**SRI RAMAKRISHNA MILLS (COIMBATORE) LIMITED**

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| **1 Significant Accounting Policies**  (In the order of applicability of Accounting Standards) | | | |
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| AS-1 DISCLOSURE AND BASIS OF ACCOUNTING | | | |
| a) | | | The Financial Statements have been prepared under the Historical cost convention in accordance with the provisions of the Companies Act, 2013 and accounting principles generally accepted in India and comply with the Accounting Standards as prescribed under 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Companies Act, 2013 to the extent notified. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use. |
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| b) | | | The Company has been consistently following the accrual basis of accounting in respect of its Income and Expenditure. |
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| c) | | | The Accounts are prepared on the basis of Going Concern concept only. |
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| **AS-2 VALUATION OF INVENTORIES** | | | |
|  | | | Inventories are valued at lower of cost and net realizable value, where |
| a) | | | Cost of raw materials is determined on specific identification method |
| b) | | | Stock of stores, spares and packing materials is determined on weighted average method. |
| c) | | | Finished goods and work in progress is determined under FIFO method where cost includes conversion and other costs incurred in bringing the inventories to their present location and condition. |
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| **AS- 3 CASH FLOW STATEMENT** | | | |
|  | | | Cash flows are reported using the indirect method, where by the profit before tax is adjusted for the effect of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and Cash equivalent include cash on hand and balances with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for you by the company. |
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| **AS-6 DEPRECIATION ACCOUNTING**  Depreciation on Fixed Assets has been provided on Straight line basis based on the balance useful life of the assets in respect of Plant and Machineries and on WDV in respect of other assets as prescribed in Schedule II of the Companies Act, 2013 effective from 01/04/2014. In respect of additions and sales, pro rata depreciation is calculated from the date of purchase or to the date of sale as the case may be.   |  |  |  | | --- | --- | --- | | **AS-9 REVENUE RECOGNITION** | | | | a) | Revenue from sale transactions is recognised as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions are recognised on the completion of the contract at the contracted rate and when there is no uncertainty regarding the amount of consideration or collectability. | | | | b) | Direct Sales as reported are net of Sales Tax. | | | | c) | Dividend income from investments and interest on NSC is accounted in the year in which it is actually received. | | d) | Other incomes are accounted on accrual basis. | | | | |
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| **AS-10 ACCOUNTING FOR FIXED ASSETS** | | | |
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|  | The cost of fixed assets except Land, Building and Plant and Machineries are shown at historical cost less accumulated depreciation. Land, Building and Plant and Machineries are shown at revalued figure less accumulated depreciation. | | |
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| **AS-11 FOREIGN CURRENCY TRANSACTIONS** | | | |
|  | Foreign currency transactions are recorded at the prevailing exchange rates at the time of initial recognition. Exchange differences arising on final settlement are recognized as income or expense in the profit and loss account. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates.  The premium or discount arising at the inception of forward exchange contracts is accounted as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense in the period in which they arise. | | |
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| **AS-13 ACCOUNTING FOR INVESTMENTS** | | | |
|  | Long term investments are stated at cost. A provision for diminution, if any, is made to recognise a decline, other than temporary, in the value of long term investments. | | |
| **AS-15 EMPLOYEE BENEFITS** | | | |
| a) | Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis. | | |
| b) | **Defined Contribution Plans** | | |
|  | Company’s contributions paid / payable during the year to Provident Fund, Superannuation Fund and ESIC are recognized in the profit and loss account. | | |
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| c) | Defined Benefit Plans Company’s liabilities towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate | | |
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| **AS-16 BORROWING COSTS** | | | |
|  | Borrowing Costs that are attributable to the acquisition of construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **AS-19 LEASES** | | | | | |  | | Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term. | | |  | |  | | | **AS-20 EARNING PER SHARE** | | | | | | | |  | | The earning considered in ascertaining the Company's earnings per share comprises of Net Profit after tax and includes post tax adjustments of prior period and extra-ordinary items. | | | |  | |  | | | | **AS-22 ACCOUNTING FOR TAXES ON INCOME** | | | | | | | |  | | Deferred tax resulting from timing differences between book and tax profits is accounted under liability method at enacted or substantively enacted rate as on the balance sheet date. Deferred tax asset, other than those arising on account of unabsorbed depreciation or carried forward of losses under tax loss, are recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized. | | |  | |  | | |  | | Deferred tax asset, arising on account of unabsorbed depreciation or carried forward of losses under tax loss, are recognised and carried forward subject to consideration of prudence only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. | | |  | |  | | |  | | Current tax is determined at the amount of tax payable in respect of estimated taxable income for the year. | | |  | |  | | | **AS-26 INTANGIBLE ASSETS** | | | | | | | |  | | Software is being amortised over a period of 1-3 years depending on the licenses of the respective software. | | |  | |  | | | **AS-28 IMPAIRMENT OF ASSETS** | | | | | | | |  | | An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the statement of Profit and Loss in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting year is reversed if there has been a change in the estimate of the recoverable amount. | | |  | |  | | | **AS-29 PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSETS** | | | | | | | | a) | | Provisions involving degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. | | | b) | | Contingent liabilities in respect of show cause notice received are considered only when they are converted to demands. Contingent liabilities are disclosed by way of notes to accounts. | | | c) | | Contingent liability under various fiscal laws includes those in respect of which the company/department is in appeal. | | |  | |  | | | **USE OF ESTIMATES** | | | | | | | |  | | The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the estimates is recognized prospectively. | | | | |