	31.03.2020	31.03.2019
(i)	Cash Credit from Bank of India, RJPM	Stocks - Rs.10 Crs, Book Debts Not older than 90 Days Sub Limit Rs. (1.00) Cr.	99988762	100479975
(ii)	LC Payable - Bank of India, RJPM	NFBL I/F/LC DP/ DA 120 Days Limit Rs.7.00 Crs.	69999637	69316473
(iii)	OD against Deposits from Bank of India, RJPM	BG-EPCG Limits 0.20 Crores	801823	0
(iv)	Term Loan from Bank of India, RJPM	Term Loan Limit of Rs.0.36 Crores	2992882	0
	Total		169988399	169796448
16.2. primary Security: Hypothecation of Stocks & Book Debts and Cash Margin for LC and BG.				
16.3. Collateral Security: EQM of Factory Land & Building situated at Kotankulam Village. Rajapalayam TK & Mamsapuram Village, Srivilliputtur and Hypotheciation of Plant & Machineries.				
16.4. Guarantors: Both Directors of Company Shri.A.Balasubramaniam & Smt.B.Jeyamani				
17.TRADE PAYABLES				
a) Sundry Creditors for Trade			0	4930591
b) Sundry Creditors for Others			13659328	12573583
	Total		13659328	17504174
18. OTHER FINANCIAL LIABILITES				
a).Unpaid Dividend			NIL	NIL
b).Liability for Operating and Other Expenses			NIL	NIL
c).Liability for Other Finance			NIL	NIL
	Total		NIL	NIL
19. OTHER CURRENT LIABILITES				
a).Unpaid Dividend			NIL	NIL
b).Liability for Operating and Other Expenses			NIL	NIL
c).Liability for Other Finance			NIL	NIL
d) Advance for Equity Share Capital A/c			NIL	NIL
e) Others Payable:				
(i) Statutory Liabilities			220761	389084
(ii) Provision for Expenses			75000	75000
(iii) Others			0	0
	Total		295761	464084
20. PROVISIONS				
a). Provision for Taxation			28268	0
	Total		28268	0

**M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI****NOTES TO FINANCIAL STATEMENTS**

Particulars	31.03.2020	31.03.2019
21. REVENUE FROM OPERATIONS:		
i) Sale of Products - Manufactured Goods:		
a) <u>Export Sales:</u>	NIL	NIL
b) <u>Domestic Sales:</u>		
- Yarn	409471560	408974946
- Waste Cotton	11021527	12377886
- Cotton Bales / Consumable Spares	4714037	648608
ii) Other Operating Revenues:	NIL	NIL
<u>Less: Sales Return</u>	NIL	NIL
Total	425207124	422001440
iii) Sale of services	NIL	NIL
	NIL	NIL
TOTAL (i+ii+iii)	425207124	422001440
22. OTHER INCOME:		
i) Interest Income:		
a) Interest Receipts from Bank FD	622564	1027417
b) Interest Receipts from TNEB Deposit	133528	
ii) Other Non Operating Income	0	0
Total	756092	1027417
23. COST OF MATERIALS CONSUMED:		
<u>Opening Stock:</u>		
Cotton	199111279	165802985
Waste Cotton	643155	969673
<u>Add: Purchases</u>		
Cotton	230406860	228798492
Waste Cotton	10412942	14572642
Polyster Fibre	0	0
Yarn	62679141	9521887
Cotton Expenses, Lorry Freight,Coverion Charges,etc.,	1950051	3175554
	505203428	422841233
<u>Less: Closing Stock:</u>		
Cotton	252906750	199111279
Waste Cotton	664620	643155
Total	251632058	223086799



M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI

NOTES TO FINANCIAL STATEMENTS

Particulars	31.03.2020	31.03.2019
24. CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS:		
Stocks at the beginning of the Year:		
1. Work-in-Progress - Cotton	55725954	54616704
2. Finished Goods - Yarn	10197141	17058207
	65923095	71674911
Less: Stocks at the end of the year:		
1. Work-in-Progress - Cotton	53851691	55725954
2. Finished Goods - Yarn	10243370	10197141
	64095061	65923095
NET INCREASE /DECREASE	1828034	5751816
25. EMPLOYEE BENEFIT EXPENSES:		
i) Salaries, wages & Bonus	20504115	24501297
ii) Remuneration to Whole Time Directors	360000	1780000
iii) Labour & Staff welfare expenses :		
(1) Ex - Gratia & Gratuity Paid	11429230	5614357
(2) Travelling Allowance	1173876	1126631
(3) House Rent Allowance	1489051	11830699
(4) Welfare Expenses	10162857	5213915
Total	45119129	50066899
26. FINANCE COSTS:		
i) Interest on Bank Borrowings	22610010	24306490
ii) Bank Charges	2901487	3878039
Total	25511497	28184529
27. DEPRECIATION AND AMORTISATION EXPENSES:		
i) Depreciation	9711701	14248752
ii) Amortization of intangible assets	0	0
iii) Others	0	0
Total	9711701	14248752

**M/S. NACHIAR SPINNING MILLS (P) LTD., - CHATRAPATTI****NOTES TO FINANCIAL STATEMENTS**

Particulars	31.03.2020	31.03.2019
28. OTHER EXPENSES:		
a) Manufacturing Expenses:		
i) Power and Fuel	60659642	66772964
ii) Packing Materials Consumed	4572326	4709132
iii) Stores, Spares Consumed	13517262	18312553
iv) Repairs to Machinery, Electricals etc.,	4261954	2864731
v) Testing Fees	21375	25785
b) Administrative Expenses:		
i) Licences and Taxes	272803	703070
ii) Repairs to Others (Vehicles)	3459849	3027786
iii) Subscription	2000	43415
iv) Filing Fees	1900	2500
v) Legal Expenses	32000	21000
vi) Water Supply Expenses	0	9975
vii) ESI, EPF & EPS	3004515	4314285
viii) Printing and Stationery	116953	106586
ix) Postage, Telephone and Telegram	94322	115052
x) Travelling Expenses	61124	87711
xi) Professional Charges	37884	113048
xii) Payment to the Auditors (Refer Details Below)	75000	75000
xiii) Hank Yarn Obligation Fees	24946	778395
xiv) Insurance	652089	237996
xv) GST Payments	92371	167065
xvi) Sundry Expenses	32633	34630
c) Selling Expenses:		
i) Yarn Selling Expenses	1020925	1324757
Total	92013873	103847436
Payment to Auditors - Break up:		
i) As Statutory Auditors	45000	45000
ii) For Taxation Matters	20000	20000
iii) For Company Law Matters	10000	10000
Total	75000	75000
29. Details of items of exceptional and extraordinary nature:		
Exceptional items		
Income	NIL	NIL



M/s. NACHIAR SPINNING MILLS (P) LIMITED - CHATRAPATTI - 626 102

NOTES TO FINANCIAL STATEMENTS

Particulars	For the Current reporting period		For the Previous reporting period	
30 Additional information:				
a) Value of imports calculated on CIF basis:	NIL		NIL	
i) Raw materials				
ii) Components and spare parts				
iii) Capital goods				
b) Expenditure in foreign currency: (net of withholding tax)	NIL		NIL	
i) Royalty				
ii) Know how				
iii) Professional and consultancy fees				
iv) Interest				
v) Other matters				
c) Sl. Particulars	Amount	% to total	Amount	% to total
i) Value of imported raw materials, spare parts and components consumed	NIL	NIL	NIL	NIL
ii) Value of indigenous raw materials, spare parts and components consumed	26.97 Crores	100%	24.61 Crores	100%
	26.97 Crores	100%	24.61 Crores	100%
d) Details of non-resident shareholdings				
i) Number of non-resident share holders				
ii) Number of shares held by non-resident share holders	NIL		NIL	
iii) Amount remitted during the year in foreign currency on account of dividends				
e) Earnings in foreign exchange:				
i) Export of goods calculated on FOB basis	NIL		NIL	
ii) Royalty, Knowhow, professional and consultancy fees				
iii) Interest and dividends	NIL		NIL	
iv) Other income-indicate nature				
Particulars	For the Current Reporting Period		For the Previous reporting period	
31. EARNING PER SHARE:				
(a) After extraordinary item:	- No Extraordinary item			
(b) Before extraordinary item:				
Profit for the year after tax expense	118656		-2157374	
Adjustment for extraordinary item (net of tax)	0		0	
	118656		-2157374	
Less:				
Preference dividend payable including dividend tax	0		0	
	118656		-2157374	
Weighted average number of equity shares	385700		385700	
Earning per share	0.31		-5.59	



NOTES TO FINANCIAL STATEMENTS

32. RELATED PARTY TRASACTIONS:

As per Accounting Standard - 18 issued by the Companies (Accounting Standard) Rules, 2006, and the Institute of Chartered Accountants of India, the company's related parties are given below.

i) List of Related parties with whom transaction have taken place and relationship:

S.No	Name of the Related Party	Relationship
1	M/s. Jayanachiar Textile Mills Private Limited	KMP Interested Concern
2	M/s. Naatchiar Textile Exporters	KMP Interested Concern

ii) Transaction during the year with related parties:

1.	Name of the Related Party	Relationship	
	M/s. Jayanachiar Textile Mills Private Limited	KMP Interested Concern; Both the Directors are Directors of the Company.	
	Nature of Transaction	Value in Rs.	
		2019-2020	2018-2019
	Transaction arising buy & Sale of Cotton Yarn in Normal Course of Business.	7,76,40,642	58,61,046
	Closing Balance (Credit Balance)	42,38,945	0

2.	Name of the Related Party	Relationship	
	M/s. Naatchiar Textile Exporters; Partnership Firm	KMP Interested Concern; Both the Partners are Directors of the Company.	
	Nature of Transaction	Value in Rs.	
		2019-2020	2018-2019
	Transaction arising buy & Sale of Cotton Yarn in Normal Course of Business.	5,48,49,199	3,13,00,964
	Closing Balance (Debit Balance)	1,65,541	0

33. GST Return Filed Up-to date for the Year ended 31st March 2020 and the Company's Income-tax assessment is completed up to the assessment year 2019-20 and there is no disputed demand in respect of the completed assessment.
