



empowering excellence

13th annual report 2015-16

HIGHLIGHTS 2015-16

(₹ in Lakhs)

Total Revenue **2,61,404**

PBDIT **49,252**

PBT **28,318**

PAT **21,011**

Cash Profit **36,216**

Assets **2,39,602**

Net Worth **1,09,419**

EPS - ₹ **55.57**

Cash EPS - ₹ **95.92**

The emphatic journey from an agricultural family of remote village, into Textiles Trade, as First generation entrepreneurs has built KPR on fabulous values. From a humble beginning in 1984, with a meagre capital, they started trading in power loom cloth, under the brand 'KPR'. With their strenuous and enduring team efforts, KPR strided with gradual and steady growth creating Twelve Technologically Advanced Manufacturing Facilities in and around Coimbatore, Tamilnadu over a period of thirty years. Establishing a strong footing in Textile Industry, empowered by strategic business plans, KPR has spread its wings to Sugar, Power Generation and Automobiles. Quality is the watchword. Be it the products KPR Group manufactures or the services it renders.

KPR Mill Limited, is one of the largest vertically integrated Apparel manufacturing Companies in India, with a work force of over 15,000 Employees. It has a cumulative capacity a of 3,53,568 spindles to produce 90,000 MT of yarn per annum; Knitting facility to produce 27,000 MT of fabrics per annum; Garmenting facility to produce 95 million pieces of ready-made knitted apparel per annum, one of the largest Garment Producers in India; Industry acclaimed ETP embedded Fabric Processing unit with a capacity of 9,000 MT per annum (Capacity Doubling is under way); 66 Wind mills with total power generation capacity of 61.92 MW. KPR also has a Co-gen Cum Sugar Plant with a capacity of 30 MW and 5,000 TCD in its wholly owned Subsidiary Company.



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Garment Unit, Thekkalur



CHAIRMAN'S LETTER

Dear Shareholders,

It is my pleasure to present the 13th Annual Report of KPR, supplementing a successful year to its journey of consistent performance. During the year KPR registered a Consolidated Revenue of ₹ 2,614 Crores and a Net Profit of ₹ 210 Crores. Global economic slowdown has impacted the economic growth of developing countries including India. Though the Textile Industry as a whole experienced some challenges, KPR with its unique features recorded a higher profitability over previous year. Garment segment performed well. Exports constitute 36% and domestic 64%. The slide in cotton prices impacted the revenue from yarn as well as the topline.

With regard to various value addition driven strategies initiated, Conversion of conventional yarn capacity to value added yarn is completed; 12 million Green Field garment capacity commissioned during last year has reached its full capacity during the 4th quarter; the new 36 million Green Field Garment facility has been commissioned on 24th of April

2016. With the doubling of Garment capacity in last 2 years (47 million to 95 million) KPR is now one of the **largest** Garment manufacturers in the country. Ramping up of new facility is in progress and will be completed during the current financial year. To meet the needs of expanded garment segment, we are doubling the processing capacity by adding advanced cold process technology that minimizes water consumption as well as cost of production. Hi-tech Rotary Printing is also contemplated.

Encouraging support from existing buyers and entry into new Countries in emerging markets vindicate our strategic move for expanding the promising sectors Garmenting and Processing. Cotton price was stable during the last 2 years. National and International cotton Balance Sheet reflects comfortable position and monsoon prediction is also positive. As its future outlook is encouraging, I am confident that its prices may stabilize at this level. During this year Power cut has been lifted in Tamilnadu.



The comfortable cash flow and better performance enabled a higher dividend payout of ₹ 10 per share (100%) including 10% proposed as final dividend. The earnings per share increased to ₹ 56 from ₹ 46 of last year. Sugar prices started moving up. The outlook for Sugar market is positive. Our shares have also performed appreciably in the Stock Market. Your support and co-operation has been instrumental in hiking its market cap over 70% from last year. I am happy to inform that the BSE Limited has included KPR in the list of Top 500 Companies based on Market Cap during the year.

KPR continuously invests considerably in training its employees, whose expertise is one of its key strengths. We take pride in announcing that KPR has been awarded 'Commendation Certificate of Merit' as best large scale Private Organization, in the training program under "Skilling India" Scheme, introduced by Central Government. As regards employee empowerment, so far, over 15,000 employees are benefited by availing Higher Education facilities offered at KPR with the tie-up of Leading Universities, which is considered as the master piece of its five star rated employee welfare facilities. Evidencing the high standard of coaching extended by KPR, every year the Employees prove their outstanding talent in the Government Exams. To quote an achievement, an Employee of KPR (Ms. Ruba), has secured **First Rank** in 'Tamilnadu Open University' Examination 2015 and was awarded **Gold Medal** from the hands of Honorable Governor of Tamilnadu. We are also glad to inform that in the Academic year 2015-16 'Higher Secondary Government Examinations', our employee (Ms. B. Kalaivani) has scored 1149 marks out of 1200 and 19 employees scored, above 1000 marks.

CSR ACTIVITIES

KPR has been traditionally engaged in CSR activities voluntarily much ahead of CSR legislation. More particularly

empowering women from deprived Society with financial and literacy, so as to be independent in life and support their families. Education is the backbone of every society in this world. But what matters the most is the quality education - a dream for many. Aligning with this thought and realizing the crucial role of CSR, during the year, identifying a pool of talented Students from the bottom of social pyramid, scholarships have been granted to them enabling access to quality higher education. Compliance of Corporate Governance in all its spheres continues.

CREDENTIALS

I am pleased to report that in the **Business World's Top 500 Indian Companies of 2015**, KPR is ranked at 239th place. Adding to its credentials, '**Business Today**' has selected KPR's Management as one of the **Top 100 CEO's** of India for 2015.

I am much thankful to the Board of Directors for their guidance and contribution for the growth of the Company. I also thank the entire Management, for their invaluable team work to achieve the desired results. I would like to thank our long-term shareholders as well as those who have joined us recently for their unstinted support and confidence.

The apparel industry is continuing its fast growth. I remain confident; with increased Garment & Processing capacity, strategic move towards more value added yarn, KPR is expected to accelerate further growth in the earnings and cash flow in coming years. Bolstered by the solid strength of its proven business model, operating fundamentals, strong financials, free cash flow, strategic plans, KPR can steer its growth prospects, achieving the best standards, enhancing long term value of all stakeholders.

With best wishes
K.P. Ramasamy
Chairman



Board of Directors



K.P. Ramasamy
Chairman



KPD Sigamani
Managing Director



P. Nataraj
Managing Director



C.R. Anandakrishnan
Executive Director



E.K. Sakthivel
Executive Director



Dr. K. Sabapathy
Director



K.N.V. Ramani
Director



G.P. Muniappan
Director



A.M. Palanisamy
Director



C. Thirumurthy
Director



Dr. S. Ranganayaki
Director



P. Selvakumar
Director

REGISTERED OFFICE

No.9, Gokul Buildings,
1st Floor, A.K.S. Nagar,
Thadagam Road,
Coimbatore – 641 001.
Ph : 0422 - 2478090
Fax : 0422 - 2478050

CORPORATE OFFICE

1st Floor, Srivari Shrimat, 1045,
Avinashi Road, Coimbatore - 641 018.
Ph : 0422 - 2207777
Fax : 0422 - 2207778
Email : corporate@kpmill.com
Web : www.kpmillimited.com

CHIEF FINANCIAL OFFICER

PL Murugappan

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

P. Kandaswamy

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells,
Chartered Accountants,
41, Shanmuga Manram,
Race Course, Coimbatore – 641 018.

BANKERS

Bank of Baroda
Bank of India
Corporation Bank
IDBI Bank Limited
Oriental Bank of Commerce
Andhra Bank
ICICI Bank
The Karnataka Bank Limited

REGISTRAR AND SHARE TRANSFER AGENTS

Karvy Computershare Private Limited,
Unit : KPR MILL LIMITED,
Karvy Selenium,
Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda
Hyderabad – 500032.
Phone : 040 6716 2222
Fax : 040 2300 1153
Toll Free No. : 1800 345 4001
E-mail : einward.ris@karvy.com

COMPANY CIN

L17111TZ2003PLC010518

Dear Members,

The Board of Directors' take pleasure in presenting the report on the operations and business of the Company along with Audited Financial Statements for the year ended 31st March, 2016.

FINANCIAL RESULTS

(₹ in Lakhs)

| PARTICULARS | STANDALONE | | CONSOLIDATED | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| Sales and Other Income | | | | |
| Domestic Sales (Net of Excise Duty) | 1,37,522 | 1,54,752 | 1,59,386 | 1,68,413 |
| Export Sales | 54,397 | 48,803 | 90,654 | 80,432 |
| Other Income | 7,569 | 6,682 | 11,364 | 10,134 |
| | 1,99,488 | 2,10,237 | 2,61,404 | 2,58,979 |
| Profit before Interest & Depreciation | 38,962 | 37,843 | 49,252 | 46,134 |
| Less : Interest | 4,442 | 6,450 | 5,729 | 8,394 |
| Depreciation | 12,384 | 12,587 | 15,205 | 15,402 |
| Profit Before Tax | 22,136 | 18,806 | 28,318 | 22,338 |
| Less : Taxation | | | | |
| Provision for Current Tax | 6,574 | 5,546 | 8,390 | 6,573 |
| Tax relating to earlier years | 145 | (82) | 165 | (95) |
| MAT Credit | - | 1,281 | 1,119 | 1,522 |
| | 6,719 | 4,183 | 7,436 | 4,956 |
| Deferred Tax Expense / (Credit) | (137) | 25 | (129) | 25 |
| Profit After Tax | 15,554 | 14,598 | 21,011 | 17,357 |

REVIEW OF OPERATIONS

In the year under review, despite challenges faced by the Industry & Economy in general, the Company has performed better. The decline in cotton price over 15%, created an equivalent adverse impact on Yarn & Fabric prices. Though power cut in the State has been lifted, the continued evacuation issue deteriorated our wind power generation considerably. However with value added products, optimum utilization of capacities and improved business & margin in Garment, the profitability of the Company has improved. Sensing the need of customers for speciality products, the Company started producing the Slub effect Melange (Colour Melange) and Polyester Cotton Yarn, besides converting the existing facility to value added Compact yarn producing facility. These products carry higher margin and consistent demand. The Garment Industry is expected to continue it's upbeat. Exports from Tirupur Market, the knitwear hub of India, the value of

shipments crossed ₹ 21,000 Crores for the fiscal 2015. If the same trend continues for three years, the exports will double. Our expansion initiatives are progressing well as contemplated. With the above strategies, the Company is hoping to secure higher margin in the coming years. With comfortable cash flow, it is expected that the debt level may come down gradually leading to a debt free entity in 3-4 Years.

DIVIDEND

Your Company has been maintaining a consistent dividend track record. Considering better performance and strong liquidity, during the year the Board of Directors have declared two interim dividends, 50% (₹ 5) during January 2016 and 40% (₹ 4) during March 2016. The Board in its Meeting held on 28th April, 2016 has recommended a final dividend of 10% (₹ 1) on Equity

Directors' Report

Shares, thus aggregating to 100% (Rupees Ten per Share on Equity Share of Rupees Ten each), subject to the approval of the Members at the Thirteenth Annual General Meeting.

RESERVES

During the year under review the Company has transferred ₹ 1,500 Lakhs to the Capital Redemption Reserve towards redemption of Preference Shares and ₹ 15,554 Lakhs were transferred to General Reserve.

GARMENTS EXPANSION

The expansion of Garment capacity by 36 million garments to cope up with the upsurge in market demand is progressing well and nearing completion. It would entail KPR as one of the largest Garment producing Corporates in India. The response from existing customers as well as from new markets is much encouraging. The interest evinced by leading Brands from new markets substantiates our right move. It is expected to be commissioned during the First Quarter of Financial Year 2016-17.

DOUBLING OF PROCESSING CAPACITY

The sustained growth foreseen in global apparel industry coupled with a shift in overall trade towards Asia over the years in view of lower cost of production, has made India the most preferred, competitive textile manufacturing hub. To keep pace with fast-changing customer demand, design and technology, increase of production capacity coupled with technological advancement has become essential. Currently, India lags in processing capacities in terms of modern technology. Bearing it in mind and commensurate with the increased in-house requirement on account of Garment capacity expansion and future market potential, an expansion drive has been mooted in its Fabric processing facility which has a backing of strong Effluent Treatment Plant. The key factors of expansion are:

- 100% capacity addition – From 25 MT to 50 MT per day
- Advanced continuous process technology minimizing cost of production.
- Hi-tech Rotary screen printing to escalate operations

The expansion drive facilitates the Company's commitment to grow with the market trend. Its salient features are;

- elimination of salt usage in dyeing that considerably reduces the water & energy consumption, effluent etc., thereby minimising cost of production.
- ensuring improved quality, higher color uniformity;
- garnering large overseas customers from new giant markets besides widening the current client base;
- safe processing of delicate & sensitive Fabrics with minimal interruption through Rotary screen printing;
- eligible for 10% capital subsidy under A - TUF scheme.

Investment to ensure this capacity addition will be ₹ 120 Crores funded through internal accruals and Bank finance. The project is estimated to be completed in 9 Months' time.

SUBSIDIARY COMPANIES

The Company has Four Wholly Owned Subsidiary Companies, their financials and details as required Under Section 136 of the Companies Act, 2013 (hereinafter referred to as the 'Act') are available in the website of the Company.

Statements pursuant to Section 129 (3) of the Act, in 'Form AOC - 1' forms part of this Annual Report. However as required by the 'Act', we give below a brief report on their performance.

QUANTUM KNITS PVT. LIMITED

During the year under review the high growth in apparel market and its exports enabled the Company a better margin. The significant increase in the Apparel consumption in developing economies is expected to sustain the growth level for a long term.

K.P.R.SUGAR MILL LIMITED

Consequent on the delay in fixation of cane price by the Government during the year also, there has been a delay in Sugar crushing. The drought prevailed at Karnataka, after 5 years of good monsoon, has curtailed sugarcane availability. The Sugar price which was reeling under tremendous pressure due to sluggish demand had a reprieve during the last Quarter of the Financial Year. Produced 66,335 metric tons of sugar. Out of 1005 Lakhs units of power generated 760 Lakhs units were sold and 245 Lakhs units captively consumed.

JAHNVI MOTOR PRIVATE LIMITED

In Financial Year 2015-16, the Company sold 271 Cars and with improved Service Income, it earned a total Revenue of ₹ 131.60 Crores. Its effective marketing setup sustained the 'No.1' Position under category 'B' Dealership, besides securing 'All India Best Partner' title in after Sales Service.

GALAXY KNITS LIMITED

The Company has not yet commenced its operation.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from public during the year under review.

FINANCE

Our prompt repayments and pre-closure of certain high cost debts, facilitated by healthy Cash flow, elevated the credibility of your Company. It enabled prudent application of funds and better negotiation strength. This exemplary trend is expected to continue.

DIRECTORS

Sri. M.J. Vijayaraaghavan, Director passed away on 10.06.2015. Taking note of his long association and sane advice, the Board placed on record the invaluable services rendered by him as a Senior Director and Audit Committee Chairman.

Sri. A. Sekar, Whole time Director had retired on 27.07.2015 and Sri. P. Selvakumar, Senior Executive of the Company was appointed as a Whole Time Director of the Company. The Board in its Meeting held on 09.03.2016 has co-opted Sri. E.K. Sakthivel, as Additional Director, under the designation 'Executive Director' subject to the approval of the Company at Annual General Meeting. At the ensuing Annual General Meeting suitable Resolution has been included in the Notice of the said Meeting to regularize his appointment.

The Company has adequate Independent Directors in compliance with the Act and SEBI (LODR) Regulations, 2015 hereinafter referred to as Listing Regulations. Familiarization Program on the Company and its operation was conducted for the Independent Directors. Requisite declaration from the Independent Directors of the Company under Section 149 (7) of the Act confirming that they meet with the criteria of their Independence laid in Section 149 (6) have been obtained.

Sri. P. Selvakumar, Director retires by Rotation at the ensuing Annual General Meeting and is eligible for reappointment.

The details of the aforesaid Directors, required to be disclosed under Regulation 36 (3) of the Listing Regulations, form part of the Notice of the ensuing Annual General Meeting. Your Directors recommend their appointment / re-appointment. All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164 (2) of the Act.

KEY MANAGERIAL PERSONNEL AND MANAGERIAL REMUNERATION CRITERIA

In pursuance of the Act the Company has Key Managerial Personnel. None of the Managing Directors or Whole Time Directors receive any remuneration or commission from the Subsidiary Companies and the remuneration paid to them is within the purview of the provisions of Section 197 read with Schedule V of the Act. The Company pays remuneration by way of salary, perquisites, commission (variable component) to its Chairman, Managing Directors and fixed monthly remuneration to its Executive Directors and Whole Time Director in line with the approvals accorded by the General Meetings in pursuance of the recommendation of the Nomination and Remuneration Committee as per the guiding principles laid down in the Nomination and Remuneration Policy and also by the Board of Directors. The information as required by Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended.

ANNUAL PERFORMANCE EVALUATION

In line with the criteria evolved by the Nomination and Remuneration Committee, the performance of all Directors, Committees, Chairman etc., have been evaluated pursuant to the provisions of the Act and the Listing Regulations.

COMMITTEES

As required by the provisions of the Act and Listing Regulations, the Company has already formed the following Committees, the details of which are disclosed in the Report on Corporate Governance forming part of this Report.

Directors' Report

- I. Audit Committee
- II. Stakeholders Relationship Committee
- III. Nomination and Remuneration Committee
- IV. Corporate Social Responsibility (CSR) Committee

POLICIES

In pursuance of the Act and the Listing Regulations, the following policies have been framed and disclosed on the Company's website 'www.kprmillimited.com'.

- I. Nomination & Remuneration Policy
- II. Related Party Transaction Policy
- III. CSR Policy
- IV. Whistle Blower Policy consisting of Vigil Mechanism
- V. Policy on Determining Material Subsidiaries
- VI. Code for Fair Disclosure
- VII. Risk Management Policy

RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 17 (9) of the Listing Regulations, the Company has framed a Risk Management Policy. In the opinion of the Board there appears to be no element of risk which may threaten the existence of the Company.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

The Company has an established Vigil Mechanism for Directors / Employees to report concerns about unethical behaviors, actual or suspected fraud or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors / Employees who avail of the mechanism. The Company affirms that no personnel have been denied access to the Audit Committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise reportable matters. All suspected violations and reportable matters can be reported to the Chairman of the Audit Committee at e-mail id 'whistleblower@kprmill.com'. The key directions / actions can be informed to the Chairman / Managing Director of the Company.

The Whistle Blower Policy has been framed and displayed in the Company's Website.

CSR EXPENDITURE

During the year, in pursuance of the recommendations of the CSR Committee, the Company has contributed ₹ 338 Lakhs being 2% of the average three years Net Profit of the Company towards implementing the CSR activities. Annual Report on CSR, as required by the Act is appended.

BOARD MEETINGS

The Board of Directors met five times during the financial year on 05.05.2015, 27.07.2015, 27.10.2015, 27.01.2016 and 09.03.2016. The Composition of Board, procedure, dates and other details are included in the Corporate Governance Report that forms part of this Report.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to the provisions of the 'Act' and the Listing Regulations entered into with the Stock Exchanges. They are prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard. The Consolidated Financials also marked a significant increase in its Revenue as well as Profitability.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has duly complied with the provisions of Section 186 of the Act and as required therein the details of the Borrowals, Security, Investment etc., are annexed by way of notes to accounts.

RELATED PARTY TRANSACTIONS

All Related Party Transactions that were entered into during the financial year were only between Holding Company and Wholly owned Subsidiary Companies in the ordinary course of business, whose accounts are consolidated with Holding Company and placed before the shareholders at the General Meeting for approval. Accordingly, pursuant to Section 134 (3) (h) read with Rule 8 (2) of the Companies (Accounts) Rules, 2014 and Regulation 23 of the Listing Regulations there are no transactions to be reported under Section 188 (1) of the Act.

However, the Transactions as required under Accounting Standards AS-18 are reported in the Notes to Accounts of the Consolidated Financial Statements as well as Standalone Financial Statements of your Company. The Company's Policy on dealing with related party transactions is available on the Company's website.

EMPLOYEE WELFARE

The Employee Welfare Initiatives and practices followed by the Company, acclaimed as one of the best in the Corporate World, have got far reaching impact on the societal development. KPR Group employs over 15,000 Workers. The unique labour model uplifting the marginalized section of the society - especially women folk - plays a vital role in improving the efficiency and productivity of the employees, besides ensuring them quality life both at work and family life.

Textile Industry is labour intensive and the Indian Textile Industry faces labour shortage. However, the impeccable welfare measures extended by KPR facilitate the process of mobilization of labour resources with ease. Extension of higher education facilities, the flagship of the welfare measures, is continuously best utilized by the workers as can be evidenced by their commendable performance in the Government examinations. So far over 15,000 employees have been benefited by the higher education facilities. The workforce becomes skilled, educated and employable wherever they are. Their consistent dedication and support are considered as invaluable resources for the Company.

Under the Central Government Skill Development initiative (PMKVY), over 2000 Employees of our Company have been enrolled during the year.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company

up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 provides for protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and also for the matters incidental thereto. The Company has accordingly adopted the policy against Sexual Harassment of Women at Workplace, for the purpose of preventing, prohibiting and redressing sexual harassment of female employees at all the workplace within the Company which are based on fundamental principles of justice and fair play.

Further, Anti Sexual Harassment Committee has been constituted at each unit which shall be responsible for redressal of complaints related to sexual harassment. The details of all such complaints and its proper redressal through prompt corrective steps are informed to the Top Management so as to ensure that suitable processes and mechanisms are put in place to ensure that issues of sexual harassment, if any, are effectively addressed. During the year, no complaints of sexual harassment were received by the Company from any of its Units.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act read with the Companies (Accounts) Rules, 2014 are provided in the Annexure to the Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 134 (5) of the Act, the Board of Directors of the Company hereby state and confirm that;

- I. In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- II. The Directors had selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to

Directors' Report

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 of the Company for the year under review.

- III. The Directors had taken proper and sufficient care for the maintenance of adequate record in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The Directors had arranged preparation of the accounts for the financial year ended 31.03.2016 on a going concern basis.
- V. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- VI. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

In pursuance of Listing Regulations the Corporate Governance Report and Management Discussion and Analysis Statement are attached to this Report. Certificate from the Statutory Auditors of the Company confirming the compliance with the conditions of Corporate Governance is also attached to this report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The details of Internal financial control and their adequacy are included in the Report of Management Discussion and Analysis, which forms part of this report.

RATIO OF REMUNERATION TO EACH DIRECTOR

Details / Disclosures of Ratio of Remuneration of Director to the median employee's remuneration as required by the Act and Companies Rules are appended.

SIGNIFICANT & MATERIAL ORDER PASSED BY THE REGULATORS

No significant and material order was passed by any Regulators that have any impact on the going concern status and the operations of the Company.

DETAILS REGARDING ISSUE OF SHARES

During the year under review the Company has not issued any shares. The Company has redeemed 15,00,000, 7% Redeemable Cumulative Non - Convertible Preference Shares of ₹ 100 each, at par.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Coimbatore, (ICAI No: 008072S) the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS REPORT

The Auditor's Report to the Shareholders does not contain any qualification.

COST AUDIT

In pursuance of Companies (Cost Records and Audit) Rules, 2014, the Company has appointed a Cost Auditor for the Company to audit the cost records for the Financial Year 2016-17.

SECRETARIAL AUDIT REPORT

As required by the Act a Secretarial Audit Report issued by a Company Secretary in practice is annexed and does not contain any qualifications and adverse remarks.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92 (3) of the Act and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 forms part of this Report.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude and express their appreciation for the assistances and co-operation received from the Bankers, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to thank the employees at all levels for their co-operation and dedication.

By order of the Board of Directors

Coimbatore
28.04.2016

K.P. Ramasamy
Chairman

Form AOC - 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Financial Summary of Subsidiary Companies

(₹ in Lakhs)

| Particulars | Quantum KNITS PVT. Limited | K.P.R.Sugar Mill Limited | Galaxy Knits Limited | Jahnvi Motor Private Limited |
|--|----------------------------|--------------------------|----------------------|------------------------------|
| Share Capital | 10 | 583 | 5 | 193 |
| Reserves & Surplus | 2,025 | 16,211 | (1) | 472 |
| Total Assets | 3,076 | 74,861 | 4 | 5,621 |
| Total Liabilities | 1,041 | 58,067 | - | 4,956 |
| Investments (Excluding investment in subsidiaries) | - | - | - | - |
| Turnover (Net of Excise Duty) | 11,263 | 65,172 | - | 13,160 |
| Profit / (Loss) Before Tax | 1,976 | 5,200 | - | 32 |
| Provision for Tax | 705 | - | - | 20 |
| Profit After Tax | 1,271 | 5,200 | - | 12 |
| Proposed Dividend | - | - | - | - |
| % of Share Holding | 100 | 100 | 100 | 100 |

Form AOC - 2 - All the transactions are at arm's length basis only.

Particulars of Employees - (Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

a) Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Remuneration paid to Whole-Time Directors (WTD)

| Name of the Director | Title | % Increase over previous year | Ratio of Remuneration to MRE | Ratio of Remuneration on (fiscal 2015-16) | |
|-------------------------|---------------------|-------------------------------|------------------------------|---|------------|
| | | | | Revenues | Net Profit |
| Sri. K.P. Ramasamy | Chairman | 14.88 ** | 109.35 | 0.337 | 3.04 |
| Sri. KPD Sigamani | Managing Director | 14.88 ** | 109.35 | 0.337 | 3.04 |
| Sri. P. Nataraj | Managing Director | 14.88 ** | 109.35 | 0.337 | 3.04 |
| Sri. C.R. Anandkrishnan | Executive Director | Nil | 3.91 | 0.012 | 0.11 |
| Sri. A. Sekar* | Whole-Time Director | Nil | 2.79 | 0.009 | 0.08 |
| Sri. P. Selvakumar | Whole-Time Director | NA | 1.28 | 0.004 | 0.04 |
| Sri. E.K. Sakthivel | Executive Director | NA | 0.24 | 0.001 | 0.01 |

* Ceased to be a Director with effect from 27.07.2015

** On account of Commission on Net Profits

2. Remuneration paid to Non-Executive Directors

The Non-Executive Directors of the Company are entitled for sitting fee only and its details are provided in the Corporate Governance Report.

3. Remuneration of other Key Managerial Personnel (KMP)

| Name of the KMP | Title | % Increase over previous year | Ratio of Remuneration on (fiscal 2015-16) | |
|---------------------|-------------------------|-------------------------------|---|------------|
| | | | Revenues | Net Profit |
| Sri. PL. Murugappan | Chief Financial Officer | 13.26 | 0.01 | 0.11 |
| Sri. P. Kandaswamy | Company Secretary | 7.40 | 0.01 | 0.08 |

4. Percentage increase in the median remuneration of employees in the financial year : 11.33%.

5. Number of Permanent employees on the roll of the Company at the end of the year : 8759

6. Explanation on the relationship between average increase in remuneration and the Company's performance

During fiscal 2016 the Net Profit has grown by 6.55%. The average increment of 11.33% was in line with the industry benchmark, cost of living index etc., Increase in Managerial remuneration is determined by the Shareholders of the Company.

7. Variations in the market capitalization of the Company, price earning ratio as at the closing date of the current and previous year.

| Particulars | Market Capitalization (₹ in lakhs) | Price Earnings Ratio |
|-------------|--------------------------------------|----------------------|
| 31.03.2016 | 3,13,578 | 20.23 |
| 31.03.2015 | 1,81,255 | 12.53 |
| Change % | 73.00 | 61.45 |

Percentage increase or decrease in the market quotations of the share of the Company in comparison to the rate at which the Company came out with the last public offer.

| Particulars | NSE – Market Price | BSE – Market Price |
|-------------------------------|--------------------|--------------------|
| 31.03.2016 - Market Quote - ₹ | 832.15 | 831.35 |
| 07.08.2007 - IPO - ₹ | 225.00 | 225.00 |
| Change % | 270.00 | 269.00 |

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration .

The average annual increase in the salaries of employees during the year was 11.33%, while the average increase in managerial remuneration during the year was 17.95%. The Managerial Remuneration is fixed by the Shareholders on recommendation of Nomination and Remuneration Committee and Board.

9. Key parameters for any variable component of remuneration availed by the Directors

The variable component of Managerial Remuneration (Commission) is based on the performance of the Company.

10. The ratio of remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: Not Applicable

11. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration policy of the Company.

Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2015-16

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 is a sense of responsibility towards the community and environment in which we operate. It can be expressed through contribution / participation in educational and social programs, pollution control, Green Movement etc., Considering the vital role played by education in producing good citizens, who can nurture strong and healthy nation, we primarily concentrate on promotion of education besides other social objectives. The CSR activities under the Policy are those covered under the ambit of Schedule VII of the Companies Act 2013. The Policy is available in the website of the Company at www.kprmilllimited.com. CSR projects are subject to audit.

1. The Composition of the CSR Committee

The Composition of the Committee is as follows

- a) Sri. K.P. Ramasamy – Chairman
- b) Sri. KPD Sigamani – Managing Director
- c) Sri. P. Nataraj – Managing Director
- d) Dr. S. Ranganayaki – Independent Director

2. Average net profit of the Company for last three financial years

₹ 16,907 Lakhs

3. Prescribed CSR Expenditure (two percent of the amount as in item 2 above)

₹ 338 Lakhs

4. Details of CSR spent during the financial year

During the financial year funds were utilised towards promotion of education, flood relief, eradicating hunger, enhancing vocational skills etc., directly.

5. Total amount to be spent for the financial year

₹ 338 Lakhs

6. Amount unspent, if any

Nil

7. Manner in which the amount spent during the financial year is detailed below

(₹ in Lakhs)

| S. No | CSR project or activity identified | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or Programs subheads: 1. Direct expenditure on projects or program 2. Overhead | Cumulative expenditure upto to the reporting period | Amount spent: Direct or through implementing agency |
|-------|--|--|--|--|---|---|---|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1 | Promotion of Education | Education | Arasur, Coimbatore District Tamil Nadu. | 338.00 | 338.00 Direct Expenditure | 338.00 | Direct 338.00 |
| 2 | Enhancing Vocational Skill of Differently abled person | Enhancing Vocational Skills | Perundurai, Erode District, Tamil Nadu. | 0.50 | 0.50 Direct Expenditure | 0.50 | Direct 0.50 |
| 3 | Eradicating Hunger, Poverty and Malnutrition | Eradication of Hunger | Coimbatore District, Tamil Nadu | 1.00 | 1.00 Direct Expenditure | 1.00 | Direct 1.00 |
| 4 | Disaster Relief | Tamilnadu Flood Relief | Chennai District, Tamil Nadu | 1.00 | 1.00 Direct Expenditure | 1.00 | Direct 1.00 |
| | TOTAL | | | 340.50 | 340.50 | 340.50 | 340.50 |

8. Details of implementing agency : Nil

9. The Committee hereby state that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

P. Nataraj
Managing Director

K.P. Ramasamy
Chairman
CSR Committee

INFORMATION PURSUANT TO COMPANIES (ACCOUNTS) RULES, 2014
A) CONSERVATION OF ENERGY
a) ENERGY CONSERVATION MEASURES TAKEN

At Arasur Unit, waste recovery system modified in Preparatory department to improve the suction level with latest compactor to reduce the power consumption.

At Arasur Unit new oil free screw compressor installed by replacing piston type compressor to avoid the losses in Air distribution system in all departments.

At Neelambur and Sathyamangalam Unit, Humidification plant fan speed regulated to reduce power consumption.

At Sathyamangalam Unit, excess suction is reduced by reducing the fan diameter of motor in Spinning.

In all units, 2500 numbers of LED lights installed by replacing the existing tube lights.

b) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSERVATION OF ENERGY

Further efforts are being taken to reduce power consumption

c) IMPACT OF THE MEASURE (a) & (b) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON COST OF PRODUCTION OF GOODS

The above measures enabled economised power and fuel consumption vis-vis reduction in the cost of production. Total Energy Consumption & Consumption per unit of production are as per Form 'A' below:

FORM A – PARTICULARS IN RESPECT OF ENERGY CONSUMPTION
I Power and Fuel Consumption

| Particulars | Units | 2015-16 | 2014-15 |
|---|------------|---------|---------|
| 1. Power & Fuel Consumption | | | |
| A) Electricity | | | |
| i) Connected Load | KVA | 36,915 | 35,915 |
| ii) Purchase of Units | Lakh Units | 326 | 468 |
| iii) Total Amount | ₹ Lakhs | 2,051 | 2,830 |
| iv) Rate Per Unit (Average) | ₹ | 6.29 | 6.05 |
| v) Demand Charges | ₹ Lakhs | 1,352 | 1,109 |
| B) Electricity from Third Party | | | |
| i) Purchase of Units | Lakh Units | 1,319 | 795 |
| ii) Total Amount | ₹ Lakhs | 8,341 | 5,594 |
| iii) Rate Per Unit (Average) | ₹ | 6.32 | 7.04 |
| 2. Own Generation | | | |
| i) Through Diesel Generator | | | |
| Units generated | Lakh Units | 1 | 2 |
| Total Amount | ₹ Lakhs | 28 | 58 |
| Cost / Unit | ₹ | 18.87 | 23.24 |
| Units / Litre of Diesel | Units | 2.95 | 2.84 |
| ii) Through Wind Mill | | | |
| Units generated | Lakh Units | 733 | 997 |
| iii) Through Steam Turbine Units | | | |
| Coal/Furnace Oil/Others | Units | NIL | NIL |

II Consumption per unit of Production

| Particulars | Units | 2015-16 | 2014-15 |
|--|-------|-------------|-------------|
| a) Production of Yarn | Kgs | 8,10,36,135 | 7,68,29,637 |
| Electricity (units) per Kg of yarn Production | Units | 2.65 | 2.70 |
| b) Processed Fabric | Kgs | 86,05,377 | 65,76,897 |
| Electricity (units) per Kg of Fabric Processed | Units | 1.19 | 1.20 |

Annexure to the Directors' Report Energy Conservation, Foreign Exchange and etc.,

B. TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company :

Further Improvement in Quality of Products, Development of new Products and Designs, Cost control measures, Energy Conservation etc.

2. Benefits derived as a result of above R&D :

Sustained quality of products at economized cost.

3. Future Plan of Action :

Continuous focus on innovations in Textile development processes & products.

4. Technology absorption, adaptation and innovation :

For consistent production of higher quality products, besides State of the Art Machinery, each of our manufacturing facilities is equipped with high-tech quality control equipment and well trained Personnel. Effluent Treatment Plant at Processing Division has Zero Discharge System.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

| S.No | Particulars | 2015-16 | 2014-15 |
|------|---|---------|---------|
| 1 | Foreign Exchange earned through exports | 54,397 | 48,803 |
| 2 | Foreign exchange used | 20,540 | 31,338 |

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016**

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

To,

The Members,
M/s. K.P.R. Mill Limited,
Coimbatore.

I have conducted the secretarial audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by K.P.R. Mill 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 Company's 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, 2016 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 K.P.R. Mill Limited for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (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
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The 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;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (g) 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;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) and other applicable laws applicable to a Textile Industry Viz., Textile Control Orders, Textile Committee Produce Cess Act, Textile (Development and Regulation) Order etc., I have relied on the representation made by the Company and its officers for Systems and Mechanism framed by the Company for the Compliances under other applicable Acts, Laws and regulations to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with effect from 01.07.2015.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 effective from 01.12.2015.

During the period under review the Company has complied with all the applicable Acts, Rules, Regulations, Guidelines, Standards, etc., including the laws mentioned above.

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 notices were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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 redeemed its 15,00,000 - 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100/- each out of Profits of the Company by complying the terms of the Issue and applicable provisions of the Companies Act 2013.

I further report that during the audit period there were no instances of:

- Public/Rights/Preferential Issue of shares/Debentures/Sweat Equity
- Buy Back of Securities
- Major decisions taken in pursuance of section 180 of the Companies Act, 2013
- Foreign Technical Collaboration

Place : Coimbatore
Date : 27th April, 2016

Soundararajan. G ACS
Practicing Company Secretary
ACS No. 13993, CP No. 4993

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2016

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

I. REGISTRATION AND OTHER DETAILS

- i) CIN : L17111TZ2003PLC010518
- ii) Registration Date : 19.03.2003
- iii) Name of the Company : K.P.R. Mill Limited
- iv) Category / Sub-Category of the Company : Public Company Limited by shares
- v) Address of the Registered office and contact details : **Registered Office** No.9, Gokul Buildings, 1st Floor, A.K.S. Nagar, Thadagam Road, Coimbatore – 641 001. Ph : 0422 - 2478090 Fax : 0422 - 2478050 **Corporate Office** 1st Floor, Srivari Shrimat, 1045, Avinashi Road, Coimbatore – 641 018. Ph : 0422 - 2207777 Fax : 0422 - 2207778
- vi) Whether listed company (Yes / No) : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Karvy Computershare Private Limited, Unit: K.P.R. Mill Limited, Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Ph : 040 6716 2222 Fax : 040 2300 1153 Toll Free No : 1800 345 4001.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the Total Turnover of the Company shall be stated

| S.No. | Name and Description of Main products / Services | NIC Code of the Product / Service | % to Total Turnover of the Company |
|-------|--|-----------------------------------|------------------------------------|
| 1 | Yarn | 17121 | 57.64 |
| 2 | Fabric | 17115 | 26.68 |
| 3 | Garment | 18101 | 11.69 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S.No | Name and Address of the Company | CIN / GLN | Holding Subsidiary / Associate | % of Shares held | Applicable Section |
|------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1 | M/s. K.P.R. Sugar Mill Limited, No - 5, AKS Nagar, Thadagam Road, Coimbatore - 641 001 | U15421TZ2006PLC012633 | Subsidiary | 100 | 2 (87) |
| 2 | M/s. Jahnvi Motor Private Limited, No - 5, AKS Nagar, Thadagam Road, Coimbatore - 641 001 | U50100TZ2011PTC017370 | Subsidiary | 100 | 2 (87) |
| 3 | M/s. Quantum KNITS PVT. LIMITED, S.F. No. 181, Kollupalayam Village, Arasur, Coimbatore - 641 107 | U18101TZ2009PTC015251 | Subsidiary | 100 | 2 (87) |
| 4 | M/s. Galaxy Knits Limited, 252, Periyar Colony, Anuppapalayam, Tirupur - 641 652 | U18100TZ2012PLC018577 | Subsidiary | 100 | 2 (87) |

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Shareholding

| Code | Category of Shareholder | No of Shares held at the beginning of the year | | | | No of Shares held at the end of the year | | | | % Change During the Year |
|------------|---|--|----------|-----------------|-------------------|--|----------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (I) | (II) | | | | | | | | | |
| (A) | PROMOTER AND PROMOTER GROUP | | | | | | | | | |
| (1) | INDIAN | | | | | | | | | |
| (a) | Individual/HUF | 27208725 | - | 27208725 | 72.21 | 27208725 | - | 27208725 | 72.21 | - |
| (b) | Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | 1038000 | - | 1038000 | 2.75 | 1038000 | - | 1038000 | 2.75 | - |
| (d) | Financial Institutions / Banks | - | - | - | - | - | - | - | - | - |
| (e) | Others | - | - | - | - | - | - | - | - | - |
| | Sub-Total A(1) | 28246725 | - | 28246725 | 74.96 | 28246725 | - | 28246725 | 74.96 | - |
| (2) | FOREIGN | | | | | | | | | |
| (a) | Individuals (NRIs / Foreign Individuals) | - | - | - | - | - | - | - | - | - |
| (b) | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (c) | Institutions | - | - | - | - | - | - | - | - | - |
| (d) | Qualified Foreign Investors | - | - | - | - | - | - | - | - | - |
| (e) | Others | - | - | - | - | - | - | - | - | - |
| | Sub-Total A(2) | - | - | - | - | - | - | - | - | - |
| | Total A=A(1)+A(2) | 28246725 | - | 28246725 | 74.96 | 28246725 | - | 28246725 | 74.96 | - |
| (B) | PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) | INSTITUTIONS | | | | | | | | | |
| (a) | Mutual Funds / UTI | 3450718 | - | 3450718 | 9.16 | 4450559 | - | 4450559 | 11.81 | 2.65 |
| (b) | Financial Institutions / Banks | 5410 | - | 5410 | 0.01 | 141596 | - | 141596 | 0.38 | 0.37 |
| (c) | Central Government / State Government(s) | - | - | - | - | - | - | - | - | - |
| (d) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (e) | Insurance Companies | - | - | - | - | - | - | - | - | - |
| (f) | Foreign Institutional Investors | 814166 | - | 814166 | 2.16 | 1204728 | - | 1204728 | 3.20 | 1.04 |
| (g) | Foreign Venture Capital Investors | 683294 | - | 683294 | 1.81 | - | - | - | - | -1.81 |
| (h) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| (i) | Others | - | - | - | - | - | - | - | - | - |
| | Sub-Total B(1) | 4953588 | - | 4953588 | 13.14 | 5796883 | - | 5796883 | 15.39 | 2.25 |

| Code | Category of Shareholder | No of Shares held at the beginning of the year | | | | No of Shares held at the end of the year | | | | % Change During the Year |
|------|--|--|-------------|-----------------|-------------------|--|-------------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) | NON-INSTITUTIONS | | | | | | | | | |
| (a) | Bodies Corporate | 484693 | - | 484693 | 1.29 | 651964 | - | 651964 | 1.73 | 0.44 |
| (b) | Individuals | | | | | | | | | |
| | (i) Individuals holding nominal share capital upto ₹ 1 lakh | 1572858 | 8863 | 1581721 | 4.20 | 1840730 | 9463 | 1850193 | 4.91 | 0.71 |
| | (ii) Individuals holding nominal share capital in excess of ₹ 1 lakh | 2219183 | - | 2219183 | 5.89 | 993407 | - | 993407 | 2.64 | -3.25 |
| (c) | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| (d) | Others | | | | | | | | | |
| | Trusts | - | - | - | - | - | - | - | - | - |
| | Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| | Foreign Corporate Bodies | 45065 | - | 45065 | 0.12 | - | - | - | - | -0.12 |
| | Non Resident Indians | 148338 | - | 148338 | 0.39 | 131367 | - | 131367 | 0.34 | -0.05 |
| | Clearing Members | 3579 | - | 3579 | 0.01 | 12353 | - | 12353 | 0.03 | 0.02 |
| | Sub-Total B(2) | 4473716 | 8863 | 4482579 | 11.90 | 3629821 | 9463 | 3639284 | 9.65 | -2.25 |
| | Total B=B(1)+B(2) | 9427304 | 8863 | 9436167 | 25.04 | 9426704 | 9463 | 9436167 | 25.04 | - |
| | Total (A+B) | 37674029 | 8863 | 37682892 | 100 | 37673429 | 9463 | 37682892 | 100 | - |
| (C) | SHARES HELD BY CUSTODIANS, AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED | | | | | | | | | |
| (1) | Promoter and Promoter Group | - | - | - | - | - | - | - | - | - |
| (2) | Public | - | - | - | - | - | - | - | - | - |
| | Sub-Total C | - | - | - | - | - | - | - | - | - |
| | Grand Total (A+B+C) | 37674029 | 8863 | 37682892 | 100 | 37673429 | 9463 | 37682892 | 100 | - |

(ii) Shareholding of Promoters

| S.No | Name of the Shareholder | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|------|--------------------------------|---|----------------------------|---|-------------------------------------|----------------------------|---|---|
| | | No of Shares | % of shares of the Company | % of shares Pledged/ encumbered to total shares | No of Shares | % of shares of the Company | % of shares Pledged/ encumbered to total shares | |
| 1 | Sri. K.P. Ramasamy | 8127684 | 21.57 | - | 8127684 | 21.57 | - | - |
| 2 | Sri. KPD Sigamani | 8128634 | 21.57 | - | 8128634 | 21.57 | - | - |
| 3 | Sri. P. Nataraj | 8127733 | 21.57 | - | 8127733 | 21.57 | - | - |
| 4 | M/s. K.P.R. Developers Limited | 1038000 | 2.75 | - | 1038000 | 2.75 | - | - |
| 5 | Smt. N. Jayanthi | 941842 | 2.50 | - | 941842 | 2.50 | - | - |
| 6 | Smt. K. R. Parvathi | 941171 | 2.50 | - | 941171 | 2.50 | - | - |
| 7 | Smt. D. Radhamani | 940941 | 2.50 | - | 940941 | 2.50 | - | - |
| 8 | Sri. C. R. Anandakrishnan | 720 | 0.0019 | - | 720 | 0.0019 | - | - |
| | Total | 28246725 | 74.96 | - | 28246725 | 74.96 | - | - |

(iii) Change in Promoters' Shareholding : None

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| S.No | Top Ten Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------|--|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| 1 | DSP Blackrock Micro Cap Fund | 1072441 | 2.84 | 1195439 | 3.17 |
| 2 | DSP Blackrock 3 Years Close Ended Equity Fund | 537563 | 1.42 | 516048 | 1.37 |
| 3 | L and T Mutual Fund Trustee Ltd L and T Tax Advant | 744672 | 1.97 | 515672 | 1.37 |
| 4 | Ocean Dial Gateway to India Mauritius Limited | Nil | NA | 365000 | 0.97 |
| 5 | India Infoline Limited | Nil | NA | 275557 | 0.73 |
| 6 | IDFC Equity Opportunity Series 2 | 425000 | 1.12 | 270000 | 0.72 |
| 7 | Ashish Lacholia | Nil | NA | 200000 | 0.53 |
| 8 | Tejas Bhalchandra Trivedi | Nil | NA | 199668 | 0.53 |
| 9 | L and T Mutual Fund Trustee Ltd - L and T India Value Fund | 39261 | 0.10 | 198100 | 0.53 |
| 10 | DSP Blackrock Small and Mid Cap Fund | Nil | NA | 187898 | 0.50 |

(v) Shareholding of Directors and Key Managerial Personnel

| S.No | For Each of the Directors | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------|---------------------------|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| 1 | Sri. K.P. Ramasamy | 8127684 | 21.57 | 8127684 | 21.57 |
| 2 | Sri. KPD Sigamani | 8128634 | 21.57 | 8128634 | 21.57 |
| 3 | Sri. P. Nataraj | 8127733 | 21.57 | 8127733 | 21.57 |
| 4 | Sri. C.R. Anandakrishnan | 720 | 0.0019 | 720 | 0.0019 |
| 5 | Dr. K. Sabapathy | - | - | - | - |
| 6 | Sri. K.N.V. Ramani | - | - | - | - |
| 7 | Sri. G.P. Muniappan | - | - | - | - |
| 8 | Sri. A.M. Palanisamy | - | - | - | - |
| 9 | Sri. C. Thirumurthy | 5 | 0.0001 | 5 | 0.0001 |
| 10 | Dr. S. Ranganayaki | - | - | - | - |
| 11 | Sri. P. Selvakumar | - | - | - | - |

| S.No | For Each of the KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------|---|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total shares of the Company | No of Shares | % of total shares of the Company |
| 1 | Sri. PL Murugappan Chief Financial Officer | NIL | NA | NIL | NA |
| 2 | Sri. P. Kandaswamy Company Secretary | NIL | NA | NIL | NA |

V. INDEBTEDNESS

Indebtedness of the company including interest outstanding / accrued but not due for payment as on 31.03.2016

(₹ in Lakhs)

| Particulars | Secured Loans | Unsecured Loans | Deposits | Total |
|--|---------------|-----------------|----------|---------------|
| Indebtedness at the beginning of the FY | | | | |
| i) Principal Amount | 65,628 | 102 | - | 65,730 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 577 | - | - | 577 |
| Total (i + ii + iii) | 66,205 | 102 | - | 66,307 |
| Change in Indebtedness during the FY | | | | |
| Addition | 1,22,825 | - | - | 1,22,825 |
| Reduction | 1,36,814 | 102 | - | 1,36,916 |
| Net Change | -13,989 | -102 | - | -14,091 |
| Indebtedness at the end of the FY | | | | |
| i) Principal Amount | 52,216 | - | - | 52,216 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 11 | - | - | 11 |
| Total (i + ii + iii) | 52,227 | - | - | 52,227 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

| S.No. | Particulars of Remuneration | Name of MD / WTD / Manager | | | | | | Total Amount | |
|-------|---|---|-------------------|-----------------|--------------------------|--------------------|--------------------|--------------|----------------|
| | | Sri. K.P. Ramasamy | Sri. KPD Sigamani | Sri. P. Nataraj | Sri. C.R. Anandakrishnan | Sri. P. Selvakumar | Sri. E.K. Saktivel | | Sri. A. Sekar* |
| 1. | Gross salary | 72.00 | 72.00 | 72.00 | 24.00 | 7.89 | 1.50 | 17.17 | 266.56 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | | | | | | | | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - | - | - | - |
| 4. | Commission - as % of profit - others | 600.00 | 600.00 | 600.00 | - | - | - | - | 1800.00 |
| 5. | Others | - | - | - | - | - | - | - | - |
| | Total (A) | 672.00 | 672.00 | 672.00 | 24.00 | 7.89 | 1.50 | 17.17 | 2066.56 |
| | Ceiling as per the Act | 10% of the Net Profit of the Company calculated as per Section 198 of the Act | | | | | | | |

* Ceased to be a director with effect from 27.07.2015.

B. Remuneration to other Directors

(₹ in Lakhs)

| S.No. | Particulars of Remuneration | Name of Directors | | | | | | | | Total Amount |
|-------|---|---|---------------------|--------------------|----------------------|---------------------|--------------------|----------------------------|-------------|--------------|
| | | Dr. K. Sabapathy | Sri. G.P. Muniappan | Sri. K.N.V. Ramani | Sri. A.M. Palanisamy | Sri. C. Thirumurthy | Dr. S. Ranganayaki | Sri. M.J. Vijayaraaghavan* | | |
| 1. | Independent Directors | | | | | | | | | |
| | • Fee for attending board and Committee Meeting | 2.80 | 2.60 | 0.80 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 10.20 |
| | • Commission | - | - | - | - | - | - | - | - | - |
| | • Others | - | - | - | - | - | - | - | - | - |
| | Total (1) | 2.80 | 2.60 | 0.80 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 10.20 |
| 2. | Other Non-Executive Directors | | | | | | | | | |
| | • Fee for attending board and Committee Meeting | - | - | - | - | - | - | - | - | - |
| | • Commission | - | - | - | - | - | - | - | - | - |
| | • Others | - | - | - | - | - | - | - | - | - |
| | Total (2) | - | - | - | - | - | - | - | - | - |
| | Total (B)=(1+2) | 2.80 | 2.60 | 0.80 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 10.20 |
| | Total Managerial Remuneration | 2.80 | 2.60 | 0.80 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 10.20 |
| | Overall Ceiling as per the Act | 1% of the Net Profits of the Company calculated as per Section 198 of the Act | | | | | | | | |

* Ceased to be a Director with effect from 10.06.2015

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

| S.No. | Particulars of Remuneration | Key Managerial Personnel | | |
|-------|---|--------------------------|-------------------------|--------------|
| | | Company Secretary | Chief Financial Officer | Total |
| 1 | Gross salary | 10.44 | 15.36 | 25.80 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - | - |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | (i) as a percentage of Profit | - | - | - |
| | (ii) others | - | - | - |
| 5 | Others - Bonus | 1.74 | 2.56 | 4.30 |
| | Total | 12.18 | 17.92 | 30.10 |

Corporate Governance

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is about commitment to values and ethical business conduct. It provides the structure through which the objectives of the Company are set, determine the means of attaining those objectives and evolve process for monitoring performance so as to use resources more effectively and efficiently. Good Corporate Governance is reflected in fair, transparent and responsible interactions between a Company's Management, its Board of Directors, Shareholders and other Stakeholders.

The Company's philosophy on Corporate Governance envisages the attainment of high level of transparency in all facets of procedures and reporting systems. KPR's Governance practices stems from an inherent desire to improve business excellence and to enhance the stakeholders' value with strong emphasis on transparency, accountability and integrity.

BOARD OF DIRECTORS

The Board consists of eminent Professionals from different fraternity empowering the Corporate's strive for sustained better Corporate Governance practices. It comprises Twelve Directors viz., One Executive Chairman, Five Executive Directors and Six Independent Directors (Including one Woman Director) having no business relationship with the Company & constituting 50% of Board's composition in compliance with the Listing Regulations & Companies Act 2013 ('Act').

| Name of the Director | Category | Number of Directorships held in other Companies ** | Number of Board & Committee Memberships held in other Companies*** | |
|--------------------------|----------------|--|--|--------|
| | | | Chairman | Member |
| Sri. K. P. Ramasamy | Executive | 1 | - | - |
| Sri. KPD Sigamani | Executive | 1 | - | - |
| Sri. P. Nataraj | Executive | 1 | - | - |
| Sri. C.R. Anandakrishnan | Executive | - | - | - |
| Sri. E.K. Sakthivel | Executive | - | - | - |
| Dr. K. Sabapathy | Independent | 1 | - | - |
| Sri. K. N. V. Ramani | Independent | 5 | 1 | 4 |
| Sri. G. P. Muniappan | Independent | 1 | 1 | - |
| Sri. A.M. Palanisamy | Independent | 1 | 1 | - |
| Sri. C.Thirumurthy | Independent | - | - | - |
| Dr. S. Ranganayaki | Woman Director | - | - | - |
| Sri. P. Selvakumar | Executive | - | - | - |

** Excluding Directorship in K.P.R. Mill Limited & its Subsidiaries, Private Limited Companies which are neither a Subsidiary nor a Holding Company of a Public Company, Companies Under Section 8 of the Act, alternate Directorship and Companies incorporated outside India.

*** Chairmanship / Membership of Board Committees include Audit Committee and Stakeholders Relationship Committee but exclude Committees of Subsidiary Company, Private Limited Companies, Foreign Companies and Companies Under Section 8 of the Act.

Their Directorships are within the limit prescribed. The Independent Directors have the option and freedom to interact with the Company Management periodically and they are provided with the information required to perform their functions effectively.

The roles and offices of Chairman and CEO are separated to promote balance of power.

BOARD PROCEDURE

During the year under review Five Board Meetings were held. The dates and notices were fixed / issued well in advance in compliance with the Secretarial Standards. Meetings were held on 05.05.2015, 27.07.2015, 27.10.2015, 27.01.2016 and 09.03.2016. The Agenda and Notes on agenda containing all material information such as raw materials purchased, yarn produced, yarn sold, fabric production, fabric sales, fabric processing, garment production, export of garments, power generated, power consumed, realization, stock details, working capital facilities, term loan availment, FOREX risk exposures, annual budget, capital expenditure, sale of assets, proposal of Investments & Projects, status of its implementation, financials of Subsidiary Company etc., are circulated to the Directors in advance for facilitating meaningful and focused discussions at the Meetings.

The attendance record of each Director at the Board Meetings and at the last Annual General Meeting is given below:

| Name of the Director | Number of Board Meeting Attended | Last AGM Attended Yes/No |
|-----------------------------|----------------------------------|--------------------------|
| Sri. K. P. Ramasamy | 5 | Yes |
| Sri. KPD Sigamani | 5 | Yes |
| Sri. P. Nataraj | 5 | Yes |
| Sri. C.R. Anandakrishnan | 4 | Yes |
| Sri. E.K. Sakthivel**** | NA | NA |
| Sri. M. J. Vijayaraaghavan* | 1 | NA |
| Dr. K. Sabapathy | 4 | Yes |
| Sri. K.N.V. Ramani | 4 | Yes |
| Sri. G.P. Muniappan | 5 | Yes |
| Sri. A.M. Palanisamy | 5 | Yes |
| Sri. C. Thirumurthy | 5 | Yes |
| Dr. S. Ranganayaki | 5 | Yes |
| Sri. A. Sekar** | Nil | No |
| Sri. P. Selvakumar*** | 2 | Yes |

* Ceased to be a Director with effect from 10.06.2015

** Ceased to be a Director with effect from 27.07.2015

*** Appointed with effect from 27.07.2015

**** Appointed with effect from 09.03.2016

NA - Not Applicable

AUDIT COMMITTEE

The Audit Committee consists of 3 Directors of which 2 are Independent Directors.

All the Members of the Audit Committee are financially literate. A Member is a Chartered Accountant and another is Retd. Deputy Governor of RBI.

The terms of reference to the Audit Committee are as per the provisions of Section 177(4) of the Act & Regulation 18 of the Listing Regulations and in pursuance of Audit Committee Charter.

Consequent on the demise of Sri. M.J. Vijayaraaghavan the committee was reconstituted on 27.07.2015 appointing Sri. G.P. Muniappan, an Independent Director and Member of Audit Committee as its Chairman in his place.

During the year under review, the Audit Committee met Four times and the attendance of each Member is furnished as below:

| Name of the Member | Attendance at the Meeting held on | | | |
|--|-----------------------------------|------------|------------|------------|
| | 27.04.2015 | 21.07.2015 | 23.10.2015 | 21.01.2016 |
| 1. Sri. M.J. Vijayaraaghavan* - Independent & Non Executive Director (Chairman) for the Meeting 27.04.2015 | ✓ | NA | NA | NA |
| 2. Sri. G. P. Muniappan – Independent & Non Executive Director (Chairman) | ✓ | ✓ | ✓ | ✓ |
| 3. Dr. K. Sabapathy – Independent & Non - Executive Director | ✓ | ✓ | ✓ | ✓ |
| 4. Sri. P. Nataraj – Non - Independent & Executive Director | ✓ | ✓ | ✓ | ✓ |

✓ Attended NA – Not Applicable

* Ceased to be a Director with effect from 10.06.2015

Statutory Auditors, the permanent invitees to the Committee Meetings attended all the aforesaid meetings.

Sri. P. Kandaswamy, Company Secretary functions as the Secretary of the Committee.

The Committee recommends the appointment & remuneration of Internal Auditors, Statutory Auditors and Cost Auditors.

A qualified Chartered Accountant with good exposure conducts Internal Audit.

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 25.08.2015

The Audit Committee charter has been framed and displayed in the Company's Website.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of 3 Independent Directors as its Members.

Consequent on the demise of Sri. M.J. Vijayaraaghavan the committee was reconstituted on 27.07.2015 with the following Directors.

- | | |
|------------------------|--|
| 1. Sri. G.P. Muniappan | – Independent & Non Executive Director (Chairman) |
| 2. Dr. K. Sabapathy | – Independent & Non Executive Director |
| 3. Dr. S. Ranganayaki* | – Independent & Non Executive Director |

* Appointed as a member with effect from 27.07.2015

Corporate Governance

The terms of reference specified by the Board of Directors to the Committee are as per the provisions of Section 178 of the Act & Regulation 19 of the Listing Regulations and Nomination & Remuneration Policy which are broadly indicated hereunder.

The functions of Committee is to formulate criteria to determine qualifications, positive attributes and independence of Directors, Key Managerial Personnel (KMP), Senior Management etc., and recommend to the Board a Policy relating to their appointment and remuneration, so as to ensure that the Company's policies in respect of the Directors, KMP are competitive to recruit and retain the best talent in the Company and to ensure appropriate disclosure of remuneration paid to the said persons.

Details of meetings held and members attendance during the year under review, are furnished here below :

| Name of the Member | Attendance at the Meeting held on | | | | |
|--|-----------------------------------|------------|------------|------------|------------|
| | 05.05.2015 | 27.07.2015 | 21.01.2016 | 12.02.2016 | 09.03.2016 |
| 1. Sri. M.J. Vijayaraaghavan** – Independent & Non Executive Director (Chairman) | ✓ | NA | NA | NA | NA |
| 2. Sri. G.P. Muniappan – Independent & Non Executive Director (Chairman) | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3. Dr. K. Sabapathy – Independent & Non Executive Director | ✓ | ✓ | ✓ | ✓ | X |
| 4. Dr. S. Ranganayaki* – Independent & Non Executive Director | NA | NA | ✓ | ✓ | ✓ |

✓ Attended

* Appointed as a member with effect from 27.07.2015

NA Not Applicable

** Ceased to be a member with effect from 10.06.2015

X Not Attended

Details of Remuneration and Sitting Fee paid to the Directors are given below :

(₹ in Lakhs)

| Name of the Director | Remuneration during the year 2015-16 | Sitting fees for attending meetings of the Board and / or Committee thereof |
|-------------------------------|--------------------------------------|---|
| 1. Sri. K.P. Ramasamy | 672.00 | Nil |
| 2. Sri. KPD Sigamani | 672.00 | Nil |
| 3. Sri. P. Nataraj | 672.00 | Nil |
| 4. Sri. C.R. Anandakrishnan | 24.00 | Nil |
| 5. Sri. E.K. Sakthivel**** | 1.50 | Nil |
| 6. Sri. M.J. Vijayaraaghavan* | Nil | 1.00 |
| 7. Dr. K. Sabapathy | Nil | 2.80 |
| 8. Sri. K.N.V. Ramani | Nil | 0.80 |
| 9. Sri. G.P. Muniappan | Nil | 2.60 |
| 10. Sri. A.M. Palanisamy | Nil | 1.00 |
| 11. Sri. C. Thirumurthy | Nil | 1.00 |
| 12. Dr. S. Ranganayaki | Nil | 1.00 |
| 13. Sri. A. Sekar** | 17.17 | Nil |
| 14. Sri. P. Selvakumar*** | 7.89 | Nil |

* Ceased to be a Director with effect from 10.06.2015

*** Appointed with effect from 27.07.2015

** with effect from 27.07.2015

**** Appointed with effect from 09.03.2016

The Nomination and Remuneration Committee Policy has been framed and displayed in the Company's Website.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has a Stakeholder Relationship Committee to consider and resolve the grievances of Security holders of the Company.

Consequent on the demise of Sri. M.J. Vijayaraaghavan the committee was reconstituted on 27.07.2015 with the following Directors.

1. Dr. K. Sabapathy – Independent & Non Executive Director (Chairman)
2. Sri. G.P. Muniappan – Independent & Non Executive Director
3. Sri. P. Nataraj – Non Independent & Executive Director

The Committee consists of 3 Directors of whom 2 are Independent. It held Four Meetings during the Financial Year and the attendance of each Member is furnished as below:

| Name of the Member | Attendance at the Meeting held on | | | |
|---|-----------------------------------|------------|------------|------------|
| | 27.04.2015 | 21.07.2015 | 23.10.2015 | 21.01.2016 |
| 1. Dr. K. Sabapathy - Independent & Non Executive Director (Chairman) | ✓ | ✓ | ✓ | ✓ |
| 2. Sri. M.J. Vijayaraaghavan*- Independent & Non Executive Director | ✓ | NA | NA | NA |
| 3. Sri. G. P. Muniappan** - Independent & Non Executive Director | NA | NA | ✓ | ✓ |
| 4. Sri. P. Nataraj - Non Independent & Executive Director | ✓ | ✓ | ✓ | ✓ |

* Ceased to be a Director with effect from 10.06.2015 ✓ Attended

** Appointed with effect from 27.07.2015 NA-Not Applicable

Sri. P. Kandaswamy, Company Secretary is the Secretary to the Committee and the Compliance Officer of the Company.

| Nature of complaint / queries received during 2015 -16 | No. of complaints |
|--|-------------------|
| 1. For non-receipt of dividend, shares lodged for transfer, issue of duplicate share certificates. | 9 |
| 2. Queries / Complaints redressed | 9 |
| 3. Pending queries / complaints as on 31.03.2016 | Nil |

Pursuant to SEBI's Directions, Company has created a centralized web based complaints redressal system 'SCORES' and in that system no complaint has been received during the year.

As per Regulation 46 of the Listing Regulations, the Company has designated the following exclusive E-mail ID for the convenience of Investors: **investors@kprmill.com**

In addition they can forward their grievance, if any, to the following E-mail ID also:

kandaswamy@kprmill.com

As required by the Listing Regulations, Company's website www.kprmilllimited.com is updated with the Quarterly information conveyed to the Stock Exchanges.

All information required to be disseminated in the Company's website as per Regulation 46 (2) of the Listing Regulations are disseminated. The Company's website contains a separate dedicated section 'Investor' wherein shareholders' information are available. The Company's Annual Report is also available in a user-friendly and downloadable form.

With a view to regulate trading in securities by the Directors and Designated Employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee consists of four Directors of which one is Independent Director.

Consequent on the demise of Sri. M.J. Vijayaraaghavan the committee was reconstituted on 27.07.2015 with the following Directors.

| |
|---|
| 1. Sri. K.P. Ramasamy – Non Independent & Executive Director (Chairman) |
| 2. Sri. KPD Sigamani – Non Independent & Executive Director |
| 3. Sri. P. Nataraj – Non Independent & Executive Director |
| 4. Dr. S. Ranganayaki* – Independent & Non Executive Director |

* Appointed with effect from 27.07.2015

The main objective of the Corporate Social Responsibility Committee is to assist the

Corporate Governance

Board of Directors and the Company in fulfilling its Corporate Social Responsibility ("CSR") activities. Besides and in line with the terms of reference made by the Board of Directors while constituting the Committee, the Committee has the overall responsibility for identifying the areas of CSR activities; recommending the amount of expenditure to be incurred on the identified CSR activities; devising and implementing the CSR policy; co-ordinating with the Agency, if any, appointed to implement programs and executing initiatives as per CSR policy of the Company. The Committee is also responsible for reporting the progress of various initiatives and in making appropriate disclosures on a periodical basis. The CSR Policy has also been framed and its details are uploaded in the Company's website.

The Corporate Social Responsibility Committee held two Meetings during the Financial Year and the attendance of each Member is furnished as below:

| Name of the Member | Attendance at the Meeting held on | |
|---|-----------------------------------|------------|
| | 27.04.2015 | 27.10.2015 |
| 1. Sri. K.P. Ramasamy - Non Independent & Executive Director (Chairman) | ✓ | ✓ |
| 2. Sri. KPD Sigamani - Non Independent & Executive Director | ✓ | ✓ |
| 3. Sri. P. Nataraj - Non Independent & Executive Director | ✓ | ✓ |
| 4. Sri. M.J. Vijayaraaghavan* - Independent & Non Executive Director | ✓ | NA |
| 5. Dr. S. Ranganayaki** - Independent & Non Executive Director | NA | ✓ |

* Ceased to be a Director with effect from 10.06.2015

** Appointed with effect from 27.07.2015

✓ Attended NA-Not Applicable

MEETING OF INDEPENDENT DIRECTORS

In pursuance of the Act & Listing Regulations the Independent Directors of the Company met on 19.03.2016 to review the performance of Non - Independent Directors & the Board as a whole and the performance of the

Chairperson of the Company. It has assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

FAMILIARISATION PROGRAM

Familiarisation Program on the Company and its operations was conducted apprising the Independent Directors of the following:

1. Roles, Rights and Responsibilities of Independent Directors in the Company
2. Manufacturing Facilities / Units of the Company
3. Products Manufactured
4. Production Capacity of each segment and expansion under progress that are approved by Board from time to time
5. Key Strengths
6. Evolution
7. Unique Employment Model
8. Power Self-sufficiency through captive green power
9. CSR Activities
10. Historical performance & Future Plans

The Corporate profile and Corporate film were exhibited to the Directors under the program. Corporate Profile is available on the Company's website.

CEO / CFO CERTIFICATION

The CEO and CFO have furnished a certificate relating to financial statements and internal controls and systems to the Board of Directors as required.

GENERAL BODY MEETING

Details of Location, Date of the General Meetings held during the last three years:

| Annual General Meeting | Date | Venue | Time |
|------------------------|------------|---|-----------|
| 10 th | 31.08.2013 | Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641 018 | 11.30 A.M |
| 11 th | 27.08.2014 | Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641 018 | 11.30 A.M |
| 12 th | 25.08.2015 | Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641 018 | 11.30 A.M |

SPECIAL RESOLUTION PASSED IN 12th AGM

The following Special Resolution was passed at the 12th Annual General Meeting of the Company through E-Voting and Postal Voting :

| S.No | Subject | Type |
|------|---|---------|
| 1 | Appointment of Dr. S. Ranganayaki as a Woman Independent Director | Special |

POSTAL VOTING AND E-VOTING

In pursuance of the Listing agreement, E-Voting, Postal Voting facilities and voting at the AGM were extended to all the Shareholders of the Company to facilitate Voting on the Subjects / Resolutions contained in the 12th AGM notice. To conduct the voting procedure in a fair and transparent manner, a Scrutinizer was appointed. Accordingly the Scrutinizer conducted the voting process and submitted his report on the voting polled, to the Chairman of the Company.

As per the said Report, the results of the voting on the Subjects/Resolutions, contained in the Agenda of the meeting were announced. Besides Reports were forwarded to the Stock Exchanges. It was also uploaded along with the scrutinizers report, in our website. Entire Resolutions contained in the said agenda were passed.

DISCLOSURE

- None of the transactions with related parties during the year 2015-16 were in conflict with the interest of the Company and all the transactions were only with the Wholly Owned Subsidiary Companies.
- No penalty or levy has been imposed by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during last year.
- Sri. K.P. Ramasamy, Chairman, Sri. KPD Sigamani, Managing Director and Sri. P. Nataraj, Managing Director are related to each other. Sri. C.R. Anandakrishnan, Executive Director is related to Sri. K.P. Ramasamy, Chairman and Sri. E.K. Sakthivel, Executive Director is related to Sri. KPD Sigamani, Managing Director.

- The Independent Directors of the Holding Company were nominated in the Subsidiary Companies Viz: M/s. K.P.R Sugar Mill Limited (Material Subsidiary), M/s. Jahnvi Motor Private Limited and M/s Quantum KNITS PVT. LIMITED.
- Directors Responsibility Statement and Management Discussion and Analysis Report have been furnished elsewhere in the Annual Report.
- The Company has a system to inform the Members of the Board about the Risk Assessment and its minimization procedure.

MEANS OF COMMUNICATION

The Annual Report containing the financial statements is posted / e-mailed to the shareholders of the Company in compliance with the provisions of the Act. Towards Green Initiative, the Shareholders are requested to convey / update their e-mail address as well as register the same with their respective Depository Participant.

Official-news releases and official media releases are sent to Stock Exchanges.

- Quarterly Results are usually published in "Business Line" (English) or "Financial Express" (English) and in "Dinamalar" (Tamil) or "Dinamani" (Tamil).
- The Financial Results are also accessible on the Company's Website - www.kprmilllimited.com
- Presentations made to Institutional Investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results are uploaded on the Company's website.

SHAREHOLDERS INFORMATION

| Annual General Meeting | |
|------------------------|---|
| Day and Date | : Thursday, 25 th August 2016 |
| Time | : 11.30 A.M. |
| Venue | : Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641 018. |

Corporate Governance

DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from 19.08.2016 to 25.08.2016 (both days inclusive) for the purpose of Final Dividend and Annual General Meeting of the Company.

SHARE DETAILS

The Equity Shares of the Company are listed at the following Stock Exchanges:

BSE Ltd.

Scrip Code : 532889

1st Floor, Rotunda Buildings,
Phiiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.

National Stock Exchange of India Ltd. Symbol : KPRMILL

Exchange Plaza, Plot: C/1, G Block,
Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.

The Annual Listing Fee payable to the Stock Exchanges for the Financial Year 2015-16 have been paid in full.

DEMATERIALISATION OF SHARES

Members have the option to hold their shares in demat form either through the National Securities Depository Limited or the Central Depository Services Limited. The ISIN Number of the Company is INE930H01015.

The Annual Custodian Fee for the year 2016-17 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

As on 31.03.2016, shares representing 99.97 percentage of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL.

REGISTRAR AND TRANSFER AGENTS

Karvy Computershare Private Limited,
Unit : K.P.R. Mill Limited,
Karvy Selenium, Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032.
Ph : 040 6716 2222
Fax : 040 2300 1153
Toll Free No : 1800 345 4001
E-mail : einward.ris@karvy.com

SHARE TRANSFER SYSTEM

After confirmation of the sale transaction from the Broker, Shareholder should approach the depository participant with a request, in the form of delivery instruction slip, to transfer the shares to the account of the broker. The depository participant will execute the instruction and transfer the share to the account of the Broker.

Similarly, in the case of a purchase, the Broker will arrange to credit the shares in the Demat account of Shareholder within 24 hours after the payout has been declared by the Exchange. There is no need for a separate communication with the Company or its Share Transfer Agents.

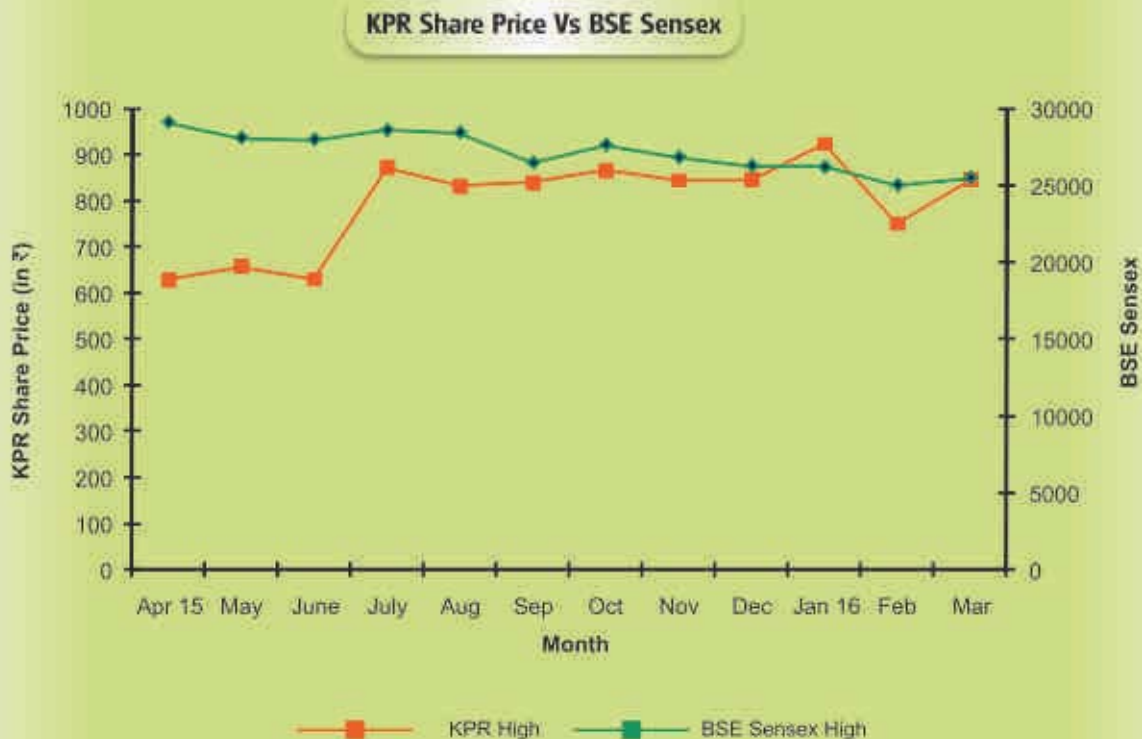
Please register your mobile number and email ID with the DP, to get instant information through SMS from the Depository, whenever shares are debited from your DP account. Please ensure from your DP that your order is intact. Please collect a copy of transaction/holding from your DP periodically. Also use the nomination facility available with the Depository and register the nominee.

In respect of shares transferred in physical form, the investors need to attach a photocopy of the PAN card issued by the Income Tax Department along with the transfer deed. After the Share transfer committee of the Company, consisting of Chairman and Managing Directors, approves the transfer, the shares will be transferred by the Share Transfer Agent. For matters regarding the physical shares, the investors may approach the Company's Share Transfer Agent.

MARKET PRICE DATA

The details of the monthly highest and lowest closing quotations of the Equity Shares of the Company at the BSE Ltd. and National Stock Exchange of India Ltd., during the financial year 2015-16 are given below :

| MONTH | BSE | | | NSE | | |
|----------------|----------|---------|--------------------------------|----------|---------|--------------------------------|
| | High (₹) | Low (₹) | Total Traded Quantity (in Crs) | High (₹) | Low (₹) | Total Traded Quantity (in Crs) |
| April 2015 | 628.60 | 470.70 | 0.03 | 628.00 | 468.00 | 0.09 |
| May 2015 | 657.00 | 551.50 | 0.02 | 657.70 | 550.35 | 0.06 |
| June 2015 | 629.00 | 551.00 | 0.01 | 630.00 | 546.00 | 0.04 |
| July 2015 | 872.25 | 607.00 | 0.08 | 874.00 | 608.00 | 0.26 |
| August 2015 | 831.00 | 645.00 | 0.03 | 832.00 | 640.00 | 0.17 |
| September 2015 | 839.00 | 661.00 | 0.03 | 839.00 | 660.15 | 0.08 |
| October 2015 | 865.00 | 747.50 | 0.03 | 864.90 | 748.55 | 0.10 |
| November 2015 | 843.75 | 765.00 | 0.01 | 844.80 | 750.00 | 0.06 |
| December 2015 | 845.00 | 750.00 | 0.01 | 896.90 | 750.00 | 0.07 |
| January 2016 | 923.00 | 698.65 | 0.01 | 923.00 | 700.00 | 0.09 |
| February 2016 | 750.00 | 620.00 | 0.01 | 840.00 | 617.00 | 0.04 |
| March 2016 | 845.00 | 645.25 | 0.01 | 839.90 | 640.00 | 0.03 |



Corporate Governance

DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2016

| Share holdings | No. of Share holders | % of Share holders | No. of Shares | % of Equity |
|----------------|----------------------|--------------------|-----------------|-------------|
| 1 - 500 | 9094 | 91.82 | 829594 | 2.19 |
| 501 - 1000 | 340 | 3.43 | 266270 | 0.71 |
| 1001 - 2000 | 200 | 2.02 | 299083 | 0.79 |
| 2001 - 3000 | 71 | 0.72 | 176999 | 0.47 |
| 3001 - 4000 | 21 | 0.21 | 74058 | 0.20 |
| 4001 - 5000 | 32 | 0.32 | 147288 | 0.39 |
| 5001 - 10000 | 46 | 0.46 | 310919 | 0.83 |
| 10001 & Above | 101 | 1.02 | 35578681 | 94.42 |
| Total | 9905 | 100 | 37682892 | 100 |

SHAREHOLDING PATTERN AS ON 31ST MARCH 2016

| Category | Number of Shares Held | % of Holding |
|---------------------------------|-----------------------|--------------|
| Promoters & Promoters Group | 28246725 | 74.96 |
| Overseas Corporate Bodies | 782690 | 2.07 |
| Mutual Funds | 4450559 | 11.81 |
| Banks & Financial Institutions | 20960 | 0.06 |
| Foreign Institutional Investors | 422038 | 1.12 |
| NRIs | 131367 | 0.35 |
| Bodies Corporate | 664317 | 1.76 |
| Public | 2964236 | 7.87 |
| Total | 37682892 | 100 |

SHAREHOLDING OF DIRECTORS AS ON 31ST MARCH 2016

| S.No | Name of Director | Share Holding |
|------|-------------------------|---------------|
| 1 | Sri. K.P. Ramasamy | 8127684 |
| 2 | Sri. KPD Sigamani | 8128634 |
| 3 | Sri. P. Nataraj | 8127733 |
| 4 | Sri. C.R.Anandakrishnan | 720 |
| 5 | Sri. K.N.V. Ramani | - |
| 6 | Sri. G.P.Muniappan | - |
| 7 | Dr. K. Sabapathy | - |
| 8 | Sri. A.M. Palanisamy | - |
| 9 | Sri. A. Sekar | - |
| 10 | Sri. C.Thirumurthy | 5 |
| 11 | Dr. S. Ranganayaki | - |
| 12 | Sri. E.K.Sakthivel | - |

PLANT LOCATION

| LOCATION | TELEPHONE | FACILITIES |
|---|-------------------|---------------------------------------|
| Indiampalayam Village, Sathyamangalam 638 454. | + 91 4285 251490 | Spinning |
| S.F.No.273, Kittampalayam, Karumathampatti, Coimbatore - 641 659. | + 91 421 232 1000 | Spinning Compact, Mélange & Polyester |
| S.F. No.525, Neelambur, Coimbatore - 641 062. | + 91 422 2625115 | Spinning & Knitting |
| S.F.No.181, Kollupalayam, Arasur, Coimbatore - 641 407. | + 91 422 2635500 | Spinning, Knitting & Garmenting |
| 252, Periyar Colony, Tirupur - 641 652. | + 91 421 2259200 | Garmenting |
| SIPCOT Industrial Area, Perundurai. | + 91 4294 234800 | Processing |
| 270 J, Periyar Colony Tirupur - 641 652. | + 91 421 2259500 | Marketing (Yarn & Fabric) |
| S.F. No 7, Avinashi Road, Thekkalur, Tirupur - 641 654. | +91 89733 33255 | Garmenting |
| Quantum Knits - 3, 460, Avinashi Main Road, Thekkalur, Tirupur - 641 654. | +91 97509 04227 | Garmenting |
| Tirunelveli, Tenkasi, Theni & Coimbatore District. | +91 422 2207777 | Windmills |

ADDRESS FOR CORRESPONDENCE

The Company Secretary,
K.P.R. Mill Limited,
1st Floor, Srivari Shrimat,
1045, Avinashi Road,
Coimbatore – 641 018.
Ph: +91 422 220 7777

For your reference the Company's CIN : L17111TZ2003PLC010518

CAPITAL INTEGRITY AUDIT

The Certificate from a Practicing Company Secretary, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the National Securities Depository Limited and Central Depository Services (India) Limited, is placed before the Board on a quarterly basis. A copy of the said Certificate is submitted to the Stock Exchanges where the securities of the Company are listed.

PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has prescribed a Code of Conduct for prevention of insider trading through Purchase / Sale of Share of the Company by an insider on the basis of unpublished price sensitive information. The same is followed and the designated persons are disclosing the related information periodically.

The Company has also formulated a Code for Fair Disclosure of the Price Sensitive information in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same is disseminated in the website of the Company.

Sri. P. Kandaswamy, Company Secretary functions as the Compliance Officer.

SUBSIDIARY

The financials of the subsidiary companies viz., M/s. K.P.R. Sugar Mill Limited, M/s. Jahnvi Motor Private Limited, M/s. Quantum KNITS PVT. LIMITED & M/s. Galaxy Knits Limited have been duly reviewed by the Audit Committee and the Board of the Holding Company. Salient features of the Board minutes of the unlisted subsidiary companies have been placed before the Board of the Holding Company. The Holding Company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary companies.

MATERIAL SUBSIDIARY

The Company has also formulated a policy for determining the Material Subsidiary and the details of such policies are disseminated in the website of the Company.

It has determined that K.P.R. Sugar Mill Limited is a Material Subsidiary Company as per the Listing Regulations.

RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 17(9) of the Listing Regulations, the Company has framed a Risk Management Policy. In the opinion of the

Board there appears to be no element of risk which may threaten the existence of the Company.

The Risk Management Policy is disseminated in the website of the Company.

RELATED PARTY TRANSACTIONS (RPT)

There has been no materially significant related party transactions with the Company's Promoters, Directors, KMP, the Management, their Subsidiaries or relatives which may have potential conflict with the interests of the Company at large. The necessary disclosures regarding the transactions in pursuance of Accounting Standards are given in the notes to accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and the details of such policies is disseminated on the website of the Company.

TRANSFERS TO IEPF ACCOUNT OF CENTRAL GOVERNMENT

The Company has transferred the following unpaid dividend accounts which remained unpaid for more than seven years that were due for transfer during the financial year 2015-16 to the Investor Education and Protection Fund of the Central Government:

| S.No | Dividend | Date of Transfer | Amount of Transfer |
|------|------------------------|------------------|--------------------|
| 1 | Final Dividend 2007-08 | 23.10.2015 | ₹ 1,02,924 |

DEMAT SUSPENSE ACCOUNT

(As per Schedule V - F of the Listing Regulations)

| Particulars | No. of Cases | No. of Shares |
|--|--------------|---------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. as on April 1 st , 2015 | 9 | 1175 |
| Number of shareholders who approached for Issuer / Registrar for transfer of shares from suspense account during the year 2015-16 | - | - |
| Number of shareholders to whom shares were transferred from suspense account during the year 2015-16 | - | - |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31 st , 2016 | 9 | 1175 |

Corporate Governance

As per Listing Agreement, separate Demat Suspense Accounts have been opened and the unclaimed Shares have been transferred to those Accounts.

The Voting Rights on the outstanding unclaimed shares lying in suspense account shall remain frozen till the rightful owner of such shares claims the shares.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

Committed to the principles of good Corporate Governance, the Company has, wherever necessary, complied with the Voluntary Guidelines issued by the Ministry of Corporate Affairs on Corporate Governance and the Discretionary requirements of Regulation 27(1) of the Listing Regulations.

REPORT ON COMPLIANCE WITH THE DISCRETIONARY REQUIREMENTS

The Report on Compliance of Discretionary Requirements as provided in the Listing Regulation is furnished below.

1. The Board

The Chairman of the Company is an Executive Chairman having an office at the premises of the Company.

2. Shareholder Rights

Financial Performance and significant events are disclosed in the website of the Company from time to time besides forwarding to stock exchanges and publishing in newspaper. The Company is in the process of obtaining Email ID's of Shareholders and

on completion of the process, half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

3. Modified opinion(s) in Audit Report

The Company is already in the regime of unqualified financial statements only.

4. Separate posts of Chairperson and Chief Executive Officer

The Company has appointed separate persons to the post of Chairman and Managing Director / CEO.

5. Reporting of Internal Auditor

The Internal Auditor is reporting directly to the Audit Committee and Managing Director.

The above Corporate Governance Report has been placed before the Board of Directors at their Meeting held on 28.04.2016 and the same was approved thereat.

CODE OF CONDUCT AND ETHICS – DECLARATION

It is hereby declared that the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior/Key Management of the Company and the same has also been posted in the website of the Company and that all the Board Members and Senior / Key Management Personnel to whom this Code of Conduct is applicable have affirmed the compliance of Code of Conduct during the year 2015-16.

Coimbatore
28.04.2016

P. Nataraj
Chief Executive Officer &
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF K.P.R MILL LIMITED

1. We have examined the compliance of conditions of Corporate Governance by **K.P.R Mill Limited** ("the Company"), for the year ended on March 31, 2016, as stipulated in:
 - Clause 49 (excluding clause 49(VII) (E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
 - Clause 49(VII) (E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
 - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

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

Coimbatore,
April 28, 2016

Certificate

CEO/CFO CERTIFICATE

In relation to the Audited financial accounts of the Company as at March 31, 2016, we hereby certify that:

- (a) We have reviewed financial statements (standalone and consolidated) for the year and that to the best of our knowledge and belief:
 - (i) These statements do not contain any material untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the Period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept that it is our responsibility to establish and maintain internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the Auditor and the Audit Committee, deficiencies in the

design or operation of such internal controls, if any of which we are aware and the steps we have taken or proposes to take to rectify these deficiencies.

- (i) There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data and there have been no material weakness in internal controls over financial reporting including any corrective actions regard deficiencies.
- (ii) There were no significant changes in internal control during the period covered by this report.
- (iii) All significant changes in accounting policies during the period, and that the same have been disclosed in the notes to the financial statements;
- (iv) There were no instances of significant fraud of which we are aware, that involve the management or an employee who have a significant role in the Company's internal control system.

Coimbatore
28.04.2016

PL Murugappan
Chief Financial Officer

P. Nataraj
Chief Executive Officer &
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2015-16

ECONOMY

Global economic activity remained subdued during the year. Growth in emerging market and developing economies – accounting for over 70 percent of global growth - declined for the fifth consecutive year, while a modest recovery continued in advanced economies. Oil prices have declined markedly since September 2015. Global growth, estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. Indian economic growth accelerated to 7.6 percent in 2015-16 amidst a slowing global economy. Robust growth achieved despite very un-favorable global conditions and two consecutive years monsoon shortfall. Foreign exchange reserves touched highest ever level of about 350 billion US dollars. India is hailed as a 'bright spot' by International Monetary Fund.

GLOBAL TEXTILE INDUSTRY

The global textile & apparel industry is expected to grow at the rate of 6 percent along with growing consumption of textile and apparel products in developing countries and a gradual economic recovery of major developed markets. Presently, apparel constitutes more than half of the share of the global textile and apparel trade followed by fabric and yarn. As the market continues to evolve, new consumption centers for apparel and value added products are emerging. Growth in global trade will bring about investments in the countries having strong supply base for apparel and textile products like India.

INDIAN TEXTILE INDUSTRY

The textile and apparel industry is one of the leading segments of the Indian economy and one of the largest sources of foreign exchange earnings for India. It accounts for around 4 percent of the Gross Domestic Product (GDP) and around 14 percent of the total export earnings. India is the world's second - largest textile producer after China. It has a large raw material base and capable of producing a wide variety of textiles and end products.

India has one of the most cost competitive textile manufacturing base for all types of products across the

entire value chain. Labour cost in India is lower than most of the competing countries except Bangladesh, Ethiopia and Kenya. Although power cost is on the higher side but still cheaper than China and Cambodia. Buyers look at India as the next alternative of China as it offers big domestic market, better adherence to compliance and political stability. Government of India, National Textile Policy, vision Document projects Indian textile and apparel exports to grow from \$39 billion to \$300 billion by 2025.

YARN

Production of yarn in India has grown at the rate of 1 percent CAGR in the last five years. Exports of cotton yarn were growing significantly due to high demand from China followed by Bangladesh. However, China's decision to stop importing cotton yarn in 2014 impacted yarn export demand considerably. While China had dampened the spirits of Indian cotton exporters, the elevated export from other neighboring Countries such as Bangladesh, Myanmar have brought a smile back on their face. However drop in the prices of cotton has brought down its price realization level. This trend is expected to improve in the current financial year due to growing demand.

FABRIC

Fabric production has also grown at 1 percent CAGR in the last 5 years. Knitted fabric production has grown much faster at the rate 4 percent CAGR compared to woven. Fabric exports have grown significantly at the rate of 10 percent CAGR in last 5 years with high growth of cotton fabrics. Around 6 percent of the total fabric produced is exported from India.

GARMENTS

Garment production has grown at around 8 percent CAGR in the last 5 years. Exports of Garments have been significant growth driver at the rate of 14 percent CAGR since 2010 - 11. While the apparel market is still largely dominated by EU & USA, countries like China, India and Russia are emerging as future destinations for apparel consumption. The high growth in the market will be primarily driven by the increase in population as well as the per capita apparel spending of the already large population in these countries. It is estimated that the global apparel

Management Discussion & Analysis

market will be around US \$ 2 Trillion by 2020. A continuing trend is the shift in overall trade towards Asia over the years across all categories. One of the drivers of the shift is the lower cost of production. Currently, India lags in processing capacities in terms of modern technology. Considering the potential market for processing, we have contemplated an expansion in our Trendsetter Processing Plant doubling its capacity with advanced continuous process technology minimizing cost of production and Hi-tech Rotary screen printing to escalate operations.

COTTON

Indian Textile Industry is predominantly a cotton based (almost 75 percent of the spun yarn in the country produced out of cotton). Cotton accounts for 60-65 percent of the cost of production. Its availability at competitive rate is essential to achieve a sustained growth rate. Cotton cost being the governing factor of cost of production; the price stability decides the fate of the Cotton Textile Industry.

In the cotton year 2014-15, India has surpassed China, which was occupying the number one position in cotton production and emerged as the world's largest cotton producer. It produced 6.51 million tonnes (MT) of the fibre against 6.48 MT registered by China, according to the data released by the International Cotton Advisory Committee.

The phenomenal growth in the Indian Spinning Industry has led to a substantial growth in cotton consumption thereby elevating India as the second largest consumer of cotton in the World.

For Southern States, the transportation cost adds up material cost considerably. China and other competing countries are able to transport cotton from Gujarat at much lesser cost than Tamilnadu based textile Units. Transport costs could be brought down substantially if the Cabotage Rules are relaxed and foreign flag vessels allowed to carry the textile goods, for which the Textile Association have already initiated the move with the Central Government. As regards cotton availability the following Balance Sheet shall throw some light.

Cotton Advisory Board (CAB) of India's Latest Balance Sheet for 2015-16 Cotton Crop-Cotton Season - (October-September) - (As per their Report dated 02.02.2016)

(in Lakh Bales)

| | |
|---------------------|---------------|
| Opening Stock | 52.00 |
| Production | 352.00 |
| Imports | 11.00 |
| TOTAL SUPPLY | 415.00 |
| Consumption | 310.00 |
| Exports | 70.00 |
| TOTAL DEMAND | 380.00 |
| Closing Stock | 35.00 |

(Source: Cotton Advisory Board)

It may be observed that cotton availability for consumption is comfortable and the price stability is expected to continue.

INTERNAL CONTROL

Introduction of Internal Financial Controls (IFC) in the Companies Act, 2013 (Act) reflects the significance accorded by the Regulation to the Internal Controls. It is defined as the policies and procedures adopted by the Company to ensure orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information. As reported earlier the Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive. It is equipped with necessary checks and balances to ensure that transactions are adequately authorized and reported correctly. The Internal Auditor conducts regular Audits of various departments and Units to ensure that necessary controls are in place. The Audit Committee while reviewing the system and the Internal Audit Report, call for comments of Auditors on internal control systems and discuss any related issues with the Auditors and the Management of the Company before submission to the Board. The Independent Directors also satisfy themselves on the integrity of financial information and ensure that financial controls and systems of risk management are in place. The system and procedures are documented by way of Manual which has been placed before the Board. The Statutory Auditors made a presentation on the internal financial

Management Discussion & Analysis

controls in line with the provisions contained in the 'Act' explaining its salient features. They also apprised the Roles and Responsibilities of the Board of Directors, Audit Committee and Management in this regard.

OUR PERFORMANCE

The consistent drop in cotton prices which has a direct bearing on yarn prices, pruned the realization of Yarn and Fabrics. This has resulted in reduced top-line compared to last year. The Wind Power evacuation issue hampered the power cost economies the Industry was enjoying, thereby enhancing the power cost considerably compared to previous year. There has been an increase in 'other expenses' due to conversion of conventional spindles into value added spindles. Our prudential financial planning reduced the interest cost. The margin from Garments has improved. Strategic utilization of resources and improved operational efficiency enabled higher bottom line.

THE NEXT GROWTH PHASE

Empowered as a largest Apparel Manufacturing Company in India with a giant production capacity of 95 million Garments per annum, the Company is striding to the next growth phase. Strengthening the growth prospective, it has also ventured into doubling of processing capacity with latest printing technology that entail cost economy and business enhancement. Response from the subsisting as well as new markets for our expansion activities is encouraging. Conversion of conventional spindles into high value yarn producing capacity is almost completed. Textile & Apparel sector, a major contributor to India's total export earnings, is highly geared to meet the impressive growth in demand both at National and International Markets. Our efforts to enter into new markets have started yielding results. All these positive factors coupled with strong fundamentals, healthy cash flow, high cost debt liquidation and prudent investment would equip the Company with sustained business growth.

HUMAN RESOURCES

Labour welfare activities in an industrialized society have far reaching impact not only on the work force but also on the facets of human resources building a human society. The underlying principle in our welfare practices is to

recognize their contribution to the sustained growth of the Company by extending value added facilities that they were deprived of earlier due to their economic and socio conditions. The enthused workers contribute voluntarily their loyal services in genuine spirit of co-operation to promote economic development by increasing production and productivity. The facilities are provided to supplement the earning of the workers by services such as accommodation, hygienic food & working conditions, medical assistance, higher education, library, sports, extra-curricular activities, recreation etc. Above all our exemplary labour practices emanates a sense of belonging in them. It acts as a stimulus in recruitment of additional work force for expanded activities.

INDIAN TEXTILE INDUSTRY

Strengths

Global level

- Constitute 14 percent of Global production of textile fibres and yarn
- Largest producer and 2nd largest consumer & exporter of cotton
- 25 percent share in Global cotton yarn exports
- The second biggest exporter of textile & apparel

National level

- Contributes around 4 percent to the GDP & 14 percent to industrial production
- Textiles & clothing industry export almost 1/3rd of production - over US \$ 40 Bn forex
- 21 percent employment (105 million – second largest employment provider next to agriculture)
- Competitive technology level and youngest machine population in the world.
- Cost effective manufacturing facilities (Indian spinning sector most efficient in the world)

Opportunities

- With predicted growth level Indian Textile Industry size may touch US \$ 500 Bn by 2025

Management Discussion & Analysis

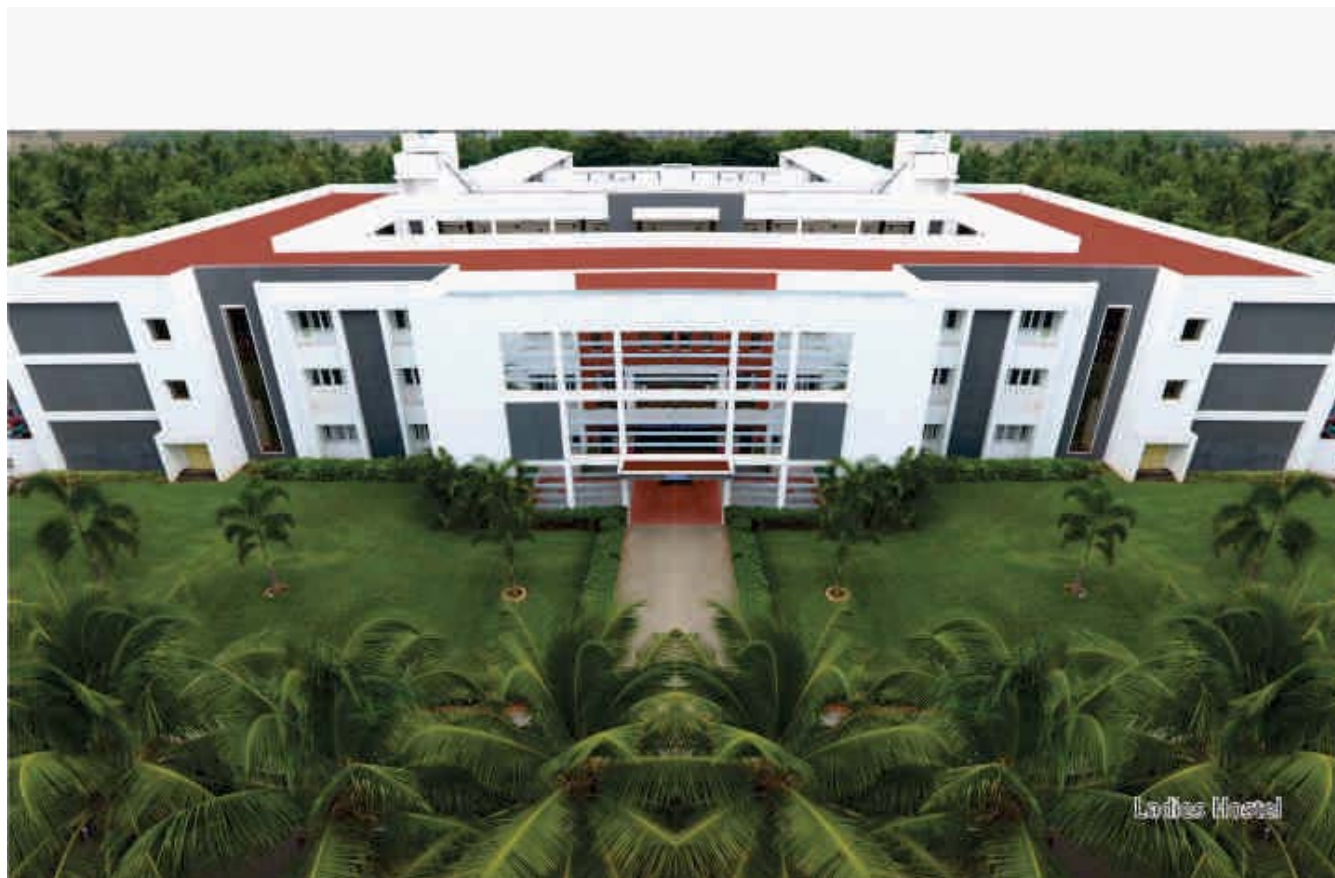
- China's competitiveness in cotton textiles dropping rapidly while India's steadily improves
- The landmark initiatives like Make in India, Ease of doing Business, Start Up India, Digital India & Smart Cities and existing benefits viz, TUF Subsidy, Export incentives etc.,
- Simplification of procedures and systems etc., would supplement the growth potential.
- Rising competition on account of concessional duty agreement such as TPP by major importing Countries with other competing countries – Indian Government realized its impact on the Industry and expediting steps to mitigate because India is the second largest Exporter of Textile and Apparel which remains a major Forex earner.

Risks and Threats

- **Bleak Global economic outlook contracting Demand**– The growing demand for Indian textiles both at Domestic and International Markets may offset this.
- **Reduced export and price realization of Yarn & Fabric** – This trend has started improving and the prices are getting stabilized.
- **Forex fluctuation** – We fully cover our Forex exposure
- **Labour shortage** – The Government has started taking initiatives to address this issue. Attractive working conditions and wages infuse migrated labour from far off places.

ROAD AHEAD

The Economic Survey 2015-16 has stated that India has emerged as the fastest growing economy among other economies. India has become a dream market for most marketers across many products segments. In textiles and apparel specifically, domestic consumption has grown at over 13 percent per annum over the last five years, fuelled by the demographic advantages of India's population, increasing urbanization, growing disposable income and higher marked penetration of organized retail. India's export of textiles and apparel has also grown at over 11 percent in the last five years. The Ministry of Textiles is in the process of redrafting the new Textile Policy 2016 which is likely to offer impetus to the Industry to grow further.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF K.P.R. MILL LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **K.P.R. MILL LIMITED** ("the Company"), which comprise the Balance Sheet as at 31.03.2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 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 prescribed under Section 133 of the Act, as applicable.

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.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the Standalone 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of Affairs of the Company as at 31.03.2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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

Independent Auditors' Report

- 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 standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31.03.2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31.03.2016 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, 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 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**
Chartered Accountants
(Firm's Registration No.008072S)

C.R. Rajagopal
Partner

(Membership No.23418)

Place : Coimbatore
Date : 28 April 2016

Annexure to the Independent Auditors' Report

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' 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 **K.P.R MILL LIMITED** ("the Company") as of 31.03.2016 in conjunction with our audit of the standalone 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 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 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

Annexure to the Independent Auditors' Report

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 31.03.2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

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

Place: Coimbatore
Date: 28 April 2016

Annexure to the Independent Auditors' Report

ANNEXURE-B TO THE INDEPENDENT AUDITORS' 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 the fixed assets.
- (b) Some of the fixed assets were physically verified by the Management during the year in accordance with a regular programme of verification which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations 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 / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date, except the following:

| Particulars of the Free holdland | Amount (₹ in Lakhs) | Remarks |
|---|------------------------|---|
| Freehold land located at Kittampalayam and Thirunelveli admeasuring 19 acres and 8 acres respectively. | 66.76 | The title deeds are in the name of K.P.R Spinning Mill Private Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature. |
| Freehold land located at Arasur, Pogampatti, Thenkasi, Thirunelveli admeasuring 40.65 acres, 18.20 acres, 57.63 acres and 6 acres respectively. | 64.47 | The title deeds are in the name of K.P.R Mill Private Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature. |
| Freehold land located at Tirunelveli admeasuring 2 acres. | 9.61 | The title deeds are in the name of K.P.R Knits, erstwhile Company that was out-right purchase. |

Immovable properties of buildings whose title deeds have been charged as security for loans, guarantees are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement except the following.

| Particulars of the Free holdland | Amount (₹ in Lakhs) | Remarks |
|---|------------------------|--|
| Leasehold land located at Perundurai admeasuring 19.83 acres. | 162.14 | The title deeds are in the name of K.P.R Mill Private Limited, erstwhile Company that was merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature. |

- (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.

Annexure to the Independent Auditors' Report

- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to one company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - The schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment either on the regularity of the repayments or receipts of principal amounts and interest or whether there are any overdue amounts remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence compliance with the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended with regard to the deposits accepted is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Textile. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended 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 cost records have been made and 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:
- The Company has been generally 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, Cess and other material statutory dues applicable to it to the appropriate authorities.
 - 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, Cess and other material statutory dues in arrears as at 31.03.2016 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax, Service Tax and Excise Duty which have not been deposited as on 31.03.2016 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 (₹ in Lakhs) | Amount Unpaid (₹ in Lakhs) |
|-------------------------|----------------|---|------------------------------------|------------------------------|----------------------------|
| Income Tax Act, 1961 | Income Tax | Commissioner of Income Tax (Appeals), Coimbatore | 2005-06 2012-13 | 76.67 | 76.67 |
| Income Tax Act, 1961 | Income Tax | Income Tax Appellate Tribunal, Chennai | 2010-11 2011-12 | 971.55 | 971.55 |
| Finance Act 1994 | Service Tax | Customs, Excise and Service Tax Appellate Tribunal, Chennai | 2004-07 | 2752 | 2752 |
| Central Excise Act 1944 | Excise Duty | Customs, Excise and Service Tax Appellate Tribunal, Chennai | 2005-06 | 3.82 | 3.82 |

Annexure to the Independent Auditors' Report

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not issued any debentures and have not made any borrowings from financial institutions.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and in our opinion and according to the information and explanations given to us the term loans have been applied by the Company during the year for the purposes for which they were raised.
- (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 188 and 177 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 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 CARO 2016 Order is not applicable to the Company.
- (xv) In our opinion and according to the 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 him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

C.R. Rajagopal
Partner

(Membership No.23418)

Place: Coimbatore
Date: 28 April 2016

Balance Sheet

Balance Sheet as at 31.03.2016

| | Note | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------------|------|---------------------|---------------------|
| (₹ in Lakhs) | | | |
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| (a) Share Capital | 3 | 3,768 | 5,268 |
| (b) Reserves and Surplus | 4 | 93,722 | 82,572 |
| | | 97,490 | 87,840 |
| 2 Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 5 | 11,746 | 21,507 |
| (b) Deferred Tax Liabilities (Net) | 6 | 5,867 | 6,004 |
| | | 17,613 | 27,511 |
| 3 Current Liabilities | | | |
| (a) Short-Term Borrowings | 7 | 40,646 | 34,518 |
| (b) Trade Payables | 8 | 8,457 | 8,358 |
| (c) Other Current Liabilities | 9 | 8,102 | 11,456 |
| (d) Short-Term Provisions | 10 | 677 | 3,457 |
| | | 57,882 | 57,789 |
| | | 1,72,985 | 1,73,140 |
| B ASSETS | | | |
| 1 Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 11 | 89,750 | 92,444 |
| (ii) Capital Work-in-Progress | | 34 | - |
| | | 89,784 | 92,444 |
| (b) Non-Current Investments | 12 | 7,806 | 7,988 |
| (c) Long-Term Loans and Advances | 13 | 8,905 | 8,458 |
| (d) Other Non-Current Assets | 14 | 53 | 58 |
| | | 1,06,548 | 1,08,948 |
| 2 Current Assets | | | |
| (a) Inventories | 15 | 26,632 | 28,434 |
| (b) Trade Receivables | 16 | 26,522 | 22,350 |
| (c) Cash and Bank Balances | 17 | 1,858 | 1,930 |
| (d) Short-Term Loans and Advances | 18 | 8,884 | 8,479 |
| (e) Other Current Assets | 19 | 2,541 | 2,999 |
| | | 66,437 | 64,192 |
| | | 1,72,985 | 1,73,140 |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Chief Executive Officer
& Managing Director

C.R. Rajagopal
Partner

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
28.04.2016

Coimbatore
28.04.2016

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Statement of Profit and Loss for the year ended 31.03.2016

Statement of Profit & Loss

| | Note | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|--|------|--------------------------|--------------------------|
| (₹ in Lakhs) | | | |
| I. Revenue from Operations (Gross) | 20 | 1,96,127 | 2,08,048 |
| Less: Excise Duty | | - | - |
| Revenue from Operations (Net) | | 1,96,127 | 2,08,048 |
| II. Other Income | 21 | 3,361 | 2,189 |
| III. Total Revenue (I+II) | | 1,99,488 | 2,10,237 |
| IV. Expenses | | | |
| Cost of Materials Consumed | 22 | 1,19,723 | 1,35,859 |
| Changes in Inventories of Finished Goods, Work - in - Progress | 23 | (601) | 2,151 |
| Employee Benefits Expense | 24 | 14,942 | 12,853 |
| Finance Costs | 25 | 4,442 | 6,450 |
| Depreciation and Amortization Expense | 11 | 12,384 | 12,587 |
| Other Expenses | 26 | 26,462 | 21,531 |
| Total Expenses | | 1,77,352 | 1,91,431 |
| V. Profit Before Tax (III-IV) | | 22,136 | 18,806 |
| VI. Tax Expenses | | | |
| Current Tax Expense for Current Year | | 6,574 | 5,546 |
| Less : MAT Credit | | - | 1,281 |
| Current Tax Expense relating to Prior Years | | 145 | (82) |
| Deferred Tax Expense / (Credit) | | (137) | 25 |
| Net Tax Expenses | | 6,582 | 4,208 |
| VII. Profit for the Year (V-VI) | | 15,554 | 14,598 |
| VIII. Earnings per equity share of ₹ 10 each Basic & Diluted (in ₹) | | 41.08 | 38.40 |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Chief Executive Officer
& Managing Director

C.R. Rajagopal
Partner

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
28.04.2016

Coimbatore
28.04.2016

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Cash Flow Statement

Cash Flow Statement for the year ended 31.03.2016

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|---|--------------------------|--------------------------|
| | (₹ in Lakhs) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Tax | 22,136 | 18,806 |
| Adjustments for: | | |
| Depreciation and Amortisation expense | 12,384 | 12,587 |
| Loss on Sale of Assets | 14 | 12 |
| Finance Costs | 4,442 | 6,450 |
| Interest Income | (300) | (283) |
| Dividend Income | (1,040) | (39) |
| Rental Income from Operating Leases | (226) | (169) |
| Bad Debts Written-off & Provision for Doubtful Trade and Other Receivables | 11 | (15) |
| Operating Profit Before Working Capital Changes | 37,421 | 37,349 |
| Changes in Working Capital: | | |
| Adjustments For (Increase) / Decrease in Operating Assets: | | |
| Inventories | 1,802 | (4,312) |
| Trade Receivables | (4,172) | (3,161) |
| Bank Balance not Considered as Cash and Cash Equivalents - Margin Deposit Account | (1,239) | - |
| Short-Term Loans and Advances | (486) | (5,810) |
| Long-Term Loans and Advances | (2,083) | (3,083) |
| Other Current Assets | 456 | 729 |
| Other Non-Current Assets | (6) | (58) |
| Adjustments for Increase / (Decrease) in Operating Liabilities | | |
| Trade Payables | 99 | (3,458) |
| Other Current Liabilities | 322 | (378) |
| Other Long-Term Liabilities | - | (2,500) |
| Cash Generated From Operations | 32,114 | 15,318 |
| Net Income Tax (Paid) | (7,775) | (4,700) |
| Net Cash Flow From Operating Activities | (A) 24,339 | 10,618 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital Expenditure on Fixed Assets, Including Capital Advances | (9,627) | (11,516) |
| Bank Balance not considered as Cash and Cash Equivalents | - | 1,967 |
| Proceeds from Sale of Fixed Assets | 244 | 144 |
| Purchase of Non-current Investments: | | |
| - Subsidiaries | - | 9,775 |
| - Others | 182 | (347) |
| Loans Given: | | |
| - Subsidiaries | - | (414) |
| Loans Realised: | | |
| - Subsidiaries | - | 41 |
| Interest Received: | | |
| - Subsidiaries | 35 | 35 |
| - Others | 267 | 135 |
| Dividend Received: | | |
| - Subsidiaries | 1,026 | 26 |
| - Others | 14 | 13 |
| Rental Income Received from Operating Leases | 226 | 169 |
| Net Cash Flow From / (Used In) Investing Activities | (B) (7,633) | 28 |

Cash Flow Statement for the year ended 31.03.2016

Cash Flow Statement

CASH FLOW FROM FINANCING ACTIVITIES

| | |
|---|--|
| Proceeds From Long-Term Borrowings | |
| Repayment of Long-Term Borrowings | |
| Repayment of Other Long-Term Loans | |
| Net Increase / (Decrease) in Working Capital Borrowings | |
| Finance Costs Paid | |
| Dividends Paid | |
| Tax on Dividend Paid | |
| Bank Balance Not Considered as Cash and Cash Equivalents: | |
| Share Application Money | |

Net Cash Flow Used In Financing Activities

Net Increase in Cash and Cash Equivalents

Add: Opening Cash and Cash Equivalents

Closing Cash and Cash Equivalents

Reconciliation of Cash and cash equivalents with the Balance Sheet:

Cash and Bank Balances (Refer Note 17)

Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements:

In earmarked accounts:

- Unpaid dividend accounts
- Balances held as margin money or security against borrowings, guarantees and other commitments

Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17

Closing Cash and Cash Equivalents

Closing Cash and Cash Equivalents Comprises:

- (a) Cash on Hand
- (b) Balance with Banks:
 - i) In Current Accounts
 - ii) In EEFC Accounts

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|--------------|--------------------------|--------------------------|
| (₹ in Lakhs) | | |
| | 436 | 2,187 |
| | (13,205) | (9,081) |
| | (102) | (220) |
| | 6,128 | 5,726 |
| | (5,008) | (6,183) |
| | (5,380) | (2,742) |
| | (885) | (506) |
| | - | (2) |
| | (18,016) | (10,821) |
| | (1,310) | (175) |
| | 1,777 | 1,952 |
| | 467 | 1,777 |
| | 1,858 | 1,930 |
| | 7 | 8 |
| | 1,384 | 145 |
| | 467 | 1,777 |
| | 467 | 1,777 |
| | 86 | 56 |
| | 142 | 710 |
| | 239 | 1,011 |
| | 467 | 1,777 |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

K.P. Ramasamy
Chairman

PL Murugappan
Chief Financial Officer

Coimbatore
28.04.2016

KPD Sigamani
Managing Director

P. Kandaswamy
Company Secretary

P. Nataraj
Chief Executive Officer
& Managing Director

C.R. Rajagopal
Partner

Coimbatore
28.04.2016

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

Accounting Policies

1 CORPORATE INFORMATION

K.P.R. Mill Limited is one of the largest vertically integrated apparel manufacturing Companies in India. The Company produces Yarn, Knitted Fabric, Readymade Garments and Wind power. It has state-of-the-art production facilities in the State of Tamil Nadu, India.

The Company's shares are listed in BSE Ltd., (BSE) and The National Stock Exchange India Ltd., (NSE).

2 SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF ACCOUNTING

- i) 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable.
- ii) The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The financial statements have been prepared on accrual basis under the historical cost convention.

B) USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Notes forming part of the Financial Statements

C) INVENTORIES

Inventories are valued at the lower of cost (e.g. on FIFO / specific identification method) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and where applicable, excise duty.

D) CASH AND CASH EQUIVALENTS (FOR 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.

E) CASH FLOW STATEMENT

Cash flow 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.

F) DEPRECIATION

Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule II of the Companies Act, 2013, except 1) Wind Mill @ 8.33% 2) Plant & Machinery @ 10.34% and 3) Electricals @ 7.07% based on useful life ascertained for such asset through technical assessment by competent Professional.

G) REVENUE RECOGNITION

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards

of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Sale of Service and revenue from sale of windmill power are recognised when services are rendered and related costs are incurred.

H) OTHER INCOME

Dividend Income is recognised when right to receive the income is established. Interest income is recognised on time proportion basis (accrual basis) taking into account the amount outstanding and rate applicable. Export incentives are accounted for in the year of exports based on eligibility and expected amount on realisation.

I) FIXED ASSETS

i) Fixed assets and intangibles are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost includes all costs relating to acquisition and installation of fixed assets including any incidental costs of bringing the assets to their working condition for their intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress

ii) Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

J) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Initial Recognition : Transactions in Foreign Currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the

transactions or at rates that closely approximate the rate at the date of the transaction or at the forward contract rate for the transaction.

Measurement at the Balance Sheet date : Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Accounting for forward contracts : Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

K) GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Accounting Policies

Other Government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

L) INVESTMENTS

Long term investments (excluding investment properties) are carried at cost less provision for diminution other than temporary in the value of such investments. Current investments are stated at lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

M) EMPLOYEE BENEFITS

(a) Short Term

Short term employee benefits are charged off at the undiscounted amount during the year in which the related service is rendered by employees.

(b) Long Term Post Retirement

Post Retirement Benefits comprise of Provident Fund, Employees State Insurance and Gratuity which are accounted for as follows:

i) Provident Fund, Employees State Insurance

This is a defined contribution plan, and contributions made to the Fund are charged to expense based on the amount of contribution required to be made and when services are rendered by the employees. The Company has no further obligations for future provident fund, employee state insurance benefits other than monthly contributions.

ii) Gratuity Fund

This is a defined benefit plan. The Company makes annual contribution to a Gratuity Fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses

Notes forming part of the Financial Statements

are recognised in full in the Statement of Profit and Loss for the period in which they occur. The Retirement Benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

N) BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing cost is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying asset is interrupted.

O) SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

P) LEASE

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 under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

Q) EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) 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 (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) 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. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and

potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

R) TAXATION

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, 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 income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences 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 recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. 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 realisability.

Accounting Policies

Current and deferred tax relating to items directly recognised in reserves and not in the Statement of Profit and Loss.

S) RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

T) IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The recoverable amount of such asset is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent amount was previously charged to the Statement of Profit and Loss except in case of revalued assets.

U) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the Company has a present obligation as a result of past events and it is

Notes forming part of the Financial Statements

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. Contingent assets are not recognised in the financial statements.

V) INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

W) SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

X) EXCISE DUTY

The Company has opted to adopt for 'Exempted Route' under Central Excise Rules for local sales. Accordingly, CENVAT credit on inputs is not available to the Company and no excise duty is payable on sales of manufactured goods.

Y) 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.

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| (₹ in Lakhs) | | |
| 3 SHARE CAPITAL | | |
| a) Authorised | | |
| 4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of ₹ 10 each with voting rights | 4,000 | 4,000 |
| 15,00,00,000 (Pr.Yr.15,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100 each | 1,500 | 1,500 |
| | 5,500 | 5,500 |
| b) Issued, Subscribed & Fully Paid up | | |
| 3,76,82,892 (Pr.Yr 3,76,82,892) Equity Shares of ₹ 10 each fully paid-up with voting rights | 3,768 | 3,768 |
| Nil (Pr.Yr.15,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100 each | - | 1,500 |
| | 3,768 | 5,268 |

3.1 Pursuant to the approval of Shareholders at the Annual General Meeting held on 25.08.2010, the Company allotted 15,00,000 7% redeemable cumulative Non-convertible Preference shares to K.P.R Developers Limited for consideration other than cash.

3.2 Term / Rights to Shares

Equity Shares

The Company has issued only one class of equity shares having a face value of ₹ 10 per share. The holder of each equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.

During the year, the amount of per share interim dividend paid to equity shareholders was ₹ 9 per share (31st March 2015: ₹ 4 per share) and per share final dividend recommended for distribution to equity shareholder is ₹ 1 per share (31st March 2015: ₹ 5 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 settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

Preference Shares

7% Redeemable Cumulative Non-Convertible Preference Shares are redeemed during the year as decided by the Board.

3.3 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

a. Equity Shares with voting rights

| Particulars | For the Year Ended 31.03.2016 | | For the Year Ended 31.03.2015 | |
|------------------------------------|-------------------------------|--------------|-------------------------------|--------------|
| | Number of Shares | (₹ in Lakhs) | Number of Shares | (₹ in Lakhs) |
| At the beginning of the year | 3,76,82,892 | 3,768 | 3,76,82,892 | 3,768 |
| Changes during the year | - | - | - | - |
| Outstanding at the end of the year | 3,76,82,892 | 3,768 | 3,76,82,892 | 3,768 |

b. 7% Redeemable Cumulative Non-Convertible Preference Shares

| Particulars | For the Year Ended 31.03.2016 | | For the Year Ended 31.03.2015 | |
|------------------------------------|-------------------------------|--------------|-------------------------------|--------------|
| | Number of Shares | (₹ in Lakhs) | Number of Shares | (₹ in Lakhs) |
| At the beginning of the year | 15,00,000 | 1,500 | 15,00,000 | 1,500 |
| Changes during the year (Redeemed) | 15,00,000 | 1,500 | - | - |
| Outstanding at the end of the year | - | - | 15,00,000 | 1,500 |

3.4 Details of Shareholders holding more than 5% of Shares in the Company

a. Equity Shares

| Particulars | As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|------------------------------|------------------------------------|-------|------------------------------------|-------|
| | Number of Shares | % | Number of Shares | % |
| Sri. K.P. Ramasamy | 81,27,684 | 21.57 | 81,27,684 | 21.57 |
| Sri. KPD Sigamani | 81,28,634 | 21.57 | 81,28,634 | 21.57 |
| Sri. P. Nataraj | 81,27,733 | 21.57 | 81,27,733 | 21.57 |
| DSP Blackrock Micro Cap Fund | 18,99,385 | 5.04 | - | - |

As per the records of the Company, Including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares as at the balance sheet date.

b. 7% Redeemable Cumulative Non-Convertible Preference Shares

| Particulars | As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|-------------------------------|------------------------------------|---|------------------------------------|-----|
| | Number of Shares | % | Number of Shares | % |
| M/s K.P.R. Developers Limited | - | - | 15,00,000 | 100 |

4 RESERVES AND SURPLUS

Securities Premium

Opening Balance

Closing Balance

Capital Redemption Reserve

Opening Balance

Add : Transfer from Surplus in the Statement of Profit and Loss

Closing Balance

General Reserve

Opening Balance

Add: Transfer from Surplus in the Statement of Profit and Loss

Closing Balance

Surplus in Statement of Profit and Loss

Opening Balance

Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Net of deferred tax)

Add : Profit for the year

Less : Interim Dividend ₹ 9 per share (Pr.Yr ₹ 4 per share)

Dividends proposed to be distributed to equity shareholders ₹1 per share (Pr.Yr. ₹ 5 per share)

Dividends proposed to be distributed to preference shareholders ₹ 7 per share (Pr.Yr. ₹ 7 per share)

Tax on Dividend

Transferred to:

General Reserve

Capital Redemption Reserve

Closing Balance

| | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| | (₹ in Lakhs) | |
| Securities Premium | 15,233 | 15,233 |
| Capital Redemption Reserve | - | - |
| General Reserve | 19,649 | 18,189 |
| Surplus in Statement of Profit and Loss | 47,690 | 38,808 |
| Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Net of deferred tax) | - | 61 |
| Add : Profit for the year | 15,554 | 14,598 |
| Less : Interim Dividend ₹ 9 per share (Pr.Yr ₹ 4 per share) | 3,391 | 1,507 |
| Dividends proposed to be distributed to equity shareholders ₹1 per share (Pr.Yr. ₹ 5 per share) | 377 | 1,884 |
| Dividends proposed to be distributed to preference shareholders ₹ 7 per share (Pr.Yr. ₹ 7 per share) | 60 | 105 |
| Tax on Dividend | 576 | 699 |
| Transferred to: | | |
| General Reserve | 1,555 | 1,460 |
| Capital Redemption Reserve | 1,500 | - |
| Closing Balance | 55,785 | 47,690 |
| | 93,722 | 82,572 |

| | As at 31.03.2016 | As at 31.03.2015 |
|--|---|---------------------|
| | (₹ in Lakhs) | |
| 5 LONG TERM BORROWINGS | | |
| From Banks (Secured) | | |
| Term Loans | 11,746 | 21,507 |
| | 11,746 | 21,507 |
| 5.1 | Term Loans from banks are secured by pari-passu first charge on fixed assets and second charge on current assets of the Company. | |
| 5.2 | i) Loan amounting to ₹ 436 Lakhs (Pr. Yr. ₹ Nil) is repayable in 22 quarterly installments. | |
| | ii) Loan amounting to ₹ 2,099 Lakhs (Pr. Yr. ₹ 2,184 Lakhs) is repayable in 21 quarterly installments. | |
| | iii) Loan amounting to ₹ 15,806 Lakhs (Pr. Yr. ₹ 28,878 Lakhs) is repayable in 8 quarterly installments. | |
| | iv) Loan amounting to ₹ Nil (Pr. Yr. ₹ 48 Lakhs) is fully paid. | |
| 5.3 | Interest rate relating to term loans from banks is in the range of 10.75 % to 11.25 %. | |
| 5.4 | The Company has not defaulted in the repayment of principal and interest during the year. | |
| 5.5 | For the current maturities of long-term borrowings, refer Note 9 Other Current Liabilities. | |
| 6 DEFERRED TAX LIABILITIES (NET) | | |
| Tax effect of items constituting deferred tax liabilities: | | |
| On difference between book balance and tax balance of fixed assets | 6,004 | 6,011 |
| Add : Deferred tax liability for current year | (137) | 25 |
| Less : Deferred tax asset for earlier years due to change in method of depreciation as per Companies Act, 2013 | - | 32 |
| Closing Balance | 5,867 | 6,004 |
| Opening Balance | 6,004 | 6,011 |
| Net Deferred Tax Charge / (Credit) | (137) | (7) |
| 7 SHORT TERM BORROWINGS | | |
| Loans repayable on demand | | |
| From Banks (Secured) | | |
| Loans for Working Capital | 20,131 | 29,220 |
| Packing Credit | 13,768 | 5,298 |
| Other - Acceptances Under Buyers Credit | 6,747 | - |
| | 40,646 | 34,518 |
| 7.1 | The above loans are secured by first charge on inventories and book debts and second charge on fixed assets to lending banks on pari-passu basis. | |
| 7.2 | The Company has not defaulted in its repayments of the loans and interest during the year. | |

Notes

Notes forming part of the Financial Statements

| | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 8 TRADE PAYABLES | | |
| Total outstanding dues of Creditors other than Micro & Small Enterprises | | |
| Other than Acceptance (Refer Note 29) | 8,457 | 8,358 |
| | 8,457 | 8,358 |
| 9 OTHER CURRENT LIABILITIES | | |
| Current Maturities of | | |
| i) Long Term Loan (Refer Note 5.1 to 5.5) | 6,595 | 9,603 |
| ii) Interest Free Sales Tax Loan | - | 102 |
| Interest accrued but not due on borrowings | 11 | 577 |
| Advance from Customers | 106 | 83 |
| Unclaimed Dividend | 7 | 8 |
| Statutory remittances (Contributions to PF & ESIC, With holding tax, Excise duty, VAT, Service tax, Etc.,) | 1,372 | 1,005 |
| Other Liabilities | 11 | 78 |
| | 8,102 | 11,456 |
| 10 SHORT TERM PROVISIONS | | |
| Provision - Others | | |
| Provision for Tax * | 151 | 1,070 |
| Provision for Proposed Preference Dividend | 60 | 105 |
| Provision for Proposed Equity Dividend | 377 | 1,884 |
| Provision for Tax on Proposed Dividends | 89 | 398 |
| | 677 | 3,457 |

* Net of Advance Tax paid ₹ 6,423 Lakhs (Pr. Yr. ₹ 4,476 Lakhs).

(₹ in Lakhs)

| Particulars | GROSS BLOCK | | | ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | NET BLOCK | |
|------------------------------|---|---------------|------------|--|--|--|----------------------------------|--|--|
| | Balance as at 1 st April, 2015 | Additions | Disposals | Balance as at 31 st March, 2016 | Balance as at 1 st April 2015 | Depreciation/Amortisation Expense For the Year | Eliminated on Disposal of Assets | Balance as at 31 st March, 2016 | Balance as at 31 st March, 2015 |
| Land * | 5,743 | 2,774 | - | 8,517 | - | - | - | 8,517 | 5,743 |
| Factory Building | 4,683 | 1,060 | - | 5,743 | - | - | - | 5,743 | 4,683 |
| Non Factory Building | 20,987 | 277 | 2 | 21,262 | 4,370 | 667 | - | 16,225 | 16,617 |
| Plant & Machinery | 19,749 | 1,238 | - | 20,987 | 3,748 | 622 | - | 16,617 | 16,001 |
| Wind Mill | 8,920 | 646 | - | 9,566 | 773 | 154 | - | 8,639 | 8,147 |
| Electrical | 6,855 | 2,065 | - | 8,920 | 656 | 117 | - | 8,147 | 6,199 |
| Furniture & Fixtures | 95,109 | 5,323 | 700 | 99,732 | 51,603 | 7,806 | 437 | 40,760 | 43,506 |
| Computers & Accessories | 91,053 | 4,446 | 390 | 95,109 | 43,925 | 7,944 | 266 | 43,506 | 47,128 |
| Intangible Assets - Software | 35,668 | - | - | 35,668 | 22,823 | 2,704 | - | 10,141 | 12,845 |
| Vehicles | 35,668 | - | - | 35,668 | 19,972 | 2,851 | - | 12,845 | 15,696 |
| | 6,629 | 74 | 1 | 6,702 | 2,811 | 474 | 1 | 3,418 | 3,818 |
| | 6,200 | 448 | 19 | 6,629 | 2,381 | 441 | 11 | 3,818 | 3,819 |
| | 2,940 | 220 | 22 | 3,138 | 1,590 | 389 | 10 | 1,169 | 1,350 |
| | 2,801 | 144 | 5 | 2,940 | 1,096 | 496 | 2 | 1,350 | 1,705 |
| | 392 | 57 | 3 | 446 | 298 | 48 | 2 | 102 | 94 |
| | 268 | 138 | 14 | 392 | 239 | 71 | 12 | 94 | 29 |
| | 243 | 15 | - | 258 | 133 | 49 | - | 76 | 110 |
| | 228 | 15 | - | 243 | 85 | 48 | - | 110 | 143 |
| | 567 | 630 | 84 | 1,113 | 353 | 93 | 36 | 703 | 214 |
| | 569 | 37 | 39 | 567 | 284 | 90 | 21 | 214 | 285 |
| Total | 1,77,198 | 10,016 | 812 | 1,86,402 | 84,754 | 12,384 | 486 | 89,750 | 92,444 |
| | 1,68,074 | 9,591 | 467 | 1,77,198 | 72,386 | 12,680 | 312 | 84,754 | 95,688 |

* Includes lease hold Land - ₹ 335 Lakhs (Pr.Yr. ₹ 318 Lakhs)

Note : Previous year figures are shown in italics

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 12 NON CURRENT INVESTMENTS (AT COST) | | |
| a) In Equity Instruments - Trade, Unquoted, fully paid up | | |
| i) Subsidiaries | | |
| 1,00,000 (Pr. Yr. 1,00,000) Equity Shares of ₹ 10 each in Quantum KNITS PVT. LIMITED. | 10 | 10 |
| In Equity Instruments - Non-Trade, Unquoted, fully paid up | | |
| 50,000 (Pr. Yr. 50,000) Equity Shares of ₹ 10 each in Galaxy Knits Limited. | 5 | 5 |
| 15,10,000 (Pr.Yr.15,10,000) Equity Shares of ₹ 10 each in Jahnvi Motor Private Limited. | 151 | 151 |
| 4,16,666 (Pr.Yr.4,16,666) Equity Shares of ₹ 10 each at a Premium of ₹ 20 each in Jahnvi Motor Private Limited. | 125 | 125 |
| 10,50,000 (Pr. Yr. 10,50,000) Equity Shares of ₹ 10 each at a Premium of ₹ 140 per share in K.P.R. Sugar Mill Limited. | 1,575 | 1,575 |
| 10,00,000 (Pr. Yr. 10,00,000) Equity Shares of ₹ 10 each in K.P.R. Sugar Mill Limited. | 100 | 100 |
| ii) Other Entities | | |
| 170 (Pr.Yr. 700) Equity Shares of ₹ 10 each at a premium of ₹ 265 per share in A.R.S.Metals Private Limited. | - | 2 |
| Nil (Pr.Yr. 34,00,000) Equity shares of ₹ 10 each of Cauvery Power Generation Chennai Pvt. Ltd. | - | 340 |
| 3,500 (Pr.Yr. 3,500) Equity Shares of ₹ 10 each at a premium of ₹ 126 per share in Surya Dev Alloys and Power Pvt. Ltd. | 5 | 5 |
| 7,20,000 (Pr.Yr. Nil) Equity shares of ₹ 10 each of Ind Bharath Powergen Com Limited at a discounted price of ₹ 8.33 per equity share. | 60 | - |
| 1,00,000 (Pr.Yr.Nil) Equity shares of ₹ 100 each of Somanur Water Schemes Pvt Ltd. | 100 | - |
| b) Investment in Preference shares | | |
| Subsidiaries | | |
| 37,83,000 (Pr.Yr.37,83,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 10 each at a Premium of ₹ 140 per share in K.P.R. Sugar Mill Limited. | 5,675 | 5,675 |
| | 7,806 | 7,988 |

| | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 13 LONG TERM LOANS AND ADVANCES | | |
| Unsecured and Considered good | | |
| Advance for Purchases | 4,347 | - |
| Loans and Advances to Related Parties | 808 | 3,141 |
| Capital Advances | 2,183 | 2,538 |
| Security Deposit | 1,439 | 1,467 |
| Deposit with Central Excise & Service Tax | 31 | 31 |
| | 8,808 | 7,177 |
| MAT Credit Entitlement | | |
| Opening Balance | 1,281 | - |
| Changes during the year | (1,281) | 1,281 |
| Closing Balance | - | 1,281 |
| Refund Due from Income Tax | 97 | - |
| | 97 | 1,281 |
| | 8,905 | 8,458 |
| 14 OTHER NON CURRENT ASSETS | | |
| Unsecured and Considered good unless otherwise stated | | |
| Long Term Trade Receivables | 185 | 190 |
| Less : Provision for Doubtful Trade Receivables | 132 | 132 |
| | 53 | 58 |
| 15 INVENTORIES | | |
| (At lower of cost & Net realisable value) | | |
| Raw Materials | 19,013 | 22,175 |
| Stock-in-process ** | 1,438 | 1,201 |
| Finished Goods | 4,275 | 3,911 |
| Stores, Spares, Packing & Others | 1,906 | 1,147 |
| | 26,632 | 28,434 |

** Includes Yarn ₹ 1,389 Lakhs (Pr. Yr. ₹ 1,181 Lakhs), Fabric ₹ 12 Lakhs (Pr. Yr. ₹ 20 Lakhs) and Garments ₹ 37 Lakhs (Pr. Yr. ₹ Nil)

Notes

Notes forming part of the Financial Statements

| | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 16 TRADE RECEIVABLES | | |
| Unsecured and Considered good | | |
| Outstanding for a period more than six months from the payment due date | 17 | 9 |
| Others | 26,505 | 22,341 |
| | 26,522 | 22,350 |
| 17 CASH AND BANK BALANCES | | |
| Cash on Hand | 86 | 56 |
| Balance with Banks | | |
| i) In Current Accounts | 142 | 710 |
| ii) In EEFC Accounts | 239 | 1,011 |
| iii) In Deposit Accounts # | 1,384 | 145 |
| iv) In Earmarked Deposit accounts - Unpaid dividend accounts | 7 | 8 |
| | 1,858 | 1,930 |
| <p>Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statements is ₹ 467 Lakhs (Pr.Yr. ₹ 1,777 Lakhs). # Margin Deposits is ₹ 1,384 Lakhs (Pr. Yr. ₹ 145 Lakhs)</p> | | |
| 18 SHORT TERM LOANS AND ADVANCES | | |
| Unsecured and Considered good | | |
| Loans and Advances to Employees | 35 | 34 |
| Balances with Government Authorities | | |
| VAT Credit Receivable | 260 | 70 |
| Advance for Purchase | 8,132 | 7,925 |
| Others (primarily prepaid expenses) | 457 | 450 |
| | 8,884 | 8,479 |
| 19 OTHER CURRENT ASSETS | | |
| a) Accruals | | |
| Interest accrued on Deposits | 122 | 124 |
| b) Others | | |
| Income Receivable | 795 | 1,194 |
| Investment Promotion Subsidy Receivables | 1,624 | 1,681 |
| | 2,541 | 2,999 |

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|--|--------------------------|--------------------------|
| | (₹ in Lakhs) | |
| 20 REVENUE FROM OPERATIONS | | |
| Sale of Products (Refer Note 20.1) | 1,80,632 | 1,95,892 |
| Sale of Services (Refer Note 20.2) | 11,287 | 7,663 |
| Other Operating Revenues (Refer Note 20.3) | 4,208 | 4,493 |
| Revenue from Operations (Gross) | 1,96,127 | 2,08,048 |
| Less : Excise Duty | - | - |
| | 1,96,127 | 2,08,048 |
| 20.1 Sale of Products | | |
| Garment | 21,124 | 28,409 |
| Yarn | 1,04,124 | 1,04,596 |
| Fabric | 48,200 | 55,267 |
| Cotton Waste | 7,184 | 7,620 |
| | 1,80,632 | 1,95,892 |
| 20.2 Sale of Services | | |
| Processing & Fabrication Income | 11,287 | 7,663 |
| | 11,287 | 7,663 |
| 20.3 Other Operating Revenues | | |
| Export Incentives | 3,877 | 2,968 |
| Others (Primarily Scrap) | 331 | 1,525 |
| | 4,208 | 4,493 |
| 21 OTHER INCOME | | |
| Interest from | | |
| Bank Deposits | 106 | 124 |
| Others (Refer Note : 30.3e) | 194 | 159 |
| Dividend Income | | |
| From Current Investments | | |
| Others | 14 | 13 |
| From Long-Term Investments | | |
| Subsidiaries | 1,026 | 26 |
| Investment Promotion Subsidy | 1,774 | 1,681 |
| Miscellaneous Income (Refer Note : 30.3h) | 247 | 186 |
| | 3,361 | 2,189 |

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|--|--------------------------|--------------------------|
| | (₹ in Lakhs) | |
| 22 COST OF MATERIALS CONSUMED | | |
| a) Opening Stock | | |
| Cotton | 21,798 | 12,945 |
| Dyes & Chemicals | 317 | 288 |
| Yarn, Fabric & Garments | 60 | 1,975 |
| | 22,175 | 15,208 |
| b) Add: Purchases & Production Expenses | | |
| Cotton | 96,083 | 1,19,576 |
| Dyes & Chemicals | 2,397 | 2,104 |
| Yarn, Fabric, Polyester & Garments | 14,992 | 15,357 |
| Production Expenses | 1,283 | 2,786 |
| Trims, Packing & Others (Consumption) | 1,806 | 3,003 |
| | 1,16,561 | 1,42,826 |
| c) Less : Closing Stock | | |
| Cotton | 18,273 | 21,798 |
| Dyes & Chemicals | 224 | 317 |
| Yarn, Fabric & Garments | 516 | 60 |
| | 19,013 | 22,175 |
| | 1,19,723 | 1,35,859 |
| 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK - IN - PROGRESS | | |
| a) Inventories at the beginning of the year | | |
| Finished Goods | 3,911 | 5,750 |
| Work-in-Progress | 1,201 | 1,513 |
| | 5,112 | 7,263 |
| b) Inventories at the end of the year | | |
| Finished Goods | 4,275 | 3,911 |
| Work-in-Progress | 1,438 | 1,201 |
| | 5,713 | 5,112 |
| Net (Increase) / Decrease | (601) | 2,151 |
| 24 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries & Wages | 12,896 | 11,131 |
| Contribution to Provident & Other Funds | 1,093 | 949 |
| Staff Welfare Expenses | 953 | 773 |
| | 14,942 | 12,853 |

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|--|--------------------------|--------------------------|
| | (₹ in Lakhs) | |
| 25 FINANCE COSTS | | |
| Interest Expense on | | |
| Term Loans | 2,597 | 3,608 |
| Working Capital Loans | 1,487 | 2,481 |
| Others | 358 | 361 |
| | 4,442 | 6,450 |
| 26 OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Power & Fuel | 12,721 | 10,584 |
| Consumption of Stores & Packing Materials | 1,810 | 1,718 |
| Insurance Charges | 168 | 157 |
| Repairs and Maintenance | | |
| Building | 246 | 273 |
| Machinery | 6,678 | 4,700 |
| Others | 224 | 223 |
| Administration Expenses | | |
| Professional Fees | 92 | 124 |
| Rent (Refer Note 36) | 77 | 67 |
| Rates & Taxes | 122 | 114 |
| Payment to Auditors (Refer Note 28) | 9 | 8 |
| Loss on Sale of Fixed Assets (Net) | 14 | 12 |
| Travelling Expenses | 296 | 194 |
| Expenditure on Corporate Social Responsibility | 341 | 232 |
| Donations | 318 | 325 |
| Bad Debts Written Off | 11 | 1 |
| General Expenses | 197 | 172 |
| Selling Expenses | | |
| Freight & Forwarding | 1,610 | 1,369 |
| Sales Commission | 1,440 | 1,208 |
| Other Selling Expenses | 88 | 50 |
| | 26,462 | 21,531 |

| | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 27 Contingent Liabilities and Commitments (to the extent not provided for): | | |
| I. Contingent Liabilities | | |
| (a) Disputed Liabilities in Appeal | | |
| (i) Demand Notice from Indian Bank towards Prepayment Charges. The same has been contested in writ filed before the High Court of Judicature at Madras which has restrained Indian Bank from applying proceeds of TUF subsidy towards its demand for prepayment charges. The case is pending disposal. | 82 | 82 |
| (ii) Income Tax demands | 3,230 | 3,230 |
| (iii) Central Excise demands | 6 | 4 |
| (iv) Service Tax demands | 28 | 28 |
| (b) Bank Guarantees in favour of parties | | |
| (i) Tamil Nadu Generation and Distribution Corporation [TANGEDCO] | 164 | 164 |
| (ii) Tamil Nadu Pollution Control Board | 5 | 10 |
| (iii) Suryadev Alloys and Power Private Limited | 374 | 698 |
| (iv) A.R.S.Energy Private Limited | 67 | 67 |
| (v) A.R.S.Metal Private Limited | - | 160 |
| (vi) Ind Bharath Powergen Com Limited | 891 | - |
| (vii) New Tirupur Area Water Development Corporation Limited | 28 | 25 |
| (c) Letter of Credit Facility in favour of Suppliers | | |
| (i) Foreign Letter of Credit | 5,445 | 773 |
| (ii) Inland Letter of Credit facility | - | 16 |
| (d) Discounted sales invoices | 2,738 | 7,358 |
| Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities. | | |
| II. Commitments | | |
| (a) Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 3,763 | 1,232 |
| (b) Other Commitments | | |
| (i) The Company has given Corporate guarantees to banks/ Financial Institutions / Others on behalf of M/s Quantum KNITS PVT. LIMITED, M/s Jahnavi Motor Private Limited and M/s K.P.R.Sugar Mill Limited | 36,605 | 18,290 |
| (ii) Export obligations against the import licenses taken for import of capital goods under the Export Promotion Capital Goods Scheme and advance license scheme for import of raw material. The duty implication involved is ₹ 2,194 Lakhs (Pr.Yr. ₹ 1,031 Lakhs) | 13,163 | 6,187 |

28 Payment to Auditors

| (₹ in Lakhs) | | |
|------------------------------|---------|---------|
| Particulars | 2015-16 | 2014-15 |
| Statutory Audit Fees | 8 | 8 |
| Expenses (incl. Service Tax) | 1 | - |
| Total | 9 | 8 |

29 Disclosure with respect to Micro, Small and Medium Enterprises

In accordance with the Notification No: (G.S.R.679 (E), dated 04.09.2015) issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Development Act, 2006. The Company circulated for the information of its suppliers about their coverage under the said Act. Since there is no response from supplier, no disclosures have been made in these Financial Statements. However, in the considered view of the management and as relied upon by the auditors, impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material.

30 Related Party Disclosures

Disclosures under Accounting Standard 18 – Related Party Disclosure, as identified and disclosed by the management and relied upon by the Auditors:

30.1 Name of related parties and nature of relationships

| | |
|--|--|
| Key Management Personnel | Sri K.P. Ramasamy Sri. KPD Sigamani Sri. P. Nataraj Sri. C.R. Anandakrishnan Sri. E.K. Sakthivel |
| Relatives of Key Managerial Personnel | Smt. D. Geetha (Daughter of Sri. KPD Sigamani) |
| Enterprises owned by Key Management Personnel / Directors or their relatives | M/s. K.P.R. Developers Limited M/s. K P R Cements Private Limited M/s. K P R Holdings Private Limited M/s. K P R Agro Farms Private Limited M/s. K P R Charities |
| Subsidiary Companies | M/s. Quantum KNITS PVT. LIMITED M/s K.P.R. Sugar Mill Limited M/s Jahnvi Motor Private Limited M/s Galaxy Knits Limited |

Notes

Notes forming part of the Financial Statements

30.2 Transactions during the year and the balance outstanding at the balance sheet date

| (₹ in Lakhs) | | | | | |
|---------------------------------------|--|------------------------|-------------------------------------|--------------------|------------------------|
| Nature of Transaction | Enterprises owned by key management personnel / Directors or their relatives | Key Managerial Persons | Relatives to Key Managerial Persons | Subsidiary Company | Total as on 31.03.2016 |
| Purchase of Goods / Assets | - | - | - | 977 | 977 |
| | - | - | - | (709) | (709) |
| Sales of Goods / Assets | - | - | - | 9,848 | 9,848 |
| | - | - | - | (21,844) | (21,844) |
| Lease Rent Paid | - | 1 | - | - | 1 |
| | - | (1) | - | - | (1) |
| Lease Rent Received | - | - | - | 212 | 212 |
| | - | - | - | (156) | (156) |
| Remuneration / Salary | - | 2,042 | 22 | - | 2,064 |
| | - | (1,740) | (24) | - | (1,764) |
| Processing / Service Charges Income | - | - | - | 7,948 | 7,948 |
| | - | - | - | (4,777) | (4,777) |
| Processing / Service Charges Expenses | - | - | - | - | - |
| | - | - | - | (1,321) | (1,321) |
| Interest Receipts | - | - | - | 68 | 68 |
| | - | - | - | (35) | (35) |
| Donations | 300 | - | - | - | 300 |
| | (300) | - | - | - | (300) |
| Investments | - | - | - | 7,641 | 7,641 |
| | - | - | - | (7,641) | (7,641) |
| Loans & Advances | - | - | - | 808 | 808 |
| | - | - | - | (722) | (722) |
| Amount Receivable | - | - | - | 6,740 | 6,740 |
| | - | - | - | (8,859) | (8,859) |
| Amount Payable | - | 1,217 | - | - | 1,217 |
| | - | (1,040) | - | - | (1,040) |

(Previous year figures are shown in brackets)

30.3 Details of transactions with related parties

| a. Purchase of Goods / Assets (₹ in Lakhs) | | |
|--|---------|---------|
| Name | 2015-16 | 2014-15 |
| M/s. K.P.R. Sugar Mill Limited | 527 | 457 |
| M/s. Jahnvi Motor Private Limited | 450 | - |
| M/s. Quantum KNITS PVT. LIMITED | - | 252 |
| Total | 977 | 709 |

| b. Sale of Goods / Assets (₹ in Lakhs) | | |
|--|---------|---------|
| Name | 2015-16 | 2014-15 |
| M/s. Quantum KNITS PVT. LIMITED | - | 6,207 |
| M/s. K.P.R. Sugar Mill Limited | 9,848 | 15,637 |
| Total | 9,848 | 21,844 |

| c. Processing / Service Charges Income (₹ in Lakhs) | | |
|---|---------|---------|
| Name | 2015-16 | 2014-15 |
| M/s. K.P.R. Sugar Mill Limited | 7,948 | 4,777 |
| Total | 7,948 | 4,777 |

| d. Processing / Service Charges Expenses (₹ in Lakhs) | | |
|---|---------|---------|
| Name | 2015-16 | 2014-15 |
| M/s. K.P.R. Sugar Mill Limited | - | 1,321 |
| Total | - | 1,321 |

| e. Interest Receipts (₹ in Lakhs) | | |
|-----------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| M/s. K.P.R. Sugar Mill Limited | - | 1 |
| M/s. Jahnvi Motor Private Limited | 68 | 34 |
| Total | 68 | 35 |

| f. Donations (₹ in Lakhs) | | |
|---------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| M/s. K P R Charities | 300 | 300 |
| Total | 300 | 300 |

| g. Lease Rent Paid (₹ in Lakhs) | | |
|---------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| Sri. K.P. Ramasamy | 0.19 | 0.19 |
| Sri. KPD Sigamani | 0.19 | 0.19 |
| Sri. P. Nataraj | 0.18 | 0.18 |
| Total | 0.56 | 0.56 |

| h. Lease Rent Received (₹ in Lakhs) | | |
|-------------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| M/s. K.P.R. Sugar Mill Limited | 212 | 156 |
| Total | 212 | 156 |

| i. Remuneration / Salary (₹ in Lakhs) | | |
|---------------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| Sri. K.P. Ramasamy | 672 | 572 |
| Sri. KPD Sigamani | 672 | 572 |
| Sri. P. Nataraj | 672 | 572 |
| Sri. C.R. Anandakrishnan | 24 | 24 |
| Sri. E.K. Sakthivel | 18 | 18 |
| Smt. D. Geetha | 6 | 6 |
| Total | 2,064 | 1,764 |

| j. Amount Payable (₹ in Lakhs) | | |
|--------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| Sri. K.P. Ramasamy | 405 | 347 |
| Sri. KPD Sigamani | 405 | 347 |
| Sri. P. Nataraj | 407 | 346 |
| Total | 1,217 | 1,040 |

| k. Amount Receivable (₹ in Lakhs) | | |
|-----------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| M/s. Quantum KNITS PVT. LIMITED | - | 7,066 |
| M/s. K.P.R. Sugar Mill Limited | 6,740 | 1,793 |
| Total | 6,740 | 8,859 |

| l. Loans & Advances (₹ in Lakhs) | | |
|-----------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| M/s. Jahnvi Motor Private Limited | 808 | 722 |
| Total | 808 | 722 |

| m. Investments (₹ in Lakhs) | | |
|-----------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| Equity Shares | | |
| M/s. K.P.R. Sugar Mill Limited | 1,675 | 1,675 |
| M/s. Jahnvi Motor Private Limited | 276 | 276 |
| M/s. Quantum KNITS PVT. LIMITED | 10 | 10 |
| M/s. Galaxy Knits Limited | 5 | 5 |
| Preference Shares | | |
| M/s. K.P.R. Sugar Mill Limited | 5,675 | 5,675 |
| Total | 7,641 | 7,641 |

Notes

Notes forming part of the Financial Statements

31 Expenditure in Foreign Currency and CIF Value of Imports

| (₹ in Lakhs) | | |
|--|------------------------|------------------------|
| Particulars | 2015-16 | 2014-15 |
| (a) Expenditure in Foreign Currency : Travel, sales commission etc., Interest Professional Fees | 401 135 5 | 243 192 3 |
| (b) Value of imports on CIF basis : Raw Material Stores and Spare Parts Machinery | 14,634 580 4,785 | 26,842 463 3,595 |
| Total | 20,540 | 31,338 |

32 Earnings in Foreign Exchange

| (₹ in Lakhs) | | |
|------------------------------|---------------|---------------|
| Particulars | 2015-16 | 2014-15 |
| Export of Goods on FOB basis | 54,397 | 48,803 |
| Total | 54,397 | 48,803 |

33 Amounts Remitted in Foreign Currency as Dividends

| (₹ in Lakhs) | | |
|---|---------|-----------|
| Particulars | 2015-16 | 2014-15 |
| On account of Dividends (₹ in Lakhs) | - | 33 |
| Number of Non-Resident Share Holders | - | 1 |
| Number of Shares held by Non-Resident Shareholders on which Dividends are due | - | 11,06,784 |
| The year to which dividend relates | | 2013-14 |

34 Earnings Per Share (EPS)

| (₹ in Lakhs) | | |
|---|-------------|-------------|
| Particulars | 2015-16 | 2014-15 |
| Profit for the year | 15,554 | 14,598 |
| Less: Preference Dividend and Tax thereon | 72 | 126 |
| Profit for the year attributable to the equity shareholders | 15,482 | 14,472 |
| Weighted average number of Shares | 3,76,82,892 | 3,76,82,892 |
| Face Value Per Share (₹) | 10.00 | 10.00 |
| Earnings Per Share (₹) - Basic & Diluted | 41.08 | 38.40 |

35 Segment Reporting

The Company is mainly engaged in the business of manufacturing of textiles consisting of yarn, fabrics and garments. Considering the nature of business and financial reporting of the Company, the Company operates in only one business segment, viz., textiles. The Company operates in Domestic and Export segments geographically. The disclosures relating to secondary geographical segment is as follows:

35.1 Segment Revenue by Geographic Location of Customers

| (₹ in Lakhs) | | |
|--------------|-----------------|-----------------|
| Particulars | 2015-16 | 2014-15 |
| Asia | 35,337 | 27,563 |
| Europe | 18,705 | 19,391 |
| USA | 341 | 78 |
| India | 1,26,180 | 1,47,089 |
| Others | 69 | 1,771 |
| Total | 1,80,632 | 1,95,892 |

35.2 Segment Assets by Geographic Location of Assets

| (₹ in Lakhs) | | |
|--------------------|-----------------|-----------------|
| Particulars | 2015-16 | 2014-15 |
| Receivables | | |
| Asia | 3,820 | 5,038 |
| Europe | 5,597 | 3,367 |
| USA | 88 | - |
| Others | - | 9 |
| India | 73,696 | 72,282 |
| | 83,201 | 80,696 |
| Fixed Asset | | |
| India | 89,784 | 92,444 |
| Total | 1,72,985 | 1,73,140 |

35.3 Capital Expenditure

| (₹ in Lakhs) | | |
|---------------|---------------|--------------|
| Particulars | 2015-16 | 2014-15 |
| Outside India | - | - |
| India | 10,016 | 9,591 |
| Total | 10,016 | 9,591 |

37.2 Defined Benefit Plan - Gratuity

| (₹ in Lakhs) | | |
|---|------------|------------|
| | 2015-16 | 2014-15 |
| A Change in Present Value of Obligation | | |
| PV of obligation as at the beginning of the year | 240 | 126 |
| Current Service Cost | 56 | 35 |
| Interest Cost | 19 | 10 |
| Actuarial (gain) / Loss on obligation | (23) | 68 |
| PV of obligation as at the end of the year | 292 | 240 |
| B Change in Fair Value of Plan Assets | | |
| FV of Plan Asset as at the beginning of the year | 245 | 139 |
| Expected return on Plan Assets | 23 | 11 |
| Actuarial gain / (loss) | - | - |
| Contributions by the employer | 44 | 95 |
| FV of Plan Asset as at the end of the year | 312 | 245 |

36 Operating Lease Disclosure

The Company has taken Office space on lease for a period of 9 years with option to renew and with escalation in rent once in three years with lock-in period of three years. Lease rent for the year ended 31st March 2016 amounted to ₹ 62 Lakhs (Pr. Yr. ₹ 55 Lakhs).

| (₹ in Lakhs) | | |
|---|---------|---------|
| | 2015-16 | 2014-15 |
| Minimum lease payments not later than one year | 64 | 62 |
| Later than one year but not later than five years | 282 | 273 |
| More than five years | 18 | 92 |

37 Disclosure of Employee Benefits**37.1 Defined Contribution Plans**

| (₹ in Lakhs) | | |
|--------------------------|---------|---------|
| | 2015-16 | 2014-15 |
| Provident Fund | 1021 | 821 |
| Employee State Insurance | 405 | 353 |

| (₹ in Lakhs) | | |
|--|-----------|------------|
| | 2015-16 | 2014-15 |
| C Net Asset / (Liability) recognized in the Balance Sheet | | |
| PV of obligation as at end of the year | 292 | 240 |
| FV of Plan Asset as at end of the year | 312 | 245 |
| Funded Status [Surplus/(Deficit)] | 20 | 5 |
| D Expense recognized in the Statement of Profit and Loss | | |
| Current Service Cost | 56 | 35 |
| Interest Cost | 19 | 10 |
| Expected return on Plan Assets | (23) | (11) |
| Actuarial (gains) / Losses | (23) | 68 |
| Expense recognized in the Statement of Profit and Loss | 29 | 103 |
| E Composition of Plan Assets | | |
| Government securities | 128 | 100 |
| Debentures and bonds | 117 | 92 |
| Fixed deposits | 47 | 37 |
| Others | 21 | 16 |
| F Actuarial Assumptions | | |
| Discount Rate (per annum) | 8.00% | 8.00% |
| Rate of increase in compensation levels (per annum) | 7.00% | 7.00% |
| Rate of return on plan assets (per annum) | 8.00% | 8.00% |
| Expected average remaining working lives of employees (years) | 29.46 | 30.81 |

The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120 (n) (ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation report and hence, are not furnished.

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market.

38 Captive consumption of windmill power

The power cost is net value of captively consumed units.

39 Disclosure as per Schedule V of Regulation 34 of the Listing Regulations - Investments

| (₹ in Lakhs) | | |
|-----------------------------------|--------------|--------------|
| Name of the Company | 2015-16 | 2014-15 |
| M/s. Quantum KNITS PVT. LIMITED | 10 | 10 |
| M/s. K.P.R. Sugar Mill Limited | 7,350 | 7,350 |
| M/s. Jahnvi Motor Private Limited | 276 | 276 |
| M/s. Galaxy Knits Limited | 5 | 5 |
| Total | 7,641 | 7,641 |

40 Disclosure as per Schedule V of Regulation 34 of the Listing Regulations - Loans & Advances

| (₹ in Lakhs) | | | | |
|-----------------------------------|------------------|---|------------------|---|
| Name of the Company | As at 31.03.2016 | Maximum outstanding during the year 2015-16 | As at 31.03.2015 | Maximum outstanding during the year 2014-15 |
| M/s. K.P.R. Sugar Mill Limited | - | - | - | 41 |
| M/s. Jahnvi Motor Private Limited | 808 | 808 | 641 | 641 |
| Total | 808 | 808 | 641 | 682 |

41 Details of hedged and unhedged foreign currency exposures

(i) Outstanding forward exchange contracts for hedging purposes as on 31st March, 2016:

| Currency | Cross Currency | Amount (₹ in Lakhs) | Buy / Sell |
|----------|----------------|---------------------|--------------|
| USD | INR | 7,184 (3,872) | Buy Buy |
| USD | INR | 7,185 (7,794) | Sell Sell |
| EURO | INR | 3,171 (3,023) | Sell Sell |
| EURO | INR | - (743) | Buy Buy |
| GBP | INR | 2,510 (2,698) | Sell Sell |

(ii) The year-end unhedged foreign currency exposures are given below:

| As at 31 st March 2016 | | As at 31 st March 2015 | |
|-----------------------------------|-------------|-----------------------------------|-------------|
| Receivables / (Payables) | | Receivables / (Payables) | |
| ₹ in Lakhs | FC in Lakhs | ₹ in Lakhs | FC in Lakhs |
| 591 | \$9 | 180 | \$3 |
| 33 | €0 | 410 | €6 |
| - | - | 640 | £7 |
| (2,456) | (€33) | (30) | (€0) |
| (5,069) | (\$76) | - | - |
| (1,009) | CHF (15) | - | - |

Note : Figures in brackets relates to the previous year

42 Particulars of Raw Materials Consumed - Cotton

| Particulars | 2015-16 | | | 2014-15 | | |
|-------------|-----------------|------------|-----|-----------------|------------|-----|
| | Quantity in Kgs | ₹ in Lakhs | % | Quantity in Kgs | ₹ in Lakhs | % |
| Import | 1,29,43,217 | 13,000 | 13 | 2,18,65,831 | 27,306 | 25 |
| Domestic | 8,76,18,301 | 86,608 | 87 | 7,37,60,037 | 83,417 | 75 |
| Total | 10,05,61,518 | 99,608 | 100 | 9,56,25,868 | 1,10,723 | 100 |

43 The previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

P. Nataraj
Chief Executive Officer & Managing Director

Auditors' Report on Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF K.P.R. MILL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of K.P.R. MILL LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31.03.2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account

the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31.03.2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Auditors' Report on Consolidated Financial Statements

Other Matters

- a) We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹ 80,486 lakhs as at 31st March, 2016, total revenues of ₹ 70,041 lakhs and net cash outflows amounting to ₹ 4,991 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.

- e) On the basis of the written representations received from the directors of the Holding Company as on 31.03.2016 taken on record by the Board of Directors of the Holding Company 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 31.03.2016 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 Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's / subsidiary company's incorporated in India 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated 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 Holding Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No.008072S)

C.R. Rajagopal
Partner

Place : Coimbatore
Date : 28, April 2016

(Membership No.23418)

Annexure to the Auditors' Report on Consolidated Financial Statements

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' 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 financial statements of the Company as of and for the year ended 31.03.2016, we have audited the internal financial controls over financial reporting of K.P.R MILL LIMITED (hereinafter referred to as "the Holding Company") 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 Holding company and 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with 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 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

Annexure to the Auditors' Report on Consolidated Financial Statements

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 Holding Company and 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 31.03.2016, 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 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 three subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.008072S)

C.R. Rajagopal
Partner

Place : Coimbatore
Date : 28 April 2016

(Membership No. 23418)

Consolidated Balance Sheet

Consolidated Balance Sheet as at 31.03.2016

| | Note | As at 31.03.2016 | As at 31.03.2015 |
|------------------------------------|------|---------------------|---------------------|
| (₹ in Lakhs) | | | |
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' Funds | | | |
| (a) Share Capital | 3 | 3,768 | 5,268 |
| (b) Reserves and Surplus | 4 | 1,05,651 | 89,253 |
| | | 1,09,419 | 94,521 |
| 2 Non-Current Liabilities | | | |
| (a) Long-Term Borrowings | 5 | 21,006 | 31,289 |
| (b) Deferred Tax Liabilities (Net) | 6 | 5,875 | 6,004 |
| (c) Other Long-Term Liabilities | 7 | 5,383 | 5,467 |
| | | 32,264 | 42,760 |
| 3 Current Liabilities | | | |
| (a) Short-Term Borrowings | 8 | 60,468 | 41,292 |
| (b) Trade Payables | 9 | 25,459 | 28,056 |
| (c) Other Current Liabilities | 10 | 10,071 | 12,802 |
| (d) Short-Term Provisions | 11 | 1,921 | 3,743 |
| | | 97,919 | 85,893 |
| | | 2,39,602 | 2,23,174 |
| B ASSETS | | | |
| 1 Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 12 | 1,15,620 | 1,20,567 |
| (ii) Capital Work-in-Progress | | 3,477 | 236 |
| | | 1,19,097 | 1,20,803 |
| (b) Goodwill on Consolidation | | 70 | 70 |
| (c) Non-Current Investments | 13 | 165 | 347 |
| (d) Long-Term Loans and Advances | 14 | 11,920 | 5,783 |
| (e) Other Non-Current Assets | 15 | 53 | 58 |
| | | 1,31,305 | 1,27,061 |
| 2 Current Assets | | | |
| (a) Current Investments | 16 | - | 5,800 |
| (b) Inventories | 17 | 50,570 | 51,643 |
| (c) Trade Receivables | 18 | 42,498 | 28,178 |
| (d) Cash and Bank Balances | 19 | 4,570 | 4,038 |
| (e) Short-Term Loans and Advances | 20 | 7,477 | 2,443 |
| (f) Other Current Assets | 21 | 3,182 | 4,011 |
| | | 1,08,297 | 96,113 |
| | | 2,39,602 | 2,23,174 |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Chief Executive Officer
& Managing Director

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
28.04.2016

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

C.R. Rajagopal
Partner

Coimbatore
28.04.2016

Consolidated Statement of Profit and Loss for the year ended 31.03.2016

Consolidated Statement of Profit and Loss

| | Note | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|---|------|--------------------------|--------------------------|
| (₹ in Lakhs) | | | |
| I. Revenue from Operations (Gross) | 22 | 2,60,052 | 2,57,649 |
| Less: Excise Duty | | 943 | 1,074 |
| Revenue from Operations (Net) | | 2,59,109 | 2,56,575 |
| II. Other Income | 23 | 2,295 | 2,404 |
| III. Total Revenue (I+II) | | 2,61,404 | 2,58,979 |
| IV. Expenses | | | |
| Cost of Materials Consumed | 24 | 1,44,938 | 1,59,460 |
| Purchase of Stock-in-Trade | | 14,820 | 10,268 |
| Changes in Inventories of Finished Goods, Work - in - Progress and Stock in Trade | 25 | (1,362) | (1,272) |
| Employee Benefits Expense | 26 | 21,767 | 18,267 |
| Finance Costs | 27 | 5,729 | 8,394 |
| Depreciation and Amortization Expense | 12 | 15,205 | 15,402 |
| Other Expenses | 28 | 31,989 | 26,122 |
| Total Expenses | | 2,33,086 | 2,36,641 |
| V. Profit Before Tax (III-IV) | | 28,318 | 22,338 |
| VI. Tax Expenses | | | |
| Current Tax Expense for Current Year | | 8,390 | 6,573 |
| Less: MAT Credit | | 1,119 | 1,522 |
| Current Tax Expense relating to Prior Years | | 165 | (95) |
| Deferred Tax Expense / (Credit) | | (129) | 25 |
| Net Tax Expenses | | 7,307 | 4,981 |
| VII. Profit for the Year (V-VI) | | 21,011 | 17,357 |
| VIII. Earnings per equity share of ₹ 10 each Basic & Diluted (in ₹) | | 55.57 | 45.73 |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

In terms of our report attached

For **Deloitte Haskins & Sells**

Chartered Accountants

K.P. Ramasamy

Chairman

KPD Sigamani

Managing Director

P. Nataraj

Chief Executive Officer
& Managing Director

C.R. Rajagopal

Partner

PL Murugappan

Chief Financial Officer

P. Kandaswamy

Company Secretary

Coimbatore

28.04.2016

Coimbatore

28.04.2016

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement

for the year ended 31.03.2016

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|--|--------------------------|--------------------------|
| | (₹ in Lakhs) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Tax | 28,318 | 22,338 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 15,205 | 15,402 |
| Loss on Sale of Assets | 15 | 34 |
| Finance Costs | 5,729 | 8,394 |
| Interest Income | (242) | (275) |
| Dividend Income | (65) | (244) |
| Rental Income from Operating Leases | (226) | (13) |
| Bad Debts Written-off & Provision for Doubtful Trade and Other Receivables | 8 | (11) |
| Operating Profit before Working Capital Changes | 48,742 | 45,625 |
| Changes in Working Capital: | | |
| Adjustments for (Increase) / Decrease in Operating Assets: | | |
| Inventories | 1,073 | (11,109) |
| Trade Receivables | (14,320) | (4,388) |
| Short-Term Loans and Advances | (5,034) | 1,562 |
| Long-Term Loans and Advances | (115) | (658) |
| Other Current Assets | 827 | 758 |
| Other Non-Current Assets | 5 | (58) |
| Adjustments for Increase / (Decrease) in Operating Liabilities: | | |
| Trade Payables | (2,597) | 87 |
| Other Current Liabilities | 468 | (260) |
| Other Long-Term Liabilities | (138) | 5,467 |
| Cash Generated from Operations | 28,911 | 37,026 |
| Net Income Tax (Paid) | (8,645) | (6,012) |
| Net Cash Flow From Operating Activities | (A) 20,266 | 31,014 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital Expenditure on Fixed Assets, Including Capital Advances | (19,986) | (12,941) |
| Bank Balance not considered as Cash and Cash Equivalents - Margin Deposit Accounts | (1,457) | 1,962 |
| Proceeds from Sale of Fixed Assets | 244 | 198 |
| Purchase of Non-Current Investment | | |
| - Others | 182 | (347) |
| Proceeds from the sale of Current Investment | - | 469 |
| Dividend Received | 65 | 244 |
| Interest Received | 244 | 173 |
| Bank Balance not Considered as Cash and Cash Equivalents - | | |
| Unpaid Dividend Account | 1 | - |
| Rental Income Received from Operating Leases | 226 | 13 |
| Net Cash Flow Used In Investing Activities | (B) (20,481) | (10,229) |

**Consolidated Cash Flow Statement
for the year ended 31.03.2016**

Consolidated Cash Flow Statement

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|---|--------------------------|--------------------------|
| | (₹ in Lakhs) | |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long-Term Borrowings | 8,290 | 3,673 |
| Repayment of Long-Term Borrowings | (21,203) | (21,416) |
| Net Increase in Working Capital Borrowings | 19,176 | 3,977 |
| Finance Costs Paid | (6,298) | (8,124) |
| Dividends Paid | (5,380) | (2,770) |
| Tax on Dividend Paid | (1,094) | (506) |
| Bank balance not considered as cash and cash equivalents : Share Application Money | - | (2) |
| Net Cash Flow Used In Financing Activities | (6,509) | (25,168) |
| Net Increase / (Decrease) in Cash and Cash Equivalents | (6,724) | (4,383) |
| Add: Opening Cash and Cash Equivalents | 9,680 | 14,063 |
| Closing Cash and Cash Equivalents | 2,956 | 9,680 |
| Reconciliation of Cash and Cash Equivalents with the Balance Sheet | | |
| Cash and Bank balances (Refer Note 19) | 4,570 | 4,038 |
| Less: Bank balances not considered as Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements : | | |
| In earmarked accounts | | |
| - Unpaid dividend accounts | 7 | 8 |
| - Balances held as margin money or security against borrowings, guarantees and other commitments | 1,607 | 150 |
| Net Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19 | 2,956 | 3,880 |
| Add: Current Investments considered as part of Cash and Cash Equivalents as defined in AS 3 Cash Flow Statements (Refer Note 16 Current Investments) | - | 5,800 |
| Closing Cash and Cash Equivalents | 2,956 | 9,680 |
| Closing Cash and Cash Equivalents comprises | | |
| (a) Cash on Hand | 149 | 91 |
| (b) Balance with Banks: | | |
| i) In Current Accounts | 2,543 | 2,628 |
| ii) In EEFC Accounts | 239 | 1,132 |
| iii) In Deposit Accounts | 25 | 29 |
| (c) Current Investments considered as part of Cash and Cash Equivalents (Refer Note 16 Current investments) | - | 5,800 |
| | 2,956 | 9,680 |

See accompanying notes forming part of the financial statements

For and on behalf of the Board of Directors

K.P. Ramasamy
Chairman

KPD Sigamani
Managing Director

P. Nataraj
Chief Executive Officer
& Managing Director

PL Murugappan
Chief Financial Officer

P. Kandaswamy
Company Secretary

Coimbatore
28.04.2016

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

C.R. Rajagopal
Partner

Coimbatore
28.04.2016

1 CORPORATE INFORMATION

K.P.R. Mill Limited is one of the largest vertically integrated apparel manufacturing Companies in India. The Company produces Yarn, Knitted Fabric, Readymade Garments and Wind Power. It has state-of-the-art production facilities in the State of Tamil Nadu, India. It has four Wholly owned Subsidiary Companies as follows:

- a) Quantum KNITS PVT. LIMITED is a Wholly owned Subsidiary Company of K.P.R. Mill Limited. The Company deals in Readymade Garments.
- b) K.P.R.Sugar Mill Limited is the Wholly owned Subsidiary Company of K.P.R. Mill Limited. Plant located at Bijapur District, Karnataka State. It produces Sugar along with Green Energy viz., Co-Gen Power. The Company also has Garment manufacturing facility at Arasur, Coimbatore and commenced its operation from November 2013.
- c) Jahnvi Motor Private Limited is the Wholly owned Subsidiary Company of K.P.R. Mill Limited. The Company is the authorised dealers for AUDI cars in Coimbatore Region and Madurai Region.
- d) Galaxy Knits Limited is a wholly owned subsidiary company of K.P.R. Mill Limited. The company has not commenced any major business activity.

The Company's shares are listed in BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE).

2 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements relate to K.P.R. Mill Limited ('the Company') and its wholly owned Subsidiary Companies Quantum KNITS PVT. LIMITED, K.P.R.Sugar Mill Limited, Jahnvi Motor Private Limited and Galaxy Knits Limited. The Company and its subsidiaries constitute the Group.

B) BASIS OF ACCOUNTING

- i) The Financial Statements of the Subsidiary Company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended 31st March, 2016.
- ii) The Consolidated Financial Statements of the Company and its Subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable.
- iii) The accounting policies adopted in the preparation of the Consolidated Financial Statements are consistent with those followed in the previous year. The financial statements have been prepared on accrual basis under the historical cost convention.

C) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to K.P.R.Mill Limited ('the Company'), and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiary companies have been combined on a line - by - line basis in accordance with the principles laid down in Accounting Standard (AS)-21 on "Consolidated

Financial Statements" by adding together the value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profit or loss unless cost cannot be recovered.

- ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented to the extent possible, in the same manner as the company's separate financial statements.
- iii) The following subsidiary companies have been considered in the preparation of the consolidated financial statements :

| S. No | Name of Subsidiary Company | Country of Incorporation | % of holding as at 31 st March, 2016 | % of holding as at 31 st March, 2015 | Date of Incorporation / Acquisition |
|-------|-----------------------------------|--------------------------|---|---|-------------------------------------|
| 1 | M/s. Quantum KNITS PVT. LIMITED | India | 100 | 100 | 03.06.2009 |
| 2 | M/s. K.P.R. Sugar Mill Limited | India | 100 | 100 | 27.06.2011 |
| 3 | M/s. Galaxy Knits Limited | India | 100 | 100 | 24.07.2012 |
| 4 | M/s. Jahnvi Motor Private Limited | India | 100 | 100 | 30.10.2012 |

- iv) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.

D) USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and

liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

E) 1) INVENTORIES - TEXTILE

Inventories are valued at the lower of cost (e.g. on FIFO / specific identification method) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2) INVENTORIES - SUGAR

- i) Finished goods are valued at cost or net realisable value whichever is lower. The

cost for the finished goods is inclusive of cost of purchase, cost of conversion, excise duty, cess, if any, and other costs incurred in bringing the inventories to their present location and condition.

- ii) Stock-in-process, Stores, Spares, Consumables, Packing and Other Materials are valued at lower of Cost or Net Realizable Value.
- iii) Waste and Scrap are valued at Net Realizable Value.

F) CASH AND CASH EQUIVALENTS (FOR 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.

G) CASH FLOW STATEMENT

Cash flow 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.

H) DEPRECIATION

Depreciation on Fixed Assets is provided on Straight Line Method at the rates prescribed in Schedule II of the Companies Act, 2013, except 1) Wind Mill @ 8.33% 2) Plant & Machinery @ 10.34% and 3) Electricals @ 7.07% based on useful life ascertained for such asset through technical assessment by competent Professional.

I) REVENUE RECOGNITION

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards

of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. Sale of Service and revenue from sale of windmill power are recognised when services are rendered and related costs are incurred.

J) OTHER INCOME

Dividend income is recognised when right to receive the income is established. Interest income is recognised on time proportion basis (accrual basis) taking into account the amount outstanding and rate applicable. Export incentives are accounted for in the year of exports based on eligibility and expected amount on realisation.

K) FIXED ASSETS

- i) Fixed assets and intangibles are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost includes all costs relating to acquisition and installation of fixed assets including any incidental costs of bringing the assets to their working condition for their intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress

- ii) Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

L) FOREIGN EXCHANGE TRANSACTIONS

Initial recognition : Transactions in Foreign Currencies entered into by the Company are accounted at the

exchange rates prevailing on the date of the transactions or at rates that closely approximate the rate at the date of the transaction or at the forward contract rate for the transaction.

Measurement at the Balance Sheet date : Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Accounting for forward contracts : Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

M) GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost.

In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other Government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

N) INVESTMENTS

Long term investments (excluding investment properties) are carried at cost less provision for diminution other than temporary in the value of such investments. Current investments are stated at lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets.

O) EMPLOYEE BENEFITS

a) Short Term

Short term employee benefits are charged off at the undiscounted amount during the year in which the related service is rendered by employees.

b) Long Term Post Retirement

Post Retirement Benefits comprise of Provident Fund, Employees State Insurance and Gratuity which are accounted for as follows:

i) Provident Fund, Employees State Insurance

This is a defined contribution plan, and contributions made to the Fund are charged expense based on the amount of contribution require to be made and when services or rendered by the employees. The Company has no further obligations for future provident fund, employee state insurance benefits other than monthly contributions.

ii) Gratuity Fund

This is a defined benefit plan for K.P.R. Mill Limited and Quantum Knits (A unit of K.P.R.Sugar Mill Limited). The Companies make annual contribution to the Gratuity Fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. The Retirement Benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost. For K.P.R.Sugar Mill Limited and Jahnvi Motor Private Limited, the Companies have made provision in the books.

P) BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

Q) SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure.

The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

R) LEASE

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 under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

S) EARNINGS PER SHARE (EPS)

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) 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 (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) 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. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

T) TAXATION

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

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, 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 income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences 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 recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only

to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. 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 realisability.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Current and deferred tax relating to items directly recognised in reserves and not in the Statement of Profit and Loss.

U) RESEARCH AND DEVELOPMENT EXPENSES

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

V) IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is

recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent amount was previously charged to the Statement of Profit & Loss except in case of revalued assets.

W) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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. Contingent assets are not recognised in the financial statements.

X) INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the

extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

Y) SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

Z) i) EXCISE DUTY - TEXTILE

The Company has opted to adopt for 'Exempted Route' under Central Excise Rules for local sales. Accordingly, CENVAT credit on inputs is not available to the Company and no excise duty is payable on sales of manufactured goods.

ii) EXCISE DUTY - SUGAR

The Excise Duty on sale of finished goods is deducted from turnover to arrive at net sales as shown in the statement of profit and loss. The Excise Duty appearing in the statement of profit and loss as an expenditure represents excise duty provision for closing stock of finished goods.

AA) 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.

| | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 3 SHARE CAPITAL | | |
| a) Authorised | | |
| 4,00,00,000 (Pr.Yr. 4,00,00,000) Equity Shares of ₹ 10 each with voting rights | 4,000 | 4,000 |
| 15,00,00,000 (Pr.Yr.15,00,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100 each | 1,500 | 1,500 |
| | 5,500 | 5,500 |
| b) Issued, Subscribed & Fully Paid up | | |
| 3,76,82,892 (Pr.Yr 3,76,82,892) Equity Shares of ₹ 10 each fully paid-up with voting rights | 3,768 | 3,768 |
| Nil (Pr.Yr.15,00,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100 each, fully paid-up | - | 1,500 |
| | 3,768 | 5,268 |

3.1 Pursuant to the approval of shareholders at the Annual General Meeting held on 25.08.2010, the Company allotted 15,00,000 7% redeemable cumulative preference shares to K.P.R. Developers Limited for consideration other than cash.

3.2 Term / Rights to Shares

Equity Shares

The Company has issued only one class of equity shares having a face value of ₹ 10 per share. The holder of each equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholder in the Annual General Meeting.

During the year, the amount of per share interim dividend paid to equity shareholders was ₹ 9 (31st March 2015: ₹ 4) and per share final dividend recommended for distribution to equity shareholders is ₹ 1 (31st March 2015: ₹ 5).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after settling the dues of preferential and other creditors as priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

Preference Shares

7% Redeemable Cumulative Non-Convertible Preference Shares are redeemed during the year as decided by the Board

Notes

Notes forming part of the Consolidated Financial Statements

3.3 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

a. Equity Shares with voting rights

| Particulars | For the year Ended 31.03.2016 | | For the year Ended 31.03.2015 | |
|------------------------------------|-------------------------------|--------------|-------------------------------|--------------|
| | Number of Shares | (₹ in Lakhs) | Number of Shares | (₹ in Lakhs) |
| At the beginning of the year | 3,76,82,892 | 3,768 | 3,76,82,892 | 3,768 |
| Changes during the year | - | - | - | - |
| Outstanding at the end of the year | 3,76,82,892 | 3,768 | 3,76,82,892 | 3,768 |

b. 7% Redeemable Cumulative Non-Convertible Preference Shares

| Particulars | For the year Ended 31.03.2016 | | For the year Ended 31.03.2015 | |
|------------------------------------|-------------------------------|--------------|-------------------------------|--------------|
| | Number of Shares | (₹ in Lakhs) | Number of Shares | (₹ in Lakhs) |
| At the beginning of the year | 15,00,000 | 1,500 | 15,00,000 | 1,500 |
| Changes during the year (redeemed) | 15,00,000 | 1,500 | - | - |
| Outstanding at the end of the year | - | - | 15,00,000 | 1,500 |

3.4 Details of Shareholders holding more than 5% of Shares in the Company

a. Equity Shares

| Particulars | As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|------------------------------|------------------------------------|-------|------------------------------------|-------|
| | Number of Shares | % | Number of Shares | % |
| Sri. K.P. Ramasamy | 81,27,684 | 21.57 | 81,27,684 | 21.57 |
| Sri. KPD Sigamani | 81,28,634 | 21.57 | 81,28,634 | 21.57 |
| Sri. P. Nataraj | 81,27,733 | 21.57 | 81,27,733 | 21.57 |
| DSP Blackrock Micro Cap Fund | 18,99,385 | 5.04 | - | - |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares as at the balance sheet date.

b. 7% Redeemable Cumulative Non-Convertible Preference Shares

| Particulars | As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|-------------------------------|------------------------------------|---|------------------------------------|-----|
| | Number of Shares | % | Number of Shares | % |
| M/s K.P.R. Developers Limited | - | - | 15,00,000 | 100 |

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 4 RESERVES AND SURPLUS | | |
| Capital Reserve | | |
| Opening Balance | 293 | 293 |
| Closing Balance | 293 | 293 |
| Capital Redemption Reserve | | |
| Opening Balance | - | - |
| Add : Transfer from Surplus in the Statement of Profit and Loss | 1,500 | - |
| Closing Balance | 1,500 | - |
| Securities Premium | | |
| Opening Balance | 19,096 | 19,096 |
| Closing Balance | 19,096 | 19,096 |
| General Reserve | | |
| Opening Balance | 19,651 | 18,191 |
| Add : Transfer from Surplus in the Statement of Profit and Loss | 1,682 | 1,460 |
| Closing Balance | 21,333 | 19,651 |
| Surplus in Statement of Profit and Loss | | |
| Opening Balance | 50,213 | 38,606 |
| Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Net of deferred tax) | - | 64 |
| Add: Profit for the year | 21,011 | 17,357 |
| Less: | | |
| Interim Dividend ₹ 9 per share (Pr.Yr ₹ 4 per share) | 3,391 | 1,507 |
| Dividends proposed to be distributed to equity shareholders ₹ 1 per share (Pr.Yr. ₹ 5 per share) | 377 | 1,884 |
| Dividends proposed to be distributed to preference shareholders ₹ 7 per share (Pr.Yr. ₹ 7 per share) | 60 | 131 |
| Tax on Dividend | 785 | 704 |
| Transferred to: | | |
| General Reserve | 1,682 | 1,460 |
| Capital Redemption Reserve | 1,500 | - |
| Closing Balance | 63,429 | 50,213 |
| | 1,05,651 | 89,253 |

Notes

Notes forming part of the Consolidated Financial Statements

| | As at 31.03.2016 | As at 31.03.2015 |
|--|---|---------------------|
| | (₹ in Lakhs) | |
| 5 LONG TERM BORROWINGS | | |
| From Banks (Secured) | | |
| Term Loans | 20,113 | 30,617 |
| From Others (Unsecured) | | |
| Interest Free Sales Tax Loan | 893 | 672 |
| | 21,006 | 31,289 |
| 5.1 | Term Loans from banks are secured by pari-passu first charge on fixed assets and second charge on current assets of the company. | |
| 5.2 | <ul style="list-style-type: none"> i) Loan amounting to ₹ 5,536 Lakhs (Pr. Yr. ₹ Nil) is repayable in 24 quarterly installments. ii) Loan amounting to ₹ 436 Lakhs (Pr. Yr. ₹ Nil) is repayable in 22 quarterly installments. iii) Loan amounting to ₹ 2,099 Lakhs (Pr. Yr. ₹ 2,184 Lakhs) is repayable in 21 quarterly installments. iv) Loan amounting to ₹ 473 Lakhs (Pr. Yr. ₹ 525 Lakhs) is repayable in 18 quarterly installments. v) Loan amounting to ₹ 597 Lakhs (Pr. Yr. ₹ 597 Lakhs) is repayable in 8 quarterly installments. vi) Loan amounting to ₹ 16,091 Lakhs (Pr. Yr. ₹ 29,254 Lakhs) is repayable in 8 quarterly installments. vii) Loan amounting to ₹ 2,099 Lakhs (Pr. Yr. ₹ Nil) is renewable every year. viii) Loan amounting to ₹ Nil (Pr. Yr. ₹ 48 Lakhs) is fully paid ix) Loan amounting to ₹ Nil (Pr. Yr. ₹ 7,755 Lakhs) is fully paid | |
| 5.3 | Interest rate relating to term loans from banks is in the range of 9.75% to 12.50% | |
| 5.4 | The Group has not defaulted in the repayment of principal and interest during the year. | |
| 5.5 | For the current maturities of long-term borrowings, refer Note 10 Other current Liabilities. | |
| 6 DEFERRED TAX LIABILITIES (NET) | | |
| Tax effect of items constituting deferred tax liabilities: | | |
| On difference between book balance and tax balance of fixed assets | 6,004 | 6,011 |
| Add : Deferred tax liability for current year | (129) | 25 |
| Less : Deferred tax asset for earlier years due to change in method of depreciation as per New Companies Act, 2013 | - | 32 |
| Closing Balance | 5,875 | 6,004 |
| Opening Balance | 6,004 | 6,012 |
| Net Deferred Tax Charge / (Credit) | (129) | (8) |
| 7 OTHER LONG TERM LIABILITIES | | |
| a) Trade Payables | | |
| Other than Acceptances | 5,329 | 5,467 |
| b) Others | | |
| Payables on Purchase of Fixed Assets | 54 | - |
| | 5,383 | 5,467 |

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 8 SHORT TERM BORROWINGS | | |
| Loans repayable on demand | | |
| From Banks (Secured) | | |
| i) Loans for Working Capital | 26,650 | 30,714 |
| ii) Packing Credit | 24,599 | 8,426 |
| Unsecured | | |
| Loans repayable on Demand from Other Parties | 2,472 | 2,152 |
| Others - Acceptances under Buyers Credit | 6,747 | - |
| | 60,468 | 41,292 |
| 8.1 Working capital loans are secured by first charge on inventories and book debts, and second charge on fixed assets to lending banks on pari-passu basis. | | |
| 8.2 The Company has not defaulted in its repayments of the loans and interest during the year. | | |
| 9 TRADE PAYABLES | | |
| Total Outstanding dues of Creditors other than Micro and Small Enterprise | | |
| Other than Acceptance | 25,459 | 28,056 |
| | 25,459 | 28,056 |
| 10 OTHER CURRENT LIABILITIES | | |
| Current Maturities of: | | |
| i) Long Term Loans | 7,218 | 9,746 |
| ii) Interest Free Sales Tax Loan | - | 102 |
| Interest accrued and not due on borrowings | 11 | 580 |
| Advance from Customers | 565 | 473 |
| Unclaimed Dividend | 7 | 8 |
| Statutory remittances (Contributions to PF & ESIC, With holding tax, Excise duty, VAT, Service tax, Etc.,) | 2,250 | 1,806 |
| Other Liabilities | 20 | 87 |
| | 10,071 | 12,802 |
| 11 SHORT TERM PROVISIONS | | |
| Provision - Others | | |
| Provision for Tax * | 1,364 | 1,325 |
| Provision for Proposed Preference Dividend | 86 | 131 |
| Provision for Proposed Equity Dividend | 377 | 1,884 |
| Provision for Tax on Proposed Dividends | 94 | 403 |
| | 1,921 | 3,743 |

* Net of Advance Tax paid ₹ 7,026 Lakhs (Pr. Yr. ₹ 5,248 Lakhs).

Notes

Notes forming part of the Consolidated Financial Statements

(₹ in Lakhs)

12. FIXED ASSETS

| PARTICULARS | GROSS BLOCK | | | ACCUMULATED DEPRECIATION AND IMPAIRMENT | | | | | NET BLOCK | |
|----------------------------|---|---------------|--------------|--|--|---|----------------------------------|--|--|--|
| | Balance as at 1 st April, 2015 | Additions | Disposals | Balance as at 31 st March, 2016 | Balance as at 1 st April 2015 | Depreciation/ Amortisation Expense For the Year | Eliminated on Disposal of Assets | Balance as at 31 st March, 2016 | Balance as at 31 st March, 2016 | Balance as at 31 st March, 2015 |
| Land * | 6,134 | 2,774 | - | 8,908 | - | - | - | - | 8,908 | 6,134 |
| | 4,860 | 1,274 | - | 6,134 | - | - | - | - | 6,134 | 4,860 |
| Factory Building | 28,136 | 585 | 147 | 28,574 | 4,902 | 905 | - | 5,807 | 22,767 | 23,234 |
| | 26,898 | 1,238 | - | 28,136 | 4,054 | 848 | - | 4,902 | 23,234 | 22,844 |
| Non Factory Building | 11,561 | 655 | - | 12,216 | 952 | 190 | - | 1,142 | 11,074 | 10,609 |
| | 9,135 | 2,426 | - | 11,561 | 767 | 185 | - | 952 | 10,609 | 8,368 |
| Plant & Machinery | 1,18,266 | 5,500 | 742 | 1,23,024 | 57,404 | 10,202 | 438 | 67,168 | 55,856 | 60,862 |
| | 1,13,904 | 4,752 | 390 | 1,18,266 | 47,356 | 10,314 | 266 | 57,403 | 60,862 | 66,548 |
| Wind Mill | 35,668 | - | - | 35,668 | 22,823 | 2,704 | - | 25,527 | 10,141 | 12,845 |
| | 35,668 | - | - | 35,668 | 19,972 | 2,851 | - | 22,823 | 12,845 | 15,696 |
| Electrical | 7,352 | 206 | 34 | 7,524 | 2,930 | 528 | 1 | 3,457 | 4,067 | 4,422 |
| | 6,910 | 473 | 31 | 7,352 | 2,452 | 491 | 13 | 2,930 | 4,422 | 4,458 |
| Furniture & Fixtures | 3,413 | 303 | 66 | 3,650 | 1,649 | 433 | 10 | 2,072 | 1,578 | 1,764 |
| | 3,111 | 307 | 5 | 3,413 | 1,122 | 529 | 2 | 1,649 | 1,764 | 1,989 |
| Computers & Accessories | 430 | 81 | 5 | 506 | 321 | 56 | 1 | 376 | 130 | 109 |
| | 296 | 149 | 15 | 430 | 246 | 88 | 13 | 321 | 109 | 50 |
| Intangible Assets-Software | 243 | 15 | - | 258 | 133 | 49 | - | 182 | 76 | 110 |
| | 228 | 15 | - | 243 | 85 | 48 | - | 133 | 110 | 143 |
| Vehicles | 913 | 730 | 84 | 1,559 | 435 | 138 | 37 | 536 | 1,023 | 478 |
| | 885 | 146 | 118 | 913 | 325 | 144 | 34 | 435 | 478 | 560 |
| Total | 2,12,116 | 10,849 | 1,078 | 2,21,887 | 91,549 | 15,205 | 487 | 1,06,267 | 1,15,620 | 1,20,567 |
| | 2,01,895 | 10,780 | 559 | 2,12,116 | 76,379 | 15,498 | 328 | 91,549 | 1,20,567 | 1,25,516 |

* Includes lease hold Land - ₹ 335 Lakhs (Pr.Yr. ₹ 318 Lakhs)

Note : Previous year figures are shown in italics

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 13 NON CURRENT INVESTMENTS | | |
| In Equity Instruments - Trade, Unquoted, fully paid up | | |
| 170 (Pr.Yr 700) Equity Shares of ₹ 10 each at a premium of ₹ 265 per share in A.R.S.Metals Private Limited | - | 2 |
| Nil (Pr.Yr.34,00,000) Equity shares of ₹ 10 each of Cauvery Power Generation Chennai Pvt. Ltd | - | 340 |
| 3,500 (Pr.Yr.3,500) Equity Shares of ₹ 10 each at a premium of ₹ 126 per share in Surya Dev Alloys and Power Pvt. Ltd | 5 | 5 |
| 7,20,000 (Pr.Yr. Nil) Equity shares of ₹ 10 each of Ind Bharath Powergen Com Limited at a discounted price of ₹ 8.33 per equity share | 60 | - |
| 1,00,000 (Pr.Yr.Nil) Equity shares of ₹ 100 each of Somanur Water Scheme Pvt Ltd | 100 | - |
| | 165 | 347 |
| 14 LONG TERM LOANS AND ADVANCES | | |
| Unsecured and Considered good | | |
| Capital Advances | 8,712 | 2,538 |
| Security Deposit | 1,578 | 1,547 |
| Deposit with Central Excise & Service Tax | 31 | 31 |
| | 10,321 | 4,116 |
| MAT Credit Entitlement | | |
| Opening Balance | 1,667 | 150 |
| Changes during the year | (165) | 1,517 |
| Closing Balance | 1,502 | 1,667 |
| Refund Due from Income Tax | 97 | - |
| | 1,599 | 1,667 |
| | 11,920 | 5,783 |
| 15 OTHER NON CURRENT ASSETS | | |
| Unsecured and Considered good unless otherwise stated | | |
| Long Term Trade Receivables | 185 | 190 |
| Less: Provision for Doubtful Trade Receivables | 132 | 132 |
| | 53 | 58 |
| 16 CURRENT INVESTMENTS | | |
| Other Current Investments (lower of cost and fair value, unless otherwise stated) | | |
| Investments in Mutual Funds (Unquoted) | | |
| Reliance Mutual Fund* | - | 5,800 |
| | - | 5,800 |

* Refer Note 40 for number of units

Notes

Notes forming part of the Consolidated Financial Statements

| | As at 31.03.2016 | As at 31.03.2015 |
|---|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 17 INVENTORIES | | |
| (At lower of cost & Net realisable value) | | |
| Raw Materials | 21,116 | 24,335 |
| Stock-in-process ** | 1,916 | 1,584 |
| Finished Goods | 20,024 | 19,983 |
| Stock-in-trade | 3,851 | 2,862 |
| Stores, Spares, Packing & Others | 3,663 | 2,879 |
| | 50,570 | 51,643 |
| ** Includes Yarn ₹ 1,388 Lakhs (Pr. Yr. ₹ 1,181 Lakhs), Fabric ₹ 12 Lakhs (Pr. Yr. ₹ 20 Lakhs), Sugar ₹ Nil (Pr. Yr. ₹ 124 Lakhs) and Garments ₹ 516 Lakhs (Pr. Yr. ₹ 259 Lakhs). | | |
| 18 TRADE RECEIVABLES | | |
| Unsecured and Considered good unless otherwise stated | | |
| Outstanding for a period more than six months from the payment due date | 17 | 9 |
| Others | 42,501 | 28,192 |
| Less: Provision for Doubtful Trade Receivables | 20 | 23 |
| | 42,498 | 28,178 |
| 19 CASH AND BANK BALANCES | | |
| (a) Cash on Hand | 149 | 91 |
| (b) Balance with Banks | | |
| i) In Current Accounts | 2,543 | 2,628 |
| ii) In EEFC Accounts | 239 | 1,132 |
| iii) In Deposit Accounts # | 1,632 | 179 |
| iv) In Earmarked Deposit Accounts - Unpaid Dividend Accounts | 7 | 8 |
| | 4,570 | 4,038 |
| Of the above, the balances that meet the definition of Cash and Cash equivalents as per AS 3 Cash Flow Statements is ₹ 2,956 Lakhs (Pr.Yr. ₹ 3,880 Lakhs). | | |
| # Deposits Accounts include deposits with maturity of more than 12 months of ₹ 25 Lakhs (Pr.Yr. ₹ 29 Lakhs) and Margin Deposits of ₹ 1,607 Lakhs (Pr.Yr. ₹ 150 Lakhs) | | |
| 20 SHORT TERM LOANS AND ADVANCES | | |
| Unsecured and Considered good | | |
| Loans and Advances Others | - | 106 |
| Loans and Advances to Employees | 61 | 60 |
| Balances with Government Authorities | | |
| VAT Credit Receivable | 1,055 | 777 |
| Advance for Purchase | 5,857 | 1,029 |
| Others (Primarily prepaid expenses) | 504 | 471 |
| | 7,477 | 2,443 |
| 21 OTHER CURRENT ASSETS | | |
| a) Accruals | | |
| Interest accrued on Deposits | 122 | 124 |
| b) Others | | |
| Investment Promotion Subsidy Receivables | 1,624 | 1,681 |
| Other Receivables (Mainly Export Incentives) | 1,436 | 2,206 |
| | 3,182 | 4,011 |

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|--|--------------------------|--------------------------|
| | (₹ in Lakhs) | |
| 22 REVENUE FROM OPERATIONS | | |
| Sale of Products (Refer Note 22.1) | 2,47,315 | 2,46,794 |
| Sale of Services (Refer Note 22.2) | 3,668 | 3,125 |
| Other Operating Revenues (Refer Note 22.3) | 9,069 | 7,730 |
| Revenue from Operations (Gross) | 2,60,052 | 2,57,649 |
| Less : Excise Duty | 943 | 1,074 |
| | 2,59,109 | 2,56,575 |
| 22.1 Sale of Products | | |
| Garment | 59,262 | 51,125 |
| Yarn | 1,05,932 | 1,02,595 |
| Fabric | 41,610 | 46,320 |
| Sugar | 16,382 | 23,978 |
| Molasses | 1,818 | 2,000 |
| Co-Gen Power | 3,686 | 3,056 |
| Automobile | 11,441 | 10,100 |
| Cotton Waste | 7,184 | 7,620 |
| | 2,47,315 | 2,46,794 |
| 22.2 Sale of Services | | |
| Processing & Fabrication Income | 3,423 | 2,947 |
| Automobile Service Income | 245 | 178 |
| | 3,668 | 3,125 |
| 22.3 Other Operating Revenues | | |
| Export Incentives | 6,704 | 5,754 |
| Others (Primarily Incentives) | 2,365 | 1,976 |
| | 9,069 | 7,730 |
| 23 OTHER INCOME | | |
| Interest from | | |
| Bank Deposits | 116 | 150 |
| Others | 126 | 125 |
| Dividend | | |
| From Current Investments | 65 | 218 |
| From Long-Term Investments | | |
| Non Current Investment | - | 26 |
| Investment Promotion Subsidy | 1,774 | 1,681 |
| Miscellaneous Income | 214 | 204 |
| | 2,295 | 2,404 |

Notes

Notes forming part of the Consolidated Financial Statements

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|---|--------------------------|--------------------------|
| | (₹ in Lakhs) | |
| 24 COST OF MATERIALS CONSUMED | | |
| a) Opening Stock | | |
| Cotton | 21,798 | 12,945 |
| Dyes & Chemicals | 317 | 288 |
| Yarn, Fabric & Garments | 2,220 | 1,975 |
| | <u>24,335</u> | <u>15,208</u> |
| b) Add: Purchases & Production Expenses | | |
| Cotton | 96,083 | 1,19,576 |
| Dyes & Chemicals | 2,397 | 2,104 |
| Yarn, Fabric, Polyester & Garments | 18,117 | 17,309 |
| Production Expenses | 3,197 | 2,198 |
| Trims, Packing & Others (Consumption) | 5,691 | 5,015 |
| Sugar Cane & Coal | 16,234 | 22,385 |
| | <u>1,41,719</u> | <u>1,68,587</u> |
| c) Less : Closing Stock | | |
| Cotton | 18,273 | 21,798 |
| Dyes & Chemicals | 224 | 317 |
| Yarn, Fabric & Garments | 2,619 | 2,220 |
| | <u>21,116</u> | <u>24,335</u> |
| | <u>1,44,938</u> | <u>1,59,460</u> |
| 25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE | | |
| a) Inventories at the beginning of the year | | |
| Finished Goods | 19,983 | 19,376 |
| Work-in-Progress | 1,584 | 1,694 |
| Stock-in-Trade | 2,862 | 2,087 |
| | <u>24,429</u> | <u>23,157</u> |
| b) Inventories at the end of the year | | |
| Finished Goods | 20,024 | 19,983 |
| Work-in-Progress | 1,916 | 1,584 |
| Stock-in-Trade | 3,851 | 2,862 |
| | <u>25,791</u> | <u>24,429</u> |
| Net (Increase) / Decrease | <u>(1,362)</u> | <u>(1,272)</u> |

| | Year Ended 31.03.2016 | Year Ended 31.03.2015 |
|--|--------------------------|--------------------------|
| | (₹ in Lakhs) | |
| 26 EMPLOYEE BENEFITS EXPENSE | | |
| Salaries & Wages | 18,424 | 15,141 |
| Contribution to Provident & Other Funds | 1,699 | 1,328 |
| Staff Welfare Expenses | 1,644 | 1,798 |
| | 21,767 | 18,267 |
| 27 FINANCE COSTS | | |
| Interest Expense on | | |
| Term Loans | 3,204 | 4,846 |
| Working Capital Loans | 2,017 | 3,048 |
| Others | 508 | 500 |
| | 5,729 | 8,394 |
| 28 OTHER EXPENSES | | |
| Manufacturing Expenses | | |
| Power & Fuel | 12,861 | 10,774 |
| Consumption of Stores & Packing Materials | 3,180 | 2,771 |
| Insurance Charges | 229 | 192 |
| Repairs and Maintenance | | |
| Building | 543 | 624 |
| Machinery | 7,689 | 5,735 |
| Others | 362 | 377 |
| Administration Expenses | | |
| Professional Fees | 164 | 182 |
| Rent (Refer Note 38) | 246 | 214 |
| Duties, Rates & Taxes | 222 | 208 |
| Payment to Auditor (Refer Note 30) | 15 | 13 |
| Loss on Sale of Fixed Assets (Net) | 15 | 34 |
| Travelling Expenses | 555 | 391 |
| Expenditure on Corporate Social Responsibility | 369 | 232 |
| Donations | 318 | 327 |
| Bad Debts Written Off | 8 | 27 |
| General Expenses | 336 | 311 |
| Selling Expenses | | |
| Freight & Forwarding | 2,174 | 2,005 |
| Sales Commission | 1,495 | 1,244 |
| Other Selling Expenses | 1,208 | 461 |
| | 31,989 | 26,122 |

| | As at 31.03.2016 | As at 31.03.2015 |
|--|---------------------|---------------------|
| | (₹ in Lakhs) | |
| 29 Contingent Liabilities and Commitments (to the extent not provided for) | | |
| I. Contingent Liabilities | | |
| (a) Disputed Liabilities in Appeal | | |
| (i) Demand Notice from Indian Bank towards Prepayment Charges. The same has been contested in writ filed before the High Court of Judicature at Madras which has restrained Indian Bank from applying proceeds of TUF subsidy towards its demand for prepayment charges. The case is pending disposal. | 82 | 82 |
| (ii) Income Tax demands | 6,088 | 6,088 |
| (iii) Central Excise demands | 6 | 4 |
| (iv) Service Tax demands | 28 | 28 |
| (v) Sales Tax demands | 11 | 10 |
| (b) Bank Guarantees in favour of parties | | |
| (i) Tamil Nadu Generation and Distribution Corporation [TANGEDCO] | 164 | 164 |
| (ii) Tamil Nadu Pollution Control Board | 5 | 10 |
| (iii) Suryadev Alloys and Power Private Limited | 374 | 698 |
| (iv) A.R.S.Energy Private Limited | 67 | 67 |
| (v) A.R.S.Metal Private Limited | - | 160 |
| (vi) Ind Bharath Powergen Com Limited | 891 | - |
| (vii) New Tirupur Area Water Development Corporation Limited | 28 | 25 |
| (c) Letter of Credit Facility in favour of Suppliers | | |
| (i) Foreign Letter of Credit | 6,246 | 773 |
| (ii) Inland Letter of Credit facility | - | 16 |
| (d) Discounted sales invoices | 3,258 | 7,937 |
| Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities. | | |
| II. Commitments | | |
| (a) Capital Commitments | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for | 6,212 | 1,232 |
| (b) Other Commitments | | |
| (i) The Company has given Corporate guarantees to banks/financial Institutions / Others on behalf of M/s Quantum KNITS PVT. LIMITED, M/s Jahnvi Motor Private Limited and M/s K.P.R. Sugar Mill Limited | 36,605 | 18,290 |
| (ii) Export obligations against the import licenses taken for import of capital goods under the Export Promotion Capital Goods Scheme and advance license scheme for import of raw material. The duty implication involved is ₹ 3,436 Lakhs (Pr.Yr. ₹ 1,031 Lakhs) | 20,612 | 6,187 |

30 Payment to Auditors

| (₹ in Lakhs) | | |
|------------------------------|---------|---------|
| | 2015-16 | 2014-15 |
| Audit Fees | 13 | 11 |
| Tax Audit and Tax Matters | 1 | - |
| Other Services | - | 1 |
| Expenses (incl. Service Tax) | 1 | 1 |
| Total | 15 | 13 |

31 Related Party Disclosures

Disclosures under Accounting Standard 18 – Related Party Disclosure, as identified and disclosed by the management and relied upon by the Auditors:

31.1 Name of related parties and nature of relationships

| | |
|--|--|
| Key Management Personnel | Sri. K.P. Ramasamy Sri. KPD Sigamani Sri. P. Nataraj Sri. C.R. Anandakrishnan Sri. E.K. Sakthivel |
| Relatives of Key Management Personnel | Smt. D. Geetha (Daughter of Sri. KPD Sigamani) |
| Enterprises owned by Key Management Personnel/ Directors or their relatives | M/s. K.P.R. Developers Limited M/s. K P R Cements Private Limited M/s. K P R Holdings Private Limited M/s. K P R Agro Farms Private Limited M/s. K P R Charities |

31.2 Transactions during the year and the balance outstanding at the Balance Sheet date

| (₹ in Lakhs) | | | | |
|-----------------------|---|-----------------------------|---|---------------------------|
| Nature of Transaction | Enterprises owned by Key Management Personnel / Directors or their relatives | Key Management Personnel | Relatives to Key Management Personnel | Total as on 31.03.2016 |
| Lease Rent | - | 1 | - | 1 |
| | - | (1) | - | (1) |
| Remuneration / Salary | - | 2,042 | 22 | 2,064 |
| | - | (1,740) | (24) | (1,764) |
| Donation | 300 | - | - | 300 |
| | (300) | - | - | (300) |
| Amount Payable | - | 1,217 | - | 1,217 |
| | - | (1,040) | - | (1,040) |

(Previous year figures are shown in brackets)

31.3 Details of transactions with related parties

| a. Lease Rent Paid (₹ in Lakhs) | | |
|---------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| Sri. K.P. Ramasamy | 0.19 | 0.19 |
| Sri. KPD Sigamani | 0.19 | 0.19 |
| Sri. P. Nataraj | 0.18 | 0.18 |
| Total | 0.56 | 0.56 |

| b. Remuneration / Salary (₹ in Lakhs) | | |
|---------------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| Sri. K.P. Ramasamy | 672 | 572 |
| Sri. KPD Sigamani | 672 | 572 |
| Sri. P. Nataraj | 672 | 572 |
| Sri. C.R. Anandakrishnan | 24 | 24 |
| Sri. E.K. Sakthivel | 18 | 18 |
| Smt. D. Geetha | 6 | 6 |
| Total | 2,064 | 1,764 |

| c. Amount Payable (₹ in Lakhs) | | |
|--------------------------------|---------|---------|
| Name | 2015-16 | 2014-15 |
| Sri. K.P. Ramasamy | 405 | 347 |
| Sri. KPD Sigamani | 405 | 347 |
| Sri. P. Nataraj | 407 | 346 |
| Total | 1,217 | 1,040 |

32 Expenditure in Foreign Currency and CIF Value of Imports

| (₹ in Lakhs) | | |
|--------------------------------------|---------|---------|
| Particulars | 2015-16 | 2014-15 |
| (a) Expenditure in Foreign Currency: | | |
| Travel, sales commission etc., | 509 | 288 |
| Interest | 135 | 192 |
| Professional Fees | 11 | 3 |
| (b) Value of Imports on CIF basis: | | |
| Raw Material | 15,383 | 27,618 |
| Stores and Spare Parts | 619 | 463 |
| Machinery | 7,673 | 3,595 |
| Total | 24,330 | 32,159 |

33 Earnings in Foreign Exchange

| (₹ in Lakhs) | | |
|------------------------------|---------|---------|
| Particulars | 2015-16 | 2014-15 |
| Export of Goods on FOB basis | 90,654 | 80,432 |
| Total | 90,654 | 80,432 |

34 Amounts Remitted in Foreign Currency as Dividends

| Particulars | 2015-16 | 2014-15 |
|---|---------|-----------|
| On account of Dividends (₹ in Lakhs) | - | 33 |
| Number of Non-Resident Shareholders | - | 1 |
| Number of Shares held by Non-Resident Shareholders on which Dividends are due | - | 11,06,784 |
| The year to which dividends relates | - | 2013-14 |

35 Earnings Per Share (EPS)

| (₹ in Lakhs) | | |
|---|-------------|-------------|
| Particulars | 2015-16 | 2014-15 |
| Profit for the year | 21,011 | 17,357 |
| Less: Preference Dividend and Tax thereon | 72 | 126 |
| Profit for the year attributable to the equity shareholders | 20,939 | 17,231 |
| Weighted average number of Shares | 3,76,82,892 | 3,76,82,892 |
| Face Value Per Share (₹) | 10 | 10 |
| Earnings Per Share - Basic & Diluted (₹) | 55.57 | 45.73 |

36 Goodwill on Consolidation

| (₹ in Lakhs) | | |
|------------------|---------|---------|
| Particulars | 2015-16 | 2014-15 |
| Opening Balance | 70 | 70 |
| Less: Impairment | - | - |
| Closing Balance | 70 | 70 |

37 Segment Reporting

The Group is operating in three business segments, viz., Textile, Sugar and Others as follows

37.1

(₹ in Lakhs)

| Particulars | For the year ended 31 st March, 2016 | | | | |
|----------------------------|---|--------------------|--------------------|--------------|------------------------|
| | Business Segments | | | Eliminations | Total |
| | Textile | Sugar | Others | | |
| Revenue | 2,17,411 (2,10,607) | 20,943 (27,960) | 11,686 (10,278) | - (-) | 2,50,040 (2,48,845) |
| Inter-segment revenue | - (-) | 527 (447) | - (-) | 527 (447) | - (-) |
| Total | 2,17,411 (2,10,607) | 21,470 (28,407) | 11,686 (10,278) | 527 (447) | 2,50,040 (2,48,845) |
| Segment result | 30,644 (27,091) | 641 (695) | 467 (542) | - (-) | 31,752 (28,328) |
| Unallocable expenses (net) | | | | | 5,729 (8,394) |
| Operating income | | | | | 26,023 (19,934) |
| Other income (net) | | | | | 2,295 (2,404) |
| Profit before taxes | | | | | 28,318 (22,338) |
| Tax expense | | | | | 7,307 (4,981) |
| Profit for the year | | | | | 21,011 (17,357) |

Note: Figures in bracket relate to the previous year

37.2

(₹ in Lakhs)

| Particulars | For the year ended 31 st March, 2016 | | | |
|-------------------------------|---|--------------------|------------------|------------------------|
| | Business Segments | | | Total |
| | Textile | Sugar | Others | |
| Segment assets | 2,01,380 (1,74,201) | 44,647 (49,518) | 5,617 (5,135) | 2,51,644 (2,28,854) |
| Unallocable assets | | | | - (-) |
| Total assets | | | | 2,51,644 (2,28,854) |
| Segment liabilities | 78,276 (70,957) | 19,316 (27,301) | 3,641 (3,197) | 1,01,233 (1,01,455) |
| Unallocable liabilities | | | | - (-) |
| Total liabilities | | | | 1,01,233 (1,01,455) |
| Other information | | | | |
| Capital expenditure | 10,016 (8,993) | 145 (295) | 688 (1,129) | 10,849 (10,417) |
| Depreciation and amortization | 12,387 (12,590) | 2,727 (2,723) | 91 (89) | 15,205 (15,402) |

Note: Figures in bracket relate to the previous year

37.3 Segment Revenue by Geographic Location of Customers

| (₹ in Lakhs) | | |
|--------------|----------|----------|
| | 2015-16 | 2014-15 |
| Asia | 36,542 | 28,430 |
| Europe | 43,608 | 42,551 |
| USA | 2,011 | 332 |
| Others | 8,549 | 9,142 |
| India | 1,56,605 | 1,66,339 |
| Total | 2,47,315 | 2,46,794 |

37.4 Segment Assets by Geographic Location of Assets

| (₹ in Lakhs) | | |
|---------------------|----------|----------|
| | 2015-16 | 2014-15 |
| Receivables: | | |
| Asia | 4,170 | 5,404 |
| Europe | 13,108 | 5,847 |
| USA | 367 | 194 |
| Others | 2,618 | 1,612 |
| India | 1,00,242 | 89,314 |
| | 1,20,505 | 1,02,371 |
| Fixed Asset: | | |
| India | 1,19,097 | 1,20,803 |
| Total | 2,39,602 | 2,23,174 |

37.5

| (₹ in Lakhs) | | |
|---------------------|---------|---------|
| Capital Expenditure | 2015-16 | 2014-15 |
| Outside India | - | - |
| India | 10,849 | 10,780 |
| Total | 10,849 | 10,780 |

38 Operating Lease Disclosure

The Group has taken Office space on lease for a period of 9 years with option to renew and with escalation in rent once in three years with lock-in period of three years. Lease rent for the year ended 31st March, 2016 amounted to ₹ 193 Lakhs (Pr. Yr. ₹ 168 Lakhs).

| (₹ in Lakhs) | | |
|---|---------|---------|
| Particulars | 2015-16 | 2014-15 |
| Minimum lease payments not later than one year | 228 | 168 |
| Later than one year but not later than five years | 611 | 467 |
| More than five years | 18 | 92 |

39 Disclosure of Employee Benefits

39.1 Defined Contribution Plans

| (₹ in Lakhs) | | |
|--------------------------|---------|---------|
| Particulars | 2015-16 | 2014-15 |
| Provident Fund | 1581 | 1149 |
| Employee State Insurance | 591 | 474 |

39.2 Defined Benefit Plan - Gratuity

| (₹ in Lakhs) | | |
|--|---------------|---------------|
| | 2015-16 | 2014-15 |
| A Changes in Present Value of Obligation | | |
| PV of obligation as the beginning of the year | 323 | 166 |
| Current Service Cost | 87 | 57 |
| Interest Cost | 24 | 12 |
| Actuarial (Gain) / Loss on Obligation | (30) | 89 |
| PV of obligation as at end of the year | 404 | 323 |
| B Change in Fair Value of Plan Assets | | |
| FV of Plan Asset as at beginning of the year | 296 | 166 |
| Expected return on Plan Assets | 28 | 13 |
| Actuarial gain / (loss) | | |
| Contributions by the employer | 57 | 118 |
| FV of Plan Asset as at end of the year | 381 | 296 |
| C Net Asset/(Liability) recognized in the Balance Sheet | | |
| PV of Obligation as at end of the year | 404 | 323 |
| FV of Plan Asset as at end of the year | 381 | 296 |
| Funded Status [Surplus/(Deficit)] | (23) | (27) |
| D Expense recognized in the Consolidated Statement of Profit and Loss | | |
| Current Service Cost | 87 | 57 |
| Interest Cost | 24 | 12 |
| Expected return on Plan Assets | (28) | (13) |
| Actuarial (gains) / Losses | (30) | 89 |
| Expense recognized in the Consolidated Statement of Profit and Loss | 53 | 144 |
| E Composition of Plan Assets | | |
| Government securities | 156 | 121 |
| Debentures and Bonds | 143 | 111 |
| Fixed deposits | 57 | 44 |
| Others | 25 | 19 |
| F Actuarial Assumptions | | |
| Discount Rate (per annum) | 8.00% | 8.00% |
| Rate of increase in compensation levels (per annum) | 7.25% | 7.25% |
| Rate of return on plan assets (per annum) | 8.00% | 8.00% |
| Expected average remaining working lives of employees (years) | 29.46 - 31.39 | 28.99 - 30.81 |

The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation report and hence, are not furnished.

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market.

40 Details of Current Investments

| (₹ in Lakhs) | | | | |
|----------------------|---------|-----|----------|-------|
| Particulars | 2015-16 | | 2014-15 | |
| | Units | NAV | Units | NAV |
| Reliance Mutual Fund | - | - | 3,01,338 | 5,818 |
| Total | - | - | 3,01,338 | 5,818 |

Notes

Notes forming part of the Consolidated Financial Statements

41 Captive consumption of windmill power: The power cost is net value of captively consumed units.

42 Details of hedged and unhedged foreign currency exposures

- (i) Outstanding forward exchange contracts for hedging purposes as on 31st March, 2016
- (ii) The year-end unhedged foreign currency exposures are given below

| Currency | Cross Currency | Amount (₹ in Lakhs) | Buy / Sell |
|----------|----------------|------------------------|--------------|
| USD | INR | 7,599 (3,872) | Buy Buy |
| USD | INR | 10,482 (18,953) | Sell Sell |
| EURO | INR | 3,171 (9,158) | Sell Sell |
| EURO | INR | 267 (743) | Buy Buy |
| GBP | INR | 3,374 (7,593) | Sell Sell |

| As at 31 st March, 2016 | | As at 31 st March, 2015 | |
|------------------------------------|-------------|------------------------------------|-------------|
| Receivables / (Payables) | | Receivables / (Payables) | |
| ₹ in Lakhs | FC in Lakhs | ₹ in Lakhs | FC in Lakhs |
| 591 | \$9 | 180 | \$3 |
| 33 | (€ 0) | 410 | € 6 |
| - | - | 640 | £7 |
| (5,069) | (\$76) | - | - |
| (1,009) | CHF (15) | - | - |
| (117) | JPY (198) | - | - |
| (2,456) | (€ 33) | (30) | (€ 0) |

Note: Figures in bracket relates to the previous year

43 Statement pursuant to general exemption received under section 129(3) of the Companies Act, 2013 relating to Subsidiary Companies.

| 2015-16 | | | | | (₹ in Lakhs) |
|--|-------------------------------|------------------------------|-------------------------|---------------------------------|--------------|
| Particulars | Quantum KNITS PVT. LIMITED | K.P.R. Sugar Mill Limited | Galaxy Knits Limited | Jahnvi Motor Private Limited | |
| Share Capital | 10 | 583 | 5 | 193 | |
| Reserves & Surplus | 2,025 | 16,211 | (1) | 472 | |
| Total Assets | 3,076 | 74,861 | 4 | 5,621 | |
| Total Liabilities | 1,041 | 58,067 | - | 4,956 | |
| Investments (Excluding investment in subsidiaries) | - | - | - | - | |
| Turnover | 11,263 | 65,172 | - | 13,160 | |
| Profit / (Loss) Before Tax | 1,976 | 5,200 | - | 32 | |
| Provision for Tax | 705 | - | - | 20 | |
| Profit After Tax | 1,271 | 5,200 | - | 12 | |
| Proposed Dividend | - | - | - | - | |
| % of Share Holding | 100 | 100 | 100 | 100 | |
| 2014-15 | | | | | (₹ in Lakhs) |
| Particulars | Quantum KNITS PVT. LIMITED | K.P.R. Sugar Mill Limited | Galaxy Knits Limited | Jahnvi Motor Private Limited | |
| Share Capital | 10 | 583 | 5 | 193 | |
| Reserves & Surplus | 1,958 | 11,042 | (1) | 460 | |
| Total Assets | 9,186 | 60,892 | 4 | 5,150 | |
| Total Liabilities | 7,218 | 49,267 | - | 4,497 | |
| Investments (Excluding investment in subsidiaries) | - | 5,800 | - | - | |
| Turnover | 20,926 | 55,389 | - | 11,321 | |
| Profit / (Loss) Before Tax | 2,018 | 1,206 | - | 308 | |
| Provision for Tax | 681 | - | - | 92 | |
| Profit After Tax | 1,337 | 1,206 | - | 216 | |
| Proposed Dividend | - | 26 | - | - | |
| % of Share Holding | 100 | 100 | 100 | 100 | |

- 44 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statement to Schedule III to the Companies Act, 2013

(₹ in Lakhs)

| Name of the Entity | Net Assets, i.e., Total Assets minus Total Liabilities | | Share of Profit or Loss | |
|-------------------------------------|---|----------|---|---------|
| | As % of Consolidated Net Assets | Amount | As % of Consolidated Profit or Loss | Amount |
| K.P.R.Mill Limited | 89% | 97,490 | 74% | 15,554 |
| Subsidiaries - Indian | | | | |
| 1. M/s Quantum KNITS PVT. LIMITED | 2% | 2,025 | 6% | 1,271 |
| 2. M/s K.P.R.Sugar Mill Limited | 9% | 9,515 | 25% | 5,200 |
| 3. M/s Jahnvi Motor Private Limited | 0% | 389 | 0% | 12 |
| 4. M/s Galaxy Knits Limited | - | - | - | - |
| Less : Dividend | | | (5%) | (1,026) |
| | 100% | 1,09,419 | 100% | 21,011 |

- 45 The previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

P. Nataraj
Chief Executive Officer
& Managing Director



Turnover (₹ in Lakhs)



EBITDA (₹ in Lakhs)



Investment in Fixed Assets (₹ in Lakhs)



Net Worth (₹ in Lakhs)

Distribution of Earnings



| | |
|-----------------|--------|
| Raw Material | 60.59% |
| Finance Charges | 2.19% |
| Tax | 2.79% |
| Power | 4.92% |
| Depreciation | 5.82% |
| Other Exp | 7.32% |
| PAT | 8.04% |
| Employee Cost | 8.33% |

Corporate Office :

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