

# K.P.R. MILL LIMITED

Corporate Office : 1<sup>st</sup> Floor Srivari Shrimat, 1045, Avinashi Road, Coimbatore - 641018. India ☎ : 0422-2207777 Fax : 0422-2207778

29.08.2020

The Listing Department  
Bombay Stock Exchange Ltd.  
1st Floor, Rotunda Buildings,  
Phiroze Jeejeebhoy Towers,  
Mumbai - 400 001.

The Listing Department,  
National Stock Exchange of India Ltd  
Exchange Plaza, Plot: C/1, G Block,  
Bandra-Kurla Complex, Bandra (E),  
Mumbai - 400 051.

**SCRIP CODE: 532889**

**SYMBOL: KPRMILL**

Dear Sir,

**Sub:** Annual Report 2019-20 and AGM Notice pursuant to Regulation 34(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Annual Report of the Company for the Financial Year 2019-20 and the 17<sup>th</sup> AGM Notice forwarded to the Shareholders of the Company is hereby filed with the Stock Exchanges, along with all connected documents.

This is for your kind information and dissemination.

Thanks & Regards,

**For K.P.R. Mill Limited**



**P. Kandaswamy**  
**Company Secretary**

**Encl :**

1. Notice
2. Annual Report



# K.P.R. MILL LIMITED

CIN: L17111TZ2003PLC010518

**Registered Office :** No. 9, Gokul Building, A.K.S. Nagar,  
Thadagam Road, Coimbatore - 641 001

**Corporate Office :** 1st Floor, Srivari Shrimat, 1045,  
Avinashi Road, Coimbatore - 641 018

Ph : 0422-2207777 Fax : 0422-2207778

Email : investors@kprmill.com Website : www.kprmilllimited.com

## NOTICE OF 17<sup>th</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the **17<sup>th</sup> Annual General Meeting** of the Members of **K.P.R. Mill Limited** will be held at **02.30 PM** India Standard Time (IST) on **Thursday, the 24<sup>th</sup> day of September, 2020, through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")** to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement together with Directors Report and the Auditors Report thereon for the year ended 31<sup>st</sup> March, 2020.
2. To declare dividend on Equity Shares.
3. To appoint a Director in the place of Mr. C.R. Anandakrishnan (Holding DIN: 00003748) who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions if any of the Companies Act, 2013 and the Rules made thereunder and pursuant to the recommendations of Audit Committee the remuneration of ₹ 50,000/- (plus GST and out of pocket expenses if

any for the purpose of audit) payable to Mr.B.Venkateswar, Cost Accountant (M.No.27622), as approved by the Board of Directors for conducting the audit of Cost Accounting Records of the Company for the financial year ending 31<sup>st</sup> March, 2021 be and is hereby ratified and confirmed.

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. S. Ranganayaki, (holding DIN: 07116244), who was appointed as Woman Independent Director and holds such office up to 11.03.2020 and being eligible, be and is hereby re-appointed as Woman Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of 5 (five) consecutive years on the Board of the Company from 12.03.2020 to 11.03.2025."

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, and 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, Mr. P. Selvakumar (DIN: 07228760) be and is hereby re-appointed as 'Whole-time Director' of the Company for a period of 5 (Five) years with effect from 27.07.2020 on a monthly Remuneration of ₹ 87,300/- in the pay scale of ₹ 87,300 - ₹ 6,000 - ₹ 1,25,000 plus other applicable benefits and is liable to retire by rotation at the Annual General Meeting."

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, and 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, Mr.C.R. Anandkrishnan (DIN: 00003748) be and is hereby re-appointed as 'Executive Director' of the Company for a period of 5 (Five) years with effect from 01.02.2021 upon the Remuneration, Perquisites, Terms and Conditions as detailed in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed to the Notice convening the meeting and is liable to retire by rotation at the Annual General Meeting."

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

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, and 198 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, Mr. E.K. Sakthivel (DIN: 01876822) be and is hereby re-appointed as 'Executive Director' of the Company for a period of 5 (Five) years with effect from 09.03.2021 upon the Remuneration, Perquisites, Terms and Conditions as detailed in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed to the Notice convening the meeting and is liable to retire by rotation at the Annual General Meeting."

**By Order of the Board of Directors**

**K.P. Ramasamy  
Chairman  
DIN: 00003736**

**Place: Coimbatore  
Date: 27.06.2020**

## Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") which sets out details relating to Special Business of the meeting, is annexed hereto.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing norms to be followed and pursuant to the General Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May 2020 issued by the Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Annual General Meeting ("AGM") is conducted through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at the Common Venue. The deemed venue for the 17<sup>th</sup> AGM shall be the Registered office of the Company.
3. In terms of the MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will **not** be available for the 17<sup>th</sup> AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC / OAVM and cast their Votes through e-voting.
4. **The Register of the Members and Share Transfer Books** of the Company shall remain **closed from 18.09.2020 to 24.09.2020 (Both days inclusive)** in connection with the Annual General Meeting and for the purpose of payment of dividend, if approved by the Members.
5. The dividend as recommended by the Board, if declared at the meeting will be paid before 15.10.2020 to those members:
  - (a) Whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of Shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Thursday, 17.09.2020 and
  - (b) Whose names appear as Beneficial Owners in the list of Beneficial Owners on 17.09.2020 to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. The dividend/s, if any, approved by the Members or declared by the Board of Directors of the Company from time to time, will be paid as per the mandate registered with the Company or with their respective Depositories Participants.
7. Further in order to receive dividend/s in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means ("Electronic Bank Mandate"), can register their Electronic Bank Mandate to receive dividends directly into their bank account electronically or any other means, by sending scanned copy of the following details/documents by email to reach the company's email address [investors@kormill.com](mailto:investors@kormill.com) by 14<sup>th</sup> September 2020.
  - a. A signed request letter mentioning your name, folio number, complete address and following details relating to **bank account in which the dividend is to be received:**
    - i) Name and Branch of Bank and Bank Account type;

- ii) Bank Account Number allotted by your bank after implementation of Core Banking Solutions;
- iii) 11 digit IFSC Code;
- b. Self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
- c. Self-attested scanned copy of the PAN Card; and
- d. Self-attested scanned copy of any document (such as Aadhaar Card, Driving License, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

For the Members holding shares in demat form, please update your Electronic Bank Mandate through your Depository Participant/s.

- 8. In the event the Company is unable to pay the dividend to any member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ bankers Cheque/demand draft to such Member, at the earliest once the normalcy is restored.
- 9. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address as soon as possible. The Securities and Exchange Board of India (SEBI) has made it mandatory for all companies to use the bank account details furnished by the Shareholders/Depositories for depositing of dividends. **Please furnish Bank account details/change to Depositories, if not provided.**
- 10. SEBI has mandated the submission of Permanent

Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts, Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent/the Company.

- 11. Under Section 125 of the Companies Act, 2013 and IEPF Authority (Accounting, Audit, Transfer and Refund) Rules 2016 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date and the underlying Shares in respect of those Unclaimed Dividends are required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company has accordingly, transferred/ will transfer the following amounts and Shares to the Investor Education and Protection Fund of the Central Government during the financial year.

**Transfer of Unclaimed Dividends to IEPF Account**

S.No	Dividend	Date of Transfer	Amount of Transfer(₹)
01	Interim Dividend 2011-2012	23-07-2019	81,666.00
02	Final Dividend 2011-2012	01-11-2019	46,861.00
03	Interim Dividend 2012-2013	10-06-2020	73,311.00

**Shares transferred to IEPF Demat Account:**

No of Share Holder	No of Shares	Date of Transfer
60	6,056	22-08-2019
11	1,980	29-11-2019

The Members whose Dividends/Shares are transferred to the IEPF Authority can now claim their Dividends / Shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority <http://iepf.gov.in/IEPFA/refund.html>.

- In pursuance of the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 (IEPF Rules) whose objective is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc., the Company has uploaded the information in respect of the Unclaimed Dividends on the website of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investors Section" on the Website of the Company viz. [www.kprmillimited.com](http://www.kprmillimited.com). Members are requested to contact the Registrars KFin Technologies Private Limited for encashing the unclaimed dividends standing to the credit of their account. Please note that as mentioned above both Unpaid/Unclaimed Dividends for a period of Seven years and the underlying Shares will be transferred to IEPF Account.
12. Details of shareholding and Directors'/KMP inter-se relationship with Director(s) seeking election/re-election/ changes in terms as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, are Annexed to this Notice.
  13. Members attending the AGM through VC / OAVM shall also be considered for the purpose of reckoning the quorum under section 103 of the Act.
  14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12<sup>th</sup> May 2020, Annual Report for the year 2019-20 is being sent only **through electronic mode to those members whose email addresses are registered with the Company/Depository Participant(s).**
  15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12<sup>th</sup> May 2020, Notice of the 17<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting is being sent only through electronic mode to those members whose email addresses are registered with the Company/Depository Participant(s).
  16. Members may also note that the Notice of the 17<sup>th</sup> Annual General Meeting and the Annual Report 2019-20 will also be available on the Company's website [www.kprmillimited.com](http://www.kprmillimited.com) and website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited.
  17. Since the AGM will be held through VC / OAVM Facility, the Route Map is not annexed in this Notice.
  18. **As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register/update their e-mail address with the Company/RTA in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form in order to enable the Company to serve documents in electronic mode.**
  19. Soft copies of the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members who request for the same, during the AGM.  
**A The voting rights of shareholders shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date of 17.09.2020**



**B The facility for voting shall also be made available at the meeting through VC / OAVM and members joining the meeting who have not already cast their vote shall be eligible to vote through e-voting system available during the AGM.**

**C Voting through electronic means:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS - 2), the Company is providing to its Members with the facility to cast their vote electronically from a place other than venue of the Annual General Meeting ("remote e-voting") using an electronic voting system provided by Central Depository Services (India) Limited ('CDSL') as an alternative, for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting/e-voting during AGM. The instructions provided hereafter for e-voting explain the process and manner for generating/receiving the password, and for casting of vote(s) in a secure manner.

The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the

scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

**THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:-**

- (i) The voting period begins on Monday, 21<sup>st</sup> September, 2020 at 09:00 A.M and ends on Wednesday, 23<sup>rd</sup> September, 2020 at 05:00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 17.09.2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

**OR**

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can login at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any Company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

PAN	<p><b>For Shareholders holding shares in Demat Form and Physical Form</b></p> <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also

used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "**m-Voting**". The m-Voting app can be downloaded from respective Store.



Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company at [investors@kprmill.com](mailto:investors@kprmill.com).
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company's email Id [investors@kprmill.com](mailto:investors@kprmill.com).

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC / OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.

3. Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. **Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance mentioning their name, demat account number/folio number, email id, mobile number at [investors@kprmill.com](mailto:investors@kprmill.com) on or before 05.00 PM IST on Wednesday 16<sup>th</sup> September 2020. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance mentioning their name, demat account number/folio number, email id, mobile number at [investors@kprmill.com](mailto:investors@kprmill.com) on or before 05.00 PM IST on Wednesday 16<sup>th</sup> September 2020. These queries will be replied to by the company suitably by email.**
6. **Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.**

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC / OAVM facility and have not

casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.

3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC / OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
5. Mr. A. Vetrivel, Practising Chartered Accountant, Coimbatore, Membership No : 025028 has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

**(xxii) Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non-Individual Shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [vetrivelfca@gmail.com](mailto:vetrivelfca@gmail.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-voting from the e-voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr.NitinKunder (022- 23058738) or

Mr.MehboobLakhani (022-23058543) or

Mr.RakeshDalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr.RakeshDalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

- D The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Meeting.

- E The Scrutinizer after scrutinizing the votes cast at the Annual General Meeting and through remote e-voting, make a consolidated Scrutinizer's Report and submit the same forthwith or not later than two days of conclusion of the meeting to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same.
  - F The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company [www.kpormilllimited.com](http://www.kpormilllimited.com) and on the website of the Central Depository Services (India) Limited ('CDSL'). The Results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.
  - G The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. subject to receipt of the requisite number of votes in favour of the Resolutions.
20. As the Company has provided remote e-voting/e-voting during AGM facility in term of Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and section 108 of the Companies Act, 2013 members may please note that there will be only one mode of voting either through remote e-voting/e-voting during Annual General Meeting. The scrutinizer shall after the conclusion of voting at the AGM, will first count the votes casted during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and to declare the final result for each of the resolutions forming part of the notice of Annual General Meeting.

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No.4**

The Board of Directors at the meeting held on 27<sup>th</sup> June 2020, based on the recommendation of the Audit Committee, appointed Mr.B.Venkateswar, B.Sc., ACA (M.No:27622), Cost Accountant, Coimbatore, as Cost Auditor for the Financial Year ending 31<sup>st</sup> March, 2021 at a remuneration of ₹50,000/- plus GST and reimbursement of out of pocket expenses at actual. As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the said Cost Auditor has to be ratified by the Shareholders and hence the resolution under Item no 4 is placed for your approval.

None of the Directors or Key Managerial Personnel or their relatives is concerned or interested in the resolution.

### **Item No. 5**

Dr. S. Ranganayaki was appointed as Woman Independent Director of the Company for a period of 5 years in the 12<sup>th</sup> Annual General Meeting of the Company held on 25.08.2015, pursuant to the provisions of Section 149 of the Companies Act, 2013 (herein after referred to as 'the Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the erstwhile Clause 49 of the Listing Agreement with the stock exchanges and she held office up to 11.03.2020.

As per the provisions of Section 149(10) & (11) of the Act the Independent Director may hold office for upto two consecutive terms of 5 years each and upon completion of first term she was eligible for re-appointment on passing special resolution by the Company and disclosure of such appointment in its Board's Report provided

she shall meet with the criteria of independence as provided in Section 149(6) of the Act and SEBI (LODR) Regulation.

The Nomination and Remuneration Committee Meeting held on 03.02.2020, on the basis of the report of performance evaluation of Independent Directors, has recommended re-appointment of the aforesaid Director as Woman Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of Nomination and Remuneration Committee considers that, given her background, experience and contributions made by her during her tenure, her continued association would be beneficial to the Company and it is desirable to continue to avail her services as Woman Independent Director. Accordingly it is proposed to re-appoint her as Woman Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company from 12.03.2020.

The aforesaid director is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director. The Company has also received declarations from Dr. S. Ranganayaki, she meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

Details of the Director whose re-appointment as Woman Independent Director is proposed at Item No.5 are provided in the Annexure to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (SS-2), issued by the Institute of Company Secretaries of India.

Copy of draft letter of appointment setting out the terms and conditions of appointment are available for inspection by the members in the website of the Company at [www.kprmilllimited.com](http://www.kprmilllimited.com).

The detail of appointee is annexed to this Notice. Except, Dr. S. Ranganayaki, as appointee, none of the other Directors or Key Managerial Personnel or their relatives is in any way, concerned or interested, financially or otherwise, in this resolution.

#### **Item No. 6**

As the earlier term of appointment of Mr. P. Selvakumar, Whole-Time Director of the Company would be expiring on 26<sup>th</sup> July 2020, the Board of Directors unanimously decided to re-appoint him for a further period of five years with effect from 27<sup>th</sup> July 2020 on Remuneration subject to the approval of Company in General Meeting. Accordingly the proposal of his re-appointment was referred to the Nomination and Remuneration Committee. The Committee has considered in its meeting held on 23<sup>rd</sup> June, 2020, the said proposal and recommended his reappointment.

The present Resolution along with the above explanatory details may be treated as an abstract under section 102 of the Companies Act, 2013 relating to the terms of his re-appointment.

The detail of appointee is annexed to this Notice. Except Mr. P. Selvakumar, as appointee, none of the other Directors or Key Managerial Personnel or their relatives is in any way, concerned or interested, financially or otherwise, in this resolution.

#### **Item No. 7**

As the earlier term of re-appointment of Mr. C.R. Anandakrishnan, as Executive Director of

the Company would be expiring on 31<sup>st</sup> January 2021, the Board of Directors unanimously decided to re-appoint him for a further period of five years with effect from 01<sup>st</sup> February 2021 on Remuneration subject to the approval of Company in General Meeting. Accordingly the proposal of his re-appointment was referred to the Nomination and Remuneration Committee. The Committee has considered in its meeting held on 23<sup>rd</sup> June, 2020, the said proposal as well as the appointee's gracious and voluntary request to the Committee not to consider any increase in his monthly remuneration level and recommended his re-appointment. It should be noted that there is no change in the terms of remuneration compared to earlier re-appointment.

The period of Service, Remuneration payable and terms and conditions applicable to Mr. C.R. Anandakrishnan with effect from 1<sup>st</sup> February 2021, are as below:

1. Term of Re-appointment : Five years from 01<sup>st</sup> February 2021 to 31<sup>st</sup> January 2026
2. Remuneration:  
₹ 2,00,000/- (Rupees Two Lakhs only) per month or ₹ 24,00,000/- (Rupees Twenty Four Lakhs only) per annum (all inclusive).

The details of the Appointee is annexed to this notice.

Except Mr. C.R. Anandakrishnan, Executive Director, as appointee and Mr. K.P. Ramasamy, Chairman, as his relative, none of the other Directors or Key Managerial Personnel or their relatives is in any way, concerned or interested, financially or otherwise, in this resolution.

#### **Item No. 8**

As the earlier term of appointment of Mr. E.K. Sakthivel, as Executive Director of the Company would be expiring on 08<sup>th</sup> March 2021, the Board of Directors unanimously decided to

re-appoint him for a further period of five years with effect from 09<sup>th</sup> March 2021 on Remuneration subject to the approval of Company in General Meeting. Accordingly the proposal of his re-appointment was referred to the Nomination and Remuneration Committee. The Committee has considered in its meeting held on 23<sup>rd</sup> June, 2020, the said proposal as well as the appointee's gracious and voluntary request to the Committee not to consider any increase in his monthly remuneration level and recommended his re-appointment. It should be noted that there is no change in the terms of remuneration compared to earlier appointment.

The period of Service, Remuneration payable and terms and conditions applicable to Mr. E.K. Sakthivel with effect from 09<sup>th</sup> March 2021, are as below:

1. Term of Re-appointment : Five years from 09<sup>th</sup> March 2021 to 08<sup>th</sup> March 2026
2. Remuneration:  
₹1,50,000/- (Rupees One Lakh Fifty Thousand only) per month or ₹18,00,000/- (Rupees Eighteen Lakhs only) per annum (all inclusive).

The details of the Appointee is annexed to this notice.

Except Mr. E.K.Sakthivel, Executive Director, as appointee and Mr. K.P.D Sigamani, Managing Director, as his relative, none of the other Directors or Key Managerial Personnel or their relatives is in any way, concerned or interested, financially or otherwise, in this resolution.

**By Order of the Board of Directors**

**K.P. Ramasamy**  
**Chairman**

**Place: Coimbatore**

**Date: 27.06.2020**

**DIN: 00003736**

## PROFILE OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT

Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards-2

Name of the Director	Dr. S. Ranganayaki	Mr. P. Selvakumar
<b>DIN</b>	07116244	07228760
<b>Date of Birth</b>	29.10.1952	13.06.1974
<b>Date of appointment on the Board</b>	12.03.2015	27.07.2015
<b>Qualifications</b>	M.B.B.S.	M.Com
<b>Expertise in specific functional area</b>	<p>Dr.S.Ranganayaki, MBBS, hailing from a well - educated family, is a qualified Physician. A visiting Medical officer for Women's' College for more than a decade and for female workers at industrial establishments in and around Coimbatore. Presently, she runs a private Hospital and a visiting Consultant in several reputed hospitals at Coimbatore. Her meritorious professional services earned her 'Doctor of Excellence' award. Besides being a Social Worker, she is a strong supporter of numerous Orphanages and old-age homes. She conducts free medical camps in Villages to spread rural medical awareness. She also promoted a Nursing College, an authorised Training Centre of Bharat SevakSamaj, a National Development Agency promoted by Government of India as allied Health School. She is associated with the Company since 2015.</p>	<p>Mr.P.Selvakumar, 46 years, holds a Master's Degree in Commerce. He has over two Decades of experience in the accounts, finance and taxation areas. He joined K.P.R. Group in 1996. After a brief stint in the operational area of one of its textile units, his acumen in accounting field accredited him to head the accounting activities of the Company till 2008.</p> <p>Subsequently, considering his wide knowledge and skill, he was elevated as 'Manager (Taxation)'. Since then he has been functioning as such, looking after the matters pertaining to Direct &amp; Indirect Taxation viz, Income Tax, Central Excise, Service Tax, Import &amp; Export Regulations, VAT etc, relating to all entities in KPR Group. Besides, through his versatile ability, liaising with the offices of Central and State Government and representing the Company on all matters of importance. In recognition of his strong dedication &amp; involvement, the Management inducted him as a Director of the Company on (28.07.2015). He has been functioning as such and as the Occupier of the Factories of the Company since then.</p>



<b>Name of the Director</b>	<b>Dr. S. Ranganayaki</b>	<b>Mr. P. Selvakumar</b>
<b>No. of Board Meetings attended during the year</b>	Four out of Four	Four out of Four
<b>Directorship held in other Public Companies (excluding foreign, private and Subsidiary Companies)</b>	Nil	Nil
<b>Chairmanships/ Memberships of Committee of other Boards (*)</b>	Nil	Nil
<b>Shareholding in the Company - No. of Shares</b>	Nil	Nil
<b>Inter-se relationship with other</b>		
<b>Directors&amp; Key Managerial Personnel</b>	None	None
<b>Terms of Reappointment including Remuneration</b>	Furnished in Explanatory Statement	Furnished in Explanatory Statement
<b>Remuneration Last drawn</b>	Nil	₹ 12.22 Lakhs

Name of the Director	Mr. C.R. Anandakrishnan	Mr. E.K. Sakthivel
DIN	00003748	01876822
Date of Birth	03.09.1977	16.04.1983
Date of appointment on the Board	31.01.2011	09.03.2016
Qualifications	M.B.A	M.B.A.
Expertise in specific functional area	<p>Mr.C.R.Anandakrishnan, born on 03.09.1977, is the son of Mr. K.P. Ramasamy, the Chairman of K.P.R group. After completing his Bachelor's degree in Business Management, he meritoriously completed Master's Degree in Business Administration at University of Philadelphia 2001, where he acquired management skills of international standard.</p> <p>Mr.C.R. Anandakrishnan is a young, energetic and enthusiastic entrepreneur who joined the management team of the K.P.R group in the year 2002. Since then, he has been contributing his talented efforts for the growth of the Group. He has widely travelled across the world for choosing suitable technology and machinery for textile mills. He visited Srilanka for studying the large scale garment manufacturing process. Under his able administration, KPR's prestigious Textile Processing Unit was established with a Trendsetter Effluent Treatment Plant that is adjudged as 'State of the Art' Processing Unit adhering to the highest International Standards. Since 2008, he was functioning as 'President' (Processing Division) of K.P.R. Mill Limited. Considering his significant role in formulation and implementation of Business Plan, he was appointed as "Executive Director" of K.P.R. Mill Limited during</p>	<p>Mr.E.K.Sakthivel, born on 16.04.1983, is a Commerce Graduate and completed MBA in 2005 from Bharathiar University. He has over 12 years of experience in Production &amp; Marketing of Apparels. He joined the Management Team of KPR Mill Limited (KPR) in 2007, as 'Head-Operations' (Garment Division), Tirupur and has been functioning as such. Since his appointment, the Garment Unit, Tirupur had seen a rapid growth in the volume of Business and performance. Considering his significant role in formulation and implementation of various Business plans in the Garment segment, he was involved in Expansion and Modernisation schemes and setting up of new units of KPR.</p> <p>His managerial competence elevated him as an 'Executive Director' of the Company in 2016. His marketing skills secured new International Buyers besides widening the business from existing clientele. Presently he oversees the operations and some of the Spinning Mills of the Company the new 'State of the Art' Garment unit at Thekkalur, catering to the requirements of Top International Brands.</p>

<b>Name of the Director</b>	<b>Mr. C.R. Anandakrishnan</b>	<b>Mr. E.K. Sakthivel</b>
	2011 and has been functioning as such looking after the various Expansion and Modernisation Schemes of KPR Group. Presently he is managing the operations of Processing Division, Garment Units (including Ethiopia Unit), some of the Spinning Units, Co-gen cum Sugar Plant at Karnataka and the Authorised Dealerships of Premium Brand Motor Cars 'AUDI' & High-end International Brand Motorcycles "Harley Davidson" at Coimbatore. As a Member in the 'Coimbatore Round Table 9' he is rendering services to the Society.	His active involvement in furtherance of the growth prospects of the Company has led him to take the responsibility of managing the operations of the Retail business that the Company has recently ventured
No. of Board Meetings attended during the year	Four out of Four	Three out of Four
Directorship held in other Public Companies (excluding foreign, Private and Subsidiary Companies)	Nil	Nil
Chairmanships/ Memberships of Committee of other Boards (*)	Nil	Nil
Shareholding in the Company - No. of Shares	1,390	Nil
Inter-se relationship with other Directors & Key Managerial Personnel	Father : Mr. K.P. Ramasamy	Wife's Father : Mr. KPD Sigamani
Terms of Reappointment including Remuneration	Furnished in Explanatory Statement	Furnished in Explanatory Statement
Remuneration Last drawn	₹ 24 Lakhs	₹ 18 Lakhs

(\*) – Includes Audit Committee and Stakeholders Relationship Committee but exclude committee of Subsidiary Companies, Foreign Companies, Private Limited Companies and Companies under Section 8 of the Companies Act, 2013.



**KPR**  
MILL LIMITED

 **FASO**<sup>™</sup>  
ITALIAN AT HEART 

**17th annual report 2019-20**



# HIGHLIGHTS 2019-20



**Ms. E. Priya receiving  
CEMCA Award from  
Hon'ble Governor of Tamil Nadu.**

(₹ in Lakhs)

Total Revenue	3,38,909
PBDIT	65,841
PBT	47,167
PAT	37,668
Cash Profit	51,377
Assets	2,91,890
Net Worth	1,86,587
EPS ₹	52.90
Cash EPS ₹	72.15

## STATE OF THE ART ETHANOL PLANT





Started as a small family business in 1984, KPR had ventured, expanded and the business is growing successfully year after year. KPR Brothers' maiden attempt to export knitted garment from Coimbatore, has now grown KPR as a leading business conglomerate in India engaged in Textiles, Sugar, Ethanol, Automobiles, Power generation and Education. Their determination, untiring hard work, perseverance and team efforts have crossed miles to be where they are today. The Quality is their watchword. Be it the products KPR Group manufactures or the service it provides. This is how they built KPR on fabulous values which has been continuously adjudged as one of the Top 500 Listed Companies and Top 100 CEO's in India.

The illustrious 'K.P.R. Mill Limited' has 12 Manufacturing units of advanced technology and over 22,000 dedicated work force. It has a capacity to produce 1,00,000 MT of yarn per annum; 40,000 MT fabrics per annum; 115 million ready-made knitted apparel per annum, one of the largest Garment Producers in India (A garment facility in Ethiopia); Industry acclaimed ETP embedded Fabric Processing capacity of 22,000 MT per annum equipped with Advanced Cold Processing Technology and Sophisticated Printing Division with a capacity to print 7500 MT per annum (1,00,000 High Fashion Garments per day); 66 Wind mills with a total green power generation capacity of 61.92 MW; Co-gen Cum Sugar Plant with a capacity of 30 MW & 5,000 TCD and Ethanol Plant with 90 KLPD capacity. Recently it has also ventured into Retail Business under its own Brand '**FASO**' producing first of its kind **100% Organic cotton** Men's wear.

Directors' Report	1
Corporate Governance Report	17
Auditors' Certificate on Corporate Governance	34
Management Discussion and Analysis report	37
Business Responsibility Report	41
Auditors' Report	47
Balance sheet	56
Statement of Profit and Loss	57
Cash Flow Statement	58
Accounting Policies & Notes	61
Auditors' Report on Consolidated Financials	104
Consolidated Balance sheet	111
Consolidated Statement of Profit and Loss	112
Consolidated Cash Flow Statement	113
Accounting Policies & notes on Consolidated Financials	116

#### ADVANCED TECHNOLOGY VORTEX MACHINE







## CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to report a yet another successful year for KPR. We made a total revenue of ₹ 3389.09 Crores, PBT of ₹ 471.67 Crores and a PAT of ₹ 376.68 Crores. The domestic market for yarn recorded a steady growth, but exports stagnated. China was the single largest Importer (about 23%) of cotton yarn from India. But, India's market share started declining gradually over the past few years owing to tariff advantage enjoyed by other competing Countries. This, coupled with the Trade war between China & USA and economic slowdown across the globe, had adversely impacted the Indian Spinning sector during the year. The strained market conditions have led to significant decline in the price of cotton. As we intended to hold a portion of its inventory as stock-

in-trade which was measured at lower of cost and net realizable value, certain amount had to be write down in the income statement. The incremental production and revenue from Garment Segment has helped us to sustain the progress. Certain Export benefits were withdrawn by the Government during the year. The Company had opted for payment of Income Tax at reduced rate as provided by the Income Tax Regulation. No fresh term loan was availed but we have reduced the term loan component.

The entire World is passing through an uncertainty it has never seen before due to COVID-19 Pandemic. Like many other sectors of the economy Textile Industry has been hit hard by closing down its business. During this Challenging times our priority is the wellbeing of all of us. All our focus should be to support the Government's public health initiatives and instructions regarding social distancing. I would like to assure you that we remain operational and continue to serve all our Stakeholders. In the face of this pandemic, KPR has implemented systematic procedures to safeguard its employees while continuing to best serve our clients. Our Executives have successfully re-positioned to ensure that our work progresses.

Please note that despite Covid-19 disturbances during the 4th Quarter of the FY2020, KPR could report a better performance. The Top Management have voluntarily undertaken 50% cut in the Managerial Remuneration for FY 2020, in order to reduce the financial burden to the Company at this juncture. The Company neither availed any moratorium nor any COVID loan announced by the Government.



# K.P.R. MILLS

## 8<sup>th</sup> GRADUATION

### Coimbatore





## MAJOR CAPEX

During the year KPR has erected the latest technology Vortex Spinning machine which produces various blends and range of viscose yarns that creates a new wave of world fashion at Neelambur Unit. It eliminates two major processes thereby saving labour and power besides producing ideal structure of yarn. Established a new Advanced Technology Knitting Factory housing the contemporary imported knitting machines (Mayer & Cie) at Karumathampatti Unit. Added another most effective and technically advanced Effluent treatment system at Processing unit in SIPCOT Perundurai enlarging our waste water treatment capacity.

KPR has successfully established Ethanol Plant with the capacity of 90 KLPD at our Sugar Factory in Karnataka. Ethanol Production has also been commenced. Its full-fledged commercial operation is expected during the current financial year.

## KPR Exports PLC Ethiopia

Entire infrastructures have been well set. Leading Buyers' formal approvals have been received.

Ramping up of production is in progress.

## KPR MILL PTE LTD, Singapore

In order to cater to the growing demands of International Buyers, KPR established an entity at Singapore, a business-friendly country having substantial International Corporates and well connected to the International Garment Industry. It has started booking revenues.

## RETAIL BUSINESS - FASO

KPR has introduced first-of-its-kind 100% organic cotton Men's innerwear products and athleisure products under its newly launched 'FASO' Brand catering to three different premium ranges – Comfort, Style and Supreme. The need of the hour is nature oriented fashion that is toxic free. FASO as a brand is curated after doing an extensive research on customers' need and comfort. FASO innerwear is 'Italian at Heart' which means slick designs in trending colours and meticulous craftsmanship. FASO offers a collection of innerwear & Athleisure wear that are designed with greater ecological integrity. Organic cotton of the highest quality is used in a manner that is good for the environment. In addition to providing stylish collection with bright trendy colours, the 100% superfine combed organic cotton products would offer ultra soft comfort that naturally makes it very skin-friendly. Our major strength is the vertically integrated operations where we have end-to-end in house manufacturing facilities for Yarn, Fabrics, Processing, Printing, Embroidery and Garment. This helps us to keep a check on the quality and enables producing organic cotton products that are skin friendly and breathable. With these eco friendly products, KPR Group hopes to make a stride in retail segment. Our launch in Southern part of the Nation was successful.

## PRIME FACTORS OF PRODUCTION

Cotton prices had been falling further since beginning of current year due to Covid pandemic. But with the lock down easing out gradually, the situation has started improving and cotton prices have started stabilizing. KPR empowered by Good HR policies and

LL LIMITED

CEREMONY

20 October 2019



PROUD MOMENT - OUR EMPLOYEES WHO HAVE SECURED RANKS AND MEDALS AT TAMILNADU OPEN UNIVERSITY. ACADEMIC YEAR 2019



participation in skill development initiatives of Government, continues to be more attractive to the Labour pool and as such availability of work force is rest assured besides achieving low attrition rate and higher productivity. Power availability from the Grid continues to be comfortable and wind power generation has come down compared to last year.

## HUMAN RESOURCES

Safe, healthy and happy workplace creates positive business culture. It drives employee engagement, job satisfaction and staff retention, and in turn defines business success. Good HR practice plays a key role in developing, reinforcing and changing the culture of an organisation. Recognising the importance of human resources, right from the beginning, KPR has been concentrating on adding value to the employees by extending the best facilities to its work force. Vindicating the best HR practices KPR adopts, during COVID pandemic, though the Industry witnessed return of migrated employees in large to their hometowns, at KPR, fascinated by the 'Feel at Home Facilities' our employees chose to stay back at factory premises where they continue to enjoy comfortable accommodation, nutritious food, recreation and education facilities besides best health and safety measures. Higher Education facility, the master piece of our HR policy continues to add bright prospects to the employees at large. So far over 27,000 employees of KPR are benefited by the Higher Education. The best educational facilities extended by KPR can be manifested by the Employees' continuous remarkable achievement in Government Examinations by securing Medal, Ranks and Certifications every year.

## CREDENTIALS

FY 2020 has also added credentials and happy to share some of them with you:

- 1) The Income Tax Department has honoured KPR Mill Limited as **one of the Top Tax payers in Coimbatore Region** in the Financial Year 2018-19.
- 2) In the Tamil Nadu Open University (TNOU) 12th Convocation held at Thekkalur Garment Unit 329 Employees, including **301 Under Graduates & 28 Post Graduates**, received Degree Certificates from the **Vice-Chancellor of TNOU**. Among them 5 were **Gold Medalist**, 15 were **Rank holders** and one Employee secured **CEMCA Award**.
- 3) KPR participated in the **Clean India movement** of the Central Government by planting **500 Trees** at Karumathampatti.
- 4) The Company was awarded **one of the top Exporters** in the Trichy Division on 27.01.2020 by the Commissioner of Customs, Trichy.

- 5) '**G.K.Sundaram Award**' for **exemplary performance** in the field of Industry was conferred to the Company by the 'Indian Chamber of Commerce and Industry.'
- 6) Ministry of Rural Development, Rural Skills Division, Government of India, has awarded the Company as one of the **best performing Employer** in DDU-GKY for 2018-19.
- 7) The Fortune India, financial Magazine has continuously selected KPR as one of the **India's Largest 500 Wealth creators** and among the **Top 19 Textiles & Garments'** sector Companies in India.

## FUTURE AHEAD

The whole world battles to curb the impact of the corona virus but all of us should try our best to overcome this challenge in solidarity. We should convert this threat into new opportunity available to the Nation to progress on its "Make in India" aspirations and enhance its exports to the world. Business conditions must be conducive to position India as a viable competitive alternative to China which Indian Industry is fully capable of. Indian Textile Industry possesses inherent and unique strength such as abundance of raw material, presence of entire value chains, competitive manufacturing costs, availability of skilled manpower, large and growing domestic market, higher youth population, rising per capita income, higher disposable incomes and preferences for brands and increase in organized retail landscape and e-commerce. Besides, various governmental flagship programs are expected to further its drive growth.

We are firmly committed to overcome any potential impacts and will continue to work as efficiently as possible. The way we work may change, but our commitment to quality delivery and support will not. We extend our sincere thanks to our customers worldwide and employees for their ongoing support and loyal dedication during this challenging time. The reputation earned over decades as Supplier of best quality products and on-time delivery would enable us to get continued patronage once the normalcy returns in the business operations.

I thank the entire Management, for their invaluable team work focusing on progress.

I am thankful to the Board of Directors for their guidance towards the growth of the Company.

I would like to thank our Bankers, Shareholders and all Stakeholders for their continued support and confidence.

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



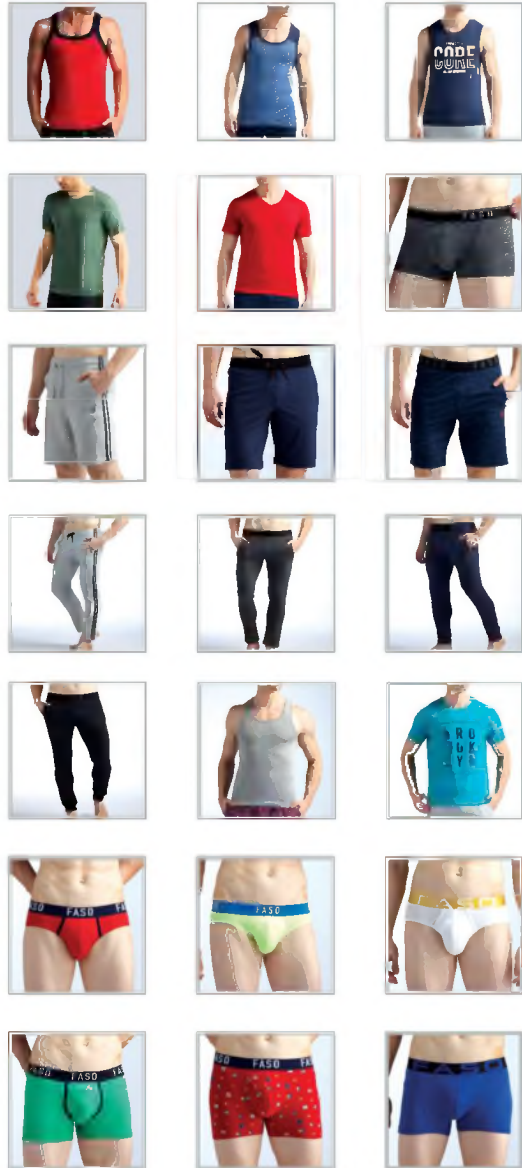
**P. Selvakumar**  
Director



**INNERWEAR**



**ATHLEISURE**



**42**  
STYLES

# ORGANIC, THE NEW FEEL OF LUXURY

INNERWEAR FASHIONED  
FROM 100% ORGANIC COTTON



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STYLE**

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 amazon

 Myntra

 AJIO

 Flipkart

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## **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@kprmill.com  
Web: www.kprmillimited.com

## **CHIEF FINANCIAL OFFICER**

PL Murugappan

## **COMPANY SECRETARY & COMPLIANCE OFFICER**

P. Kandaswamy

## **STATUTORY AUDITORS**

B S R & Co. LLP,  
Chartered Accountants,  
KRM Tower, 1st and 2nd Floor,  
No.1, Harrington Road, Chetpet,  
Chennai- 600 031

## **BANKERS**

Bank of Baroda  
IDBI Bank Limited  
Corporation Bank  
Bank of India  
Oriental Bank of Commerce  
ICICI Bank Limited  
Citi Bank  
HDFC Bank Limited  
The Federal Bank Ltd  
Standard Chartered Bank  
Punjab National Bank  
The Hongkong and Shanghai Banking

## **REGISTRAR AND SHARE TRANSFER AGENTS**

KFin Technologies Private 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  
Email:eniward.ris@kfintech.com

## **COMPANY CIN**

L17111TZ2003PLC010518

## DIRECTORS' REPORT

### 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 Financial Year ended 31st March, 2020.

### FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
<b>Sales and Other Income:-</b>				
Domestic Sales	1,61,954	1,62,490	1,85,795	1,84,642
Export Sales	1,18,246	1,25,835	1,34,781	1,41,780
Other Income	13,253	13,265	18,333	15,669
	<b>2,93,453</b>	<b>3,01,590</b>	<b>3,38,909</b>	<b>3,42,091</b>
<b>Profit before Interest &amp; Depreciation</b>	<b>51,099</b>	54,444	<b>65,841</b>	64,865
Less :Interest	3,541	3,586	4,965	4,894
Depreciation	9,891	9,583	13,709	13,113
<b>Profit Before Tax</b>	<b>37,667</b>	<b>41,275</b>	<b>47,167</b>	<b>46,858</b>
Less : Taxation:-				
Provision for Current Tax	10,084	12,726	11,850	13,956
Tax relating to earlier years	(944)	(273)	(927)	(408)
	<b>9,140</b>	12,453	<b>10,923</b>	13,548
Deferred Tax expense / Credit	(934)	(89)	(1,424)	(177)
<b>Profit After Tax</b>	<b>29,461</b>	28,911	<b>37,668</b>	33,487
Other Comprehensive Income (Net of tax)	-	-	-	-
<b>Total Comprehensive Income</b>	<b>29,461</b>	<b>28,911</b>	<b>37,668</b>	<b>33,487</b>

### REVIEW OF OPERATIONS

The major part of the year under review has witnessed a steady growth in the performance. But the sudden emergence of COVID-19 Pandemic in the fourth quarter impacted the growth level. The Company posted a Net profit of ₹ 294.61 Crores. While domestic demand for cotton yarn has improved this fiscal, the US-China trade war has impacted the demand for yarn in China, the major importer from India. Consequently the margin in the yarn segment has also strained. The slowdown in global trade has affected the growth in export of Garments. Availability of Power and Labour continued to be comfortable. Amidst the unhealthy market condition the financial performance of the Company during the year is considered to be satisfactory.

### COVID-19 IMPACTS

In compliance with the Statutory Lock-down Directions applicable to all industries and Companies in India, the operations of the Company were suspended from 24-03-2020 until further announcement from the Government. The Lock down was extended by the Tamilnadu Government upto 3rd May 2020. Stoppage of all Units has affected the operations of the Company.

After lifting/relaxation of the Lockdown the operations commenced partially and gradually and with restricted work force in line with the Guidelines with effect from 6<sup>th</sup> May 2020. Ramping up of operations is in progress. It is expected to have some impact on the financial results of the Company for FY 2020-21.

### WAY FORWARD

People are our biggest assets, and their health and safety becomes more important than anything else in such times. All guidelines in this regard are strictly followed. Empowered by strong fundamentals and the reputation as the supplier of high quality products and on time delivery the Company hopes to continue its stride once the operations and economy are normalized post COVID issue. Our recently entered retail segment and increased Garment capacity are likely to strengthen our operations.

### BRANDED RETAIL BUSINESS

#### RETAIL SEGMENT- FASO

As indicated in the earlier Report well supported by its key strengths KPR entered the promising Retail segment with the

## DIRECTORS' REPORT

successful launch of 100% organic Premium Men's innerwear and athleisure segment. **FASO - Italian at Heart (Fashion Adapted Sustainable and Organic)**, the brand launched by KPR Mill Limited provides 100% super fine compact yarn which is skin friendly and soft. Entire yarn for FASO products is produced through ultra-modern spinning machines and subjected to various quality parameters. To ensure superior quality the products passes through stringent quality control devices at every stages of production. 'Italian at Heart' as the tagline goes; the brand focuses on providing luxury through three segments known as Comfort, Style and Supreme. FASO uses combed organic cotton, micro nylon elastic and have product categories that include Brief, Trunk, Boxer Shorts, Vest, Gym Vest, Muscle Tee and Athleisure. Initially we have launched the FASO Products in South India through distribution network and planning 'Pan India' during the current year depending on the market conditions due to COVID-19. The initial response to the Product has been good.

### WHY FASO (Specialities)

All FASO products are manufactured with

- Entire activities 'in-house' facilitating quality
- 100% sustainable organic cotton,
- Super fine compact yarn,
- Super soft micro nylon elastics with the best workmanship.

These key factors ensure ultra-soft comfort and skin friendly.

### BUYBACK

After obtaining the approval of Shareholders by way of Postal Ballot the Buyback of 37,50,784 Equity Shares of ₹ 5/- each was completed on 20.11.2019. The present Paid-up Capital of the Company is ₹ 34,40,50,000/-.

### DIVIDEND

The Interim Dividend @ 75% on equity shares (₹ 3.75/- per Equity Share) declared by the Board of Directors at their meeting held on 03.02.2020 was paid to the shareholders.

The Board in its meeting held on 27.06.2020 has recommended a Final Dividend of 15% (₹ 0.75) on Equity Shares of ₹ 5 each (Rupees Five only), subject to the approval of the Members at the 17th (Seventeenth) Annual General Meeting.

### RESERVES

During the year under review the Company has not transferred any amount to its General Reserve.

### FINANCE

During the year, we have repaid some of the high cost long term debt from the own cash profits, continued efforts to reduce the finance cost.

### SUBSIDIARY COMPANIES

In respect of statements pursuant to Section 129(3) of the Companies Act, 2013 (Hereinafter referred to as the 'Act') in 'Form AOC - 1' containing the details of following Wholly Owned Subsidiary Companies forms part of this Annual Report. However as required by the 'Act', we give below a brief report on their performance.

- I. QUANTUM KNITS PVT. LIMITED
- II. K.P.R. SUGAR MILL LIMITED
- III. JAHNVI MOTOR PRIVATE LIMITED
- IV. GALAXY KNITS LIMITED
- V. K P R EXPORTS PLC
- VI. KPR MILL PTE. LTD.

### QUANTUM KNITS PVT. LIMITED

The garment business has been consolidated for effective management.

### K.P.R. SUGAR MILL LIMITED

In the FY 2019-20 the sugarcane crushing commenced in November 2019 and produced 65,390 MT of sugar. Out of 938.80 Lakh units of power generated 672.88 Lakh units were sold and 265.92 lakh units were captively consumed. The monthly sugar sales quota system introduced by the Central Government to the Sugar Mills fixing the quantity as well as the price at which sugar can be sold every month continues. During the year we have exported 25,588 MT of Sugar.

### Ethanol plant

A 'State of the Art' Ethanol plant with 90KLPD capacity has been commissioned in January 2020. After obtaining the consent for operation from 'Karnataka State Pollution Control Board' commercial production has been commenced in February 2020. During the year 4007 KL of Ethanol was produced, using Sugar Syrup and Molasses. 2106 KL was sold to oil marketing Companies. We hope for bright prospects in this segment also.

### JAHNVI MOTOR PRIVATE LIMITED

The global economic slowdown, tight credit conditions, moderating economy and the transition to BS-VI emissions standards have impacted the Indian automotive sector. During

## DIRECTORS' REPORT

the year the company booked 143 cars and 100 bikes earning a revenue of ₹ 90.33 Crores.

### **GALAXY KNITS LIMITED**

The Company has not yet commenced its operation.

### **K P R EXPORTS PLC - ETHIOPIA**

With the successful completion of COC Audit by the Buyers, Production has been commenced and ramping up is in progress. During the year it has made sales revenue of ₹ 10.30 Crores.

### **KPR MILL PTE. LTD - SINGAPORE**

On 12th April 2019, a Private Limited Company under the name 'KPR MILL PTE LTD' with the registration number 201911917K was incorporated at Singapore. It has a Paid-up Capital of S\$1000. As we hold its entire Shares, 'KPR MILL PTE LTD' is a wholly owned subsidiary of K.P.R. Mill Limited. During the year it has made sales revenue of ₹ 1.80 Crores.

### **FIXED DEPOSITS**

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

### **DIRECTORS**

The Company has adequate Independent Directors in compliance with the Act and 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. Mr. K.P. Ramasamy, Executive Chairman, Mr. KPD Sigamani, Managing Director, Mr. P. Nataraj, Managing Director were re-appointed for further term by special resolutions passed through Postal Ballot on 23.03.2020.

Mr. C.R. Anandakrishnan, Executive Director, Mr. E.K. Sakthivel, Executive Director and Mr. P. Selvakumar, Whole-Time Director, Dr. S. Ranganayaki, Women Independent Director whose term will be over before the ensuing/next Annual General Meetings, suitable Resolutions for their re-appointment for further term of 5 years have been included in the notice of ensuing Annual General meeting. The Nomination & Remuneration Committee and the Board have recommended their re-appointment.

Mr. C.R. Anandakrishnan, Executive Director, who retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

### **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 receives any remuneration or commission from the Subsidiary Companies and the remuneration paid to them is within the purview of the provisions of Section 197 of the Act. The Company pays remuneration by way of Salary, Perquisites etc., 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 and in pursuance of the recommendation of the Nomination and Remuneration Committee as per the guiding principles laid down in the Nomination and Remuneration Policy. 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 Regulation, 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.

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

### **POLICIES**

In pursuance of the Act and the Listing Regulation, the following policies have been framed and disclosed on the Company's website '[www.kprmilllimited.com/](http://www.kprmilllimited.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

## DIRECTORS' REPORT

- VI. Code for Fair Disclosure
- VII. Risk Management Policy
- VIII. Dividend Distribution Policy
- IX. Policy for Disclosure of Material Events / Information
- X. Policy on Succession Planning for Board and Senior Management

### RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Act & Regulation 17(9) of the Listing Regulation, the Company has framed a Risk Management Policy and has constituted a risk management committee. The Risk Management Committee held its first meeting on 20.03.2020 in which all members were present.

### 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 website.

### CSR EXPENDITURE

During the year, in pursuance of the recommendations of the CSR committee the Company has contributed ₹ 691.42 Lakhs being 2.01% 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 Four times during the financial year on 29.04.2019, 29.07.2019, 24.10.2019 and 03.02.2020. 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 Ind-AS 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 AND 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.

The Transactions as required under Indian Accounting Standards AS-24 are reported in Note 38 of the Notes to Accounts of the Consolidated Financial Statements as well as Note 39 of the Notes to Accounts of the 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

KPR follows one of the best HR Policies in the Industry extending social comfort, healthy & proper working conditions to the employees that ensure betterment of employees, their families and society as a whole. This in turn develops a sense of responsibility and belonging among the employees thereby improving their productivity and efficiency levels at workplace. Our work force represents a combination of regional and migrated employees. Though the Corona pandemic created an urge in the minds of the workers in the Industry to move to their far off native places, almost all employees of KPR opted to stay back. This itself proves the success of the unique HR Practices KPR adopts.

As regards Higher Education Programme extended to Employees repeating their glory in the Government conducted Examinations, in the Tamil Nadu Open University (TNOU) 8th Convocation held at our Arasur Mill, 329 Employees including 301 Under Graduates & 28 Post Graduates, received Degree Certificates from the Vice-Chancellor of TNOU. Among them 5 were Gold Medalist, 15 were

## DIRECTORS' REPORT

Rank holders and one Employee secured CEMCA Award. This clearly evidences the standard of Education and related infrastructures extended by KPR to its Employees.

To ensure the safety, health and hygiene of our employees, the Company implemented all measures in compliance with COVID-19 Guidelines.

### **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.

According to the notifications of corporate affairs ministry dated 31st July 2018, Internal Complaints Committee under the sexual harassment of women at workplace (prevention, prohibition and redressal act) 2013, has been formed and complied with. 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 have been followed along with proper explanation relating to material departures.
- II. The Directors have selected accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- III. The Directors have 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 have arranged preparation of the accounts for the financial year ended 31.03.2020 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**

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 as stipulated under Schedule V of the Listing Regulation is also attached to this report.



## DIRECTORS' REPORT

### BUSINESS RESPONSIBILITY REPORT

In pursuance of Regulation 34(2)(6) of the SEBI (LODR) Regulations, 2015, the Business Responsibility Report, containing the initiatives taken by the company from environmental, social and governance perspective, forms part of 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 & 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. However the Company has resorted to Buyback.

### AUDITORS

In the 14th Annual General Meeting of the Company held on 28.08.2017, M/s. B S R & Co LLP, Chartered Accountants (ICAI Firm Regn. No. 101248W/W-100022) were appointed as Statutory Auditors of the Company for a period of 5 Years from the Financial Year 2017 – 18. The Audit committee and the Board recommend the continuity of BSR & Co LLP, Chartered Accountants as Statutory Auditors for the FY 2020-21.

### AUDITORS REPORT

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

### COST RECORDS

Pursuant to Section 148 of the Act, the company falls under the limits specified under this section and hence the company has maintained proper books of accounts with all the particulars relating to the utilization of material, labour and to other items of cost.

### 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 2020-21.

### SECRETARIAL AUDIT REPORT & CERTIFICATES AND SECRETARIAL STANDARDS COMPLIANCE

The Company has complied with the applicable Secretarial Standards issued by ICSI. As required by the Act a Secretarial Audit Report issued by a Company Secretary in Practice (PCS) in Form MR 3 is annexed with this report and it does not contain any qualification. Certificate from PCS that none of the Directors are debarred or disqualified forms part of this Annual Report.

Annual Secretarial Compliance Report certifying compliance of SEBI Regulations has been obtained and filed with the Stock Exchanges.

### 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 has been uploaded in the companies' website: <http://www.kprmilllimited.com/>

### MATERIAL CHANGES

No material changes and commitments except COVID-19 impact affecting the financial position of the Company occurred between the end of the financial year as on 31.03.2020 and the date of this Report. A note on the COVID impact is provided elsewhere in this report.

### NO CHANGES IN THE BUSINESS

Your Directors would like to inform that Company is doing its regular business and there has been no change in its objectives.

### 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.

### FOR AND ON BEHALF OF THE BOARD

Coimbatore  
27.06.2020

K.P. Ramasamy  
Chairman  
DIN: 00003736

# ANNEXURE TO THE DIRECTORS' REPORT

## Form AOC – 1

(Pursuant to first provision to sub-section 12 read with Rule 5 of the Companies (Accounts) Rules, 2014)

### Financial Summary of Subsidiary Companies

(₹ in Lakhs)

Particulars	K.P.R. Sugar Mill Limited	Quantum Knits PVT. Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited	KPR Exports PLC	KPR Mill PTE. LTD.
Share Capital*	583	10	5	193	1,594	28
Reserves & Surplus	40,255	2,007	(1)	999	(385)	25
Total Assets	79,294	2,032	4	2,663	1,392	660
Total Liabilities	38,456	15	-	1,471	183	607
Investments (Excluding investment in subsidiaries)	-	-	-	-	-	-
Turnover	54,210	-	-	9,033	1,030	180
Profit /(loss) Before Tax	9,571	(15)	-	345	(387)	29
Provision for Tax	1,194	-	-	95	-	4
Profit /(loss) After Tax	8,377	(15)	-	250	(387)	25
Proposed Dividend	-	-	-	-	-	-
% Share Holding	100	100	100	100	100	100

\* Includes share application money pending allotment of INR 1,170 lakhs relating to KPR Exports PLC and INR 7 lakhs relating to KPR Mill Pte. Ltd.

## 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
Mr. K. P. Ramasamy	Chairman	No increase	272.38
Mr. KPD Sigamani	Managing Director	No increase	272.38
Mr. P. Nataraj	Managing Director	No increase	272.38
Mr. C. R. Anandkrishnan	Executive Director	No increase	11.43
Mr. E.K. Sakthivel	Executive Director	No increase	8.57
Mr. P. Selvakumar	Whole time Director	10.58	5.82

**Note:** The remuneration of the clerical and above cadre staffs are considered.

#### 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.

## ANNEXURE TO THE DIRECTORS' REPORT

### 3. Remuneration paid to other Key Managerial Personnel (KMP)

Name of the KMP	Title	% Increase Over Previous year
Mr. PL. Murugappan	Chief Financial Officer	10.34
Mr. P. Kandaswamy	Company Secretary	5.28

4. Percentage increase in the Median Remuneration of employees in the financial year: 11.1%
5. Number of Permanent Employees on the roll of the Company at the end of the year: 19,469
6. 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 11.1% which is more than the average increase, if any, in Managerial Remuneration.

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

Coimbatore  
27.06.2020

For and on behalf of the Board  
**K.P. Ramasamy**  
Chairman  
DIN : 00003736

# ANNEXURE TO THE DIRECTORS' REPORT

## Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2019-2020

**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.**

Corporate Social Responsibility (CSR) is a Management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. The relevance and importance of CSR is highly significant today to ensure the sustainability of life and business in the future. As Education is considered to be the most powerful instrument which one can use to change the world, we predominantly 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.kpmillimited.com](http://www.kpmillimited.com). CSR projects are subject to audit.

### 1. The Composition of the CSR Committee

The composition of the Committee is as follows

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

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

₹ 34,361 Lakhs

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

₹ 687.22 Lakhs

### 4. Details of CSR spent during the financial year

During the Financial year funds were utilized towards promotion of education, environment sustainability and rural development.

### 5. Total amount spent for the financial year

₹ 691.42 Lakhs

### 6. Amount unspent, if any

NIL

## ANNEXURE TO THE DIRECTORS' REPORT

### 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 were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: 1. Direct Expenditure on projects and programs 2. Overhead	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Promotion of Education - Scholarship	Education	Arasur, Coimbatore District, Tamil Nadu State	685.27	685.27 Direct Expenditure	685.27	685.27 Direct
2	Protection of agroforestry, animal welfare & flora and fauna	Environment sustainability	Coimbatore Tamil Nadu State	5.00	5.00 Direct Expenditure	5.00	5.00 Direct
3	Funding for crematorium	Rural Development Projects	Coimbatore Tamil Nadu State	1.15	1.15 Direct expenditure	1.15	1.15 Direct
			<b>Total</b>	<b>691.42</b>	<b>691.42</b>	<b>691.42</b>	<b>691.42</b>

### 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.

Coimbatore  
27.06.2020

**P. Nataraj**  
Managing Director  
DIN: 00229137

**K.P. Ramasamy**  
Chairman  
CSR Committee  
DIN: 00003736

# ANNEXURE TO THE DIRECTORS' REPORT

## INFORMATION PURSUANT TO COMPANIES (ACCOUNTS) RULES, 2014

### A) CONSERVATION OF ENERGY

#### a) ENERGY CONSERVATION MEASURES TAKEN

##### Towards reduction of Power consumption

- 1) At Karumathampatti Compact unit, the centrifugal fans have been replaced by the Ultra high efficiency fans.
- 2) At Neelambur unit the screw compressors have been replaced by new oil injected screw compressors with high efficiency motors.
- 3) At Arasur Units:
  - Tube lights have been replaced by Power saver LED tube lights with improved Lux level.
  - In Humidification plants, the water pumps with IE2 efficiency motors have been replaced by high efficiency pumps with IE3 efficiency class motors.
  - Transformer load has been reduced from 75% to 60% and below by installing New additional Low loss Transformer.
- 4) At Thekkalur unit, Tube lights have been replaced by power saver LED tube light with improved Lux level and power saving.

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

Further efforts are being taken to reduce power consumption at all units by installing the Power Monitoring devices.

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

The energy saving measures result in consumption of economized power and fuel that would reduce 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

PARTICULARS	UNITS	2019-20	2018-19
<b>1. Power and Fuel Consumption</b>			
<b>A) Electricity</b>			
I. Connected Load	KVA	42,615	40,615
II. Purchase of Units	Lakh Units	98	451
III. Total Amount	₹ Lakhs	726	3,130
IV. Rate Per Unit (Average)	₹	741	6.95
V. Demand Charges	₹ Lakhs	1,671	1,514
<b>B) Electricity from Third Party</b>			
I. Purchase of Units	Lakh Units	1,530	1,162
II. Total Amount	₹ Lakhs	5,589	5,826
III. Rate Per Unit (Average)	₹	3.65	5.02
<b>2. Own Generation</b>			
i) Through Diesel Generator			
Units generated	Lakh Units	3	4
Total Amount	₹ Lakhs	63	83
Cost/Unit	₹	22.94	20.97
Units/Litre of Diesel	Units	4.25	3.34
ii) Through Wind Mill			
Units generated	Lakh Units	1,016	1,093
iii) Through Steam Turbine Units			
Coal/Furnace Oil / Others	Units	NIL	NIL
<b>3. Consumption per unit of Production</b>			
a) <b>Production of Yarn</b>			
Electricity (units) per Kg of yarn	Kgs	8,07,56,948	8,59,46,420
Production	Units	2.69	2.55
b) <b>Processed Fabric</b>			
Electricity (units) per Kg of Fabric Processed	Kgs	1,75,45,081	1,82,60,865
Production	Units	1.23	1.13
c) <b>Garment Produced - In House</b>			
Electricity consumed/ Garment Production	No of Pcs.	8,67,02,530	7,84,19,805
Production	Units	0.23	0.23



## ANNEXURE TO THE DIRECTORS' REPORT

### 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:

Wherever possible automation is introduced to improve the efficiency level and reduce human intervention. As mentioned in our earlier Report the advanced cold processing technology at our new state of the art processing unit reduces the water consumption by 30% and eliminates the usage of Salt completely. This eco - friendly facility will economise the cost of production besides enhancing the quality.

All manufacturing facilities are equipped with high-tech quality control equipment and well trained Personnel. ETP at Processing Division has Zero Discharge System.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Lakhs)

S.No	Particulars	2019-20	2018-19
1	Foreign Exchange earned through exports amounted to	1,18,246	1,25,835
2	Foreign exchange used	59,127	23,553

Coimbatore  
27.06.2020

For and on behalf of the Board

**K.P. Ramasamy**  
Chairman  
DIN: 00003736

# ANNEXURE TO THE DIRECTORS' REPORT

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

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

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

I have conducted the Secretarial Audit of 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, subject to the Annual Report, the Company has, during the audit period covering the financial year ended on 31st March 2020 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 the Company for the financial year ended on 31st March 2020 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 following 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, 2018;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;
  - e) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;
- vi. and other applicable laws to a Textile Industry viz., Textile Control Orders, Textile Committee Produce Cess Act, Textile (Development and Regulation) Order etc.,

As per the information and explanation provided by the management and officers of the Company and also on verification of reports and certificates of professionals, I report that adequate systems are in place to monitor and ensure compliance of Laws relating to Direct and Indirect Taxes, Labour and other Legislations.

I have also examined compliance with the Listing Agreement and applicable Regulations of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Secretarial Standards issued by The Institute of Company Secretaries of India.

## ANNEXURE TO THE DIRECTORS' REPORT

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. 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, Independent Directors and Women Director. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast 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.

As per the minutes of the Meeting duly recorded and signed by the Chairman the decisions of the Board were unanimous and no dissenting views have been recorded.

As informed the Company has responded appropriately to the notices received from various statutory / regulatory authorities wherever found necessary.

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 there were no instance of

- a) Public/Rights/Preferential Issue of Shares/Debentures/Sweat Equity
- b) Redemption
- c) Foreign Technical Collaboration
- d) Merger/Amalgamation/Reconstruction, etc

I further report that during the audit period there was the following event:

During the period under review the Company has made a Buy Back of 37,50,784 Equity Shares at a price of ₹ 702/- each on 20.11.2019.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Place: Coimbatore

Date: 27.06.2020

UDIN : A030614B000370679

**K. Radhakrishnan** B.Com ACS

Practising Company Secretary

ACS No: 30614 CP No: 16911

## ANNEXURE TO THE DIRECTORS' REPORT

'Annexure A'

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

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. I have obtained the Management representation about the Compliance of Laws, Rules and Regulations and happenings of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore  
Date: 27.06.2020

**K. Radhakrishnan** B.Com ACS  
Practising Company Secretary  
ACS No: 30614 CP No: 16911

## ANNEXURE TO THE DIRECTORS' REPORT

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(Pursuant to Regulations 34(3) and Schedule V Para C clause (10) (i) of the SEBI**  
**(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

The Members of  
M/s K.P.R. Mill Limited  
9, Gokul Building  
First Floor, AKS Nagar  
Thadagam Road,  
Coimbatore - 641 001

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of M/s. K.P.R. Mill Limited having CIN: L17111TZ2003PLC010518 and having registered office at 9 Gokul Building, First Floor, AKS Nagar, Thadagam Road, Coimbatore - 641 001 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verification (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that as on the date of this certificate none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification.

Place: Coimbatore  
Date : 27.06.2020  
UDIN : A030614B000370901

**K. Radhakrishnan, B.Com., ACS.,**  
Practising Company Secretary  
ACS No: 30614 CP No: 16911

# CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is a process, relation and mechanism set up for the Corporate and Entities based on certain guidelines and principles by which a Company is controlled and directed. The principles provided in the system ensure that the Company is governed in a way that it is able to set and achieve its goals and objectives in the context of the social, regulatory and market environment, and is able to maximize profits and also benefit those whose interest is involved in it, in the long run.

KPR is committed to the highest standards of corporate governance practices. With ethical behavior and business principles as its roots and creation of long-term value as its goal, these standards not only ensure integrity and accountability but also promote long-term economic interests of the stakeholders of the Company.

### 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 Regulation & Companies Act 2013 ('Act').

Name of the Director	Category	Number of Directorships held**	Number of Committee Memberships in Other Companies***	
			Chairman	Member
Mr. K. P. Ramasamy	Executive Director	9	-	-
Mr. KPD Sigamani	Executive Director	9	-	-
Mr. P. Nataraj	Executive Director	10	-	-
Mr. C.R. Anandkrishnan	Executive Director	3	-	-
Mr. E.K. Sakthivel	Executive Director	1	-	-
Dr. K. Sabapathy	Independent Director	4	-	-
Mr. G.P. Muniappan	Independent Director	5	2	-
Mr. K.N.V. Ramani	Independent Director	7	5	1
Mr. A.M. Palanisamy	Independent Director	6	2	-
Mr. C. Thirumurthy	Independent Director	1	-	-
Dr. S. Ranganayaki	Woman Director	4	-	-
Mr. P. Selvakumar	Executive Director	3	-	-

\*\* Excluding Directorship in 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.



## CORPORATE GOVERNANCE

Name of the Director	Names of Listed Entity in which directorships held	Category of Director
1. Mr. G. P. Muniappan	K.G. Denim Limited	Independent Director
2. Mr. K. N. V. Ramani	Bannari Amman Spinning Mills Limited	Independent Director
	Shiva - Texyarn Limited	Independent Director
	K.G. Denim Limited	Independent Director
	LGB Forge Limited	Independent Director
	Shiva Mills Limited	Independent Director
3. Mr. A. M. Palanisamy	Kovai Medical Center and Hospital Limited	Independent Director

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.

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

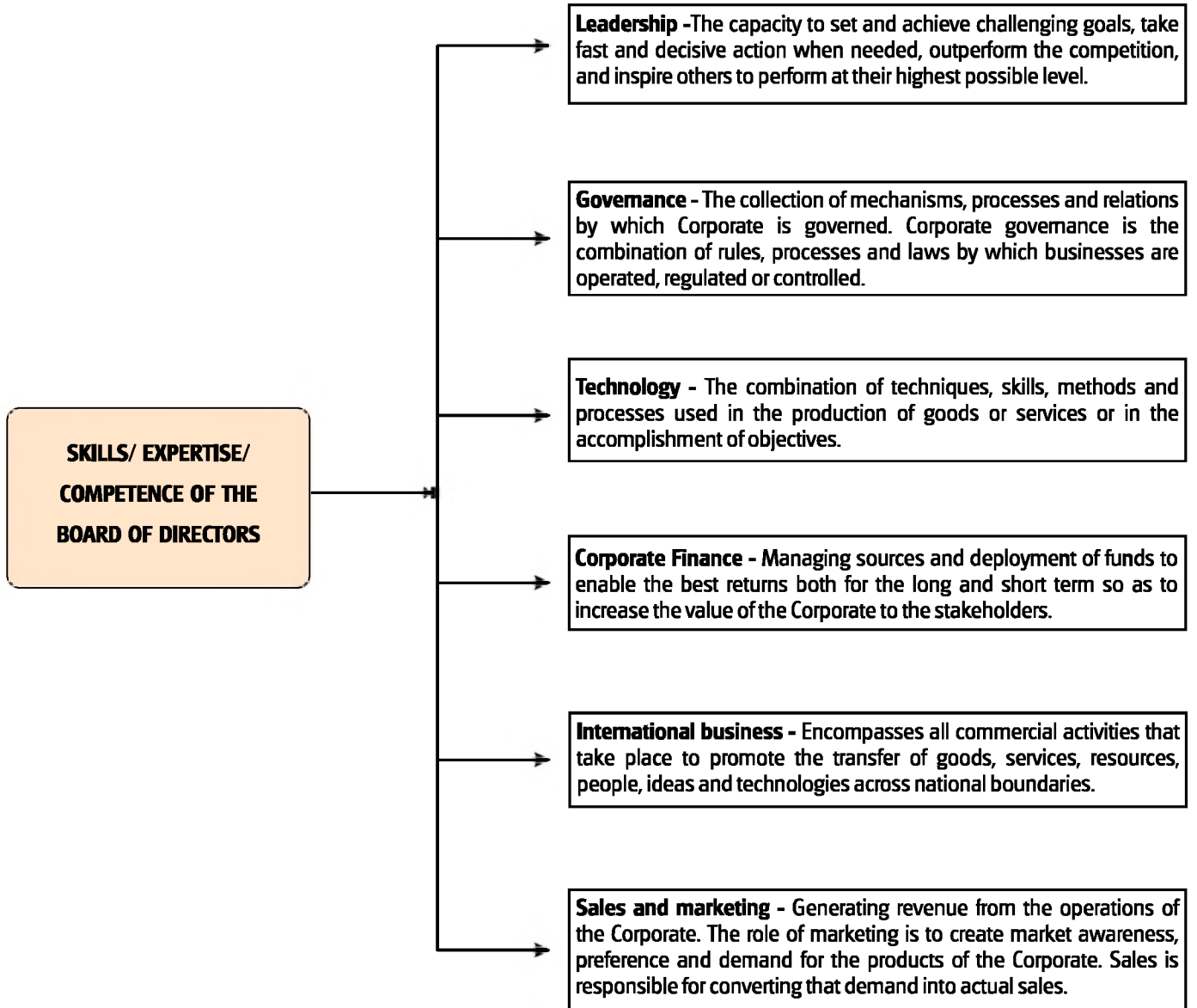
The roles and offices of Chairman and CEO are separated to promote balance of power.

### **CHART/ MATRIX SETTING OUT THE SKILLS/EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS (as per Schedule V(C) (2) (h) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2018**

Our Board of Directors consists of experienced and proven leaders of Textile Industry and eminent Professionals from various fields such as Corporate Law, Banking, Medical, Chartered Accountancy, Company Secretaryship and Information Technology. The Board constantly endeavors to achieve the highest standards of Corporate Governance.

The Nomination and Remuneration Committee of the Company normally consider the following key qualifications, skills and attributes which are taken into consideration while nominating candidates to serve on the Board of the Company for its effective functioning.

# CORPORATE GOVERNANCE



The proficiency of individual Members in the specific areas are indicated here below. However the absence of indication in any area should not be construed that the individual does not possess the related skill or qualification.

## CORPORATE GOVERNANCE

### Key Board Qualification & Experience

Name of director	Leadership	Governance	Technology	Financial	Industry Global business	Industry Sales and marketing
Mr.K.P.Ramasamy Chairman	✓	✓	✓	✓	✓	✓
Mr.KPD Sigamani Managing Director	✓	✓	✓	✓	✓	✓
Mr.P. Nataraj Managing Director	✓	✓	✓	✓	✓	✓
Mr. C.R. Anandakrishnan Executive Director	✓	✓	✓	✓	✓	✓
Mr.E.K.Sakthivel Executive Director	✓	✓	✓	✓	✓	✓
Mr.P.Selvakumar Whole time Director	✓	✓	-	✓	✓	-
Dr. K. Sabapathy Independent Director	✓	✓	-	✓	✓	-
Mr.G.P.Muniappan Independent Director	✓	✓	-	✓	-	-
Mr. K.N.V. Ramani Independent Director	✓	✓	-	✓	-	-
Mr. A.M. Palanisamy Independent Director	✓	✓	-	✓	✓	✓
Mr. C.Thirumurthy Independent Director	✓	✓	-	✓	-	-
Dr. S. Ranganayaki Woman Independent Director	✓	✓	-	✓	-	-

### BOARD PROCEDURE

During the year under review Four Board Meetings were held. The dates and notices were fixed/ issued well in advance in compliance with the Secretarial Standards. Meetings were held on 29.04.2019, 29.07.2019, 24.10.2019 and 03.02.2020. 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 Companies 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:

## CORPORATE GOVERNANCE

S.No.	Name of the Director	Number of Board Meeting		Last AGM Attended Yes / No
		Held	Attended	
1	Mr. K. P. Ramasamy	4	4	Yes
2	Mr. KPD Sigamani	4	4	Yes
3	Mr. P. Nataraj	4	4	Yes
4	Mr. C. R. Anandakrishnan	4	4	Yes
5	Mr. E. K. Sakthivel	4	3	Yes
6	Dr. K. Sabapathy	4	4	Yes
7	Mr. G. P. Muniappan	4	4	Yes
8	Mr. K. N. V. Ramani	4	3	No
9	Mr. A. M. Palanisamy	4	2	Yes
10	Mr. C. Thirumurthy	4	3	Yes
11	Dr. S. Ranganayaki	4	4	Yes
12	Mr. P. Selvakumar	4	4	Yes

### 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 a Retired 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 Regulation and in pursuance of Audit Committee Charter.

Mr. G.P. Muniappan	-	Independent & Non – Executive Director (Chairman)
Dr. K. Sabapathy	-	Independent & Non – Executive Director
Mr. P Nataraj	-	Non Independent & Executive Director

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 Meetings held on			
	23.04.2019	24.07.2019	21.10.2019	28.01.2020
Mr. G. P. Muniappan Independent & Non- Executive Director (Chairman)	✓	✓	✓	✓
Dr. K. Sabapathy - Independent & Non -Executive Director	✓	✓	✓	✓
Mr. P. Nataraj - Non-Independent & Executive Director	✓	✓	✓	✓

✓ Attended



## CORPORATE GOVERNANCE

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

Mr.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 28.08.2019.

### NOMINATION AND REMUNERATION COMMITTEE

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

Mr. G.P. Muniappan	-	Independent & Non – Executive Director (Chairman)
Dr. K. Sabapathy	-	Independent & Non – Executive Director
Dr. S. Ranganayaki	-	Independent & Non – Executive Director

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 Regulation 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.

The details of remuneration paid to directors are furnished below. The Whole Time Directors are appointed for the term of Five years by the Shareholders of the Company. There is no Stock Option provided.

**During the year under review, the Nomination and Remuneration Committee met two times and the attendance of each member is furnished as below**

Name of the Member	Attendance at the Meeting held on	
	29.04.2019	03.02.2020
Mr. G. P. Muniappan Independent & Non - Executive Director (Chairman)	✓	✓
Dr. K. Sabapathy Independent & Non - Executive Director	✓	✓
Dr. S. Ranganayaki Independent & Non - Executive Director	✓	✓

✓ Attended

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

Name of the Director	Remuneration paid during the year 2019 – 20 (₹ in Lakhs)	Sitting fees for attending meeting of the board and/or committee there of (₹ in Lakhs)
Mr. K.P. Ramasamy	572.00	Nil
Mr. KPD Sigamani	572.00	Nil
Mr. P. Nataraj	572.00	Nil
Mr. C.R. Anandakrishnan	24.00	Nil

## CORPORATE GOVERNANCE

Name of the Director	Remuneration during the year 2019 – 20 (₹ in Lakhs)	Sitting fees for attending meeting of the board and/or committee there of (₹ in Lakhs)
Mr. E.K. Sakthivel	18.00	Nil
Dr. K. Sabapathy	Nil	3.40
Mr. K.N.V. Ramani	Nil	0.90
Mr. G.P. Muniappan	Nil	3.40
Mr. A.M. Palanisamy	Nil	0.60
Mr. C. Thirumurthy	Nil	0.90
Dr. S. Ranganayaki	Nil	1.20
Mr. P. Selvakumar	12.22	Nil

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

The performance evaluation criteria for Independent Directors have already been included in the Nomination Remuneration Committee policy. The Website link to the policy as provided here:

<https://kprmillimited.com/file/wp-content/uploads/2018/11/5.KPR-NR-Policy.pdf>

### STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Dr. K. Sabapathy	-	Independent & Non - Executive Director (Chairman)
Mr. G.P. Muniappan	-	Independent & Non - Executive Director
Mr. 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 Meetings held on			
	23.04.2019	24.07.2019	21.10.2019	28.01.2020
Dr. K. Sabapathy – Independent & Non - Executive Director (Chairman)	✓	✓	✓	✓
Mr. G.P. Muniappan – Independent & Non-Executive Director	✓	✓	✓	✓
Mr. P. Nataraj – Non Independent & Executive Director	✓	✓	✓	✓

✓ Attended

## CORPORATE GOVERNANCE

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

Nature of complaint / queries received during 2019 -20	No. of Complaints
For non-receipt of dividend, annual report, shares Lodged for transfer, issue of duplicate share certificates.	5
Queries / Complaints redressed	5
Pending queries / complaints as on 31.03.2020	0

Pursuant to SEBI's Directions, Company has created a centralized web based complaints redressal system 'SCORES' and in that system 2 complaints have been received and resolved during the year.

As per Regulation 46 of the Listing Regulation, the Company has designated the following exclusive E-mail ID for the convenience of Investors : [Investors@kpmill.com](mailto:Investors@kpmill.com)

**In addition they can forward their grievance, if any, to the following E-mail ID also: [kandaswamy@kpmill.com](mailto:kandaswamy@kpmill.com)**

As required by the Listing Regulation, Company's website [www.kpmilllimited.com](http://www.kpmilllimited.com) is updated with the Quarterly information conveyed to the Stock Exchanges.

All information that 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.

Mr. K.P. Ramasamy	–	Non Independent Executive Director (Chairman)
Mr. KPD Sigamani	–	Non Independent Executive Director
Mr. P. Nataraj	–	Non Independent Executive Director
Dr. S. Ranganayaki	–	Independent & Non - Executive Director

The main objective of the Corporate Social Responsibility Committee is to assist the 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; coordinating 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 [www.kpmiilimited.com](http://www.kpmiilimited.com).

## CORPORATE GOVERNANCE

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

Name of the Member	Attendance at the meeting held on 25.04.2019
Mr. K.P. Ramasamy – Non Independent & Executive Director (Chairman)	✓
Mr. KPD Sigamani – Non Independent & Executive Director	✓
Mr. P. Nataraj – Non Independent & Executive Director	✓
Dr. S. Ranganayaki– Independent & Non-Executive Director	✓

✓ Attended

### FAMILIARISATION PROGRAM

Familiarization 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

Besides Reports on the following activities apprising the system and procedures followed by the Company in ensuring compliance/observance of those activities were also provided:

1. Compliance with applicable Legislations and Regulations
2. Risk Management
3. Ensuring significant development in Human Resources / Industrial Relations
4. Annual Budgets and Funding Plans consistent with agreed corporate strategies
5. Internal Finance Control
6. Evaluation of Non-Independent Directors and the board as a whole.
7. Integrity of financial information.

The following is the Web link for the details imparted to the Independent Directors:

<https://kpmillimited.com/file/wp-content/uploads/2020/08/Familiarizationprogramme20192020.pdf>



## CORPORATE GOVERNANCE

### 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 and forms part of this Annual Report.

### GENERAL BODY MEETING

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

Annual General Meeting	Date	Venue	Time of Meeting
14th	28.08.2017	Hotel Le Meridian, 762 Avinashi Road, Neelambur, Coimbatore - 641062	11.30 A.M.
15th	27.08.2018	Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641018.	11.30 A.M.
16th	28.08.2019	Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641018.	11.30 A.M.

### POSTAL VOTING AND E VOTING:

In pursuance of the Listing agreement, E-Voting, Postal voting facilities and voting at the 16<sup>th</sup> AGM were extended to all the Shareholders of the company to facilitate Voting on the Subjects/Resolutions contained in the 16<sup>th</sup> AGM notice. To conduct the voting procedure in a fair and transparent manner, a Scrutinizer was appointed for the above purposes. Accordingly the Scrutinizer conducted the voting process and submitted his reports 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 they were also uploaded along with the scrutinizers report, in our website. Entire Resolutions contained in the said agenda were passed.

During the year, Special Resolutions for re-appointment of Mr. K.P.Ramasamy as the Executive Chairman with effect from 1<sup>st</sup> April, 2020 for a further term of two years and Mr. KPD Sigamani & Mr. P.Nataraj, Managing Directors of the Company with effect from 1<sup>st</sup> April, 2020 for a further term of five years were passed by the Shareholders of the Company through Postal Ballot.

### DISCLOSURE:

- I. None of the transactions with related parties during the year 2019-2020 were in conflict with the interest of the Company and all the transactions were only with the Wholly Owned Subsidiary Companies.
- II. 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.
- III. Mr.K.P.Ramasamy, Chairman, Mr. KPD.Sigamani, Managing Director and Mr.P.Nataraj, Managing Director are related to each other Mr. C.R. Anandakrishnan, Executive Director is related to Mr. K.P. Ramasamy, Chairman and Mr. E.K.Sakthivel, Executive Director is related to Mr.KPD. Sigamani, Managing Director.

## CORPORATE GOVERNANCE

- IV. 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.
- V. Directors Responsibility Statement and Management Discussion and Analysis Report have been furnished elsewhere in the Annual Report.
- VI. The Company has a system to inform the members of the Board about the risk Assessment and its minimization procedure.
- VII. The corporate governance requirements as specified in SEBI (Listing Obligation and Disclosure Requirement) Regulations 17 to 27 and clauses (b) to (i) of sub-regulation 46 has been duly complied with by the Company.

### 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.

- i. Quarterly Results are usually published in "Financial Express" (English) and in "Dinamani" (Tamil)
- ii. The Financial Results are also accessible on the Company's Website - [www.kprmilllimited.com](http://www.kprmilllimited.com).
- iii. 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 for the financial year 2019-2020:

Day and Date	: Thursday, September 24th 2020
Time	: 02.30 P.M (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

### DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from 18.09.2020 to 24.09.2020 (Both days inclusive) for the purpose of Final Dividend and Annual General Meeting of the Company.

### DATE OF PAYMENT OF DIVIDEND

Dividends if declared at the Annual General Meeting will be paid to the Shareholders within stipulated time as per the Act.

### SHARE DETAILS:

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

BSE Ltd,  
1st Floor, Rotunda Buildings,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

**Scrip Code : 532889**

National Stock Exchange of India Limited, **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 2019-2020 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 **INE930H01023**

As on 31.03.2020, shares representing 99.99 percentage of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL

### REGISTRAR AND TRANSFER AGENTS:

**KFin Technologies Private Limited**  
Selenium, Tower B, Plot 31-32,  
Financial District, Nanakramguda,  
Serilingampally, Hyderabad,  
Rangareddi, Telangana  
India - 500 032.

Ph: 040 67503829

Fax: 040 2300 11533

**Toll Free No: 18003454001**

**E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)**

## CORPORATE GOVERNANCE

### 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 Share Holder 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.

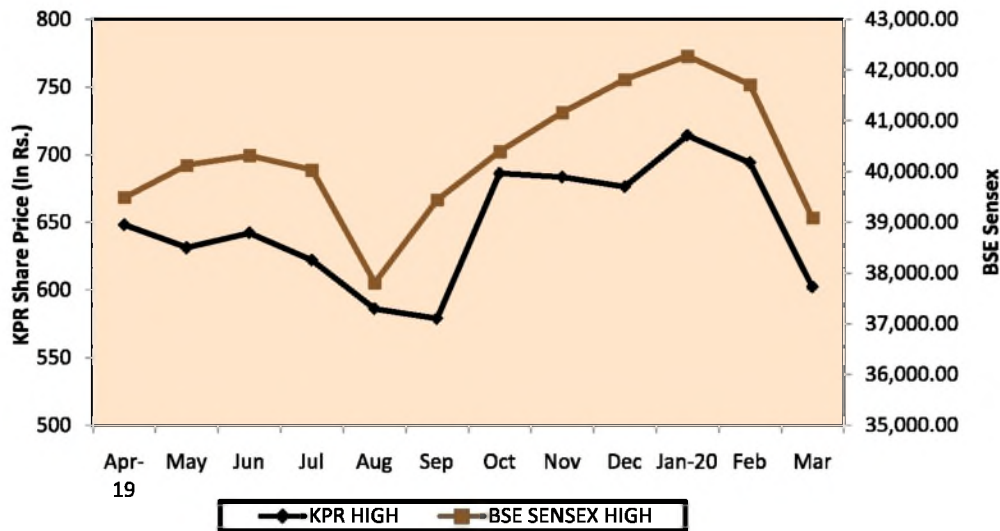
In respect of shares to be transferred in physical form, the facility has been done away with as per the new amendment SEBI (LODR amendment) Regulation, 2018. Unless and until the shares in physical forms are converted in to Demat, the transfer of shares/securities cannot be done. It is to be made clear that, this Regulation is only with respect to transfer of shares/securities in physical mode and not with transposition or transmission of securities. Such transposition and transmission can still be done in physical mode. So, for effecting the transfer of shares, the shareholders are requested to send application to the depository for conversion of physically held shares in dematerialized form.

### 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 2019-2020 are given below:

MONTH	BSE			NSE		
	High (₹)	Low (₹)	Total Traded Quantity (in Crs) (₹)	High (₹)	Low (₹)	Total Traded Quantity (in Crs) (₹)
April 2019	648.00	555.20	0.0063	647.00	560.05	0.0908
May 2019	631.20	573.00	0.0296	632.95	572.50	0.0788
June 2019	642.15	605.50	0.0033	646.00	600.05	0.0387
July 2019	621.85	546.75	0.0058	626.80	540.80	0.0462
August 2019	586.00	536.80	0.0006	588.20	534.85	0.0119
September 2019	578.75	532.05	0.0076	582.00	525.00	0.0653
October 2019	686.00	522.85	0.0069	685.85	522.00	0.0590
November 2019	683.40	640.25	0.0025	684.00	642.00	0.0267
December 2019	676.15	651.00	0.0013	685.05	650.00	0.0225
January 2020	714.20	655.00	0.0020	715.00	652.90	0.0244
February 2020	693.95	588.70	0.0007	694.40	582.00	0.0272
March 2020	602.00	330.00	0.0019	610.85	312.35	0.0346

## KPR Share Price Vs BSE Sensex



### DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2020:

Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Equity
1-500	9,912	88.55	8,24,362	1.20
501- 1000	603	5.39	4,50,129	0.65
1001- 2000	281	2.51	4,18,633	0.61
2001- 3000	103	0.92	2,56,035	0.37
3001- 4000	57	0.51	2,09,541	0.30
4001- 5000	47	0.42	2,15,516	0.31
5001- 10000	76	0.68	5,10,658	0.74
10001 & Above	115	1.03	6,59,25,126	95.81
<b>Total</b>	<b>11,194</b>	<b>100.00</b>	<b>6,88,10,000</b>	<b>100.00</b>

### Shareholding Pattern As On 31st March 2020

Category	Number of Shares Held	% of Holding
Promoters & Promoters Group	5,17,44,751	75.20
Mutual Funds	1,13,11,255	16.44
Banks & Financial Institutions	2,599	0.00
Foreign Institutional Investors	8,76,999	1.27
NRIs	2,87,790	0.42
Bodies Corporate	1,98,925	0.29
Public	43,87,681	6.38
<b>Total</b>	<b>6,88,10,000</b>	<b>100.00</b>

### Shareholding Of Directors As On 31st March 2020:

S.No	Name of Director	Shareholding
1	Mr. K.P. Ramasamy	1,48,71,362
2	Mr. KPD Sigamani	1,48,71,362
3	Mr. P. Nataraj	1,48,71,362
4	Mr. C.R.Anandakrishnan	1,390
5	Mr. E.K.Sakthivel	-
6	Dr. K. Sabapathy	-
7	Mr. K.N.V. Ramani	-
8	Mr. G.P.Muniappan	-
9	Mr. A.M. Palanisamy	-
10	Mr. C.Thirumurthy (Shares in the name of relative only)	10
11	Dr. S. Ranganayaki	-
12	Mr. P. Selvakumar	-



## CORPORATE GOVERNANCE

### PLANT LOCATION

LOCATION	TELEPHONE	FACILITIES
Indiampalayam Village, Sathyamangalam - 638 454	Tel: + 91 4285 251490	Spinning
S.F.No.273, Kittampalayam, Karumathampatti, Coimbatore - 641 659.	Tel: + 91 421 232 1000	Spinning, Knitting, Compact & Mélange
S.F. No.525, Neelambur, Coimbatore - 641 062	Tel: + 91 422 2625115	Spinning & Knitting
S.F.No.181, Kollupalayam, Arasur, Coimbatore - 641 407.	Tel: + 91 422 2635500	Spinning, Knitting & Garmenting
252, Periyar Colony, Tirupur - 641 652	Tel: + 91 421 2259200	Garmenting
SIPCOT Industrial Area, Perundurai	Tel: + 91 4294 234800	Processing
270 J, Periyar Colony, Tirupur - 641 652	Tel: + 91 421 2259500	Marketing (Yarn & Fabric)
S.F. No 7, Avinashi Road, Thekkalur, Tirupur- 641 654	Ph: +91 89733 33255	Garmenting
No 460, Avinashi Main Road, Thekkalur, Tirupur - 641 654	Tel: +91 422 263 5550	Garmenting
SIPCOT Industrial Area, Perundurai	Tel: + 91 4294 234800	Processing Unit II and Printing Division
Tirunelveli, Tenkasi, Theni & Coimbatore District	-	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

## CORPORATE GOVERNANCE

### LIST OF ALL CREDIT RATINGS OBTAINED BY THE ENTITY ALONG WITH ANY REVISIONS THERETO DURING THE RELEVANT FINANCIAL YEAR

CARE Ratings Limited has accorded and re-affirmed its Credit Rating as follows:

Facilities	Ratings	Rating Action
Long-term Bank Facilities	CARE AA; Stable (Double A; Outlook; Stable)	Reaffirmed
Short- term Bank Facilities	CARE A1+ (A one Plus)	Reaffirmed

### CAPITAL INTEGRITY AUDIT

The Certificate from a Practising 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) Regulation, 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.

Mr. 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, K.P.R. Exports PLC and KPR MILL PTE.LTD 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. The Website link to the policy as provided here:

<https://kprmillimited.com/file/wp-content/uploads/2018/11/4.Policy-on-Material-Subsidiaries.pdf>

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

## CORPORATE GOVERNANCE

### RISK MANAGEMENT:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 21 of the Listing Regulation, 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 transaction with the Company's Promoters, Directors, KMP, and 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 are disseminated on the website of the Company.

The Website link to the policy as provided here:

<https://kprmillimited.com/file/wp-content/uploads/2020/08/Related-Party-Transaction-Policy.pdf>

### DETAILS OF NON – COMPLIANCE BY LISTED ENTITY:

During the last three financial years there were no non-compliances by the listed entity nor any penalties or strictures imposed on the Listed Entity by the Stock Exchanges or Board or any Statutory Authority on the matters related to Capital Market.

### DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Company has formed Vigil Mechanism and Whistle Blower Policy that 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. Further details of the same are provided in the Directors report.

### REGARDING SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

As per the requirements of sexual harassment of women at workplace (prevention, prohibition and redressal act) 2013 Internal Complaints Committee has been formed. There were no complaints filed/disposed or pending during the financial year 2019-2020.

### 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 2019-2020 to the Investor Education and Protection Fund of the Central Government:

#### Transfer of Dividend to IEPF Account

S. No	Dividend	Date of Transfer	Amount of Transfer
01	Interim Dividend 2011-2012	23-07-2019	81,666.00
02	Final Dividend 2011-2012	01-11-2019	46,861.00
03	Interim Dividend 2012-2013	10-06-2020	73,311.00

#### Transfer of Shares to IEPF Account

S. No	No of Shareholders	No Of Shares	Date Of Transfer
01	60	6,056	22.08.2019
02	11	1,980	29.11.2019

## CORPORATE GOVERNANCE

### FEES TO STATUTORY AUDITOR

B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W – 100022) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:

₹ in Lakhs	
Particulars	Amount
Services as statutory auditors (including quarterly audits)	15.00
Tax audit	-
Services for tax matters	-
Other matters	1.00
Re-imbursement of out-of-pocket expenses	-
<b>Total</b>	<b>16.00</b>

### 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 Non Mandatory requirements of Regulation 27(1) of the Listing Regulation.

### 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.

The above Corporate Governance Report has been placed before the Board of Directors at their Meeting held on 27.06.2020 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 2019- 20.

Coimbatore  
27.06.2020

**P. Nataraj**  
Chief Executive Officer & Managing Director  
DIN: 00229137.

## Independent Auditors' Certificate on Corporate Governance

### To the Members of K.P.R. Mill Limited

1. The Certificate is issued in accordance with the terms of our engagement letter dated June 11, 2020.
2. We have examined the compliance of conditions of Corporate Governance by K.P.R. Mill Limited ("the Company"), for the year ended March 31, 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') as amended from time to time, pursuant to the listing agreement of the Company with the National Stock Exchange of India Limited and the BSE Limited (collectively referred to as "the Stock exchanges").

### Management's responsibility for compliance with the conditions of the Listing Regulations

3. The Company's Management is responsible for compliance of conditions of Corporate Governance including the preparation and maintenance of all relevant supporting records and documents as stipulated under the Listing Regulations. This responsibility includes the design, implementation and maintenance of corporate governance process relevant to the compliance of the conditions. Responsibility also includes collecting, collating and validating data and designing, implementing and monitoring of Corporate Governance process suitable for ensuring compliance with the above-mentioned Listing Regulations.

### Auditors' responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended March 31, 2020.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India (ICAI) and the Standards on Auditing specified under the Section 143 (10) of the Companies Act, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. In our opinion, and to the best of our information and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.
9. 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.



## CERTIFICATE

### Independent Auditors' Certificate on Corporate Governance - (Contd..)

#### Restriction on use

10. This certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

for **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**K Sudhakar**  
Partner  
Membership No. 214150  
ICAI UDIN:20214150AAAAAS8273

Place: Chennai  
Date : June 27, 2020

**CEO / CFO CERTIFICATE**

The Board of Directors  
K.P.R. Mill Limited,  
Regd.Office: No.9, Gokul Buildings, 1st Floor,  
A.K.S. Nagar, Thadagam Road,  
Coimbatore - 641 001

In relation to the **Audited Financial Accounts of the Company as at 31.03.2020** 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 materially 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 Indian 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 or 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 with regard to 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 involvement of the management or an employee who have a significant role in the Company's internal control system.

**PL Murugappan**  
Chief Financial officer

**P. Nataraj**  
Chief Executive Officer &  
Managing Director

**Place : Coimbatore**  
**Date : 27.06.2020**

# MANAGEMENT DISCUSSIONS AND ANALYSIS

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT 2019-20

### ECONOMY

#### Global

Global growth level that was forecast at 3.2 percent in 2019 was marginally picking up to 3.5 percent in the beginning of 2020. The Global financial conditions started improving across the world, although with rising debt levels; An uneasy cessation of trade hostilities between China and the United States provided some relief. The bright spot in the global economy continued to be consumer spending. But the Corona virus that started in China's Wuhan has affected almost all parts of the world, and is seen as one of the worst periods in human history. Almost all major economies are under complete or partial lockdown. The pandemic has shaken up both the human race and the economies of these countries. The disaster COVID-19 has delivered an enormous global shock, leading to steep recessions in many countries, the deepest global recession in decades. Per capita incomes in most emerging and developing economies started shrinking.

#### India

India became the world's fifth largest economy last year. The country's GDP growth has been among the highest in the world in the past decade - regularly achieving annual growth of between 6-7%. When ranked by nominal GDP, the country leapfrogged France and the UK. The Indian economy expanded 3.1 percent year-on-year in the first quarter of 2020, beating market forecasts of a 2.1 percent rise, still the slowest GDP growth. As the country imposed a nationwide lockdown from March 24<sup>th</sup> 2020 aiming to contain the spread of the corona virus in India, growth was estimated to have slowed to 4.2 per cent in the fiscal 2020. But the recent World Bank's latest report predicts that due to Corona virus lockdown halting economic activity India's economy is expected to shrink by 3.2%

### TEXTILE INDUSTRY

#### Global

The global textile market size was estimated to exhibit a CAGR of 4.3% from 2020 to 2027 owing to the increased demand for apparels, especially in developing countries. Furthermore, increasing disposable income and rapid urbanization were driving the overall market growth. But due to economic slowdown across countries owing to the COVID-19 outbreak and the measures to contain it the global textile market is expected to decline from \$673.9 billion in 2019 to \$655.2 billion in 2020 at a compound annual growth rate (CAGR) of -2.8%. However the

market is then expected to recover and grow at a CAGR of 7% from 2021 and reach \$795.4 billion in 2023.

#### India

A stable outlook was forecast for the textile sector for FY 2020 following strong domestic demand, waning impact of the disruptions due to GST and demonetization and rising exports aided by a weak rupee. Liquidity of the majority of players in the sector remained adequate, along with an improvement in operational cash generation, backed by steady raw material costs and strong demand from end-user segments. But with the emergence of COVID Pandemic the Yarn exports fell considerably during the quarter ended March as imports by China, which accounts for a third of India's yarn exports fell as garment units there shuttered. Imports by Bangladesh, which accounts for nearly a fifth of India's yarn exports, also declined, according to a Crisil Research report. The demand for textile products abroad and domestic sales have come down due to the panic situation created by the COVID-19 outbreak. The business community is scared on account of cash crunch, supply chain disturbance and manpower-related issues.

India's major export destinations, the United States and Europe, are the worst affected. It is tough to say when these countries will return to normal life. Some of the new challenges are safety, lack of supply and demand in addition to liquidity crunch. A new opportunity seems to be medical textile products. Indian companies should start preparing to face such challenges without depending much on government measures, which may offer only limited relief.

#### Cotton

Cotton is one of the most important commercial crops cultivated in India. In the raw material consumption basket of the Indian textile industry, the proportion of cotton is around 60%. It plays a major role in sustaining the livelihood of cotton farmers. India also has the distinction of having the largest area under cotton cultivation in the world. In cotton year 2019-20, the Indian farmers had achieved a record cotton-sowing of over 125 lakh hectare and with sufficient rainfall, the country could achieve increased cotton crop despite damage to the crop in some pockets due to flooding on account of excess rains. Although, India is a surplus cotton economy, yet its surplus cotton availability is decreasing year after year. India's cotton productivity level is now among the lowest in the world, according to the Cotton Association of India (CAI).

## MANAGEMENT DISCUSSIONS AND ANALYSIS

### INDIAN COTTON BALANCE SHEET FOR THE SEASON 2019-20

As on 31.03.2020	( In Lakhs Bales)
Opening Stock	44.41
Production	360.00
Imports	25.00
<b>TOTAL SUPPLY</b>	<b>429.41</b>
Consumption	331.00
Exports	50.00
<b>TOTAL DEMAND</b>	<b>381.00</b>
Closing Stock	48.41

(Source: Cotton Advisory Board)

#### YARN

The Indian cotton spinning industry, which was already facing multiple headwinds such as low demand, unfavorable duty structure and fluctuating cotton fibre prices has been impacted further due to the Trade war between China and USA that has resulted in reduction of prices and accumulation of stock; Facing lean demand since 2014-15, with intermittent spells of good periods, the Indian cotton yarn industry was expecting a change of fortune in 2019-20. Though exports to China increased by around 47 per cent in FY19 over FY18, it declined significantly by 43 per cent in the first 10 months of FY20 on a year-on-year basis. China's major cotton yarn demand is now being catered to by other neighboring Countries. The last quarter of the financial year (January-March), which is usually the best quarter for the Indian cotton spinners, was expected to bring some cheer in the form of better spreads and better profitability margins due to lower cotton prices, is now confronted with yet another challenge in the form of COVID-19 pandemic.

#### GARMENTS

Dynamics of the global apparel market keeps changing drastically. Growth of apparel markets in developed countries were slowing down, while a robust growth was seen in the developing nations. Among the emerging markets, India was quickly becoming a preferred destination for international apparel brands. Global brands with deep pockets were making a beeline into the Indian market due to its stabilized economy. Indian apparel market was calculated to grow at a CAGR of 13%. There are several ingrained factors such as the industry being independent and self-reliant; availability of resources ensuring competitive advantage etc. With the outbreak started in China, initially, it was looking like an opportunity for Indian exporters.

This was because European customers, who were traditionally sourcing from China, started discussions with Indian exporters for new orders. But ever since the Corona virus started spreading to Europe, things have turned upside down. Most countries are under lockdown, stores are shut due to restrictions by their governments and people don't go out and stay at home. The drop is mainly due to weak buying and many customers' going bankrupt or witnessing lower sales. According to the ICRA report, demand from the EU has remained weak and recent trends in US apparel imports have also been discouraging.

#### Internal control

Internal Control is a process for assuring of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. A broad concept, internal control involves everything that controls risks to an organization. At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. Our Internal control System is fully equipped with necessary checks and balances ensuring that the 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 including Signature controls, Budget Controls, Data control and systems of risk management are in place. The systems and procedures are documented by way of Manual.

#### EMPLOYEE WELFARE

KPR, well known for its dynamic employee welfare practice continue to contribute to the well being of the Employees by extending various facilities and infrastructures. Active participation of women in economic activities and decisions, would contribute towards overall economic development. India is poised to emerge as one of the most developed, more literate, knowledgeable and economically at the forefront. Realising the need to empower women KPR recruits 90% of its employees from the womenfolk and that too from downtrodden villages. Education is an essential factor of social change and

## MANAGEMENT DISCUSSIONS AND ANALYSIS

development in any society and any country. Moreover it is rightly said that to educate the women is to educate the whole family. Towards that objective right from the inception of the Company the Promoters were keen on extending higher education facilities to the Employees and providing excellent higher education facilities. Making best use of the facilities the Employees pass out the Government examinations with flying colors, securing Medals, Awards and Ranks etc.

### PERFORMANCE

In FY 2020 the Garments production increased by about 5% over previous Year i.e. 98.67 Million Garments. The revenue from garments was ₹ 1271 Crores and the yarn & fabrics were ₹ 1267 Crores. EBITDA and PAT have also increased over previous year. The Central Government's Regulatory mechanism on sugar sales facilitated higher revenue in Sugar segment. The Covid pandemic impact and the valuation of inventory at lower of cost and net realizable value during the last quarter have impacted the performance marginally. Our FASO brand retail products have started entering the market. We hope to continue the growth momentum once the normalcy returns in the Market.

### RETAIL BUSINESS

The Company has successfully entered the Retail segment by launching its maiden retail Brand FASO offering premium Men's wear that stands as testimony to 100% organic and sustainable fashion. FASO offers a collection of innerwear that is designed with greater ecological integrity. In addition to providing stylish collection with bright trendy colours, the 100% superfine combed organic cotton products would offer ultra soft comfort that naturally makes it very skin-friendly. Available in Brief, Trunk, Boxer Shorts, Vest, Gym Vest, Muscle Tee and Athleisure the FASO products are manufactured using micro nylon elastic and due care is taken from fibre to finished products using in-house state-of-the-art technology and process facilities across the value chain. FASO currently has 34 styles of Inner wear & Athleisure wear in its product basket and more styles will be added during the current year. Its product range is explained below:

#### Range Segmentation

- Comfort – The comfort range is the essential everyday classic. Italian-inspired styles of briefs, trunks and vests with easy-does-it appeal. Basic perfection available in sophisticated natural shades.
- Style – Cool and stylish range of briefs, trunks and vests with vibrant colours and prints. A Perfect match for fashionistas.

Supreme – Premium range of vests, briefs and trunks crafted with uptown polish and Personality. Impeccable fabrics, detailing and cuts will transform the look from Simple to stunning.

Athleisure – Range of Italian-inspired stylish and comfortable shorts, tracks and tees designed to make one to feel as a modern mover.

### RISKS AND THREATS

Due to countrywide lockdown, the industry is grappling with major hurdles in the following areas:

#### Labour force and employment:

Textile & Apparels provides direct employment to over 45 million people but the nationwide lockdown has led to a temporary closure of factories and lay-offs have already begun among low wage workers. K.P.R. Supported by the best Employee facilities could retain most of its Employees during Covid pandemic taking care of their safety and security.

#### Domestic sales & Exports:

The Covid-19 pandemic is primarily expected to adversely impact exports as well as domestic sales. This has affected the majority of India's export market (the US and EU together constitute for approximately, 60% of the total apparel exports from India in value terms), causing order cancellations/deferral of order leading to inventory build-up and expectation of slower realization of export receivables leading to higher working capital requirements. Additionally, domestic consumption is also getting impacted due to all India closure. New store openings have stopped and even domestic stores are facing an inventory build-up due to apparel sources for the upcoming summer season, Further, domestic prices could be negatively impacted if exporters dump their inventories in the domestic market leading to even reduced margins.

K.P.R. has indeed felt its impact but hope to stabilize in the subsequent quarters with the backing of its long term consumers and reputed Buyers.

#### Cash flow constraints:

The industry is prone to face challenges, like cash flow constraints, lower demand and stunted growth prospects that are an upshot of hampered operations. However, demand is bound to revive as the world emerges from this crisis which will indeed be a gradual process. To give a fillip to the sector in a more sustainable manner, it is understood that the Government is working in tandem with the Industry and other stakeholders. India's population and huge domestics consumption is its



## MANAGEMENT DISCUSSIONS AND ANALYSIS

strength and the strategic roadmap being worked out is expected to enable India to achieve their full potential in the years to come.

K.P.R. also faced this constraint but with prudential cash management and planning its impact could be reduced.

### **Supply chain disruption:**

No doubt, the COVID-19 crisis has significantly disrupted all supply chains. But with the gradual resumption of activities the impact is managed. Our experienced Logistics team at every Unit and our continued cordial relation with the long term supply chain agencies would help us to mitigate this impact.

### **Consumer sentiment:**

If nationwide lockdown continues and the situation persists, it will impact consumer sentiment on the higher side, due to closure of the market and also due to maintaining social distancing, safety and health. K.P.R.'s customers are long term associates and with the reputation earned through supply of best quality of products and prompt supply we are hopeful of mitigating this hurdle.

### **GOING FORWARD**

The current year began on a subdued note, as the economy was already facing challenges. With the slowdown in global trade, both exports and imports have continued to decline. Consumer

spending was still holding up when the onslaught of the pandemic resulted in a sharp decline. The growth in private consumption expenditure fell, leaving only government consumption to drive growth. Getting growth back is essential, for that is the only way to protect/generate jobs and livelihoods and to retain the great strides that India has made in reducing poverty since independence. The Indian economy is expected to contract this year; the previous contractions were all driven by decline in agricultural production while this year the agricultural sector is likely to be the only one to expand. The need of the hour is for government and industry to work together to return to a sustainable growth path. Many global companies would shift buying from China to other countries, including India. As food and clothing will continue to remain key purchases, there is always hope for this industry. The Indian textile industry is on a strong footing to get a major share in the global export market. India is one of the largest producers of raw materials such as natural fibres - cotton and jute - as well as of synthetic fibres. Once life is back to normal, people are expected to shop as a feel-good element after months of lockdown and depression.

Coimbatore  
27.06.2020

For and on behalf of the Board  
**K.P. Ramasamy**  
Chairman  
DIN: 00003736

# BUSINESS RESPONSIBILITY REPORT

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company : L17111TZ2003PLC010518
- Name of the Company : K.P.R. Mill Limited
- Registered address : No. 9, Gokul Buildings, 1st Floor, A K S Nagar, Thadagam Road, Coimbatore - 641001, Tamil Nadu.
- Website : www.kprmilllimited.com
- E-mail id : kandaswamy@kprmill.com
- Financial Year reported : 2019-20
- Sector(s) that the Company is engaged in (Industrial activity code-wise)
  - Yarn (17121)
  - Fabric (17115)
  - Garment (18101)
- List three key products/services that the Company manufactures/ provides (as in balance sheet)
  - Yarn
  - Fabric
  - Garment
- Total number of locations where business activity is undertaken by the Company:
  - Number of International Locations - Nil
  - Number of National Locations - 12

### 10. Markets served by the Company

Local	State	National	International
✓	✓	✓	✓

### SECTION B: FINANCIAL DETAILS OF THE COMPANY (₹ In Lakhs)

- Paid up Capital (INR) - 3,441/-
- Total Turnover (INR) - 2,93,453/-
- Total profit after taxes (INR) - 29,461/-
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) - 2.01%
- List of activities in which expenditure in 4 above has been incurred:-
  - Promotion of Education
  - Environment Sustainability
  - Rural Development

### SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?
 

YES. It has Six Subsidiary Companies

  - K.P.R. Sugar Mill Limited,
  - Quantum Knits Pvt. Limited,
  - Jahnvi Motor Private Limited
  - Galaxy Knits Limited
  - KPR Exports PLC.
  - KPR MILL PTE. LTD
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) -NO
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] - NO

### SECTION D: BR INFORMATION

#### 1. Details of Director/Directors responsible for BR

##### (a) Details of the Director/Directors responsible for implementation of the BR policy/policies

- DIN Number : 07228760
- Name : Mr. P. SELVAKUMAR
- Designation : Whole Time Director

##### (b) Details of the BR head

Particulars	Details
DIN Number (if applicable)	07228760
Name	Mr. P. SELVAKUMAR
Designation	Whole Time Director
Telephone number	9865254203
e-mail id	selvakumar@kprmill.com

# BUSINESS RESPONSIBILITY REPORT

## 2. Principle-wise (as per NVGs) BR Policy/policies

S.No	Particulars
P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the well-being of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

### (a) Details of Compliance (Reply in Y/N)

Sr.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy confirm to any national / international standards? If yes, specify? (50 words)	Policies are prepared ensuring adherence to applicable laws and internal standards of the company								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="https://kprmilllimited.com/policy-info/">https://kprmilllimited.com/policy-info/</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy have been communicated to all relevant stakeholders wherever required								
8	Does the company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Such evaluation will be considered at appropriate time.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) – 'NOT APPLICABLE'

# BUSINESS RESPONSIBILITY REPORT

## 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

**Assessed annually**

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

**The Company publishes it as a part of the Annual Report**

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company?

**No.**

Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

**Yes.**

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

**Five Complaints received and resolved during the financial year.**

### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

**All our Factories are approved by Pollution Control Board which ensures environmental compliances. Our Arasur Garment factory has been ranked as Eco-Friendly by some of reputed brands. Besides, we hold certificates such as WRAP, GOTS, OEKO-TEX, ISO 14001:2007, ISO 9001:2008, ISO 18001:2004, SA 8000:2014 etc., relating to social or environmental concerns.**

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

**We produce cotton based textile products, which is eco-friendly and does not pollute environment and saves water and energy. We continuously adopt energy saving measures in our production process which enables minimal resources utilization.**

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

**As our products are cotton based, it would enable reduced usage of energy & water by the consumers also.**

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

- (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

**Yes. We have procedures in place. Our major input is Cotton. We buy cotton and produce Cotton Yarn/ Fabric/ Garment and supply to various Buyers including overseas customers.**

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

- (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

**Yes. We procure goods and services from local & small producers, including communities surrounding the place of work, if quality of goods supplied by them suits our quality parameters. We encourage them to improve the quality of the products that leads to improving their capacity and capability.**

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

**The Company has installed an Advanced Water Treatment Technology from ITALY in the Processing Unit which takes care of the effluent treatment norms and facilitates reuse of water up to 95%.**

## BUSINESS RESPONSIBILITY REPORT

The advanced technology of cold processing adopted at the 'State of the Art' Processing Unit II reduces the water consumption by 30% and eliminated the usage of Salt completely.

We have Bio- Gas Generation facility that reduces the usage of LPG.

We also have Waste water recycling process across all our units which reduces the water consumption around 25%.

### Principle 3

1. Please indicate the Total number of employees - **19,469**
2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis - **Nil**
3. Please indicate the Number of permanent women employees - **16,247**
4. Please indicate the Number of permanent employees with disabilities - **Nil**
5. Do you have an employee association that is recognized by management?

**Each unit has various workers' committees taking care of their requirements**

6. What percentage of your permanent employees is members of this recognized employee association?  
**NA**
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year  
**Nil**
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - (a) Permanent Employees – **100%**
  - (b) Permanent Women Employees – **100%**
  - (c) Casual/ Temporary/ Contractual Employees - **NA**
  - (d) Employees with Disabilities - **NA**

### Principle 4

1. Has the company mapped its internal and external stakeholders? - **YES**

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?  
**YES**

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

**Our HR initiative itself proves our special initiatives towards this. KPR recruits employees from the down-trodden villages. We provide trendsetter employee welfare facilities, besides nutritious food, hygienic and comfortable living & working conditions, entertainment etc. In order to add value to their livelihood, the Company is providing higher education and vocational training facilities to them. The employees are also making best use of them. This initiative helps them in a big way by making them independent both economically and socially.**

### Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

**YES. Extended to the Group.**

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

**NIL**

### Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors / NGOs / Others.

**Yes, it extends to the group.**

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

**YES, the Company's initiatives towards making the production process 'eco-friendly', wherever possible has secured certification such as,**



# BUSINESS RESPONSIBILITY REPORT

- I. **ISO - 14001: 2004 Certifications for Environment Management Systems**
- II. **OEKO-TEX – for environment friendly operations**
- III. **Global Organic Textile Standard (GOTS) – for organic cotton products.**
- IV. **SA 8000: 2014 for Social Accountability Management Systems.**

**Towards augmenting green cover, the Company has planted more than one lakh fifty thousand saplings in the villages.**

3. Does the company identify and assess potential environmental risks? - **YES**
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed? - **No**
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc., if yes, please give hyperlink for web page etc.  
**Yes, in an effort to generate power in eco-friendly ways the Company has installed windmills at Theni, Tirunelveli, Tenkasi and Coimbatore districts in India. It takes care of most of our power requirement.**
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? - **YES**
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. - **NIL**

## Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
  - A. **CONFEDERATION OF INDIAN INDUSTRY**
  - B. **THE COTTON TEXTILES EXPORT PROMOTION COUNCIL**
  - C. **THE SOUTHERN INDIA MILLS ASSOCIATION**
  - D. **TAMILNADU SPINNING MILL ASSOCIATION**

- E. **TIRUPUR EXPORTERS ASSOCIATION**
- F. **INDIAN WIND POWER ASSOCIATION**
- G. **INDIAN COTTON FEDERATION**
- H. **THE INDIAN CHAMBER OF COMMERCE AND INDUSTRY, COIMBATORE**
- I. **TAMILNADU ELECTRICITY CONSUMERS ASSOCIATION**

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

**YES, wherever required we advocated for the improvement of export policies, economic reforms etc., through the associations.**

## Principle 8

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

**Our CSR policy and the human value adding labour practices take care of this.**

**The key areas of CSR activities are;**

- A. **Promotion of Education**
- B. **Environmental and livelihood**
- C. **Social Empowerment**
- D. **Rural Development**

**As Education plays a vital role in progressing the social welfare and economic prosperity of the Country, the Company concentrates primarily on the Promotion of education under its CSR activities. Our extension of higher education facilities that has tie-up with reputed universities and vocational training empower our employees with financial & social strength. It would also have positive impact on their family and the village they belong that would support the inclusive growth and equitable development. Extensive coverage on this is furnished in the Reports of Directors & MDAR forming part of the Annual report.**

## BUSINESS RESPONSIBILITY REPORT

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

**Our CSR activities are implemented through in- house and Charitable Trust.**

3. Have you done any impact assessment of your initiative?  
**YES**

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

**During the year, the Company has spent Rs.691.42 lakhs towards CSR activities. The details are furnished in the CSR Report.**

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

**Yes, Secured ranks & gold medals in the government examinations and employment opportunities in the Government Departments, by availing our higher education and vocational training facility itself reflect the success of our initiative. As mentioned earlier it elevated the standard of the employee as well as their family and**

**the village they belong. So far, more than 27,000 employees are benefitted by availing higher education & vocational training facilities extended to them. On an average, every year over 3000 employees are availing the aforesaid facilities.**

### Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

**No Case is pending.**

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information) **YES**

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

**No**

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

**YES**

# INDEPENDENT AUDITORS' REPORT

## **Independent Auditors' Report**

**To the Members of K.P.R. Mill Limited**

**Report on the Audit of the Standalone Financial Statements**

### **Opinion**

We have audited the standalone financial statements of K.P.R. Mill Limited ("the Company"), which comprise the standalone balance sheet as at March 31, 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITORS' REPORT

### Description of Key Audit Matter

Revenue recognition	
The key audit matter	How the matter was addressed in our audit
<p>See notes 3 and 26 to the standalone financial statements.</p> <p>Company's revenue is derived primarily from sale of goods. Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and there are no longer any unfulfilled performance obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.</p> <p>Inappropriate assessment could lead to risk of revenue being recognized before transfer of control.</p> <p>In view of the above and since revenue is a key performance indicator of the Company, we have identified timing of revenue recognition from sale of goods as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the accounting policy for revenue recognition with relevant accounting standards;</li> <li>Evaluating the design and implementation of the Company's key internal financial controls in relation to timing of revenue recognition and tested the operating effectiveness of such controls for selected samples;</li> <li>Performing detailed testing by selecting samples of revenue transactions recorded during the year and around the year end date using statistical sampling. We assessed fulfilment of performance obligations during the year by verifying the underlying documents. These documents included contract specifying terms of sale, invoices, goods dispatch notes, customer acceptances and shipping documents;</li> <li>Testing, on a sample basis using specified risk based criteria, journal entries affecting revenue recognised during the year to identify unusual items.</li> </ul>
Valuation of Inventories	
The key audit matter	How the matter was addressed in our audit
<p>See notes 3 and 9 to the standalone financial statements.</p> <p>The Company is an integrated textile manufacturer and the inventory primarily comprises of yarn, fabric and garments. Inventories are valued at lower of cost and net realisable value. The Company maintains its inventory levels based on forecast demand and expected future selling prices. There is a risk of inventories being measured at values which are not representative of the lower of costs and net realisable value ('NRV').</p> <p>The Company exercises high degree of judgment in assessing the NRV of the inventories on account of estimation of future market and economic conditions. The carrying value of inventories is material in the context of total assets of the Company. We identified the valuation of inventories as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the accounting policy for inventories with relevant accounting standards;</li> <li>Evaluating the design and implementation of the Company's key internal financial controls over valuation of inventories and tested the operating effectiveness of such controls for selected samples;</li> <li>Observing the physical verification of inventory on a sample basis. In this regard, we have considered the physical condition of inventory by way of obsolescence or wear and tear, wherever relevant and applicable, in determining the valuation of such inventory.</li> <li>For NRV testing, selecting inventory items, on a sample basis at reporting date and compared their carrying value to their subsequent selling prices as indicated in sales invoices subsequent to the reporting date.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

### Expected credit loss allowance for trade receivables

The key audit matter	How the matter was addressed in our audit
<p>See notes 3 and 11 to the standalone financial statements.</p> <p>The Company has significant trade receivables as at the year end. There is a credit risk associated with these trade receivables of not recovering the amount as and when they fall due.</p> <p>The Company measures loss allowance for trade receivables based on the expected credit loss ('ECL') model. Assessment of the recoverability of trade receivables measured using the related ECL model is inherently subjective. It requires significant judgement and assumptions by the Company, primarily including:</p> <ul style="list-style-type: none"> <li>- terms of underlying arrangements,</li> <li>- overdue balances,</li> <li>- credit risk of customers and type of collateral,</li> <li>- credit insurance coverage,</li> <li>- Adjusted historical credit loss experience,</li> <li>- Loss rate in provisioning matrix depending on days past due and</li> <li>- Adjustments to historical experience based on future economic and market conditions.</li> </ul> <p>In view of the above, we have identified loss allowance for trade receivables as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the accounting policy for ECL on trade receivables with applicable accounting standards;</li> <li>• Evaluating the design and implementation of the Company's key internal financial controls over estimation of the loss allowance for trade receivables. This includes governance over provisioning matrix. We tested the operating effectiveness of such controls for selected samples.</li> <li>• Assessing the Company's ECL model and obtained an understanding of the key inputs used in the ECL model. Such inputs include terms of underlying arrangements, overdue balances, type of collateral, credit insurance coverage, past history, market conditions, where applicable;</li> <li>• Assessing and obtaining comfort over items categorised in the trade receivables aging report showing days past due. We compared a sample of individual items with the underlying sales invoices, contract terms and other relevant documentation;</li> <li>• Evaluating the completeness and accuracy of the key inputs used by the Company for computation of assumptions used in the ECL model. We assessed historical data and adjustments to historical information based on current economic conditions and forward looking information. We also checked the mathematical accuracy of ECL allowance;</li> <li>• Assessing the adequacy of disclosures made as per the relevant accounting standards.</li> </ul>

### Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a

material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing



## INDEPENDENT AUDITORS' REPORT

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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of

## INDEPENDENT AUDITORS' REPORT

the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on April 01, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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 as at March 31, 2020 on its financial position in its standalone financial statements - Refer Note 35 to the standalone 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
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**K Sudhakar**  
Partner

Place: Chennai  
Date: June 27, 2020

Membership No. 214150  
ICAI UDIN:20214150AAAAA05231

### Annexure A to the Independent Auditors' report on the audit of the standalone financial statements of K.P.R. Mill Limited for the year ended March 31, 2020

(Referred to in paragraph 1 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 fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and 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 on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company as at the balance sheet date except the following

Particulars	Amount* (INR in lakhs)	Remarks
Freehold land located at Kittampalayam and Tirunelveli 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 Honourable High Court(s) of judicature.
Freehold land located at Arasur, Pogampatti, Thenkasi, Tirunelveli 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 Honourable 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 acquired through out-right purchase.

\* represents gross and net carrying amounts as at March 31, 2020

Immovable properties whose title deeds have been charged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.

- (ii) The inventory, except goods in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- (iii) The Company has granted unsecured loan to companies covered in the register

maintained under section 189 of the Companies Act, 2013, in respect of which:

- (a) In our opinion, the rate of interest and other terms and conditions on which the loan had been granted to the companies listed in the register maintained under Section 189 of the Act was not, prima facie, prejudicial to the interest of the Company.
- (b) In the case of the loan granted to a company covered in the register maintained under Section 189 of the Act, the borrowers have been regular in the payment of interest as stipulated. As per the terms of the arrangement, there was no repayment of principal amount during the year.
- (c) There are no overdue amounts in respect of the loans granted to companies covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made and, guarantees and securities given, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits covered under section 73 to 76 or any other relevant provisions of the Act. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as amended, prescribed by the Central Government under Section 148 of the Act in respect of products manufactured and are of the opinion that, prima facie, the prescribed

accounts and records have been made and maintained. However, we have not made a detailed examination of such records.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs and other material statutory dues have generally been deposited on a regular basis by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, duty of customs and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods and services tax, duty of customs and excise duty which have not been deposited with the appropriate authorities on account of any disputes other than the following dues:

Name of Statute	Nature of Dues	Amount in INR Lakhs	Period to which amount relates to	Forum where/ pending
Income Tax Act, 1961	Income Tax	2.68	2016-17	Commissioner of Income Tax (Appeals), Coimbatore.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any loans or borrowings due to financial institutions, debenture holders or government during the year.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, monies raised by way of term loans have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no fraud by the Company or no material fraud on the

Company by its officers or employees has been noticed or reported during the year.

- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals as per the provisions of section 197 read with Schedule V to the Act and rules prescribed thereunder.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such related party transactions have been disclosed in the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**K Sudhakar**  
Partner

Place: Chennai  
Date: June 27, 2020

Membership No. 214150  
ICAI UDIN:20214150AAAAA05231

**Annexure B to the Independent Auditors' report on the audit of the standalone financial statements of K.P.R. Mill Limited for the year ended March 31, 2020**

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

### **Opinion**

We have audited the internal financial controls with reference to financial statements of K.P.R. Mill Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### **Management's and Board of Directors' Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 standalone 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 with reference to financial statements.

### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted



accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Chennai  
Date: June 27, 2020

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**K Sudhakar**  
Partner  
Membership No. 214150  
ICAI UDIN:20214150AAAAA05231

# BALANCE SHEET

STANDALONE BALANCE SHEET AS AT 31.03.2020

(₹ in Lakhs)

Particulars	Note	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	86,551	79,383
(b) Capital work-in-progress	4	579	441
(c) Intangible assets	4	105	20
(d) Financial assets			
(i) Investments	5	8,296	7,987
(ii) Loans	6	352	1,802
(iii) Other financial assets	7	1,177	-
(e) Other non-current assets	8	2,756	5,077
<b>Total non-current assets</b>		<b>99,816</b>	<b>94,710</b>
<b>(2) Current assets</b>			
(a) Inventories	9	49,437	72,934
(b) Financial assets			
(i) Investments	10	701	-
(ii) Trade receivables	11	35,127	46,830
(iii) Cash and cash equivalents	12	14,533	5,633
(iv) Other bank balances	13	171	1,044
(v) Other financial assets	14	249	1,221
(c) Other current assets	15	18,686	17,349
<b>Total current assets</b>		<b>1,18,904</b>	<b>1,45,011</b>
<b>Total assets</b>		<b>2,18,720</b>	<b>2,39,721</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	16	3,441	3,628
(b) Other equity	17	1,47,047	1,47,492
<b>Total equity</b>		<b>1,50,488</b>	<b>1,51,120</b>
<b>(2) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	6,659	8,195
(b) Deferred tax liabilities (net)	19	4,727	5,661
(c) Other Non-Current Liabilities	20	7	-
<b>Total non-current liabilities</b>		<b>11,393</b>	<b>13,856</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	39,876	55,241
(ii) Trade payables			
(A) Total outstanding dues of micro and small enterprises	22 (A)	615	134
(B) Total outstanding dues of creditors other than micro and small enterprises	22 (B)	9,959	12,216
(iii) Other financial liabilities	23	3,592	3,192
(b) Other current liabilities	24	2,481	2,915
(c) Current tax liabilities (net)	25	316	1,047
<b>Total current liabilities</b>		<b>56,839</b>	<b>74,745</b>
<b>Total liabilities</b>		<b>68,232</b>	<b>88,601</b>
<b>Total equity &amp; liabilities</b>		<b>2,18,720</b>	<b>2,39,721</b>

Significant accounting policies

The notes from 1 to 51 are an integral part of these standalone financial statements

For and on behalf of the Board of Directors of

**K.P.R. Mill Limited**

CIN : L17111TZ2003PLC010518

**K.P. Ramasamy**

Chairman  
DIN: 00003736

**PL Murugappan**  
Chief Financial Officer  
Coimbatore  
June 27, 2020

**KPD Sigamani**

Managing Director  
DIN: 00003744

**P. Nataraj**

Chief Executive Officer and Managing Director  
DIN : 00229137

**P. Kandaswamy**  
Company Secretary

3

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number : 101248W/W-100022

**K Sudhakar**

Partner  
Membership No. : 214150

Chennai  
June 27, 2020

# STATEMENT OF PROFIT & LOSS

## STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2020

(₹ in Lakhs)

Particulars	Note	Year Ended	
		31.03.2020	31.03.2019
<b>I. Revenue from operations</b>	<b>26</b>	<b>2,89,807</b>	<b>2,97,853</b>
II. Other income	27	3,646	3,737
<b>III. Total Income (I+II)</b>		<b>2,93,453</b>	<b>3,01,590</b>
<b>IV. Expenses</b>			
Cost of materials consumed	28	1,69,522	1,79,914
Purchase of stock-in-trade		19,718	-
Changes in inventories of finished goods, stock -in- trade and work- in-progress	29	(18,370)	(5,028)
Employee benefits expense	30	38,325	37,341
Finance costs	31	3,541	3,586
Depreciation and amortisation expenses	4	9,891	9,583
Other expenses	32	33,159	34,919
<b>V. Total expenses</b>		<b>2,55,786</b>	<b>2,60,315</b>
<b>VI. Profit before tax (III-V)</b>		<b>37,667</b>	<b>41,275</b>
<b>VII. Tax expenses</b>			
Current tax			
- Pertaining to current year		10,084	12,726
- Pertaining to prior year		(944)	(273)
Deferred tax		(934)	(89)
<b>Income tax expense</b>		<b>8,206</b>	<b>12,364</b>
<b>VIII. Profit for the year (VI-VII)</b>		<b>29,461</b>	<b>28,911</b>
<b>Other comprehensive income</b>			
Item that will be reclassified to profit or loss		-	-
Item that will not be reclassified to profit or loss		-	-
<b>IX. Net other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>X. Total comprehensive income for the year (VIII+IX)</b>		<b>29,461</b>	<b>28,911</b>
<b>Earnings per equity share (EPS)</b>			
<b>Basic and diluted EPS (in ₹) of face value ₹ 5/- each</b>	<b>40</b>	<b>41.37</b>	<b>39.82</b>

Significant accounting policies

3

The notes from 1 to 51 are an integral part of these standalone financial statements

For and on behalf of the Board of Directors of

**K.P.R. Mill Limited**

CIN : L17111TZ2003PLC010518

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number : 101248W/W-100022

**K.P. Ramasamy**  
Chairman  
DIN: 00003736

**KPD Sigamani**  
Managing Director  
DIN: 00003744

**P. Nataraj**  
Chief Executive Officer and Managing Director  
DIN : 00229137

**K Sudhakar**  
Partner  
Membership No. : 214150

**PL Murugappan**  
Chief Financial Officer  
Coimbatore  
June 27, 2020

**P. Kandaswamy**  
Company Secretary

Chennai  
June 27, 2020

# CASH FLOW STATEMENT

## STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2020

(₹ in Lakhs)

Particulars	Note	Year Ended	
		31.03.2020	31.03.2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit for the year</b>		<b>29,461</b>	<b>28,911</b>
Adjustments for:			
Income tax expenses recognised in the statement of profit and loss		8,206	12,364
Depreciation and amortisation		9,891	9,583
Net gain on sale of property, plant and equipment		(215)	(175)
Finance costs		3,541	3,586
Interest income		(238)	(225)
Dividend income from subsidiary		(26)	(26)
Gain on sale of current investments		(546)	(181)
Rental income from operating leases		(116)	(24)
Impairment loss on financial assets		1,772	146
<b>Operating profit before working capital changes</b>		<b>51,730</b>	<b>53,959</b>
Changes in Working Capital:			
Adjustments for (increase) / decrease in operating assets:			
Inventories		23,497	(33,800)
Trade Receivables		10,598	(14,563)
Other current assets		(1,337)	(92)
Other non current assets		1,450	266
Other financial assets		304	(32)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(1,776)	(239)
Other financial liabilities		1,694	-
Other current liabilities		(434)	(2,236)
Other Long-Term Liabilities		7	-
<b>Cash generated from operations</b>		<b>85,733</b>	<b>3,263</b>
Net income tax (paid)		(10,001)	(11,496)
<b>Net cash flow from/ (used in) operating activities</b>	<b>(A)</b>	<b>75,732</b>	<b>(8,233)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment, including capital advances		(16,550)	(4,860)
(Increase)/ decrease in current investments (net)		(155)	1,383
Decrease in margin deposit accounts		873	60
Proceeds from sale of property, plant and equipment		350	684
Loans to related party (net of repayment)		276	(1,004)
Purchase of Non-current Investments:			
- Subsidiaries		(309)	(136)
Interest received from:			
- Subsidiaries		53	72
- Others		116	147
Dividend received from subsidiary		26	26
Rental income received from operating leases		116	24
<b>Net cash flow used in investing activities</b>	<b>(B)</b>	<b>(15,204)</b>	<b>(3,604)</b>

# CASH FLOW STATEMENT

## STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2020

(₹ in Lakhs)

Particulars	Note	Year Ended	
		31.03.2020	31.03.2019
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment for buyback of shares		(26,331)	(10,814)
Proceeds from / (repayment of) long-term borrowings (net)		(2,824)	(1,675)
Net increase / (decrease) in working capital borrowings		(15,365)	32,457
Finance costs paid		(3,345)	(3,490)
Dividends paid		(3,124)	(544)
Tax on dividend paid		(639)	(105)
<b>Net cash flow (used in) / from financing activities</b>	<b>(C)</b>	<b>(51,628)</b>	<b>15,829</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>8,900</b>	<b>3,992</b>
Add: Opening cash and cash equivalents		5,633	1,641
<b>Closing cash and cash equivalents (Refer note 12)</b>		<b>14,533</b>	<b>5,633</b>
Closing cash and cash equivalents comprises			
(a) Cash on hand		28	21
(b) Balance with banks:			
i) In Current accounts		2,855	2,835
ii) In EEFC accounts		1,650	2,777
iii) In deposits with original maturity of less than three months		10,000	-
		<b>14,533</b>	<b>5,633</b>

Significant accounting policies 3  
The notes from 1 to 51 are an integral part of these standalone financial statements

For and on behalf of the Board of Directors of  
**K.P.R. Mill Limited**  
CIN : L17111TZ2003PLC010518

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number : 101248W/W-100022

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**PL Murugappan**  
Chief Financial Officer

**P. Kandaswamy**  
Company Secretary

Coimbatore  
June 27, 2020

Chennai  
June 27, 2020



# CHANGES IN EQUITY

## STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2020

### a. Equity share capital

	Notes	(₹ in Lakhs)
Balance as at 01.04.2018		3,695
Less: Buyback of Equity Shares	16	67
<b>Balance as at 31.03.2019</b>		<b>3,628</b>
Less: Buyback of Equity Shares	16	187
<b>Balance as at 31.03.2020</b>		<b>3,441</b>

### b. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other comprehensive income	Total Other Equity
	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings		
<b>Balance as at 01.04.2018</b>	<b>15,233</b>	<b>1,573</b>	<b>24,716</b>	<b>88,455</b>	-	<b>1,29,977</b>
Profit for the year	-	-	-	28,911	-	28,911
Premium on buy back of Equity Shares	-	-	-	(10,747)	-	(10,747)
Transfer to Capital Redemption Reserve	-	67	-	(67)	-	-
Final Dividend relating to 2017-18 paid (₹ 0.75 per share)	-	-	-	(544)	-	(544)
Tax on Final Dividend	-	-	-	(105)	-	(105)
<b>Balance as at 31.03.2019</b>	<b>15,233</b>	<b>1,640</b>	<b>24,716</b>	<b>1,05,903</b>	-	<b>1,47,492</b>
Profit for the year	-	-	-	29,461	-	29,461
Premium on buy back of Equity Shares	-	-	-	(26,143)	-	(26,143)
Transfer to Capital Redemption Reserve	-	187	-	(187)	-	-
Interim Dividend relating to 2019-20 paid (₹ 3.75 per share)	-	-	-	(2,580)	-	(2,580)
Tax on Interim Dividend	-	-	-	(531)	-	(531)
Final Dividend relating to 2018-19 paid (₹ 0.75 per share)	-	-	-	(544)	-	(544)
Tax on Final dividend	-	-	-	(108)	-	(108)
<b>Balance as at 31.03.2020</b>	<b>15,233</b>	<b>1,827</b>	<b>24,716</b>	<b>1,05,271</b>	-	<b>1,47,047</b>

Significant accounting policies

3

The notes from 1 to 51 are an integral part of these standalone financial statements

For and on behalf of the Board of Directors of

**K.P.R. Mill Limited**

CIN : L17111TZ2003PLC010518

**K.P. Ramasamy**

Chairman

DIN: 00003736

**KPD Sigamani**

Managing Director

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Coimbatore

June 27, 2020

**P. Nataraj**

Chief Executive Officer and Managing Director

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**P. Kandaswamy**

Company Secretary

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number : 101248W/W-100022

**K Sudhakar**

Partner

Membership No. : 214150

Chennai

June 27, 2020

## 1 CORPORATE INFORMATION

K.P.R. Mill Limited ('the Company') is one of the largest vertically integrated apparel manufacturing Companies in India with its registered office situated at Coimbatore. 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 Limited (BSE) and National Stock Exchange of India Limited (NSE).

## 2 BASIS OF PREPARATION

### A. STATEMENT OF COMPLIANCE :

These standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act, as amended from time to time.

These standalone financial statements for the year ended 31.03.2020 are authorised by the Board on 27.06.2020. Details of the Company's accounting policies are included in note 3.

### B. FUNCTIONAL AND PRESENTATION CURRENCY

These standalone financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All financial information has been rounded-off to the nearest lakhs, unless otherwise indicated.

### C. BASIS OF MEASUREMENT

These standalone financial statements have been prepared on a historical cost basis and on an accrual basis, except for the following items:

- i. Derivative financial instruments measured at fair value through profit or loss;
- ii. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) and
- iii. Net defined (asset) / liability measured at fair value of plan assets less present value of obligations.

### D. USE OF ESTIMATES AND JUDGEMENT

In preparing these standalone financial statements, management has made judgements, estimates and assumptions that affect the

application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### Judgement

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- |                               |   |  |
|-------------------------------|---|--|
| Note 15                       | - | classification, measurement and recognition of Government grants   |
| Note 2(G), 3(L) and 42 Leases | - | whether the arrangement contains a lease; and lease classification |
| Note 3(H) and 38 :            | - | Financial instruments: Classification and measurement              |

### Assumptions and estimation uncertainties:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is mentioned below. Actual results may be different from these estimates.

#### (i) Impairment of non-financial assets:

In assessing impairment, management has estimated economic use of assets, the recoverable amount of each asset or cash-generating units based on expected future cash flows and use an interest rate to discount them. Estimation of uncertainty relates to assumptions about future operating cash flows and determination of a suitable discount rate. (also refer Note 3)

#### (ii) Useful lives of depreciable assets:

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technological obsolescence that may change utility of assets (also refer Note 3).

#### (iii) Inventories:

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes (also refer Note 3).

**(iv) Defined benefit obligation (DBO):**

The actuarial valuation of the DBO is based on a number of critical underlying management's assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (also refer Note 43)

**(v) Recognition and measurement of provisions and contingencies:**

Key assumptions about the likelihood and magnitude of an outflow of resources (also refer Note 35).

**(vi) Impairment of financial assets - refer Note 3**

### **E MEASUREMENT OF FAIR VALUES**

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. The inputs used to measure the fair value of assets or a liability fall into different levels of the fair value hierarchy. Accordingly, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the low level input that is significant to the entire measurement. Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it is not available, the management uses the best information available. Estimated fair values may

vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (also refer Note 38). The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### **F. CURRENT AND NON-CURRENT CLASSIFICATION**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

### **G. CHANGES IN ACCOUNTING POLICIES**

Except for the changes below, the Company has consistently applied the accounting policies to all the periods present in these standalone financial statements.

The Company applied Ind AS 116, Leases, with effect from 01.04.2019, and has changed its accounting policy for lease contracts as detailed below.

The Company applied Ind AS 116 using the modified retrospective approach. The Company has applied the standard to its leases, on a lease by lease basis, by taking an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (01.04.2019). Accordingly, the comparative information presented for the year ended 31.03.2019 is not restated – i.e. it is presented, as previously reported, under Ind AS 17. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

#### **A. Definition of a lease**

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under Ind AS 17 Leases. The Company now, assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3(L).

On transition to Ind AS 116, the Company elected to apply the practical expedient to consider the assessment of which transactions are leases. The Company applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease under Ind AS 116. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 01.04. 2019.

### B. As a lessee

As a lessee, the Company leases assets that are in the nature of land and buildings, plant and machinery and vehicles. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. The Company decided to apply recognition exemptions to short-term leases. For leases of other assets, which were classified as operating leases under Ind AS 17, the Company recognised right-of-use assets and lease liabilities.

#### Leases classified as Operating lease under Ind AS 17

Previously, the Company classified leases as operating leases under Ind AS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 01.04.2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has evaluated its right-to-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application.

### C. Impact on financial statements

On transition to Ind AS 116, the Company recognized right-of-use assets of ₹ 331 lakhs at an amount equal to the lease liability, adjusted by the amount of prepaid lease payments.

For the details of accounting policies under Ind AS 116, and Ind AS 17, refer note 3(L).

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) INVENTORIES

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. The cost of raw materials, components, stock-in-trade, consumable stores and spare parts are determined using first-in first-out / specific identification method and includes freight, taxes and duties, net of duty credits wherever applicable and any other expense incurred in bringing them to their present location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials, stores and spares, packing and others held for use in the production of finished goods are not written down below except in cases where material prices have declined and it is estimated that the cost of the finished goods will exceed their net realizable value.

The comparison of cost and net realisable value is made on an item by item basis.

### B) 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.

### C) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) 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. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

## D) PROPERTY, PLANT AND EQUIPMENT

### Recognition and measurement:

Freehold land is stated at historical cost. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises:

- a. purchase price, including import duties and non-refundable taxes on purchase (goods and service tax), after deducting trade discounts and rebates.
- b. any directly attributable cost of bringing the item to its working condition for its intended use, estimated costs of dismantling and removing the item and restoring the site on which it is located.
- c. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located. Any gain/ loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### Subsequent expenditure

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company.

### Component accounting

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

### Depreciation:

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives using the straight-line

method and is generally recognised in the Statement of profit and loss. Freehold land is not depreciated.

Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight-line method, in accordance with Part A of Schedule II to the Companies Act, 2013.

The estimated useful life of the property, plant and equipment followed by the Company for the current and the comparative period are as follows :

Factory Building	~ 30 Years
Non Factory Building	~ 60 Years
Plant & Equipments	~ 10-20 Years
Electricals	~ 14 Years
Computers & accessories	~ 3 Years
Furnitures & fixtures	~ 10 Years
Vehicles	~ 8-10 Years
Windmill	~ 12 Years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period. Based on technical assessment and consequent advice, the management believes that its estimate of useful life as given above best represent the period over which management expects to use the asset.

On property, plant and equipment added/ disposed off during the year, depreciation is charged on pro-rata basis for the period from/upto which the asset is ready for use/disposed off.

### Capital work-in-progress

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. They are classified to the appropriate categories of property, plant and equipment when completed and ready



for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

### INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives and it is included in the statement of profit and loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The estimated useful life of intangible assets consisting computer software is 3 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### E) REVENUE RECOGNITION

The Company generates revenue primarily from sale of Yarn, Knitted Fabric and Readymade Garments. The Company also earns revenue from rendering of services.

#### 1.1 Sale of products:

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of and obtain substantially all of the remaining benefits from those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked

to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

#### 1.2 Revenue from services:

Revenue from sale of services is recognised when related services are rendered.

### F) OTHER INCOME

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists. Rental income under operating leases is recognized in the statement of profit and loss on a straight-line basis over the term of the lease except where such receipts are structured to increase in line with the expected general inflation to compensate for the Company's (lessor) expected inflationary costs increases.

Interest income is recognised using effective interest rate method. Interest income on overdue receivables is recognized only when there is a certainty of receipt. Export incentives are accounted in the year of exports based on eligibility and expected amount on realisation.

### G) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange

differences arising on translation are recognised in the statement of profit and loss.

### H) FINANCIAL INSTRUMENTS

#### (i) Initial Recognition

Trade receivables are initially recognised when they are originated.

All other financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) debt investment;
- Fair value through other comprehensive income (FVOCI) equity investment; or
- Fair value through profit and loss (FVTPL)

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

#### (ii) Classification and subsequent measurement

##### a) Non-derivative financial assets

###### Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met and is not designated as at FVTPL:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

###### Debt instruments at FVTOCI

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met and is not designated as at FVTPL:

- (a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

###### Equity instruments at FVTOCI

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

###### Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the

requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets:** Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### b) Non-derivative financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in

profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### (iii) Derecognition

#### Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### (v) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency

assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### I) GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants are recognised when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognised in statement of profit and loss as other operating revenue / other income on a systematic basis.

Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating revenue.

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 that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

### J) INVESTMENTS

#### Investment in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and written down immediately to its recoverable amount.

### K) EMPLOYEE BENEFITS

#### (a) Short term employee benefit obligations:

A liability is recognised for benefits accruing to employees in

respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**(b) Defined contribution plan**

**Provident Fund & Employee State Insurance**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Company makes specified contributions towards Government administered provident fund scheme.

**(c) Defined benefit plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Post employment benefit comprise of Gratuity which are accounted for as follows:

**Gratuity Fund**

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

**L) LEASES**

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 is disclosed separately.

**(a) Policy applicable from 01.04.2019**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, on or after 01.04.2019

**i) Company as a lessee:**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;



- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revision in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "other financial liabilities" in the balance sheet.

### Short term leases and low value assets:

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

#### ii) As a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease.

To classify each lease, the Company made an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the

underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As a part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

#### (b) Policy applicable before 01.04.2019

##### i. As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Company's balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

##### ii. As a lessor

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially

all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As a part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

### M) BORROWING COSTS

Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are considered as adjustment to interest costs) incurred in connection with the borrowings of funds. Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### N) SEGMENT REPORTING

The Company is engaged in manufacture and sale of Yarn, Knitted Fabric and Readymade Garments and thus the Company has only one reportable segment (i.e.) Textile business.

### O) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

### P) INCOME TAXES

Income tax expense represents current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

#### i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax liabilities and current tax assets are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible

temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by same tax authority on same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or its tax assets and liabilities will be realised simultaneously.

### iii) Recognition

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## Q) IMPAIRMENT

### Impairment of Financial Instruments

The Company recognises loss allowance for expected credit loss on financial assets measured at amortised cost. At each reporting date, the Company assesses whether

financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are credit losses that result from all possible default events over expected life of financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information. The Company assumes that credit risk on a financial asset has increased significantly if it is past due.

The Company considers a financial asset to be in default when:

- the recipient is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due.

### Measurement of expected credit losses

Expected credit losses are a probability - weighted estimate

of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

### **Presentation of allowance for expected credit losses in the balance sheet**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

### **Impairment of Non-Financial Assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine recoverable amount. Such a reversal is made only to an extent that asset's carrying amount does not exceed carrying amount that would have been determined, net of depreciation/amortisation, if no impairment loss was recognised.

## **R) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

### **Provisions:**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

### **Contingent liabilities:**

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- or

## ACCOUNTING POLICIES

- (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

### **Contingent assets:**

The Company does not recognise contingent assets. These are assessed continually to ensure that the developments are appropriately disclosed in these standalone financial statements.

### **S) ONEROUS CONTRACTS**

A contract is said to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020

obligations under the contract. The provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with the contract.

### **3A New standard and amendments to the existing standards issued but not yet effective**

There are no new standard or amendments to the existing standards notified by the Ministry of Corporate Affairs ("MCA") which would become applicable from 01.04.2020.



#### 4. Property, Plant & Equipment, Intangible Assets and Capital Work-in-Progress

(₹ in Lakhs)

Particulars	Leased asset - Land	Property, Plant & Equipment										Capital work in-progress	Intangible assets (Computer Software)
		Freehold Land	Factory Building	Non - Factory Building	Plant and Equipment	Windmill	Electricals	Furniture and Fixture	Computer and accessories	Vehicles	Total		
<b>Gross carrying amount</b>													
As at 01.04.2018	-	8,518	19,828	9,620	61,116	12,845	4,697	2,282	336	892	1,20,134	10	133
Additions	-	53	120	57	2,364	-	86	156	87	109	3,032	431	6
Disposals / adjustments	-	-	-	-	(802)	-	(2)	(19)	(4)	(4)	(831)	-	-
As at 31.03.2019	-	8,571	19,948	9,677	62,678	12,845	4,781	2,419	419	997	1,22,335	441	139
Addition on account of transition to Ind AS 116 - 01.04.2019	331	-	-	-	-	-	-	-	-	-	331	-	-
Additions	219	8	3,084	644	12,160	-	121	195	55	354	16,840	579	103
Disposals / adjustments	-	(55)	-	-	(127)	-	(2)	(24)	(2)	(19)	(229)	(441)	-
<b>As at 31.03.2020</b>	<b>550</b>	<b>8,524</b>	<b>23,032</b>	<b>10,321</b>	<b>74,711</b>	<b>12,845</b>	<b>4,900</b>	<b>2,590</b>	<b>472</b>	<b>1,332</b>	<b>1,39,277</b>	<b>579</b>	<b>242</b>
<b>Accumulated Depreciation and Amortisation</b>													
As at 01.04.2018	-	-	2,101	480	22,066	6,205	1,462	982	147	255	33,698	-	115
Depreciation and amortisation expense	-	-	764	171	6,665	1,124	472	192	74	117	9,579	-	4
Disposals	-	-	-	-	(305)	-	(1)	(13)	(3)	(3)	(325)	-	-
As at 31.03.2019	-	-	2,865	651	28,426	7,329	1,933	1,161	218	369	42,952	-	119
Depreciation and amortisation expense	4	-	778	165	6,979	1,115	442	180	80	130	9,873	-	18
Disposals	-	-	-	-	(67)	-	(1)	(13)	(2)	(16)	(99)	-	-
<b>As at 31.03.2020</b>	<b>4</b>	<b>-</b>	<b>3,643</b>	<b>816</b>	<b>35,338</b>	<b>8,444</b>	<b>2,374</b>	<b>1,328</b>	<b>296</b>	<b>483</b>	<b>52,726</b>	<b>-</b>	<b>137</b>
<b>Net carrying amount</b>													
As at 31.03.2019	-	8,571	17,083	9,026	34,252	5,516	2,848	1,258	201	628	79,383	441	20
As at 31.03.2020	546	8,524	19,389	9,505	39,373	4,401	2,526	1,262	176	849	86,551	579	105

#### Notes:

- Effective 01.04.2019, the Company adopted Ind AS 116 - Leases, with respect to its lease contracts existing on 01.04.2019, using the modified retrospective method. Accordingly, previous period information has not been restated. This has resulted in recognising a leased asset - land (right-of-use asset) of ₹ 331 lakhs.
- In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use asset.
- The Company's lease comprise of leasehold land which have been used for construction of manufacturing facilities. The total cash outflow towards leased land is ₹ 219 lakhs for the year ended 31.03.2020.
- Property, plant and equipment includes non - factory building given on lease with a gross carrying amount of ₹ 10,321 lakhs as at 31.03.2020 (Pr. Yr. ₹ 9,677 lakhs) and a net carrying amount of ₹ 9,505 lakhs as at 31.03.2020 (Pr. Yr. ₹ 9,026 lakhs).
- Refer note 18 and 21 for assets given as securities for borrowings.

NOTES

NOTES TO THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31.03.2020

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2020	As at 31.03.2019
5	<b>FINANCIAL ASSETS</b>		
	<b>INVESTMENTS</b>		
	<b>A) Investments measured at cost:</b>		
	<b>Unquoted (all fully paid-up)</b>		
	<b>a) In Equity Instruments</b>		
	<b>i) Indian Subsidiaries</b>		
	1,00,000 (Pr.Yr. 1,00,000) Equity Shares of ₹ 10 each in Quantum Knits Private Limited.	10	10
	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
	<b>ii) Foreign Subsidiaries</b>		
	1,68,855 (Pr.Yr. 54,498) Equity Shares of Birr 100 each in KPR Exports PLC. Ethiopia	424	136
	41,000 (Pr.Yr. Nil) Equity Shares of Singapore Dollar 1 each in KPR Mill Pte Limited, Singapore	21	-
	<b>b) Investment in Preference shares of subsidiary</b>		
	3,783,000 (Pr.Yr.3,783,000) 7% Optionally Convertible Non - Cumulative Redeemable Preference Shares of ₹ 10 each at a Premium of ₹ 140 per share in K.P.R.Sugar Mill Limited.	5,675	5,675
	<b>B) Investment measured at fair value through profit or loss</b>		
	<b>Unquoted (all fully paid-up)</b>		
	Investment in equity shares of other entity		
	2,10,000 (Pr.Yr. 2,10,000) Equity shares of ₹ 100 each of Somanur Water Scheme Pvt Ltd.	210	210
	<b>Aggregate value of unquoted investments</b>	<b>8,296</b>	<b>7,987</b>
	Information about the Company's fair value measurement is included in Note 38		
6	<b>LOANS</b>		
	<b>Loans receivable considered good - Unsecured</b>		
	Loan to related party - M/s Jahnvi Motor Private Limited	-	628
	Loan to related party - M/s KPR Exports PLC, Ethiopia (Refer note 50)	-	1,174
	Loan to related party - M/s KPR Mill Pte. Ltd, Singapore	352	-
		<b>352</b>	<b>1,802</b>
	The Company provided loan to its subsidiary (M/s Jahnvi Motor Private Limited) which carries interest of 10% p.a. Repayment of loan is as per the agreement.		
	The Company provided loan to its subsidiary (M/s KPR Exports PLC, Ethiopia) which carries interest of 4% p.a. Repayment of loan is as per the agreement.		
	The Company provided loan to its subsidiary (M/s KPR Mill Pte.Ltd, Singapore) which carries interest of 4% p.a. Repayment of loan is as per the agreement.		
	Information about the Company's exposure to credit risk and market risk are disclosed in Note 38		
	For terms and conditions relating to related party loans, refer Note 39		
7	<b>OTHER FINANCIAL ASSETS</b>		
	<b>Investment in wholly owned subsidiary pending allotment</b>		
	KPR Exports PLC, Ethiopia (Refer note 50)	1,170	-
	KPR Mill Pte. Ltd, Singapore	7	-
		<b>1,177</b>	<b>-</b>
	Information about the Company's exposure to credit risk and market risk are disclosed in Note 38		
	For terms and conditions relating to related party, refer Note 39		

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2020	As at 31.03.2019
<b>8</b>	<b>OTHER NON - CURRENT ASSETS</b>		
	(i) Capital advances	758	1,629
	(ii) Advances other than capital advances		
	Security deposits to others	1,998	1,807
	Balances with government authorities	-	12
	Advance to related party - (Refer note 39)	-	1,298
	(iii) Others		
	Unamortised cost of leasehold land	-	331
		<b>2,756</b>	<b>5,077</b>
<b>9</b>	<b>INVENTORIES</b>		
	Raw Materials	9,486	50,060
	Work-in-progress **	2,803	2,969
	Finished goods (includes goods in transit of ₹ 815 lakhs (March 31, 2019 ₹ 3,153 lakhs))	19,064	15,899
	Stock-in-trade - (Refer note 48)	15,371	-
	Stores, spares, packing and others	2,713	4,006
		<b>49,437</b>	<b>72,934</b>
	** Includes Cotton ₹ 2,118 Lakhs (Pr. Yr. ₹ 2,157 Lakhs), Fabric ₹ 28 Lakhs (Pr. Yr. ₹ 36 Lakhs) and Garments ₹ 657 Lakhs (Pr. Yr. ₹ 776 Lakhs)		
	The Mode of Valuation of inventories has been stated in Note 3		
	For the carrying value of inventories pledged as securities for borrowings, Refer note 18 & 21.		
	<b>FINANCIAL ASSETS</b>		
	<b>CURRENT INVESTMENTS</b>		
<b>10</b>	<b>Investments in Mutual Funds (Quoted)</b>		
	Investments in mutual funds (Quoted) at fair value through profit or loss		
	Nippon India mutual fund (also Refer Note 44)	701	-
	<b>Aggregate value of quoted investments</b>	<b>701</b>	<b>-</b>
	The Company's exposure to credit risk and price risk related to investments has been disclosed in Note 38.		
<b>11</b>	<b>TRADE RECEIVABLES</b>		
	Trade Receivables considered good - Unsecured	35,150	46,892
	Less: Loss allowance	(23)	(62)
	<b>Net trade receivables</b>	<b>35,127</b>	<b>46,830</b>
	<b>Movement of loss allowance in trade receivables</b>		
	Opening balance	62	113
	Allowances made / (reversed) during the year	-	75
	Written off	(39)	(126)
	<b>Closing balance</b>	<b>23</b>	<b>62</b>
	(i) For receivables secured against borrowings, Refer note 18 & 21.		
	(ii) The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 38.		
	(iii) For terms and conditions relating to related party receivables, refer Note 39		
<b>12</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash on hand	28	21
	Balance with banks		
	i) In Current accounts	2,855	2,835
	ii) In EEFC accounts	1,650	2,777
	iii) In deposits with original maturity of less than three months	10,000	-
		<b>14,533</b>	<b>5,633</b>

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2020	As at 31.03.2019
<b>13</b>	<b>OTHER BANK BALANCES</b>		
	i) Balance with banks held as margin money deposit	164	1,035
	ii) Unclaimed dividend accounts	7	9
		<b>171</b>	<b>1,044</b>
	Note: The disclosures regarding details of specified bank notes held and transacted during 08.11.2016 to 30.12.2016 has not been made in these standalone financial statements since the requirement does not pertain to the years presented.		
<b>14</b>	<b>OTHER FINANCIAL ASSETS</b>		
	Interest accrued on bank deposits and other deposits	169	100
	Technology upgradation fund subsidy receivable	79	110
	Investment promotion subsidy receivable	-	667
	Insurance claim receivable	-	333
	Other Advances	1	11
		<b>249</b>	<b>1,221</b>
	Information about the Company's exposure to credit risk and market risk are disclosed in Note 38		
<b>15</b>	<b>OTHER CURRENT ASSETS</b>		
	Advance for purchase	7,435	6,912
	Balances with government authorities - GST/ VAT credit receivable	2,947	4,315
	Rent Advance to related party - (Refer note 39)	2,500	2,500
	Export incentive receivable	5,141	3,013
	Others (primarily prepaid expenses)	663	609
		<b>18,686</b>	<b>17,349</b>
<b>16</b>	<b>SHARE CAPITAL</b>		
	<b>a) Authorised</b>		
	9,00,00,000 (Pr.Yr. 9,00,00,000) Equity Shares of ₹ 5 each with voting rights.	4,500	4,500
	10,00,000 (Pr.Yr.10,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100 each.	1,000	1,000
		<b>5,500</b>	<b>5,500</b>
	<b>b) Issued, Subscribed and Fully Paid up</b>		
	6,88,10,000 (Pr.Yr.725,60,784) Equity Shares of ₹ 5 each fully paid-up with voting rights.	3,441	3,628
		<b>3,441</b>	<b>3,628</b>
<b>16.1</b>	<b>Term / Rights to Shares</b>		
	<b>Equity Shares</b>		
	The Company has issued only one class of equity shares having a face value of ₹ 5 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 Board declared and paid an interim dividend of 75% (₹ 3.75/- per share of the face value of ₹ 5/- each) for the year 2019-20 (Pr.Yr. NIL).		
	The Board has recommended a final dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2019-20 (Pr.Yr. ₹ 0.75/- per share) subject to the approval of the shareholders in Annual General Meeting.		
	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 shareholders and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.		

(₹ in Lakhs)

<b>16.2</b>	<b>Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period</b>				
	<b>Equity Shares with voting rights</b>	<b>As at 31.03.2020</b>		<b>As at 31.03.2019</b>	
	<b>Particulars</b>	<b>Number of Shares</b>	<b>(₹ in Lakhs)</b>	<b>Number of Shares</b>	<b>(₹ in Lakhs)</b>
	At the beginning of the year	7,25,60,784	3,628	7,38,95,784	3,695
	Less: Buyback (Refer note 47)	37,50,784	187	13,35,000	67
	Outstanding at the end of the year	6,88,10,000	3,441	7,25,60,784	3,628
<b>16.3</b>	<b>Details of Shareholders holding more than 5% of Shares in the Company Equity Shares</b>				
	<b>Particulars</b>	<b>As at 31st March, 2020</b>		<b>As at 31st March, 2019</b>	
		<b>Number of Shares</b>	<b>%</b>	<b>Number of Shares</b>	<b>%</b>
	Sri K.P.Ramasamy	1,48,71,362	21.61	1,56,70,141	21.60
	Sri KPD Sigamani	1,48,71,362	21.61	1,56,70,141	21.60
	Sri P.Nataraj	1,48,71,362	21.61	1,56,70,141	21.60
	L&T Mutual Fund Trustee Limited	46,60,112	6.77	49,59,939	6.84
	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>16.4</b>	<b>Bonus shares/ buy-back shares for consideration other than cash issued during a period of five years immediately preceding 31.03.2020:</b>				
	(i) The Company has not issued any shares without payment being received in cash.				
	(ii) The Company has not issued any bonus shares.				
	(iii) The aggregate number of equity shares bought back by the Company is 65,55,784 (Pr.Yr: 28,05,000).				
				(₹ in Lakhs)	
<b>17</b>	<b>OTHER EQUITY</b>			<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
	<b>Securities premium</b>				
	Opening Balance			15,233	15,233
	Changes during the year			-	-
	Closing balance (A)			15,233	15,233
	Balance in securities premium represents amount received on issue of shares in excess of par value. The same may be utilised in accordance with the provisions of the Companies Act, 2013.				
				(₹ in Lakhs)	
	<b>Capital redemption reserve</b>			<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
	Opening balance			1,640	1,573
	Add : Capital redemption on buyback			187	67
	Closing balance (B)			1,827	1,640
	Balance in capital redemption reserve represents an amount equal to the nominal value of share bought back. The same may be utilised by the Company for issuing fully paid bonus shares.				



(₹ in Lakhs)

S.No	Particulars	As at 31.03.2020	As at 31.03.2019
	<b>General Reserve</b>		
	Opening Balance	24,716	24,716
	Add: Transfer from Surplus in the Statement of Profit and Loss	-	-
	<b>Closing balance (C)</b>	<b>24,716</b>	<b>24,716</b>
	The General reserve represents an amount transferred from retained earnings from time to time for appropriation purpose which can be utilised for meeting future obligations. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.		
	<b>Retained earnings</b>		
	Opening balance	1,05,903	88,455
	Add: Profit for the year	29,461	28,911
	<b>Less:</b>		
	Interim Dividend for 2019-20 (₹ 3.75 per share)	2,580	-
	Tax on Interim Dividend paid	531	-
	Final dividend (₹ 0.75 per share)	544	544
	Tax on Final dividend	108	105
	Premium on buyback of equity shares (Refer note 47)	26,143	10,747
	Transferred to:		
	Capital redemption reserve	187	67
	<b>Closing balance (D)</b>	<b>1,05,271</b>	<b>1,05,903</b>
	Retained earnings represents profits generated and retained by the Company post distribution of dividends to the equity shareholders in the respective years. This reserve can be utilized for distribution of dividend by the Company considering the requirements of the Companies Act, 2013.		
	<b>Total (A+B+C+D)</b>	<b>1,47,047</b>	<b>1,47,492</b>
	<b>NON - CURRENT LIABILITIES</b>		
	<b>FINANCIAL LIABILITIES</b>		
<b>18</b>	<b>BORROWINGS</b>		
	<b>Term Loan - Measured at amortised cost</b>		
	From banks (secured)	7,302	10,126
	Less : amount included under 'other financial liabilities (Refer note 23)	(643)	(1,931)
		<b>6,659</b>	<b>8,195</b>
	Information about the company's exposure to interest rate and liquidity risks is included in Note 38		
<b>18.1</b>	<p>i) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2020 was ₹ 692 lakhs (Pr.Yr. ₹1,142 lakhs). The loan is repayable in 24 quarterly instalments commencing from September 2015. This term loan is secured by equitable mortgage on the land, factory and non-factory building constructed out of the loan and hypothecation of machineries purchased out of the loan.</p> <p>ii) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2020 was ₹ 112 lakhs (Pr.Yr. ₹193 lakhs). The loan is repayable in 24 quarterly instalments commencing from April 2016. This term loan is secured by hypothecation of machineries purchased out of the loan.</p>		

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2020	As at 31.03.2019
	<p>iii) The Company has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2020 was ₹ 3,991 lakhs (Pr.Yr. 8,791 lakhs). The loan is repayable in 24 quarterly instalments commencing from June 2018. This term loan is secured by exclusive charge on fixed assets acquired out of this loan and first charge on land and building situated at SIPCOT, Perundurai.</p> <p>iv) The Company has availed an external commercial borrowing loan from Citi Bank NA New Jersey, USA in respect of which balance as at 31.03.2020 was ₹ 2,507 lakhs (Pr.Yr. Nil). The loan can be rolled over up to 30.09.2022. This term loan is secured by first pari passu charge on present and future stocks and book debts and second pari passu charge on present and future fixed assets. Interest rate relating to this term loan is Libor + 0.60% p.a.</p>		
18.2	Interest rate relating to term loans from banks are in the range of 8.80% to 10.45% per annum (Pr.Yr. 8.60% to 10.35%).		
18.3	The Company has not defaulted in the repayment of principal and interest during the year.		
19	<b>DEFERRED TAX LIABILITIES (net)</b>		
	Deferred tax liabilities (Refer note 34)	4,727	5,661
	Deferred tax assets	-	-
	<b>Net deferred tax liabilities</b>	<b>4,727</b>	<b>5,661</b>
	For movement in deferred tax liabilities (Refer Note 34)		
20	<b>OTHER NON - CURRENT LIABILITIES</b>		
	<b>Others</b>		
	Security deposit from dealers - FASO	7	-
		<b>7</b>	<b>-</b>
	<b>CURRENT LIABILITIES</b>		
	<b>FINANCIAL LIABILITIES</b>		
21	<b>BORROWINGS</b>		
	<b>Loans repayable on demand from banks - Secured</b>		
	Loans for working capital	986	5,499
	Packing credit	38,890	46,652
	Buyers credit	-	3,090
		<b>39,876</b>	<b>55,241</b>
	Information about the company's exposure to currency, interest rate and liquidity risks is included in Note 38		
21.1	<p>i) Loans for working capital and packing credit are secured by pari passu first charge on the current assets of the Company and pari passu second charge on entire block of assets of the Company.</p> <p>ii) The Company has not defaulted in its repayments of the loans and interest during the year.</p> <p>iii) Interest rate relating to working capital loans are in the range of 8.20% to 9.20% per annum (Pr.Yr. 8.40% to 9.50%). Interest rates relating to packing credit are in the range of 3.5% to 5.95% per annum (Pr.Yr. 4.75% to 5.70%).</p>		

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2020	As at 31.03.2019
<b>21.2</b>	<b>Reconciliation of cashflows from financing activities</b>		
	Cash and cash equivalents	14,533	5,633
	Non-current borrowings	(7,302)	(10,126)
	Current borrowings	(39,876)	(55,241)
	<b>Net debt</b>	<b>(32,645)</b>	<b>(59,734)</b>
		<b>Other assets</b>	<b>Liabilities from financing activities</b>
		<b>Cash and Cash equivalents</b>	<b>Non-current borrowings including current maturities</b>
			<b>Current borrowings</b>
	<b>Total</b>		
	<b>Net debt as at April 1, 2019</b>	<b>5,633</b>	<b>(10,126)</b>
	Net cash flows	8,900	2,824
	Foreign exchange adjustments	-	-
	<b>Net debt as at March 31, 2020</b>	<b>14,533</b>	<b>(7,302)</b>
	<b>Net debt as at April 1, 2018</b>	<b>1,641</b>	<b>(11,801)</b>
	Net cash flows	3,992	1,675
	Foreign exchange adjustments	-	-
	<b>Net debt as at March 31, 2019</b>	<b>5,633</b>	<b>(10,126)</b>
<b>22</b>	<b>TRADE PAYABLES</b>		
	(A) Total outstanding dues of micro and small enterprises	615	134
	(B) Total outstanding dues of creditors other than micro and small enterprises	9,959	12,216
		<b>10,574</b>	<b>12,350</b>
	(i) All the trade payables are current and non-interest bearing.		
	(ii) Refer note 36 for details of dues to Micro and small enterprises.		
	(iii) The Company's exposure to currency and liquidity risks related to trade payables is disclosed in Note 38.		
	(iv) For terms and conditions relating to related party payables, refer Note 39		
<b>23</b>	<b>OTHER FINANCIAL LIABILITIES</b>		
	Current maturities of long term borrowings (Refer note 18)	643	1,931
	Unclaimed dividend	7	9
	Interest accrued	57	61
	Others	2,885	1191
		<b>3,592</b>	<b>3,192</b>
	Information about the company's exposure to currency, interest rate and liquidity risks is included in Note 38		
<b>24</b>	<b>OTHER CURRENT LIABILITIES</b>		
	"Advance payment from customers - Contract liabilities (Refer Notes below)"	1,021	1,072
	Statutory dues payable	1,460	1,843
		<b>2,481</b>	<b>2,915</b>
	Notes: Revenue recognised during the year that was included in the contract liability balance at the beginning of the year amounts to ₹ 1,072 lakhs For terms and conditions relating to related party, refer Note 39		
<b>25</b>	<b>CURRENT TAX LIABILITIES (Net)</b>		
	Provision for tax (net of advance tax)	316	1,047
		<b>316</b>	<b>1,047</b>

(₹ in Lakhs)

		Year ended 31.03.2020	Year ended 31.03.2019
<b>26</b>	<b>REVENUE FROM OPERATIONS</b>		
	Sale of products	2,77,252	2,83,791
	Sale of services	2,948	4,534
	Other operating revenues	9,607	9,528
	<b>Revenue from operations (gross)</b>	<b>2,89,807</b>	<b>2,97,853</b>
	<b>Disaggregation of revenue from contracts with customers</b>		
	In the following disclosure, Revenue from contract with customers have been disaggregated based on the nature and type of goods sold.		
<b>26.1</b>	<b>Sale of products</b>		
	Garment	1,24,982	1,10,164
	Yarn	1,26,731	1,45,198
	Fabric	15,647	16,653
	Cotton waste	9,752	9,930
	Accessories and Others	1,696	2,609
		<b>2,78,808</b>	<b>2,84,554</b>
	Less: Discount Allowed	1,556	763
		<b>2,77,252</b>	<b>2,83,791</b>
<b>26.2</b>	<b>Sale of Services</b>		
	Processing and fabrication income	2,948	4,534
		<b>2,948</b>	<b>4,534</b>
<b>26.3</b>	<b>Other operating revenues</b>		
	Export Incentives	7,580	7,906
	Others (primarily scrap sales)	2,027	1,622
		<b>9,607</b>	<b>9,528</b>
<b>27</b>	<b>OTHER INCOME</b>		
	Interest income on:		
	Cash and bank balances	57	41
	Others	181	184
	Dividend income from long-term investments in subsidiaries	26	26
	Gain on sale of investments (net)	546	181
	Investment promotion subsidy	-	81
	Net gain on sale of property, plant and equipment	215	175
	Miscellaneous income	22	-
	Foreign Exchange gain (net)	17	-
	Rental Income (Refer note 42)	2,582	3,049
		<b>3,646</b>	<b>3,737</b>
<b>28</b>	<b>COST OF MATERIALS CONSUMED</b>		
	<b>a) Inventory of materials at the beginning of the year</b>		
	Cotton	41,666	16,910
	Dyes and chemicals	327	293
	Yarn, fabric and Polyester	8,067	4,756
		<b>50,060</b>	<b>21,959</b>
	<b>b) Add: Purchases</b>		
	Cotton	75,851	1,56,684
	Dyes and chemicals	6,893	6,265
	Yarn, fabric, polyester and garments	32,036	32,633
	Trims, packing and others	14,168	12,433
		<b>1,28,948</b>	<b>2,08,015</b>
	<b>c) Less : Inventory of materials at the end of the year</b>		
	Cotton	2,081	41,666
	Dyes and chemicals	432	327
	Yarn, fabric and Polyester	6,973	8,067
		<b>9,486</b>	<b>50,060</b>
		<b>1,69,522</b>	<b>1,79,914</b>

(₹ in Lakhs)

		Year ended 31.03.2020	Year ended 31.03.2019
<b>29</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK- IN- TRADE AND WORK-IN-PROGRESS</b>		
	<b>a) Inventories at the beginning of the year</b>		
	Finished goods	15,899	11,085
	Work-in-progress	2,969	2,755
		<b>18,868</b>	<b>13,840</b>
	<b>b) Inventories at the end of the year</b>		
	Finished goods	19,064	15,899
	Work-in-progress	2,803	2,969
	Stock-in-trade (Refer note 48)	15,371	-
		<b>37,238</b>	<b>18,868</b>
	<b>Net (increase)</b>	<b>(18,370)</b>	<b>(5,028)</b>
<b>30</b>	<b>EMPLOYEE BENEFITS EXPENSE</b>		
	Salaries, wages and bonus	30,587	30,935
	Contribution to provident and other funds	2,143	1,048
	Staff welfare expenses	5,595	5,358
		<b>38,325</b>	<b>37,341</b>
<b>31</b>	<b>FINANCE COSTS</b>		
	Interest expense on financial liabilities measured at amortised cost:		
	Term loans	818	937
	Working capital loans	2,074	2,255
	Interest on shortfall in payment of income tax	130	84
	Others	519	310
		<b>3,541</b>	<b>3,586</b>
<b>32</b>	<b>OTHER EXPENSES</b>		
	<b>Manufacturing expenses</b>		
	Power and fuel	12,469	13,067
	Consumption of stores, spares and packing materials	2,393	2,485
	<b>Repairs and Maintenance</b>		
	Building	754	556
	Machinery	5,312	7,530
	Others	389	463
	Insurance	309	232
	<b>Administration Expenses</b>		
	Legal and professional charges	248	199
	Rent (Refer note 42)	3,084	3,090
	Rates and taxes	178	175
	Payment to auditors (Refer note 33)	16	13
	Travelling and conveyance	625	665
	Expenditure on Corporate Social Responsibility (CSR) (Refer note 37)	691	590
	Donations	250	1,026
	Foreign Exchange loss (net)	-	219
	Impairment loss on financial assets	1,772	146
	General expenses	656	442
	<b>Selling Expenses</b>		
	Freight and forwarding	2,381	2,607
	Sales commission	1,144	1,284
	Other selling expenses	488	130
		<b>33,159</b>	<b>34,919</b>

(₹ in Lakhs)

**33. PAYMENT TO AUDITORS**

Particulars	2019-20	2018-19
Statutory audit fees	15	12
Expenses (incl. service tax)	1	1
<b>Total</b>	<b>16</b>	<b>13</b>

**34. INCOME TAX**

Particulars	2019-20	2018-19
<b>34.1 Income tax recognised in the statement of profit or loss</b>		
<b>Current tax</b>		
Current income tax charge	10,084	12,726
Adjustment in respect of current income tax of prior years	(944)	(273)
	<b>9,140</b>	<b>12,453</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	650	(89)
Reduction in tax rate	(1,584)	-
<b>Total</b>	<b>8,206</b>	<b>12,364</b>

**34.2 Income tax recognised in other comprehensive income**

(₹ in Lakhs)

Particulars	As at 31.03.2020			As at 31.03.2019		
	Amount	Tax (expense) Benefit	Net of Tax	Amount	Tax (expense) Benefit	Net of Tax
Remeasurements of defined benefit liability / asset	-	-	-	-	-	-

**34.3 Reconciliation with effective tax rate**

The Income tax expense for the year can be reconciled to the accounting profit as follows

(₹ in Lakhs)

Particulars	Effective Tax Rate		Amount	
	2019-20	2018-19	2019-20	2018-19
Profit before tax			37,667	41,275
Tax using the Company's domestic tax rate	25.17%	34.94%	9,480	14,421
Effect of deductions under Chapter VI-A of the Income Tax Act, 1961	-2.03%	-771%	(763)	(3,181)
Effect of non-deductible expenses and others	1.15%	3.38%	433	1,397
	24.29%	30.62%	9,150	12,637
Adjustments recognised in the current year in relation to the current tax of prior years	-2.51%	-0.66%	(944)	(273)
<b>Income tax recognised in the statement of profit and loss</b>	<b>21.79%</b>	<b>29.96%</b>	<b>8,206</b>	<b>12,364</b>

**34.4 Movement in deferred tax liabilities :**

(₹ in Lakhs)

Particulars	Balance as at 01.04.2018	Recognised in P&L during 2018-19	Recognised in OCI during 2018-19	Balance as at 31.03.2019	Recognised in P&L during 2019-20	Recognised in OCI during 2019-20	Balance as at 31.03.2020
Property, plant and equipment	5,750	(89)	-	5,661	(934)	-	4,727
<b>Total</b>	<b>5,750</b>	<b>(89)</b>	<b>-</b>	<b>5,661</b>	<b>(934)</b>	<b>-</b>	<b>4,727</b>

Note:

Pursuant to the amendment in Income Tax Act, 1961 effective 20.09.2019, which provides for an option to domestic companies to pay income tax at reduced rates, the Company exercised the option permitted under section 115BAA of the Income Tax Act, 1961 and suitable adjustments have been made in the tax expense for the year ended 31.03.2020.



**35 Contingent Liabilities and Commitments (to the extent not provided for)****I. Contingent Liabilities**

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
<b>(a) Claims against the Company not acknowledged as debts #</b>		
(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
(ii) Income tax demands	8	8
(iii) Central excise demands	-	4
<b>(b) Bank guarantees in favour of parties</b>		
(i) Tamil Nadu Generation and Distribution Corporation [TANGEDCO]	164	164
(ii) Tamil Nadu Pollution Control Board	5	5
(iii) Bank Note Paper Mill India Private Limited	50	50
(iv) Tata Power Trading Company Limited	72	72
(v) New Tirupur Area Water Development Corporation Limited	58	58
<b>(c) Letter of Credit Facility in favour of Suppliers</b>		
(i) Foreign letter of credit	1,950	11,224
<b>(d) Discounted sales invoices</b>	2,479	1,244
<b>(e) Provident Fund:</b>		
Pursuant to the Supreme Court judgement dated February 28, 2019 on the inclusion of special allowances for contribution to provident fund, the Company has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of the reliable measurement of the provision for earlier periods, the Company has not recorded a provision for the prior years.		

# Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

**II. Commitments**

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
<b>(a) Capital Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for.	243	5,106
<b>(b) Other Commitments</b>		
(i) The Company has given Corporate guarantees to banks/financial Institutions / Others on behalf of M/s Jahnvi Motor Private Limited and M/s K.P.R.Sugar Mill Limited.	47,692	37,492
(ii) Export obligations against the import licenses taken for import of capital goods under the Export Promotion on Capital Goods Scheme and advance license scheme for import of raw material. The duty implication involved is ₹ 2,599 Lakhs (Pr.Yr. ₹ 569 Lakhs)	15,596	3,411

Note: Disclosure under Section 186 (4) of the Companies Act, 2013:

(₹ in Lakhs)

Name	31.03.2020	31.03.2019
M/s.K.P.R.Sugar Mill Limited	43,852	33,852
M/s.Jahnvi Motor Private Limited	3,840	3,640
<b>Total</b>	<b>47,692</b>	<b>37,492</b>

The recipients utilise the guarantee for availing term loan and working capital facility from bank.

### 36 Disclosure with respect to Micro, Small and Medium Enterprises Development Act, 2006

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED Act, 2006") is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
1. The Principal amount remaining unpaid to any supplier at the end of each accounting year	615	134
2. Interest due remaining unpaid to any supplier at the end of each accounting year	-	-
3. The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
6. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

### 37 Corporate Social Responsibility Expenditure

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to ₹ 691 Lakhs (Pr.Yr. ₹ 590 Lakhs). Amount spent during the year on CSR activities (included in Note 32 of the Statement of Profit or Loss) as under:

(₹ in Lakhs)

Particulars	For the year Ended	
	31.03.2020	31.03.2019
Promotion of Education	685	563
Donation to Chief Minister's Relief Fund - Gaja Cyclone	-	25
Protection of agroforestry, animal welfare & flora and fauna	5	-
Funding for crematorium Building	1	-
Promotion of Nationally Recognised Sports	-	2
<b>Total</b>	<b>691</b>	<b>590</b>

**38 Financial Instruments****Accounting Classification and Fair Values:**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

**31.03.2020****(₹ in Lakhs)**

Particulars	Carrying amount				Fair Value Hierarchy
	Mandatorily at FVTPL - Others	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	
<b>Financial assets measured at fair value</b>					
Non-current Investments (excluding investments in subsidiaries)	210	-	-	210	Level 2
Current Investments	701	-	-	701	Level 1
<b>Financial assets not measured at fair value</b>					
Loans	-	352	-	352	-
Trade receivables	-	35,127	-	35,127	-
Cash and cash equivalents	-	14,533	-	14,533	-
Other bank balances	-	171	-	171	-
Other financial assets	-	249	-	249	-
<b>Financial liabilities not measured at fair value</b>					
Borrowings	-	-	46,535	46,535	-
Trade payables	-	-	10,574	10,574	-
Other financial liabilities	-	-	3,592	3,592	-

**31.03.2019****(₹ in Lakhs)**

Particulars	Carrying amount				Fair Value
	Mandatorily at FVTPL - Others	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	
<b>Financial assets measured at fair value</b>					
Non-current Investments (excluding investments in subsidiaries)	210	-	-	210	Level 2
Current Investments	-	-	-	-	-
<b>Financial assets not measured at fair value</b>					
Loans	-	1,802	-	1,802	-
Trade receivables	-	46,830	-	46,830	-
Cash and cash equivalents	-	5,633	-	5,633	-
Other bank balances	-	1,044	-	1,044	-
Other financial assets	-	1,221	-	1,221	-
<b>Financial liabilities not measured at fair value</b>					
Borrowings	-	-	63,436	63,436	-
Trade payables	-	-	12,350	12,350	-
Other financial liabilities	-	-	3,192	3,192	-

For those financial assets and liabilities, which are not carried at its fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

**Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in Notes 18, 21 and 23 off set by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Company's net debt to equity ratio as at March 31, 2020 was as follows

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Debt *	47,178	65,367
Less : Cash and Bank Balances *	14,704	6,677
Net Debt	32,474	58,690
Total equity	1,50,488	1,51,120
<b>Net Debt to Equity Ratio</b>	<b>21.58%</b>	<b>38.84%</b>

\* Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in Notes 18, 21 and 23. Cash and Bank balances include cash and cash equivalents and other bank balances as described in Notes 12 and 13.

**Financial Risk Management**

The Company has exposure to the following risks arising from financial instruments:

- Market risk (See A below)
- Credit risk (See B below)
- Liquidity risk (See C below)

**Risk Management Framework**

The Company's corporate treasury function provides services to the business, co-ordinates access to domestic and International financial markets, monitors and manages the financial risk relating to the operation of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivatives financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade financial instrument, including derivative financial instruments, for speculative purposes.

The Company's board of directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's board of directors are assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**Market Risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of holding of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(i) Foreign currency risk**

The Company's sales and purchases activities expose it primarily to the financial risk of changes in foreign currency exchange rates. The Company enters into plain vanilla forward contracts to manage its exposure to foreign currency risk.

**Details of hedged and unhedged foreign currency exposures****(a) Outstanding forward exchange contracts for hedging purposes as on 31.03.2020**

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
USD	INR	- (8,642)	Buy Buy
USD	INR	60,598 (8,347)	Sell Sell
EURO	INR	8,308 (7,373)	Sell Sell
GBP	INR	6,466 (7,209)	Sell Sell

Note: Figures in brackets relates to the previous year

**(b) The year-end unhedged foreign currency exposures are given below**

Foreign currency denominated financial assets and liabilities (including firm commitments, if any) which expose the Company to currency risk are disclosed below. The amounts shown are those reported translated at the closing rate. Unhedged foreign currency risk exposure at the end of the reporting period has been expressed in Rupees.

(₹ in Lakhs)

	USD	Euro	GBP	JPY	Total
<b>As at 31.03.2020</b>					
Loans	352	-	-	-	352
Trade receivables	560	578	1,038	-	2,177
Cash and cash equivalents	-	-	-	-	-
Trade payables	(1,213)	-	-	(289)	(1,502)
Borrowings	-	(2,507)	-	-	(2,507)
	<b>(301)</b>	<b>(1,929)</b>	<b>1,038</b>	<b>(289)</b>	<b>(1,480)</b>

(₹ in Lakhs)

	USD	Euro	GBP	JPY	Total
<b>As at 31.03.2019</b>					
Loans	1,174	-	-	-	1,174
Trade receivables	16,300	-	156	-	16,457
Cash and cash equivalents	492	-	71	-	563
Trade payables	(3,178)	(2,222)	-	-	(5,400)
Borrowings	(1,392)	-	-	-	(1,392)
	<b>13,396</b>	<b>(2,222)</b>	<b>228</b>	<b>-</b>	<b>11,402</b>

Note: Trade receivables and Trade payables includes firm commitments.

**Sensitivity Analysis :**

Sensitivity analysis is carried out for un-hedged foreign exchange risk as at March 31, 2020. For every 1% strengthening / weakening of Indian Rupees against all relevant uncovered foreign currency transactions, profit before tax and equity would be impacted as follows:

(₹ in Lakhs)

Increase/ (decrease) in profit and equity	Strengthening		Weakening	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
USD	3	(134)	(3)	134
Euro	19	22	(19)	(22)
GBP	(10)	(2)	10	2
JPY	3	-	(3)	-
	<b>15</b>	<b>(114)</b>	<b>(15)</b>	<b>114</b>

**(ii) Interest rate risk**

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

**Interest rate exposure**

Particulars	(₹ in Lakhs)	
	31.03.2020	31.03.2019
Non-current borrowings	6,659	8,195
Current borrowings	39,876	55,241
Other financial liabilities (Refer Note 23)	643	1,931
<b>Total</b>	<b>47,178</b>	<b>65,367</b>

**Sensitivity analysis:**

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2020. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately ₹ 472 lakhs. Similarly, for every 1% decrease in average interest rates there would be an equal and opposite impact on the profit before tax. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

**(iii) Price risk**

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. As at 31.03.2020, the investments in mutual funds amounts to ₹701 lakhs (Pr.Yr: Nil).

As regards Company's investments in unquoted equity securities, the management contends that such investments do not expose the Company to price risks. In general, these securities are not held for trading purposes.

**Sensitivity analysis:**

For every 1% increase in price, profit before tax would be impacted by gain of approximately ₹ 7 lakhs. Similarly, for every 1% decrease in price there would be an equal and opposite impact on the profit before tax.

**B Credit risk management**

Credit risk is the risk that the counterparty to a financial instrument will not meet its contractual obligations, leading to a financial loss. Credit risk primarily arises from the Company's trade receivables, loans, investments, cash and cash equivalents, other bank balances and other financial assets.



The carrying amounts of financial assets represent the maximum credit risk exposure.

<b>Trade receivables</b>		(₹ in Lakhs)	
Particulars	31.03.2020	31.03.2019	
Trade receivables	35,127	46,830	

The Company mitigates credit risk by strict receivable management, procedures and policies. The Company has a dedicated independent team to review credit and monitor collection of receivables. In addition, the Company mitigates credit risk substantially through availing of credit insurance for both domestic and export buyers.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, the management believes that unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to customers that have defaulted on their payments to the Company are not expected to be able to pay their outstanding dues, mainly due to economic circumstances.

The concentration of credit risk is limited due to the customer base being large and unrelated. Further, the Company constantly evaluates the quality of trade receivable and provides allowance towards doubtful debts based on expected credit loss model. For movement of loss allowance in trade receivables, refer note 11.

<b>Loans</b>		(₹ in Lakhs)	
Particulars	31.03.2020	31.03.2019	
Loans to related parties	352	1,802	

The Company extended loan to its wholly owned subsidiaries which are engaged in potential ventures

#### **Investments :**

Investments of surplus funds are made only with approval of Board of Directors. This primarily include investments in equity instruments of an unlisted entity and mutual funds. The Company does not expect significant credit risks arising from these investments.

#### **Cash and cash equivalents and Other bank balances :**

The Company held cash and cash equivalents and margin money deposits with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of the banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

#### **Other financial assets :**

Other financial assets primarily consists of Investment in wholly owned subsidiary pending allotment and Interest accrued on bank deposits and other deposits. The Company does not expect any loss from non-performance by these counter-parties.

### **C Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

All current financial liabilities are repayable within one year. The contractual maturities of non current financial liabilities are disclosed in Note 18.

**39 Related Party Disclosures**

Disclosures under "Ind AS" 24 – Related Party Disclosure, as identified and disclosed by the Management and relied upon by the Auditors

**39.1 Name of related parties and nature of relationships**

Key Management Personnel	Mr. K.P. Ramasamy Mr. KPD Sigamani Mr. P. Nataraj Mr. C.R. Anandakrishnan Mr. E.K. Sakthivel
Relatives of Key Management Personnel	Mrs. D. Geetha (Daughter of Mr. 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
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 M/s KPR Exports PLC, Ethiopia M/s KPR Mill Pte. Ltd, Singapore (from April 12, 2019)

## 39.2 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 Persons	Relatives to Key Management Persons	Subsidiary Company	Total as on 31.03.2020
<b>Transactions during the year</b>					
Purchase of Goods	-	-	-	1,225	1,225
	-	-	-	(1,792)	(1,792)
Purchase of Asset	-	-	-	223	223
	-	-	-	-	-
Revenue from Operations	-	-	-	17,708	17,708
	-	-	-	(11,167)	(11,167)
Sale of Asset	-	-	-	12	12
	-	-	-	(186)	(186)
Processing and Fabrication Income	-	-	-	17	17
	-	-	-	(1,069)	(1,069)
Interest Receipts	-	-	-	54	54
	-	-	-	(72)	(72)
Lease Rent Paid	-	1	-	3,000	3,001
	-	(1)	-	(3,000)	(3,001)
Remuneration / Salary	-	1,758	6	-	1,764
	-	(3,558)	(6)	-	(3,564)
Investments	-	-	-	28	28
	-	-	-	(136)	(136)
Loan converted to investment in equity shares	-	-	-	1,458	1,458
	-	-	-	-	-
Loan	-	-	-	352	352
	-	-	-	(1,174)	(1,174)
<b>Balances outstanding as at the balance sheet date</b>					
Investment	-	-	-	8,086	8,086
	-	-	-	(7,777)	(7,777)
Investment in wholly owned subsidiary pending allotment	-	-	-	1,177	1,177
	-	-	-	-	-
Loans	-	-	-	352	352
	-	-	-	(1,802)	(1,802)
Advance Receivable	-	-	-	30	30
	-	-	-	(2,883)	(2,883)
Security deposit	-	-	-	2,500	2,500
	-	-	-	(2,500)	(2,500)
Trade Receivable	-	-	-	330	330
	-	-	-	(94)	(94)
Interest accrued	-	-	-	48	48
	-	-	-	-	-
Trade Payable	-	668	-	-	668
	-	(2,081)	-	-	(2,081)
Advance payment from customers	-	-	-	620	620
	-	-	-	(20)	(20)

(Previous year figures are shown in brackets)

## 39.3 Details of transactions with related parties

## a. Purchase of Goods

(₹ in Lakhs)

Name	2019-20	2018-19
M/s.K.P.R.Sugar Mill Limited	227	1,792
M/s KPR Exports PLC, Ethiopia	998	-
<b>Total</b>	<b>1,225</b>	<b>1,792</b>

## b. Purchase of Asset

(₹ in Lakhs)

Name	2019-20	2018-19
M/s. Jahnvi Motor Private Limited	223	-
<b>Total</b>	<b>223</b>	<b>-</b>

## c. Revenue from Operations

(₹ in Lakhs)

Name	2019-20	2018-19
M/s.K.P.R.Sugar Mill Limited	16,754	10,673
M/s KPR Exports PLC, Ethiopia	676	494
M/s KPR Mill Pte Limited, Singapore	278	-
<b>Total</b>	<b>17,708</b>	<b>11,167</b>

## d. Sale of Asset

(₹ in Lakhs)

Name	2019-20	2018-19
M/s.K.P.R.Sugar Mill Limited	9	16
M/s.KPR Exports PLC	3	170
<b>Total</b>	<b>12</b>	<b>186</b>

## e. Processing and Fabrication Income

(₹ in Lakhs)

Name	2019-20	2018-19
M/s. K.P.R. Sugar Mill Limited	17	1,069
<b>Total</b>	<b>17</b>	<b>1,069</b>

## f. Interest Receipts

(₹ in Lakhs)

Name	2019-20	2018-19
M/s. Jahnvi Motor Private Limited	54	72
<b>Total</b>	<b>54</b>	<b>72</b>

## g. Lease Rent Paid

(₹ in Lakhs)

Name	2019-20	2018-19
Mr. K.P. Ramasamy	0.19	0.19
Mr. KPD Sigamani	0.18	0.18
Mr. P. Nataraj	0.18	0.18
M/s. K.P.R. Sugar Mill Limited	3,000.00	3,000.00
<b>Total</b>	<b>3,000.55</b>	<b>3,000.55</b>

## h. Remuneration / Salary

(₹ in Lakhs)

Name	2019-20	2018-19
Mr. K.P.Ramasamy	572	1,172
Mr. KPD Sigamani	572	1,172
Mr. P.Nataraj	572	1,172
Mr. C.R.Anandakrishnan	24	24
Mr. E.K.Sakthivel	18	18
Mrs. D.Geetha	6	6
<b>Total</b>	<b>1,764</b>	<b>3,564</b>

Note: Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

## i. Investments

(₹ in Lakhs)

Name	2019-20	2018-19
M/s KPR Mill Pte. Ltd, Singapore	28	-
M/s KPR Exports PLC, Ethiopia	-	136
<b>Total</b>	<b>28</b>	<b>136</b>

## j. Loan converted to investment in equity shares

(₹ in Lakhs)

Name	2019-20	2018-19
M/s KPR Exports PLC, Ethiopia	1,458	-
<b>Total</b>	<b>1,458</b>	<b>-</b>

## k. Loans

(₹ in Lakhs)

Name	2019-20	2018-19
M/s KPR Mill Pte. Ltd, Singapore	352	-
M/s KPR Exports PLC, Ethiopia	-	1,174
<b>Total</b>	<b>352</b>	<b>1,174</b>

Balances outstanding as at the balance sheet date:

## l. Investments

(₹ in Lakhs)

Name	2019-20	2018-19
<b>Equity Shares</b>		
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
M/s. KPR Exports PLC, Ethiopia	424	136
M/s KPR Mill Pte. Ltd, Singapore	21	-
<b>Preference Share</b>		
M/s. K.P.R. Sugar Mill Limited	5,675	5,675
<b>Total</b>	<b>8,086</b>	<b>7,777</b>

**m. Investment in wholly owned subsidiary pending allotment**

(₹ in Lakhs)

Name	2019-20	2018-19
M/s KPR Exports PLC, Ethiopia	1,170	-
M/s KPR Mill Pte. Ltd, Singapore	7	-
<b>Total</b>	<b>1,177</b>	<b>-</b>

**n. Loans**

(₹ in Lakhs)

Name	2019-20	2018-19
M/s KPR Exports PLC, Ethiopia	-	1,174
M/s KPR Mill Pte. Ltd, Singapore	352	-
M/s Jahnvi Motor Private Limited	-	628
<b>Total</b>	<b>352</b>	<b>1,802</b>

Note: Disclosure under Section 186 (4) of the Companies Act, 2013: The recipients utilise the loan for principal business activities.

**o. Advance Receivable**

(₹ in Lakhs)

Name	2019-20	2018-19
M/s K.P.R. Sugar Mill Limited	30	2,883
<b>Total</b>	<b>30</b>	<b>2,883</b>

**p. Security deposit**

(₹ in Lakhs)

Name	2019-20	2018-19
M/s K.P.R. Sugar Mill Limited	2,500	2,500
<b>Total</b>	<b>2,500</b>	<b>2,500</b>

**q. Trade Receivable**

(₹ in Lakhs)

Name	2019-20	2018-19
M/s.KPR Exports PLC, Ethiopia	75	94
M/s KPR Mill Pte. Ltd, Singapore	255	-
<b>Total</b>	<b>330</b>	<b>94</b>

**r. Interest accrued**

(₹ in Lakhs)

Name	2019-20	2018-19
M/s. Jahnvi Motor Private Limited	48	-
<b>Total</b>	<b>48</b>	<b>-</b>

**s. Trade Payable**

(₹ in Lakhs)

Name	2019-20	2018-19
Mr. K.P.Ramasamy	238	699
Mr. KPD Sigamani	232	694
Mr. P.Nataraj	197	688
Mr. E.K.Sakthivel	1	-
<b>Total</b>	<b>668</b>	<b>2,081</b>



## t. Advance payment from Customers

(₹ in Lakhs)

Name	2019-20	2018-19
M/s.Quantum Knits Private Limited	20	20
M/s.K.P.R.Sugar Mill Limited	600	-
<b>Total</b>	<b>620</b>	<b>20</b>

## 39.4 Terms and conditions of transactions with related parties

Transactions with related parties are at arm's length and all the outstanding balances are unsecured.

## 39.5 Transfer pricing

The Company has transactions with related parties. For the financial year ended 31.03.2019, the Company has obtained the Accountant's report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and has filed the same with the tax authorities. For the year ended 31.03.2020, the Company maintains documents as prescribed by the Income-tax Act to prove that these transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

## 40 Earnings Per Share (EPS)

Particulars	31.03.2020	31.03.2019
Profit for the year attributable to equity shareholders (₹ in Lakhs)	29,461	28,911
Weighted average number of equity shares (Refer Note a)	7,12,08,042	7,26,08,332
Face Value Per Share (₹)	5.00	5.00
Earnings Per Share (₹) - Basic and Diluted	41.37	39.82

## Notes:

a. The Calculation of Weighted Average Number of Equity Shares for the purpose of basic and diluted Earnings per Share is as follows:

Particulars	31.03.2020	31.03.2019
Opening balance	7,25,60,784	7,38,95,784
Effect of Shares bought back during the year	(13,52,742)	(12,87,452)
Weighted average number of equity shares	7,12,08,042	7,26,08,332

During the year Company bought back 37,50,784 shares of fully paid-up equity shares of the face value of ₹ 5/- each through "Tender Route" process at a price of ₹ 702 per equity share. (refer Note 47)

b. The Company does not have any potential equity shares. Accordingly basic and diluted earnings per share would remain the same.

## 41 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Managing Director (MD) to make decisions about resources to be allocated to the segments and assess their performance.

The Company is engaged in only one business i.e. manufacturing and sale of textiles. The entity's chief operating decision maker considers the Company as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Company does not have multiple segments and these financial statements are reflective of the information required by the Ind AS 108 for textiles.

**41.1 Revenue from sale of products and services by geographic location of customers:**

The geographic information analyses the Company's revenue by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been determined based on the geographic location of the customers.

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>Receivables</b>		
India	1,61,954	1,62,490
Overseas	1,18,246	1,25,835
<b>Total</b>	<b>2,80,200</b>	<b>2,88,325</b>

The Company's operations are entirely carried out of India and as such all its non-current assets are located in India. No single customer contributed 10% or more to the Company's revenue for both the financial years 2019-20 and 2018-19.

**42 Operating Lease Disclosure****42.1 As Lessee:**

The Company has taken factory premises, office spaces, plant and equipment and vehicles on cancellable operating leases. The leases are for varied periods which are classified as short-term leases under Ind AS 116. The Company has incurred ₹ 3,084 lakhs for the year ended 31.03.2020 towards expenses relating to short-term leases. The total cash outflow for leases is ₹ 3,303 lakhs for the year ended 31.03.2020, including cash outflow of short-term leases.

(₹ in Lakhs)

Particulars	2019-20
Minimum lease payments not later than one year	2,325
Later than one year but not later than five years	24
More than five years	-

**42.2 As Lessor:**

The Company has given certain non-factory building on cancellable operating leases and has earned rental income of ₹ 2,582 lakhs for the year ended 31.03.2020. Since the aforesaid leases are short-term in nature, there are no lease payments receivable after one year as at 31.03.2020. The expected amount of minimum lease payments to be received within one year is ₹ 2,582 lakhs.

**43 Disclosure of Employee Benefits****43.1 Defined Contribution Plans**

(₹ in Lakhs)

Particulars	2019-20	2018-19
Provident Fund	1,932	904
Employee State Insurance	769	1,049

**43.2 Defined Benefit Plan - Gratuity**

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. The Company's obligation towards Gratuity is a defined benefit plan and the details of actuarial valuation as at the year-end are given below:

**Reconciliation of the net defined benefit (asset)/ liability**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined (asset) / liability and its components.

(₹ in Lakhs)

	2019-20	2018-19
<b>A Change in present value of obligation</b>		
PV of obligation as at the beginning of the year	618	447
Current Service Cost	188	137
Interest Cost	42	36
Benefits paid	-	(2)
<b>Balance at the end of the year</b>	<b>848</b>	<b>618</b>
<b>B Reconciliation of fair value of plan assets:</b>		
Balance at the beginning of the year	710	516
Interest income	57	42
Benefits paid	-	(2)
Contributions paid into the plan	81	154
<b>Fair value of plan asset as at the end of the year</b>	<b>848</b>	<b>710</b>
Plan assets comprises of :		
% of Investment with insurer	100	100
<b>C Net Asset/(Liability) recognized in the Balance Sheet</b>		
Present value of obligation as at end of the year	848	618
Fair value of Plan Asset as at end of the year	848	710
<b>Funded Status [Surplus/(Deficit)]</b>	<b>-</b>	<b>92</b>
<b>D Expense recognized in the statement of profit and loss</b>		
Current Service Cost	188	137
Interest Cost	42	36
Expected return on Plan Assets	(57)	(42)
	<b>173</b>	<b>131</b>
<b>E Remeasurement recognised in other comprehensive income:</b>		
Actuarial / (gains) losses on defined benefit obligation	-	-
Actuarial / (gains) losses on plan assets	-	-
<b>F Actuarial Assumptions</b>		
Discount Rate (per annum)	6.83%	7.50%
Rate of increase in compensation levels (per annum)	8.00%	6.50%
Rate of return on plan assets (per annum)	6.83%	7.50%
Attrition rate (per annum)	4.00%	4.00%
Expected average remaining working lives of employees (years)	27.29	30.23
Demographic Assumptions - Based on Indian Assured Lives Mortality (2012-14)		

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



**45 Disclosure as per Schedule V of Regulation 34 of the listing regulations - Investments**

(₹ in Lakhs)

Name of the Company	31.03.2020	31.03.2019
M/s.Quantum Knits Private 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
M/s KPR Exports PLC, Ethiopia (Refer note 50)	1594	136
M/s KPR Mill Pte Ltd., Singapore	28	-
<b>Total</b>	<b>9,263</b>	<b>7,777</b>

**46 Disclosure as per Schedule V of Regulation 34 of the listing regulations - Loans**

(₹ in Lakhs)

Name of the Company	As at 31.03.2020	Maximum Outstanding during the year 2019-20	As at 31.03.2019	Maximum Outstanding during the year 2018-19
M/s KPR Exports PLC, Ethiopia(Refer note 50)	-	1,225	1,174	1,174
M/s KPR Mill Pte Ltd. Singapore	352	352	-	-
M/s Jahnvi Motor Private Limited	-	628	628	826
<b>Total</b>	<b>352</b>	<b>2,205</b>	<b>1,802</b>	<b>2,000</b>

**47 Buyback**

After obtaining the approval of shareholders through Postal Ballot on 07.06.2019, the Buyback of 37,50,784 Equity Shares of ₹ 5/-each (Representing 5.17% of the total number of paid up equity shares of the Company) from the Shareholders of the Company on proportionate basis by way of tender offer route at a price of ₹ 702/- per share for an aggregate amount of ₹ 26,331 lakhs was initiated in accordance with the provisions of the Companies Act, 2013 and the SEBI (Buyback of Securities) Regulations, 2018. The same was completed on 20.11.2019.

**48 Stock-in-trade**

Owing to the prevailing market conditions which has led to significant decline in the price of cotton and considering management's intention to hold a portion of its inventory as stock-in-trade, the Company had measured the said inventory at lower of cost and net realizable value. Consequent to the above, the amount of write-down charged to the standalone statement of profit and loss for the year ended 31.03.2020 was ₹ 4,347 lakhs.

**49 Impact of COVID-19**

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. In view of the pandemic, the Company has considered internal and external information and has performed an analysis based on current estimates while assessing the recoverability of assets including trade receivables, inventories and other current / non-current assets (net of provisions established) for any possible impact on the standalone financial statements. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial controls etc., and is of the view that based on its present assessment, this situation does not materially impact these standalone financial statements. The Management believes that the Company will not have any challenge in meeting its financial obligations for the next 12 months. In this regard, the Company will continue to closely monitor any material changes to future economic conditions.

**50 Conversion of Loan to Investment**

Pursuant to Board resolution dated 03.02.2020, the Company has initiated steps towards conversion of the outstanding balance of loan of ₹ 1,170 lakhs provided to its wholly owned subsidiary KPR Exports PLC, Ethiopia into investment in equity shares of the subsidiary. As at the balance sheet date, the Company is in the process of completing the required legal, secretarial and regulatory formalities with respect to the aforesaid conversion. Pending completion of the aforesaid formalities, the said balance has been classified as Investment in wholly owned subsidiary pending allotment under Other non-current financial assets.

**51 Events after reporting period :**

The Board of Directors has recommended a final dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2019-20 subject to the approval of the shareholders in Annual General Meeting.

The notes from 1 to 51 are an integral part of these standalone financial statements.

For and on behalf of the Board of Directors of  
**K.P.R. Mill Limited**  
CIN : L17111TZ2003PLC010518

**K.P. Ramasamy**  
Chairman  
DIN: 00003736

**KPD Sigamani**  
Managing Director  
DIN: 00003744

**PL Murugappan**  
Chief Financial Officer

Coimbatore  
June 27, 2020

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number : 101248W/W-100022

**K Sudhakar**  
Partner  
Membership No. : 214150

**P. Nataraj**  
Chief Executive Officer and Managing Director  
DIN : 00229137

**P. Kandaswamy**  
Company Secretary

Chennai  
June 27, 2020



# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

## Independent Auditors' Report

### To the Members of K.P.R. Mill Limited

#### Report on the Audit of Consolidated Financial Statements

##### Opinion

We have audited the consolidated financial statements of K.P.R. Mill Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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

##### Description of Key Audit Matter

Revenue recognition	
The key audit matter	How the matter was addressed in our audit
<p>See notes 3 and 25 to the consolidated financial statements</p> <p>Group's revenue is derived primarily from sale of goods. Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and there are no longer any unfulfilled performance obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.</p> <p>Inappropriate assessment could lead to risk of revenue being recognized before transfer of control.</p> <p>In view of the above and since revenue is a key performance indicator of the Group, we have identified timing of revenue recognition from sale of goods as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessing the appropriateness of the accounting policy for revenue recognition with relevant accounting standards;</li> <li>Evaluating the design and implementation of key internal financial controls in relation to timing of revenue recognition and tested the operating effectiveness of such controls for selected samples;</li> <li>Performing detailed testing by selecting samples of revenue transactions recorded during the year and around the year end date using statistical sampling. We assessed fulfilment of performance obligations during the year by verifying the underlying documents. These documents included contract specifying terms of sale, invoices, goods dispatch notes, customer acceptances and shipping documents;</li> <li>Testing, on a sample basis using specified risk based criteria, journals entries affecting revenue recognised during the year to identify unusual items.</li> </ul>

affairs of the Group as at March 31, 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

<b>Valuation of Inventories</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>See notes 3 and 8 to the consolidated financial statements</p> <p>The Group's inventory primarily comprises of yarn, fabric, garments and sugar. Inventories are valued at lower of cost and net realisable value. The Group maintains its inventory levels based on forecast demand and expected future selling prices. There is a risk of inventories being measured at values which are not representative of the lower of costs and net realisable value ('NRV').</p> <p>The Group exercises high degree of judgment in assessing the NRV of the inventories on account of estimation of future market and economic conditions. The carrying value of inventories is material in the context of total assets of the Group. We identified the valuation of inventories as a key audit matter</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the accounting policy for inventories with relevant accounting standards;</li> <li>• Evaluating the design and implementation of key internal financial controls over valuation of inventories and tested the operating effectiveness of such controls for selected samples;</li> <li>• Observing the physical verification of inventory on a sample basis. In this regard, we have considered the physical condition of inventory by way of obsolescence or wear and tear, wherever relevant and applicable, in determining the valuation of such inventory.</li> <li>• For NRV testing, selecting inventory items, on a sample basis at reporting date and compared their carrying value to their subsequent selling prices as indicated in sales invoices subsequent to the reporting date.</li> </ul>
<b>Expected Credit Loss allowance for trade receivables</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>See notes 3 and 10 to the consolidated financial statements.</p> <p>The Group has significant trade receivables as at the year end. There is a credit risk associated with these trade receivables of not recovering the amount as and when they fall due.</p> <p>The Group measures loss allowance for trade receivables based on the expected credit loss ('ECL') model. Assessment of the recoverability of trade receivables measured using the related ECL model is inherently subjective. It requires significant judgement and assumptions by the Group, primarily including:</p> <ul style="list-style-type: none"> <li>- terms of underlying arrangements,</li> <li>- overdue balances,</li> <li>- credit risk of customers and type of collateral,</li> <li>- credit insurance coverage,</li> <li>- Adjusted historical credit loss experience,</li> <li>- Loss rate in provisioning matrix depending on days past due and</li> <li>- Adjustments to historical experience based on future economic and market conditions.</li> </ul> <p>In view of the above, we have identified loss allowance for trade receivables as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the accounting policy for ECL on trade receivables with applicable accounting standards;</li> <li>• Evaluating the design and implementation of key internal financial controls over estimation of the loss allowance for trade receivables. This includes governance over provisioning matrix. We tested the operating effectiveness of such controls for selected samples.</li> <li>• Assessing the Group's ECL model and obtained an understanding of the key inputs used in the ECL model. Such inputs include terms of underlying arrangements, overdue balances, type of collateral, credit insurance coverage, past history, market conditions, where applicable;</li> <li>• Assessing and obtaining comfort over items categorised in the trade receivables aging report showing days past due. We compared a sample of individual items with the underlying sales invoices, contract terms and other relevant documentation;</li> <li>• Evaluating the completeness and accuracy of the key inputs used by the Group for computation of assumptions used in the ECL model. We assessed historical data and adjustments to historical information based on current economic conditions and forward looking information. We also checked the mathematical accuracy of ECL allowance;</li> <li>• Assessing the adequacy of disclosures made as per the relevant accounting standards.</li> </ul>

# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

## **Information Other than the Consolidated Financial Statements and Auditors' Report Thereon**

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

## **Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and 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 each Company. 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the Companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group is responsible for overseeing the financial reporting process of each company.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in the section titled 'Other Matter' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matter**

We did not audit the financial statements of six subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of Rs.86,045 lakhs as at March 31, 2020, total revenues (before consolidation adjustments) of Rs.64,453 lakhs and net cash outflows amounting to Rs.128 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, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit 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 matter with respect to our reliance on the work done and the reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

audited by other auditors, as noted in the 'Other Matter' paragraph, 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 (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Holding Company as on April 01, 2020 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 March 31, 2020 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 with reference to financial statements of the Holding Company and its Subsidiary Companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2020 on the consolidated

financial position of the Group. Refer Note 34 to the consolidated financial statements.

- ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2020.
  - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its Subsidiary Companies incorporated in India during the year ended March 31, 2020.
  - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in the financial statements since they do not pertain to the financial year ended March 31, 2020.
- C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such Subsidiary Companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its Subsidiary Companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its Subsidiary Companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**K Sudhakar**  
Partner

Place: Chennai  
Date: June 27, 2020

Membership No. 214150  
ICAI UDIN:20214150AAAAAP4016



# ANNEXURE TO THE AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**Annexure A to the Independent Auditors' report on the audit of the consolidated financial statements of K.P.R. Mill Limited for the year ended March 31, 2020**

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

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

## **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of K.P.R. Mill Limited (hereinafter referred to as "the Holding Company") and such Companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies as of that date.

In our opinion, the Holding Company and such Companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such Companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## **Management's and Board of Directors' Responsibility for Internal Financial Controls**

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

## **Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 relevant Subsidiary Companies, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.



## ANNEXURE TO THE AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A Company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to four Subsidiary Companies, which are Companies incorporated in India, is based on the corresponding reports of the auditors of such Companies incorporated in India.

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W-100022

**K Sudhakar**  
Partner  
Membership No. 214150  
ICAI UDIN:20214150AAAAAP4016

Place: Chennai  
Date: June 27, 2020

# CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET AS AT 31.03.2020

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	1,31,957	1,13,582
(b) Capital work-in-progress	4	644	1,243
(c) Goodwill		70	70
(d) Other intangible assets	4	105	20
(e) Financial assets			
(i) Investments	5	210	210
(f) Deferred Tax Asset(net)	6	1,476	987
(g) Other non - current assets	7	4,239	5,705
<b>Total non - current assets</b>		<b>1,38,701</b>	<b>1,21,817</b>
<b>(2) Current assets</b>			
(a) Inventories	8	71,573	1,00,641
(b) Financial assets			
(i) Investments	9	701	-
(ii) Trade receivables	10	44,348	52,800
(iii) Cash and cash equivalents	11	15,181	6,409
(iv) Other bank balances	12	241	1,075
(v) Other financial assets	13	290	1,221
(c) Other current assets	14	18,683	14,398
<b>Total current assets</b>		<b>1,51,017</b>	<b>1,76,544</b>
<b>Total assets</b>		<b>2,89,718</b>	<b>2,98,361</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	15	3,441	3,628
(b) Other equity	16	1,83,146	1,75,389
<b>Total equity</b>		<b>1,86,587</b>	<b>1,79,017</b>
<b>(2) Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	20,675	13,049
(b) Deferred tax liabilities (Net)	18	4,736	5,670
(c) Other non-current liabilities	19	687	285
<b>Total non-current liabilities</b>		<b>26,098</b>	<b>19,004</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	53,382	69,079
(ii) Trade payables			
(A) Total outstanding dues of micro and small enterprises	21 (A)	616	140
(B) Total outstanding dues of creditors other than micro and small enterprises	21 (B)	12,579	22,070
(iii) Other financial liabilities	22	7,679	4,781
(b) Other current liabilities	23	2,432	3,540
(c) Current tax liabilities(net)	24	345	730
<b>Total current liabilities</b>		<b>77,033</b>	<b>1,00,340</b>
<b>Total liabilities</b>		<b>1,03,131</b>	<b>1,19,344</b>
<b>Total equity and liabilities</b>		<b>2,89,718</b>	<b>2,98,361</b>

Significant accounting policies

The notes from 1 to 51 are an integral part of these consolidated financial statements

For and on behalf of the Board of Directors of

**K.P.R. Mill Limited**

CIN : L17111T22003PLC010518

**K.P. Ramasamy**

Chairman  
DIN: 00003736

**KPD Sigamani**

Managing Director  
DIN: 00003744

**P. Nataraj**

Chief Executive Officer and Managing Director  
DIN : 00229137

**PL Murugappan**

Chief Financial Officer

**P. Kandaswamy**

Company Secretary

Coimbatore  
June 27, 2020

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number : 101248W/W-100022

**K Sudhakar**  
Partner  
Membership No. : 214150

Chennai  
June 27, 2020

# CONSOLIDATED STATEMENT OF PROFIT & LOSS

## CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2020

(₹ in Lakhs)

Particulars	Note	Year Ended	
		31.03.2020	31.03.2019
<b>I. Revenue from operations</b>	25	<b>3,35,263</b>	<b>3,38,401</b>
<b>II. Other income</b>	26	3,646	3,690
<b>III. Total Income (I+II)</b>		<b>3,38,909</b>	<b>3,42,091</b>
<b>IV. Expenses</b>			
Cost of materials consumed	27	1,87,644	2,06,520
Purchase of stock-in-trade		23,656	5,920
Changes in inventories of finished goods, stock -in- trade and work- in-progress	28	(12,581)	(9,681)
Employee benefits expense	29	39,440	38,073
Finance costs	30	4,965	4,894
Depreciation and amortisation expenses	4	13,709	13,113
Other expenses	31	34,909	36,394
<b>V. Total expenses</b>		<b>2,91,742</b>	<b>2,95,233</b>
<b>VI. Profit before tax (III-V)</b>		<b>47,167</b>	<b>46,858</b>
<b>VII. Tax expenses</b>			
Current tax			
- Pertaining to current year		11,850	13,956
- Pertaining to prior year		(927)	(408)
Deferred tax		(1,424)	(177)
Income tax expense		9,499	13,371
<b>VIII. Profit for the period (VI-VII)</b>		<b>37,668</b>	<b>33,487</b>
<b>Other comprehensive income</b>			
Item that will be reclassified to profit or loss		-	-
Item that will not be reclassified to profit or loss		-	-
<b>IX. Net other comprehensive income</b>		-	-
<b>X. Total comprehensive income for the period (VIII+IX)</b>		<b>37,668</b>	<b>33,487</b>
<b>Earnings per equity share (EPS)</b>			
Basic & diluted EPS (in ₹) of face value ₹ 5/- each	39	52.90	46.12

Significant accounting policies

The notes from 1 to 51 are an integral part of these consolidated financial statements

3

For and on behalf of the Board of Directors of  
**K.P.R. Mill Limited**  
CIN : L17111TZ2003PLC010518

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number : 101248W/W-100022

**K.P. Ramasamy**  
Chairman  
DIN: 00003736

**KPD Sigamani**  
Managing Director  
DIN: 00003744

**P. Nataraj**  
Chief Executive Officer and Managing Director  
DIN : 00229137

**K Sudhakar**  
Partner  
Membership No. : 214150

**PL Murugappan**  
Chief Financial Officer  
Coimbatore  
June 27, 2020

**P. Kandaswamy**  
Company Secretary

Chennai  
June 27, 2020

# CONSOLIDATED CASH FLOW STATEMENT

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

(₹ in Lakhs)

Particulars	Notes	Year Ended	
		31.03.2020	31.03.2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit for the year</b>		<b>37,668</b>	<b>33,487</b>
Adjustments for:			
Income tax expenses recognised in the statement of profit and loss		9,499	13,371
Depreciation and amortisation expense		13,709	13,113
Net gain on sale of property, plant and equipment		(199)	(179)
Finance costs		4,965	4,894
Interest income		(190)	(155)
Gain on sale of current investments		(546)	(181)
Rental income from operating leases		(116)	(24)
Impairment loss on financial assets		1,782	156
<b>Operating Profit before working capital changes</b>		<b>66,572</b>	<b>64,482</b>
<b>Changes in working capital:</b>			
<b>Adjustments for (increase) / decrease in operating assets:</b>			
Inventories		29,068	(36,600)
Trade receivables		7,337	(11,052)
Other current assets		(4,284)	2,301
Other non current assets		(228)	(392)
Other financial assets		219	2,060
<b>Adjustments for increase / (decrease) in operating liabilities:</b>			
Trade payables		(9,015)	(2,129)
Other financial liabilities		(1,108)	430
Other current liabilities		1,699	861
Other non current liabilities		9	-
<b>Cash generated from operations</b>		<b>90,269</b>	<b>19,961</b>
Net income tax (paid)		(11,441)	(13,367)
<b>Net cash generated from operating activities</b>	<b>(A)</b>	<b>78,828</b>	<b>6,594</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital Expenditure on Property, Plant and Equipments, Including Capital Advances		(29,664)	(9,246)
(Increase)/decrease in current investments (net)		(155)	1,383
Decrease in margin deposit accounts		834	58
Proceeds from sale of property, plant and equipment		425	723
Interest received		165	149
Rental income received from operating leases		116	24
<b>Net cash flow used in investing activities</b>	<b>(B)</b>	<b>(28,279)</b>	<b>(6,909)</b>

# CONSOLIDATED CASH FLOW STATEMENT

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2020

(₹ in Lakhs)

Particulars	Notes	Year Ended	
		31.03.2020	31.03.2019
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment for buyback of shares		(26,331)	(10,814)
Proceeds from / (repayment of) long-term borrowings (net)		8,783	(2,230)
Net increase / (decrease) in working capital borrowings		(15,697)	23,082
Finance costs paid		(4,764)	(4,712)
Dividends paid		(3,124)	(544)
Tax on dividend paid		(644)	(110)
<b>Net cash flow (used in) / from financing activities</b>	<b>(C)</b>	<b>(41,777)</b>	<b>4,672</b>
Net increase / (decrease) in cash and cash equivalents	<b>(A+B+C)</b>	8,772	4,357
Add: Opening cash and cash equivalents		6,409	2,052
<b>Closing cash and cash equivalents</b>		<b>15,181</b>	<b>6,409</b>
Closing cash and cash equivalents comprises			
(a) Cash on hand		67	46
(b) Balance with Banks:			
i) In Current accounts		3,463	3,586
ii) In EEFC accounts		1,651	2,777
iii) In deposits with original maturity of less than three months		10,000	-
		<b>15,181</b>	<b>6,409</b>

Significant accounting policies

The notes from 1 to 51 are an integral part of these consolidated financial statements

3

For and on behalf of the Board of Directors of  
**K.P.R. Mill Limited**  
CIN : L17111TZ2003PLC010518

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number : 101248W/W-100022

**K.P. Ramasamy**  
Chairman  
DIN: 00003736

**KPD Sigamani**  
Managing Director  
DIN: 00003744

**P. Nataraj**  
Chief Executive Officer and Managing Director  
DIN : 00229137

**K Sudhakar**  
Partner  
Membership No. : 214150

**PL Murugappan**  
Chief Financial Officer

**P. Kandaswamy**  
Company Secretary

Coimbatore  
June 27, 2020

Chennai  
June 27, 2020

# CHANGES IN EQUITY

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.03.2020

a. Equity share capital	Notes	(₹ in Lakhs)
Balance as at 01.04.2018		3,695
Less: Buyback of Equity Shares	15	67
<b>Balance as at 31.03.2019</b>		<b>3,628</b>
Less: Buyback of Equity Shares	15	187
<b>Balance as at 31.03.2020</b>		<b>3,441</b>

### b. Other Equity (₹ in Lakhs)

Particulars	Reserves and Surplus					Other comprehensive income	Total Other Equity
	Securities Premium	Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings		
<b>Balance as at 01.04.2018</b>	<b>19,096</b>	<b>293</b>	<b>1,573</b>	<b>24,845</b>	<b>1,07,496</b>	-	<b>1,53,303</b>
Profit for the year	-	-	-	-	33,487	-	33,487
Transfer to Capital Redemption Reserve	-	-	67	-	(67)	-	-
Premium on Buyback of Equity Shares	-	-	-	-	(10,747)	-	(10,747)
Final Dividend relating to 2017-18 paid (₹ 0.75 per share)	-	-	-	-	(544)	-	(544)
Tax on Final Dividend	-	-	-	-	(110)	-	(110)
<b>Balance as at 31.03.2019</b>	<b>19,096</b>	<b>293</b>	<b>1,640</b>	<b>24,845</b>	<b>1,29,515</b>	-	<b>1,75,389</b>
Profit for the year	-	-	-	-	37,668	-	37,668
Premium on buy back of Equity Shares	-	-	-	-	(26,143)	-	(26,143)
Transfer to Capital Redemption Reserve	-	-	187	-	(187)	-	-
Interim Dividend relating to 2019-20 paid (₹ 3.75 per share)	-	-	-	-	(2,580)	-	(2,580)
Tax on Interim Dividend paid	-	-	-	-	(531)	-	(531)
Final dividend relating to 2018-19 paid (₹ 0.75 per share)	-	-	-	-	(544)	-	(544)
Tax on Final dividend	-	-	-	-	(113)	-	(113)
<b>Balance as at 31.03.2020</b>	<b>19,096</b>	<b>293</b>	<b>1,827</b>	<b>24,845</b>	<b>1,37,085</b>	-	<b>1,83,146</b>

Significant accounting policies

3

The notes from 1 to 51 are an integral part of these consolidated financial statements

For and on behalf of the Board of Directors of

**K.P.R. Mill Limited**

CIN : L17111TZ2003PLC010518

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration Number : 101248W/W-100022

**K.P. Ramasamy**

Chairman

DIN: 00003736

**KPD Sigamani**

Managing Director

DIN: 00003744

**PL Murugappan**

Chief Financial Officer

Coimbatore

June 27, 2020

**P. Nataraj**

Chief Executive Officer and Managing Director

DIN : 00229137

**P. Kandaswamy**

Company Secretary

**K Sudhakar**

Partner

Membership No. : 214150

Chennai

June 27, 2020



### 1 CORPORATE INFORMATION

K.P.R. Mill Limited is one of the largest vertically integrated apparel manufacturing Companies in India with its registered office situated at Coimbatore. 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 six wholly owned subsidiary Companies as follows:

- a) Quantum Knits Private Limited deals in Readymade Garments.
- b) K.P.R.Sugar Mill Limited produces sugar along with Green energy viz ., Co-Gen Power. Its plant is Located at Vijayapur District, Karnataka State. The Company also has Garment manufacturing facility at Arasur, Coimbatore and commenced its operation from November 2013.
- c) Jahnvi Motor Private Limited is the authorised dealers of AUDI cars in Coimbatore and Madurai Region.
- d) Galaxy Knits Limited has not commenced any major business activity.
- e) KPR Exports PLC has Garment manufacturing facility at Ethiopia, and commenced its operation from January 2019.
- f) KPR Mill Pte. Limited, is looking after overseas garment marketing from Singapore, and commenced its operation from January 2020.

The Consolidated Financial Statements relate to K.P.R. Mill Limited ('the Company') and its wholly owned Subsidiary Companies Quantum Knits Private Limited, K.P.R.Sugar Mill Limited, Galaxy Knits Limited, Jahnvi Motor Private Limited, KPR Exports PLC, Ethiopia and KPR Mill Pte. Limited, Singapore. The Company and its subsidiaries are hereinafter collectively referred to as "the Group".

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

### 2 BASIS OF PREPARATION

#### A STATEMENT OF COMPLIANCE

These consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act, as amended from time to time.

These consolidated financial statements for the year ended 31.03.2020 are authorised by the Board on 27.06.2020. Details of the Group's accounting policies are included in note 3.

### B BASIS OF CONSOLIDATION

#### (i) Subsidiaries

Subsidiaries are entity controlled by the group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### (ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

#### (iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

#### (iv) Goodwill on consolidation

The excess of cost to the Group of its investment in subsidiaries, on the acquisition dates over and above the Group's share of equity in the subsidiaries, is recognised as "Goodwill on Consolidation" in the consolidated financial statements. The said goodwill is not amortized, however it is tested for impairment at each balance sheet date, and impairment loss if any, is provided for.

### C FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All financial information has been rounded-off to the nearest lakhs, unless otherwise indicated.

### D BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on a historical cost basis and on an accrual basis, except for the following items:

- i. Derivative financial instruments measured at fair value through profit or loss;
- ii. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments) and
- iii. Net defined (asset) / liability measured at fair value of plan assets less present value of obligations.

### E USE OF ESTIMATES AND JUDGEMENT

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Judgement

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 14	- classification, measurement and recognition of Government grants
Note 6	- recognition and measurement of deferred tax assets
Note 2(H), 3(M) and 43 - Leases	- whether the arrangement contains a lease; and lease classification
Note 3(H) and 37	- Financial instruments: Classification and measurement

#### Assumptions and estimation uncertainties:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is mentioned below. Actual results may be different from these estimates.

#### (i) Recognition of deferred tax assets:

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, careful judgement is exercised in

assessing the impact of any legal or economic limits or uncertainties in various tax issues. (also refer Note 6)

#### (ii) Impairment of non-financial assets:

In assessing impairment, management has estimated economic use of assets, the recoverable amount of each asset or cash-generating units based on expected future cash flows and use an interest rate to discount them. Estimation of uncertainty relates to assumptions about future operating cash flows and determination of a suitable discount rate. (also refer Note 3)

#### (iii) Useful lives of depreciable assets:

Management reviews its estimate of useful lives of depreciable assets at each reporting date, based on expected utility of assets. Uncertainties in these estimates relate to technological obsolescence that may change utility of assets (also refer Note 3).

#### (iv) Inventories:

Management has carefully estimated the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes (also refer Note 3).

#### (v) Defined benefit obligation (DBO):

The actuarial valuation of the DBO is based on a number of critical underlying management's assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (also refer Note 44)

#### (vi) Recognition and measurement of provisions and contingencies:

Key assumptions about the likelihood and magnitude of an outflow of resources (also refer Note 34).

#### (vii) Impairment of financial assets - Refer Note 3

### F MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. The inputs used to measure the fair value of assets or a liability fall into different levels of the fair value hierarchy. Accordingly, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the low level input that is significant to the entire measurement.

Management uses various valuation techniques to determine fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management based on its assumptions on observable data as far as possible but where it not available, the management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (also refer Note 37). The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### **G CURRENT AND NON-CURRENT CLASSIFICATION**

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has determined its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

### **H CHANGES IN ACCOUNTING POLICIES**

Except for the changes below, the Group has consistently applied the accounting policies to all the periods present in these financial statements.

The Group applied Ind AS 116, Leases, with effect from 01.04.2019, and has changed its accounting policy for lease contracts as detailed below.

The Group applied Ind AS 116 using the modified retrospective approach. The Group has applied the standard to its leases, on a lease by lease basis, by taking an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application (01.04.2019). Accordingly, the comparative information presented for the year ended 31.03.2019 is not restated – i.e. it is presented, as previously reported, under Ind AS 17. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

#### **A. Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under Ind AS 17 Leases. The Group now, assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3(M).

On transition to Ind AS 116, the Group elected to apply the practical expedient to consider the assessment of which transactions are leases. The Group applied Ind AS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under Ind AS 17 were not reassessed for whether there is a lease under Ind AS 116. Therefore, the definition of a lease under Ind AS 116 was applied only to contracts entered into or changed on or after 01.04.2019.

#### **B. As a lessee**

As a lessee, the Group leases assets that are in the nature of land and buildings, plant and machinery and vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet. The Group decided to apply recognition exemptions to short-term leases. For leases of other assets,

which were classified as operating under Ind AS 17, the Group recognized right-of-use assets and lease liabilities.

### Leases classified as Operating lease under Ind AS 17

Previously, the Group classified leases as operating leases under Ind AS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 01.04.2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group has evaluated its right-to-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

### C. Impact on financial statements

On transition to Ind AS 116, the Group recognized right-of-use assets of ₹ 331 lakhs at an amount equal to the lease liability, adjusted by the amount of prepaid lease payments.

For the details of accounting policies under Ind AS 116, and Ind AS 17, refer note 3(M).

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) INVENTORIES

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. The cost of raw materials, components, stock-in-trade, consumable stores and spare parts are determined using first-in first-out / specific identification method and includes freight, taxes and duties, net of duty credits wherever applicable, and any other expense incurred in bringing them to their present location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials, stores and

spares, packing and others held for used in the production of finished goods are not written down below except in cases where material prices have declined and it is estimated that the cost of the finished goods will exceed their net realizable value.

### B) 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.

### C) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit / (loss) 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 Group are segregated based on the available information. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

### D) PROPERTY, PLANT AND EQUIPMENT

#### Recognition and measurement:

Freehold land is stated at historical cost. Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises:

- a. purchase price, including import duties and non-refundable taxes on purchase (goods and service tax), after deducting trade discounts and rebates.
- b. any directly attributable cost of bringing the item to its working condition for its intended use estimated costs of dismantling and removing the item and restoring the site on which it is located.
- c. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labour,

any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Any gain/ loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### Subsequent expenditure:

Subsequent costs are included in asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

### Component accounting:

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

### Depreciation:

Depreciation is calculated on the cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives using the straight-line method and is generally recognised in Statement of profit and loss. Freehold land is not depreciated.

Depreciation on property, plant and equipment is charged over the estimated useful life of the asset or part of the asset (after considering double/triple shifts) as evaluated on technical assessment on straight-line method, in accordance with Part A of Schedule II to the Companies Act, 2013. The estimated useful life of the property, plant and equipment followed by the Group for the current and the comparative period are as follows :

Factory Building	~ 30 Years
Non Factory Building	~ 60 Years
Plant & Equipments	~ 10-20 Years
Electricals	~ 14 Years
Computers & accessories	~ 3 Years
Furnitures & fixtures	~ 10 Years
Vehicles	~ 8-10 Years
Windmill	~ 12 Years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if necessary, for each reporting period. Based on technical assessment and

consequent advice, the management believes that its estimate of useful life as given above best represent the period over which management expects to use the asset. On property, plant and equipment added/disposed off during the year, depreciation is charged on pro-rata basis for the period from/upto which the asset is ready for use/disposed off.

### Capital work-in-progress

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

### INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives and it is included in the statement of profit and loss. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

The estimated useful life of intangible assets consisting computer software is 3 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### E) REVENUE RECOGNITION

The Group generates revenue primarily from sale of Yarn, Knitted Fabric, Readymade Garments and Sugar. The Group also earns revenue from rendering of services.



### 1.1 Sale of products:

Revenue is recognised when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer. Control over a promised good refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. Invoices are usually payable within 180 days depending upon the individual contract with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as sales tax or other taxes directly linked to sales. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from product sales are recorded net of allowances for estimated rebates, cash discounts and estimates of product returns, all of which are established at the time of sale.

### 1.2 Revenue from services:

Revenue from sale of services is recognised when related services are rendered.

### F) OTHER INCOME

Dividend from investments is recognized when the right to receive the payment is established and when no significant uncertainty as to measurability or collectability exists. Rental income under operating leases is recognized in the statement of profit and loss on a straight-line basis over the term of the lease except where such receipts are structured to increase in line with the expected general inflation to compensate for the Group's (lessor) expected inflationary costs increases.

Interest income is recognised using effective interest rate method. Interest income on overdue receivables is recognized only when there is a certainty of receipt.

Export incentives are accounted in the year of exports based on eligibility and expected amount on realisation.

### G) FOREIGN CURRENCY

#### i) Foreign Currency Transactions And Translations

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions are recognised in the statement of profit and loss. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences arising on translation are recognised in the statement of profit and loss.

#### ii) Foreign operation:

The assets and liabilities of foreign operations (subsidiaries) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Group disposes of only a part of its interest in an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### H) FINANCIAL INSTRUMENTS

#### (i) Initial Recognition

Trade receivables are initially recognised when they are originated.



All other financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

The 'trade payable' is in respect of the amount due on account of goods purchased in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit and loss (FVTPL)

For the purpose of subsequent measurement, financial instruments of the Group are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL. The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

### (ii) Classification and subsequent measurement

#### a) Non-derivative financial assets

##### Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met and is not designated as at FVTPL :

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of

principal and interest (SPPI) on the principal amount outstanding.

##### Debt instruments at FVTOCI

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met and is not designated as at FVTPL:

- (a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

##### Equity instruments at FVTOCI

All equity instruments are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis.

If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI which is not subsequently recycled to statement of profit and loss.

##### Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of

any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### Financial assets:

Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### b) Non-derivative financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### (iii) Derecognition

#### Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

### Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### (v) Derivative financial instruments

The Group holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities and forecasted cash flows denominated in foreign currencies. The counterparty for these contracts is generally a bank.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### I) GOVERNMENT GRANTS, SUBSIDIES AND EXPORT INCENTIVES

Government grants are recognised when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant ; they are then recognised in statement of profit and loss as other operating revenue / other income on a systematic basis. Government grants relating to income are deferred and recognised in the statement of profit and loss over the period necessary to match them with the costs that they intended to compensate and presented in other operating revenue.

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 that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### J) EMPLOYEE BENEFITS

#### (a) Short term employee benefit obligations:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

#### (b) Defined contribution plan

##### Provident Fund & Employee State Insurance

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group makes specified contributions towards Government administered provident fund scheme.

#### (c) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Post employment benefit comprise of Gratuity which are accounted for as follows:

#### Gratuity Fund

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in

profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

### **K) BORROWING COSTS**

Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are considered as adjustment to interest costs) incurred in connection with the borrowings of funds. Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **L) SEGMENT REPORTING**

"Operating Segments" reported are in a manner consistent with internal reporting made to the undersigned Chairman & Managing Directors who are the Chief Operating Decision Makers for the Group. The reported operating segments:

- a. engage in business activities from which the Group earns revenues and incur expenses,
- b. have their operating results regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and
- c. have discrete financial information available.

The Group has classified its operations primarily into three segments viz. Textile, Sugar and Others based on 'Management Approach' as defined in Ind-AS 108 - "Operating Segments"

### **M) LEASE**

The Group has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 is disclosed separately.

### **A. Policy applicable from 01.04.2019**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in Ind AS 116. This policy is applied to contracts entered into, on or after 01.04.2019.

#### **i) Group as a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources that reflects the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "other financial liabilities" in the balance sheet.

### Short term leases and low value assets:

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

### ii) As a lessor

At the inception of the lease the Group classifies each of its leases as either an operating lease or a finance lease. To classify each lease, the Group made an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As a part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

If an arrangement contains lease and non-lease components, the Group applies Ind AS 115 Revenue from contracts with customers to allocate the consideration in the contract.

### B. Policy applicable before 01.04.2019

#### i. As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Group's balance sheet. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

#### ii. As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As a part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.



### **N) EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are considered for the effects of all dilutive potential equity shares.

### **O) INCOME TAXES**

Income tax expense represents current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

#### **i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax liabilities and current tax assets are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

#### **ii) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the

initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by same tax authority on same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or its tax assets and liabilities will be realised simultaneously.

#### **iii) Recognition**

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where



current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### P) IMPAIRMENT

#### Impairment of Financial Instruments

The Group recognises loss allowance for expected credit loss on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit - impaired includes the following observable data:

- significant financial difficulty;
- a breach of contract such as a default or being past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are credit losses that result from all possible default events over expected life of financial instrument. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information. The Group assumes that credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when:

- the recipient is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is past due.

#### Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

#### Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### Impairment of Non-Financial Assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine recoverable amount. Such a reversal is made only to an extent that asset's carrying amount does not exceed carrying amount that would have been determined, net of depreciation/ amortisation, if no impairment loss was recognised.

### **Q) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

#### **Provisions:**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

#### **Contingent liabilities:**

Whenever there is possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability are considered as contingent liability.

#### **Contingent assets:**

The Group does not recognise contingent assets. These are assessed continually to ensure that the developments are appropriately disclosed in these consolidated financial statements.

### **R) ONEROUS CONTRACTS**

A contract is said to be onerous when the expected economic benefits to be derived by the group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Group recognises any impairment loss on the assets associated with the contract.

### **3A New standard and amendments to the existing standards issued but not yet effective**

There are no new standard or amendments to the existing standards notified by the Ministry of Corporate Affairs ("MCA") which would become applicable from 01.04.2020.

#### 4. Property, Plant & Equipment, intangible assets and capital work-in-progress

(₹ in Lakhs)

Particulars	Leased asset - Land	Property, Plant & Equipment										Capital work in-progress	Intangible assets (Computer Software)
		Freehold Land	Factory Building	Non - Factory Building	Plant and Equipment	Windmill	Electricals	Furniture and Fixture	Computer and accessories	Vehicles	Total		
<b>Gross carrying amount</b>													
<b>As at 01.04.2018</b>	-	8,910	31,063	18,149	83,563	12,845	5,861	3,215	583	1,239	1,65,428	15	133
Additions	-	53	568	57	3,536	-	178	220	103	258	4,973	1,228	6
Disposals / adjustments	-	-	-	-	(804)	-	(3)	(19)	(4)	(82)	(912)	-	-
<b>As at 31.03.2019</b>		8,963	31,631	18,206	86,295	12,845	6,036	3,416	682	1,415	1,69,489	1,243	139
Additions on account of transition to Ind AS 116 - 01.04.2019	331	-	-	-	-	-	-	-	-	-	331	-	-
Additions	219	8	5,119	645	21,194	-	3,874	225	103	539	31,926	644	103
Disposals / adjustments	-	(55)	-	-	(147)	-	(1)	(25)	(2)	(83)	(313)	(1,243)	-
<b>As at 31.03.2020</b>	<b>550</b>	<b>8,916</b>	<b>36,750</b>	<b>18,851</b>	<b>1,07,342</b>	<b>12,845</b>	<b>9,909</b>	<b>3,616</b>	<b>783</b>	<b>1,871</b>	<b>2,01,433</b>	<b>644</b>	<b>242</b>
<b>Accumulated Depreciation &amp; Amortisation</b>													
<b>As at 01.04.2018</b>		-	3,027	756	29,636	6,205	1,688	1,201	274	379	43,166	-	115
Depreciation and amortisation Expense	-	-	1,146	308	9,353	1,124	564	295	147	172	13,109	-	4
Disposals	-	-	-	-	(307)	-	(1)	(13)	(3)	(45)	(369)	-	-
<b>As at 31.03.2019</b>		-	4,173	1,064	38,682	7,329	2,251	1,483	418	506	55,906	-	119
Depreciation and amortisation Expense	4	-	1,186	302	9,890	1,115	576	290	138	190	13,691	-	18
Disposals	-	-	-	-	(68)	-	(1)	(13)	(2)	(38)	(122)	-	-
<b>As at 31.03.2020</b>	<b>4</b>	<b>-</b>	<b>5,359</b>	<b>1,366</b>	<b>48,504</b>	<b>8,444</b>	<b>2,826</b>	<b>1,760</b>	<b>554</b>	<b>658</b>	<b>69,475</b>	<b>-</b>	<b>137</b>
<b>Net carrying amount</b>													
<b>As at March 31, 2019</b>	-	8,963	27,458	17,142	47,613	5,516	3,785	1,932	264	909	1,13,582	1,243	20
<b>As at March 31, 2020</b>	<b>546</b>	<b>8,916</b>	<b>31,391</b>	<b>17,485</b>	<b>58,838</b>	<b>4,401</b>	<b>7,083</b>	<b>1,855</b>	<b>229</b>	<b>1,213</b>	<b>1,31,957</b>	<b>644</b>	<b>105</b>

#### Notes :

- Effective 01.04.2019, the Group adopted Ind AS 116 - Leases, with respect to its lease contracts existing on 01.04.2019, using the modified retrospective method. Accordingly, previous period has not been restated. This has resulted in recognising a leased asset - Land (Right-of-use asset) of ₹ 331 Lakhs.
- In the statement of profit and loss for the current year, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expenses for the right-of-use asset
- The Group's lease comprise of leasehold land which have been used for construction of manufacturing facility. The total cash outflow towards leased land is ₹ 219 Lakhs for the year ended 31.03.2020
- Property, plant and equipment includes non-factory building given on lease with a gross carrying amount of ₹16,632 Lakhs (Pr. Yr. ₹ 15,988 Lakhs) and a net carrying amount of ₹ 15,451 Lakhs (Pr.Yr ₹ 15,072 Lakhs)
- Refer note 17 and 20 for assets given as securities for borrowings.

(₹ in Lakhs)

		As at 31.03.2020	As at 31.03.2019
	<b>FINANCIAL ASSETS</b>		
<b>5</b>	<b>INVESTMENTS</b>		
	<b>Investment measured at fair value through profit or loss</b>		
	Unquoted (all fully paid-up)		
	<b>Investment in equity shares of other entity</b>		
	2,10,000 (Pr.Yr.2,10,000) Equity shares of ₹ 100 each of Somanur Water Scheme Pvt Ltd.	210	210
	<b>Aggregate value of unquoted investments</b>	<b>210</b>	<b>210</b>
	Information about the Group's fair value measurement is included in Note 37		
<b>6</b>	<b>DEFERRED TAX ASSET (Net)</b>		
	MAT Credit Entitlement	3,786	3,212
	Less: Deferred Tax Liability	2,310	2,225
	<b>Net deferred tax assets</b>	<b>1,476</b>	<b>987</b>
	For movement in deferred tax assets (Refer Note 33)		
<b>7</b>	<b>OTHER NON - CURRENT ASSETS</b>		
	(i) Capital advances	1,587	3,281
	(ii) Advances other than capital advances		
	Security deposit	2,248	2,063
	Balances with government authorities	-	12
	Advance Tax	89	-
	(iii) Others		
	Refund due from income tax	315	18
	Unamortised cost of lease hold land	-	331
		<b>4,239</b>	<b>5,705</b>
<b>8</b>	<b>INVENTORIES</b>		
	Raw materials	9,747	50,235
	Work-in-progress **	2,803	2,990
	Finished goods (includes goods in transit of ₹ 815 lakhs (March 31, 2019 ₹ 3,781 lakhs))	39,554	40,996
	Stock-in-trade (Refer note 49)	15,697	1,487
	Stores, spares, packing and others	3,772	4,933
		<b>71,573</b>	<b>1,00,641</b>
	** Includes Cotton ₹ 2,118 Lakhs (Pr. Yr. ₹ 2,157 Lakhs), Fabric ₹ 28 Lakhs (Pr. Yr. ₹ 36 Lakhs), Sugar - Nil (Pr. Yr. ₹ Nil) and Garments ₹ 657 Lakhs (Pr. Yr. ₹ 797 Lakhs).		
	The Mode of Valuation of inventories has been stated in Note 3		
	For the carrying value of inventories pledged as securities for borrowings, refer note 17 & 20.		
	<b>FINANCIAL ASSETS</b>		
	<b>CURRENT INVESTMENTS</b>		
<b>9</b>	<b>Investments in Mutual Funds (Quoted)</b>		
	Investments in mutual funds (Quoted) at fair value through profit or loss		
	Nippon India mutual fund (also Refer Note 45)	701	-
	<b>Aggregate value of quoted investments</b>	<b>701</b>	<b>-</b>
	The Group's exposure to credit risk and price risk related to investments has been disclosed in Note 37.		

(₹ in Lakhs)

		As at 31.03.2020	As at 31.03.2019
<b>10</b>	<b>TRADE RECEIVABLES</b>		
	Trade Receivables considered good - Unsecured	44,391	52,882
	Less: Loss allowance	(43)	(82)
	<b>Net trade receivables</b>	<b>44,348</b>	<b>52,800</b>
	<b>Movement of loss allowance in trade receivables</b>		
	Opening balance	82	133
	Allowances made / (reversed) during the year	-	75
	Written off	(39)	(126)
	Closing balance	<b>43</b>	<b>82</b>
	(i) For receivables secured against borrowings, refer Note 17 and Note 20		
	(ii) The Group's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 37		
	(iii) For terms and conditions relating to related party receivables, refer Note 38		
<b>11</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash on hand	67	46
	Balance with banks		
	i) In current accounts	3,463	3,586
	ii) In EEFC accounts	1,651	2,777
	iii) In deposits with original maturity of less than three months	10,000	-
		<b>15,181</b>	<b>6,409</b>
<b>12</b>	<b>OTHER BANK BALANCES</b>		
	i) Balance with banks held as margin money deposits	234	1,066
	ii) Unpaid dividend accounts	7	9
		<b>241</b>	<b>1,075</b>
	Note:		
	The disclosures regarding details of specified bank notes held and transacted during 08.11.2016 to 30.12.2016 has not been made in these consolidated financial statements since the requirement does not pertain to the years presented.		
<b>13</b>	<b>OTHER FINANCIAL ASSETS</b>		
	Interest accrued on bank deposits and other deposits	125	100
	Technology upgradation fund subsidy receivable	79	110
	Investment promotion subsidy receivable	-	667
	Insurance claim receivable	-	333
	Other advances	86	11
		<b>290</b>	<b>1,221</b>
	Information about the Group's exposure to credit risk and market risk are disclosed in Note 37		
<b>14</b>	<b>OTHER CURRENT ASSETS</b>		
	Advance for purchases	7,809	5,560
	Balances with government authorities GST/ VAT credit receivable	4,267	4,500
	Export incentive receivable	5,895	3,662
	Others (Primarily prepaid expenses)	712	676
		<b>18,683</b>	<b>14,398</b>

(₹ in Lakhs)

		As at 31.03.2020	As at 31.03.2019
<b>15</b>	<b>EQUITY SHARE CAPITAL</b>		
	<b>a) Authorised</b>		
	9,00,00,000 (Pr.Yr. 9,00,00,000) Equity Shares of ₹ 5 each with voting rights.	4,500	4,500
	10,00,000 (Pr.Yr.10,00,000) 7% Redeemable Cumulative Non-Convertible Preference Shares of ₹ 100 each.	1,000	1,000
		<b>5,500</b>	<b>5,500</b>
	<b>b) Issued, Subscribed and Fully Paid up</b>		
	6,88,10,000 (Pr.Yr. 725,60,784) Equity Shares of ₹ 5 each fully paid-up with voting rights.	3,441	3,628
		<b>3,441</b>	<b>3,628</b>
<b>15.1</b>	<b>TERM/RIGHTS TO SHARES</b>		
	<b>Equity Shares</b>		
	The Company has issued only one class of equity shares having a face value of ₹ 5 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 Board declared and paid an interim dividend of 75% (₹ 3.75/- per share of the face value of ₹ 5/- each) for the year 2019-20 (Pr.Yr. NIL).		
	The Board has recommended a final dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2019-20 (Pr.Yr. ₹ 0.75/- per share) subject to the approval of the shareholders in Annual General Meeting.		
	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.		

**15.2 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period**

Equity Shares with voting rights	As at 31.03.2020		As at 31.03.2019	
	Number of Shares	(₹ in Lakhs)	Number of Shares	(₹ in Lakhs)
At the beginning of the year	725,60,784	3,628	738,95,784	3,695
Less : Buyback (Refer note 48)	3750,784	187	13,35,000	67
Outstanding at the end of the year	6,88,10,000	3,441	725,60,784	3,628

**15.3 Details of Shareholders holding more than 5% of Shares in the Company**  
**Equity Shares**

Particulars	As at 31.03.2020		As at 31.03.2019	
	Number of Shares	%	Number of Shares	%
Sri K.P.Ramasamy	1,48,71,362	21.61	1,56,70,141	21.60
Sri KPD Sigamani	1,48,71,362	21.61	1,56,70,141	21.60
Sri P.Nataraj	1,48,71,362	21.61	1,56,70,141	21.60
L&T Mutual Fund Trustee Limited	46,60,112	6.77	49,59,939	6.84



15.4	<p>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.</p> <p><b>Bonus shares/ buy-back/ shares for consideration other than cash issued during a period of five years immediately preceeding ended 31.03.2020:</b></p> <p>(i) The Company has not issued any shares without payment being received in cash.  (ii) The Company has not issued any bonus shares.  (iii) The aggregate number of equity shares bought back by the Company is 65,55,784 (Pr.Yr. 28,05,000).</p>																																																																																																									
16	<p style="text-align: right;">(₹ in Lakhs)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">As at 31.03.2020</th> <th style="width: 20%; text-align: center;">As at 31.03.2019</th> </tr> </thead> <tbody> <tr> <td><b>OTHER EQUITY</b></td> <td></td> <td></td> </tr> <tr> <td><b>Capital reserve</b></td> <td></td> <td></td> </tr> <tr> <td>Opening Balance</td> <td style="text-align: right;">293</td> <td style="text-align: right;">293</td> </tr> <tr> <td>Changes during the year</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td><b>Closing balance (A)</b></td> <td style="text-align: right;"><b>293</b></td> <td style="text-align: right;"><b>293</b></td> </tr> <tr> <td><b>Securities premium</b></td> <td></td> <td></td> </tr> <tr> <td>Opening Balance</td> <td style="text-align: right;">19,096</td> <td style="text-align: right;">19,096</td> </tr> <tr> <td>Changes during the year</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td><b>Closing balance (B)</b></td> <td style="text-align: right;"><b>19,096</b></td> <td style="text-align: right;"><b>19,096</b></td> </tr> <tr> <td colspan="3"> <p>Balance in securities premium represents amount received on issue of shares in excess of par value. 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(₹ in Lakhs)

		As at 31.03.2020	As at 31.03.2019
	<b>NON-CURRENT LIABILITIES</b>		
	<b>FINANCIAL LIABILITIES</b>		
17	<b>BORROWINGS</b>		
	<b>Term Loan - Measured at amortised cost</b>		
	<b>Secured</b>		
	From banks (secured)	24,750	15,967
	Less : Amount included under 'other financial liabilities'	(4,707)	(3,505)
		20,043	12,462
	From others (unsecured) - Interest Free Sales Tax Loan - NPV	632	587
		<b>20,675</b>	<b>13,049</b>
	Information about the Group's exposure to interest rate and liquidity risks is included in Note 37		
17.1	Term Loans from banks are secured by pari-passu first charge on fixed assets and second charge on current assets of the Group.		
17.2	i) The Company has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2020 was ₹ 3,991 lakhs (Pr.Yr. ₹ 8,791 lakhs). The loan is repayable in 24 quarterly instalments commencing from June 2018. This term loan is secured by exclusive charge on fixed assets of expansion project and first charge on land and building situated at SIPCOT, Perundhurai.		
	ii) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2020 was ₹ 112 lakhs (Pr.Yr. ₹ 193 lakhs). The loan is repayable in 24 quarterly instalments commencing from April 2016. This term loan is secured by hypothecation of machineries purchased out of the loan.		
	iii) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2020 was ₹ 692 lakhs (Pr.Yr. ₹ 1,142 lakhs). The loan is repayable in 24 quarterly instalments commencing from September 2015. This term loan is secured by equitable mortgage on the land, factory and non-factory building constructed out of the loan and hypothecation of machineries purchased out of the loan.		
	iv) K.P.R Sugar Mill Limited has availed a term loan from ICICI Bank Limited in respect of which balance as at 31.03.2020 was ₹ 3,919 lakhs (Pr.Yr. ₹ 4,978 lakhs). The loan is repayable in 24 quarterly instalments commencing from March 2017. This term loan is secured by equitable mortgage on the land, factory and hostel building constructed out of the loan and hypothecation of machineries purchased out of the loan.		
	v) Jahnvi Motor Private Limited has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2020 was ₹ 53 lakhs (Pr.Yr. ₹ 158 lakhs). The loan is repayable in 20 quarterly instalments commencing from October 2015. This term loan is secured by equitable mortgage on the land and building constructed out of the loan.		
	vi) K.P.R Sugar Mill Limited has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2020 was ₹ 8,476 Lakhs (Pr.Yr. ₹ 648 lakhs). The loan is repayable in 24 quarterly installments commencing from March 2020. This term loan is secured by First charge on fixed asset created out of this loan, second charge of current asset of the Company and second charge on other fixed assets of the Company		
	vii) K.P.R Sugar Mill Limited has availed a term loan from ICICI Bank in respect of which balance as at 31.03.2020 was ₹ 5,000 lakhs (Pr.Yr. Nil). The loan is repayable in 10 quarterly instalments commencing from December 2020. This term loan is secured by second charge on fixed asset.		
	viii) The Company has availed an external commercial borrowing loan from Citi Bank NA New Jersey, USA in respect of which balance as at 31.03.2020 was ₹ 2,507 lakhs (Pr.Yr. Nil). The loan can be rolled over up to 30.09.2022. This term loan is secured by first pari passu charge on present and future stocks and book debts and second pari passu charge on present and future fixed assets. Interest rate relating to this term loan is Libor + 0.60% p.a.		
	ix) K.P.R.Sugar Mill Limited has availed a term loan from Corporation Bank in respect of which balance as at 31.03.2020 was Nil (Pr.Yr ₹ 57 Lakhs). The loan is repayable in 12 quarterly instalments commencing from September 2016. This term loan is secured by second charge on fixed asset.		
17.3	Interest rate relating to term loans from banks is in the range of 8.65% to 11.30% (Pr.Yr. 8.60% to 11.30%)		
17.4	The Group has not defaulted in the repayment of principal and interest during the year.		



(₹ in Lakhs)

		As at 31.03.2020	As at 31.03.2019
<b>21</b>	<b>TRADE PAYABLES</b>		
	A. Total outstanding dues of Micro and small enterprises	616	140
	B. Total outstanding dues of creditors other than Micro and small enterprises	12,579	22,070
		<b>13.195</b>	<b>22.210</b>
	(i) All the trade payables are current and non-interest bearing. (ii) Refer note 35 for details of dues to Micro and small enterprises. (iii) The Group's exposure to currency and liquidity risks related to trade payables is disclosed in Note 37. (iv) For terms and conditions relating to related party payables, refer Note 38		
<b>22</b>	<b>OTHER FINANCIAL LIABILITIES</b>		
	Current maturities of long term loans (Refer Note 17)	4,707	3,505
	Unclaimed dividend	7	9
	Interest accrued	60	61
	Others	2,905	1,206
		<b>7,679</b>	<b>4,781</b>
	Information about the Group's exposure to currency, interest rate and liquidity risks is included in Note 37		
<b>23</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Advance payment from customers - Contract liabilities (Refer Note below)	661	1,415
	Statutory dues payables	1,771	2,125
		<b>2,432</b>	<b>3,540</b>
	<b>Note:</b> Revenue recognised during the year that was included in the contract liability balance at the beginning of the year amounts to ₹ 1,415 lakhs.		
<b>24</b>	<b>CURRENT TAX LIABILITIES (Net)</b>		
	Provision for tax (net of advance tax)	345	730
		<b>345</b>	<b>730</b>
<b>25</b>	<b>REVENUE FROM OPERATIONS</b>		
	Sale of products	3,17,083	3,22,460
	Sale of services	3,493	3,962
	Other operating revenues	14,687	11,979
	<b>Revenue from operations (gross)</b>	<b>3,35,263</b>	<b>3,38,401</b>
	<b>Disaggregation of revenue from contracts with customers</b> In the following disclosure, Revenue from contract with customers have been disaggregated based on the nature and type of goods sold.		
<b>25.1</b>	<b>Sale of Products</b>	<b>Year ended</b>	
		<b>31.03.2020</b>	<b>31.03.2019</b>
	Garment	1,27,107	1,17,131
	Yarn	1,26,731	1,45,126
	Fabric	14,865	16,004
	Sugar	25,244	19,652
	Molasses	1,160	1,465
	Co-Gen Power	3,656	4,077
	Ethanol	1,210	-
	Automobile	7,389	7,578
	Cotton Waste	9,752	9,930
	Accessories and Others	1,525	2,260
		<b>3,18,639</b>	<b>3,23,223</b>
	Less: Discount Allowed	1,556	763
		<b>3,17,083</b>	<b>3,22,460</b>

(₹ in Lakhs)

	Year ended	
	31.03.2020	31.03.2019
<b>25.2 Sale of Services</b>		
Processing and fabrication income	2,937	3,474
Automobile service income	556	488
	<b>3,493</b>	<b>3,962</b>
<b>25.3 Other Operating Revenues</b>		
Export incentives	11,465	9,146
Others (primarily scrap sales)	3,222	2,833
	<b>14,687</b>	<b>11,979</b>
<b>26 OTHER INCOME</b>		
Interest income on:		
Cash and bank balances	63	42
Others	127	113
Gain on sale of investments (net)	546	181
Investment promotion subsidy	-	81
Net gain on sale of property, plant and equipment	199	179
Miscellaneous income	71	45
Rental Income (Refer note 43)	2,640	3,049
	<b>3,646</b>	<b>3,690</b>
<b>27 COST OF MATERIALS CONSUMED</b>		
<b>a) Inventory of materials at the beginning of the year</b>		
Cotton	41,666	16,910
Dyes and chemicals	327	293
Yarn, fabric and Polyester	8,242	6,517
	<b>50,235</b>	<b>23,720</b>
<b>b) Add: Purchases</b>		
Cotton	75,851	1,56,684
Dyes and chemicals	6,893	6,265
Yarn, fabric, polyester and garments	31,053	31,042
Trims, packing and others	14,225	12,608
Sugar cane and coal	19,134	26,436
	<b>1,47,156</b>	<b>2,33,035</b>
<b>c) Less : Inventory of materials at the end of the year</b>		
Cotton	2,081	41,666
Dyes and chemicals	432	327
Yarn, fabric and polyester	7,234	8,242
	<b>9,747</b>	<b>50,235</b>
	<b>1,87,644</b>	<b>2,06,520</b>
<b>28 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK- IN- TRADE AND WORK-IN-PROGRESS</b>		
<b>a) Inventories at the beginning of the year</b>		
Finished goods	40,996	31,822
Work-in-progress	2,990	2,946
Stock-in-trade	1,487	1,024
	<b>45,473</b>	<b>35,792</b>
<b>b) Inventories at the end of the year</b>		
Finished goods	39,554	40,996
Work-in-progress	2,803	2,990
Stock-in-trade (Refer note 49)	15,697	1,487
	<b>58,054</b>	<b>45,473</b>
<b>Net (Increase)</b>	<b>(12,581)</b>	<b>(9,681)</b>
<b>29 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	31,409	31,486
Contribution to provident and other funds	2,210	1,117
Staff welfare expenses	5,821	5,470
	<b>39,440</b>	<b>38,073</b>

(₹ in Lakhs)

		Year ended	
		31.03.2020	31.03.2019
<b>30</b>	<b>FINANCE COSTS</b>		
	Interest expense on financial liabilities measured at amortised cost:		
	Term loans	1,506	1,472
	Working capital loans	2,704	2,887
	Interest free sales tax loan	45	45
	Interest on shortfall in payment of income tax	132	141
	Others	578	349
		<b>4,965</b>	<b>4,894</b>
<b>31</b>	<b>OTHER EXPENSES</b>		
	<b>Manufacturing Expenses</b>		
	Power and fuel	12,624	13,162
	Consumption of stores and packing materials	4,110	4,201
	<b>Repairs and Maintenance</b>		
	Building	804	607
	Machinery	5,936	8,216
	Others	451	528
	Insurance	340	277
	<b>Administration Expenses</b>		
	Legal and professional charges	321	223
	Rent (Refer note 43)	296	250
	Rates and taxes	259	199
	Payment to auditor (Refer note 32)	22	15
	Travelling and conveyance	752	740
	Expenditure on Corporate Social Responsibility (CSR) (Refer note 36)	831	742
	Donations	250	1,026
	Foreign exchange loss (Net)	2	219
	Impairment loss on financial assets	1,782	146
	General expenses	799	569
	<b>Selling Expenses</b>		
	Freight and forwarding	2,724	2,903
	Sales commission	1,153	1,294
	Other selling expenses	1,453	1,077
		<b>34,909</b>	<b>36,394</b>
<b>32.</b>	<b>PAYMENT TO AUDITORS</b>		
	<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>
	Statutory audit fees	21	14
	Reimbursement of expenses	1	1
	<b>Total</b>	<b>22</b>	<b>15</b>



**33 INCOME TAX**

(₹ in Lakhs)

Particulars	2019-20	2018-19
<b>33.1 Income tax recognised in the statement of profit or loss</b>		
<b>Current tax</b>		
Current Income Tax charge	11,850	13,956
Adjustment in respect of Current Income Tax of Prior Years	(927)	(408)
	10,923	13,548
<b>Deferred Tax</b>		
Origination and reversal of temporary differences	737	85
Reduction in tax rate	(1,586)	-
MAT Credit Entitlement	(575)	(262)
<b>Total</b>	<b>9,499</b>	<b>13,371</b>

**33.2 Income tax recognised in other comprehensive income**

(₹ in Lakhs)

Particulars	2019-20			2018-19		
	Amount	Tax (expense)/ Benefit	Net of Tax	Amount	Tax (expense)/ Benefit	Net of Tax
Remeasurements of defined benefit liability/asset	-	-	-	-	-	-

**33.3 Reconciliation with effective tax rate**

The Income tax expense for the year can be reconciled to the accounting profit as follows

(₹ in Lakhs)

Particulars	Effective Tax Rate		Amount	
	2019-20	2018-19	2019-20	2018-19
Profit Before Tax			47,167	46,858
Tax using the Group's domestic tax rate	27.38%	34.93%	12,915	16,367
Effect of deductions under Chapter VI-A of the Income Tax Act, 1961	-6.20%	-8.65%	(2,923)	(4,053)
Effect of non-deductible expenses and others	2.14%	3.69%	1,009	1,727
	23.32%	29.97%	11,001	14,041
Adjustments recognised in the current year in relation to the current tax of prior years	-1.97%	-0.87%	(927)	(408)
MAT Credit Entitlement	-1.22%	-0.56%	(575)	(262)
<b>Income tax recognised in the statement of profit and loss</b>	<b>20.14%</b>	<b>28.54%</b>	<b>9,499</b>	<b>13,371</b>

**Note:**

The Group recognizes MAT credit availed in earlier years as an asset only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The Group reviews the MAT credit entitlement asset at each reporting date and writes down the asset to the extent it is no longer probable that it will pay normal tax during the specified period.

**33.4 Movement in Deferred Tax Liabilities**

(₹ in Lakhs)

Particulars	Balance as at 01.4.2018	Recognised in P&L during 2018-19	Recognised in/ OCI during 2018-19	Balance as at 31.03.2019	Recognised in P&L during 2019-20	Recognised in OCI during 2019-20	Balance as at 31.03.2020
Property, Plant and Equipment	5,758	(88)	-	5,670	(934)	-	4,736
<b>Total</b>	<b>5,758</b>	<b>(88)</b>	<b>-</b>	<b>5,670</b>	<b>(934)</b>	<b>-</b>	<b>4,736</b>

**33.5 Movement In Deferred Tax Assets :**

(₹ in Lakhs)

Particulars	Balance as at 01.4.2018	Recognised in P&L during 2018-19	Recognised in/ OCI during 2018- 19	Balance as at 31.03.2019	Recognised in P&L during 2019-20	Recognised in OCI during 2019-20	Balance as at 31.03.2020
Property, Plant and Equipment	2,054	171	-	2,225	85	-	2,310
MAT Credit Entitlement	(2,952)	(260)	-	(3,212)	(574)	-	(3,786)
<b>Total</b>	<b>(898)</b>	<b>(89)</b>	<b>-</b>	<b>(987)</b>	<b>(489)</b>	<b>-</b>	<b>(1,476)</b>

**Note:**

Pursuant to the amendment in Income Tax Act, 1961 effective 20.09.2019, which provides for an option to domestic companies to pay income tax at reduced rates, the Company exercised the option permitted under section 115BAA of the Income Tax Act,1961 and suitable adjustments have been made in the tax expense for the year ended 31.03.2020.

**34 Contingent Liabilities and Commitments (to the extent not provided for)****I. Contingent Liabilities**

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
<b>(a) Claims against the group not acknowledged as debts #</b>		
(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
(ii) Income Tax demands	1,146	1,146
(iii) Central Excise demands	-	4
<b>(b) Bank Guarantees in favour of parties</b>		
(i) Tamil Nadu Generation and Distribution Corporation [TANGEDCO]	164	164
(ii) Tamil Nadu Pollution Control Board	5	5
(iii) Tata Power Trading Company Limited	72	72
(iv) Bank Note Paper Mill India Private Limited	50	50
(v) New Tirupur Area Water Development Corporation Limited	58	58
(vi) Indian Oil Corporation	76	-
(vii) Bhart Petroleum Corporation Limited	92	-
<b>(c) Letter of Credit Facility in favour of Suppliers</b>		
(i) Foreign Letter of Credit	1,950	11,224
<b>(d) Discounted sales invoices</b>	<b>2,479</b>	<b>1,244</b>
<b>(e) Provident Fund:</b> Pursuant to the Supreme Court judgement dated February 28, 2019 on the inclusion of special allowances for contribution to provident fund, the Group has been legally advised that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of the reliable measurement of the provision for earlier periods, the Group has not recorded a provision for the prior years.		

# Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities

**II. Commitments**

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
<b>(a) Capital Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for.	433	15,162
<b>(b) Other Commitments</b>		
(i) Export obligations against the import licenses taken for import of capital goods under the Export Promotion on Capital Goods Scheme and advance license scheme for import of raw material. The duty implication involved is ₹ 2,599 Lakhs (Pr.Yr. ₹ 569 Lakhs)	15,596	3,411

**35 Disclosure with respect to Micro, Small and Medium Enterprises Development Act, 2006**

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" ("MSMED Act, 2006") is based on the information available with the Group regarding the status of registration of such vendors under the said Act, as per the intimation received from them on request made by the Group. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance sheet date. There are no delays in payment made to such suppliers during the year or for any earlier years and accordingly there is no interest paid or outstanding interest in this regard in respect of payment made during the year or on balance brought forward from previous year.

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
1. The Principal amount remaining unpaid to any supplier at the end of each accounting year	616	140
2. Interest due remaining unpaid to any supplier at the end of each accounting year	-	-
3. The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
6. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

**36 Corporate Social Responsibility Expenditure**

The gross amount required to be spent by the Group during the year towards Corporate Social Responsibility (CSR) as per the provision of section 135 of the Companies Act, 2013 amounts to ₹ 831 Lakhs (Pr.Yr. ₹ 742 Lakhs). Amount spent during the year on CSR activities (included in Note 31 of the Statement of Profit and Loss) as under:

(₹ in Lakhs)

Particulars	For the year Ended	
	31.03.2020	31.03.2019
Promotion of Education	825	714
Donation to Chief Minister's Relief Fund - Gaja Cyclone	-	25
Protection of agroforestry, animal welfare & flora and fauna	5	2
Funding for crematorium Building	1	-
Rural Development Projects	-	1
<b>Total</b>	<b>831</b>	<b>742</b>

**37 Financial Instruments****Accounting Classification and Fair Values:**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy

**31.03.2020**

(₹ in Lakhs)

Particulars	Carrying amount				Fair Value hierarchy
	Mandatorily at FVTPL -Others	Other financial assets-amortised cost	Other financial liabilities	Total carrying amount	
<b>Financial assets measured at fair value</b>					
Non-current Investments	210	-	-	210	Level 2
Current Investments	701	-	-	701	Level 1
<b>Financial assets not measured at fair value</b>					
Trade receivables	-	44,348	-	44,348	-
Cash and cash equivalents	-	15,181	-	15,181	-
Other bank balances	-	241	-	241	-
Other financial assets	-	290	-	290	-
<b>Financial liabilities not measured at fair value</b>					
Borrowings	-	-	74,057	74,057	-
Trade payables	-	-	13,195	13,195	-
Other financial liabilities	-	-	7,679	7,679	-

**31.03.2019**

(₹ in Lakhs)

Particulars	Carrying amount				Fair Value hierarchy
	Mandatorily at FVTPL -Others	Other financial assets-amortised cost	Other financial liabilities	Total carrying amount	
<b>Financial assets measured at fair value</b>					
Non-current Investments	210	-	-	210	Level 2
Current Investments	-	-	-	-	-
<b>Financial assets not measured at fair value</b>					
Trade receivables	-	52,800	-	52,800	-
Cash and cash equivalents	-	6,409	-	6,409	-
Other bank balances	-	1,075	-	1,075	-
Other financial assets	-	1,221	-	1,221	-
<b>Financial liabilities not measured at fair value</b>					
Borrowings	-	-	82,128	82,128	-
Trade payables	-	-	22,210	22,210	-
Other financial liabilities	-	-	4,781	4,781	-

For those financial assets and liabilities, which are not carried at its fair value, disclosure of fair value is not required as the carrying amounts approximates the fair values.

**Capital Management**

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in Notes 17, 20 and 22 off set by cash and bank balances) and total equity of the Group.

The Group is not subject to any externally imposed capital requirements.

The Group's net debt to equity ratio as at March 31, 2020 was as follows

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Debt *	78,764	85,633
Less : Cash and Bank Balances *	15,422	7,484
Net Debt	63,342	78,149
Total equity	1,86,587	1,79,017
Net Debt to Equity Ratio	33.95%	43.65%

\* Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in Notes 17, 20 and 22. Cash and Bank balances include cash and cash equivalents and other bank balances as described in Notes 11 and 12.

**Financial Risk Management**

The Group has exposure to the following risks arising from financial instruments:

- Market risk (See A below)
- Credit risk (See B below)
- Liquidity risk (See C below)

**Risk Management Framework**

The Group's corporate treasury function provides services to the business, co-ordinates access to domestic and International financial markets, monitors and manages the financial risk relating to the operation of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivatives financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instrument, including derivative financial instruments, for speculative purposes

The respective Company's board of directors oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The respective Company's board of directors are assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

**A Market Risk**

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of holding of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**(i) Foreign currency risk**

The Group's sales and purchases activities expose it primarily to the financial risk of changes in foreign currency exchange rates. The Group enters into plain vanilla forward contracts to manage its exposure to foreign currency risk.

## Details of hedged and unhedged foreign currency exposures

## (a) Outstanding forward exchange contracts for hedging purposes as on 31.03.2020

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
USD	INR	- (8,642)	Buy Buy
USD	INR	60,598 (8,347)	Sell Sell
EURO	INR	8,308 (7,373)	Sell Sell
GBP	INR	6,466 (7,209)	Sell Sell

Note: Figures in brackets relates to the previous year

## (b) The year-end unhedged foreign currency exposures are given below

Foreign currency denominated financial assets and liabilities (including firm commitments, if any) which expose the Group to currency risk are disclosed below. The amounts shown are those reported translated at the closing rate. Unhedged foreign currency risk exposure at the end of the reporting period has been expressed in Rupees.

(₹ in Lakhs)

	USD	Euro	GBP	JPY	Total
<b>As at 31.03.2020</b>					
Trade receivables	3,532	578	1,038	-	5,148
Cash and cash equivalents	-	-	-	-	-
Trade payables	(1,213)	-	-	(289)	(1,502)
Borrowings	-	(2,507)	-	-	(2,507)
	<b>2,319</b>	<b>(1,929)</b>	<b>1,038</b>	<b>(289)</b>	<b>1,139</b>

(₹ in Lakhs)

	USD	Euro	GBP	JPY	Total
<b>As at 31.03.2019</b>					
Trade receivables	20,479	-	225	-	20,705
Cash and cash equivalents	492	-	71	-	563
Trade payables	(3,178)	(2,222)	-	-	(5,400)
Borrowings	(1,392)	-	-	-	(1,392)
	<b>16,401</b>	<b>(2,222)</b>	<b>297</b>	<b>-</b>	<b>14,476</b>

Note: Trade receivables and Trade payables includes firm commitments.

## Sensitivity Analysis :

Sensitivity analysis is carried out for un-hedged foreign exchange risk as at March 31, 2020. For every 1% strengthening / weakening of Indian Rupees against all relevant uncovered foreign currency transactions, profit before tax and equity would be impacted as follows:



(₹ in Lakhs)

Increase/ (decrease) in profit and equity	Strengthening		Weakening	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
USD	(23)	(164)	23	164
Euro	19	22	(19)	(22)
GBP	(10)	(3)	10	3
JPY	3	-	(3)	-
	<b>(11)</b>	<b>(145)</b>	<b>11</b>	<b>145</b>

**(ii) Interest rate risk**

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

**Interest rate exposure**

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Non-current borrowings	20,675	13,049
Current borrowings	53,382	69,079
Other financial liabilities (Refer Note 22)	4,707	3,505
<b>Total</b>	<b>78,764</b>	<b>85,633</b>

**Sensitivity analysis:**

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2020. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately ₹ 788 lakhs. Similarly, for every 1% decrease in average interest rates, there would be an equal and opposite impact on the profit before tax. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

**(iii) Price risk**

The Group is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. As at 31.03.2020, the investments in mutual funds amounts to ₹ 701 lakhs (Pr.Yr: Nil).

As regards Group's investments in unquoted equity securities, the management contends that such investments do not expose the Group to price risks. In general, these securities are not held for trading purposes.

**Sensitivity analysis:**

For every 1% increase in price, profit before tax would be impacted by gain of approximately ₹ 7 lakhs. Similarly, for every 1% decrease in price there would be an equal and opposite impact on the profit before tax.

**B Credit risk management**

Credit risk is the risk that the counterparty to a financial instrument will not meet its contractual obligations, leading to a financial loss. Credit risk primarily arises from the Group's trade receivables, investments, cash and cash equivalents, other bank balances and other financial assets.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Trade receivables	44,348	52,800

The Group mitigates credit risk by strict receivable management, procedures and policies. The Group has a dedicated independent team to review credit and monitor collection of receivables. In addition, the Group mitigates credit risk substantially through availing of credit insurance for both domestic and export buyers.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue. Further, the management believes that unimpaired amounts that are past due by more than 90 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to customers that have defaulted on their payments to the Group are not expected to be able to pay their outstanding dues, mainly due to economic circumstances.

The concentration of credit risk is limited due to the customer base being large and unrelated. Further, the Group constantly evaluates the quality of trade receivable and provides allowance towards doubtful debts based on expected credit loss model.

For movement of loss allowance in trade receivables, refer note 10.

#### Investments :

Investments of surplus funds are made only with approval of Board of Directors. This primarily include investments in equity instruments of an unlisted entity and mutual funds. The Group does not expect significant credit risks arising from these investments.

#### Cash and cash equivalents and Other bank balances :

The Group held cash and cash equivalents and margin money deposits with credit worthy banks and financial institutions as at the reporting dates which has been measured on the 12-month expected loss basis. The credit worthiness of the banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good with low credit risk.

#### Other financial assets :

Other financial assets primarily consists of Interest accrued on bank deposits and other deposits. The Group does not expect any loss from non-performance by these counter-parties.

### C Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

All current financial liabilities are repayable within one year. The contractual maturities of non current financial liabilities are disclosed in Note 17.

### 38 Related Party Disclosures

Disclosures under "Ind AS" 24- Related Party Disclosure, as identified and disclosed by the management and relied upon by the Auditors:

**38.1 Name of related parties and nature of relationships**

Key Management Personnel	Mr. K.P. Ramasamy Mr. KPD Sigamani Mr. P. Nataraj Mr. C.R. Anandakrishnan Mr. E.K. Sakthivel
Relatives of Key Management Personnel	Mrs. D. Geetha (Daughter of Mr. 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

**38.2 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 31.03.2020
<b>Transactions during the year</b>				
Lease Rent Paid	- -	1 (1)	- -	1 (1)
Remuneration / Salary	- -	1,758 (3,558)	6 (6)	1,764 (3,564)
<b>Balance outstanding as at the balance sheet date</b>				
Trade Payable	- -	668 (2,081)	- -	668 (2,081)

(Previous year figures are shown in brackets)

**38.3 Details of transactions with related parties****a. Lease Rent Paid**

(₹ in Lakhs)

Name	2019-20	2018-19
Mr. K.P.Ramasamy	0.19	0.19
Mr. KPD Sigamani	0.18	0.18
Mr. P.Nataraj	0.18	0.18
<b>Total</b>	<b>0.55</b>	<b>0.55</b>

**b. Remuneration/Salary**

(₹ in Lakhs)

Name	2019-20	2018-19
Mr. K.P.Ramasamy	572	1,172
Mr. KPD Sigamani	572	1,172
Mr. P.Nataraj	572	1,172
Mr. C.R.Anandakrishnan	24	24
Mr. E.K.Sakthivel	18	18
Mrs. D.Geetha	6	6
<b>Total</b>	<b>1,764</b>	<b>3,564</b>

Note: Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

**c. Trade Payable**

(₹ in Lakhs)

Name	2019-20	2018-19
Mr. K.P.Ramasamy	238	699
Mr. KPD Sigamani	232	694
Mr. P.Nataraj	197	688
Mr. E.K.Sakthivel	1	-
<b>Total</b>	<b>668</b>	<b>2,081</b>

**38.4 Terms and conditions of transactions with related parties**

Transactions with related parties are at arm's length and all the outstanding balances are unsecured.

**38.5 Transfer pricing**

The Group has transactions with related parties. For the financial year ended 31.03.2019, the Group has obtained the Accountant's report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and has filed the same with the tax authorities. For the year ended 31.03.2020, the Group maintains documents as prescribed by the Income-tax Act to prove that these transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

**39 Earnings Per Share (EPS)**

Particulars	2019-20	2018-19
Profit for the year attributable to equity shareholders (₹ in Lakhs)	37,668	33,487
Weighted average number of equity shares (Refer Note a)	7,12,08,042	7,26,08,332
Face Value Per Share (₹)	5.00	5.00
Earnings Per Share - Basic and Diluted (₹)	52.90	46.12

**Notes:**

a. The Calculation of Weighted Average Number of Equity Shares for the purpose of basic and diluted Earnings per Share is as follows:

Particulars	2019-20	2018-19
Opening balance	7,25,60,784	7,38,95,784
Effect of Shares bought back during the year	(13,52,742)	(12,87,452)
Weighted average number of equity shares	7,12,08,042	7,26,08,332

During the year Company bought back 3,750,784 shares of fully paid-up equity shares of the face value of ₹ 5/- each through "Tender Route" process at a price of ₹ 702 per equity share. (refer Note 48)

b. The Company does not have any potential equity shares. Accordingly basic and diluted earnings per share would remain the same.

**40 Goodwill on Consolidation**

(₹ in Lakhs)

Particulars	31.03.2020	31.03.2019
Opening Balance	70	70
Add: On acquisition of subsidiaries during the year	-	-
<b>Total</b>	<b>70</b>	<b>70</b>
Less: On disposal of subsidiaries during the year	-	-
Less: Impairment		
Closing Balance	70	70

**41 Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the respective Company's Board of Directors to make decisions about resources to be allocated to the segments and assess their performance. The Board of Directors is considered to be the Chief Operating Decision Maker ('CODM') within the purview of Ind AS 108 - Operating Segments.

The Group has classified its operations primarily into three reportable segments viz., Textile, Sugar and Others based on 'Management Approach' as defined in Ind-AS 108. These segments offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the reportable segments, the respective Company's Board of Directors reviews internal management reports on atleast a quarterly basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the respective Company's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**41.1**

(₹ in Lakhs)

Particulars	For the year ended 31.03.2020			
	Textile	Sugar	Others	Total
External Revenue	2,92,138 (3,03,999)	34,092 (25,252)	9,033 (9,150)	3,35,263 (3,38,401)
Inter-segment revenue	-	-	-	-
<b>Total</b>	<b>2,92,138</b> <b>(3,03,999)</b>	<b>34,092</b> <b>(25,252)</b>	<b>9,033</b> <b>(9,150)</b>	<b>3,35,263</b> <b>(3,38,401)</b>
Segment results before other income, finance costs and tax	41,930 (46,567)	6,010 (986)	546 (509)	48,486 (48,062)
Unallocable expenses (net)				-
Operating income				48,486 (48,062)
Less: Finance costs				4,965 (4,894)
Add: Other income (net)				3,646 (3,690)
Profit before tax				47,167 (46,858)
Tax expense				9,499 (13,371)
Profit for the year				37,668 (33,487)

**Note:** Figures in bracket relate to the previous year

## 41.2

(₹ in Lakhs)

Particulars	For the year ended 31.03.2020			
	Textile	Sugars	Others	Total
Segment Assets	2,23,900 (2,43,615)	59,002 (46,572)	2,663 (3,906)	2,85,565 (2,94,093)
Unallocable Assets				4,153 (3,281)
Total Assets				2,89,718 (2,97,374)
Segment Liabilities	68,835 (90,369)	30,604 (23,428)	1,471 (2,337)	1,00,910 (1,16,134)
Unallocable Liabilities				2,221 (2,223)
Total Liabilities				1,03,131 (1,18,357)
Capital Employed (Segment asset - Segment Liabilities)				1,86,587 (1,79,017)
Other information				
Capital expenditure	17,650 (3,391)	14,186 (1,456)	193 (131)	32,029 (4,979)
Depreciation and amortisation	10,513 (10,200)	3,068 (2,789)	128 (124)	13,709 (13,113)

**Note:** Figures in bracket relate to the previous year



**42 Geographical information on revenue and assets:**

The geographic information analyses the Group's revenues and non-current assets by the Company's country of domicile and overseas. In presenting the geographical information, segment revenue has been determined based on the geographical location of the customers and non-current assets has been determined based on the geographical location of the assets.

**Revenue from sale of products and services by Geographic Location of Customers**

(₹ in Lakhs)

Particulars	2019-20	2018-19
India	1,85,795	1,84,642
Overseas	1,34,781	1,41,780
<b>Total</b>	<b>3,20,576</b>	<b>3,26,422</b>

**Non-current assets\* by geographic location of assets**

(₹ in Lakhs)

Particulars	2019-20	2018-19
India	1,35,867	1,19,446
Overseas	1,148	1,174
<b>Total</b>	<b>1,37,015</b>	<b>1,20,620</b>

\*Non-current assets exclude financial instruments and deferred tax assets.

No single customer contributed 10% or more to the Group's revenue for both the financial years 2019-20 and 2018-19.

**43 Operating Lease Disclosure****43.1 As Lessee:**

The Group has taken factory premises, office spaces, plant and equipment and vehicles on cancellable operating leases. The leases are for varied periods which are classified as short-term leases under Ind AS 116. The Group has incurred ₹ 296 lakhs for the year ended 31.03.2020 towards expenses relating to short-term leases. The total cash outflow for leases is ₹ 515 lakhs for the year ended 31.03.2020, including cash outflow of short-term leases.

Particulars	31.03.2020
Minimum lease payments not later than one year	300
Later than one year but not later than five years	569
More than five years	1,398

**43.2 As Lessor:**

The Group has given certain non-factory building on cancellable operating leases and has earned rental income of ₹ 2,582 lakhs for the year ended 31.03.2020. Since the aforesaid leases are short-term in nature, there are no lease payments receivable after one year as at 31.03.2020. The expected amount of minimum lease payments to be received within one year is ₹ 2,582 lakhs.

**44 Disclosure of Employee Benefits****44.1 Defined Contribution Plans**

(₹ in Lakhs)

Particulars	2019-20	2018-19
Provident Fund	1,976	929
Employee State Insurance	775	1,049

**44.2 Defined Benefit Plan - Gratuity**

The Group provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. The Group's obligation towards Gratuity is a defined benefit plan and the details of actuarial valuation as at the year-end are given below:

**Reconciliation of the net defined benefit (asset)/ liability**

The following table shows a reconciliation from the opening balances to the closing balances for the net defined (asset) / liability and its components. (₹ in Lakhs)

	2019-20	2018-19
<b>A Changes in present value of Obligation</b>		
PV of obligation as at the beginning of the year	745	573
Current Service Cost	188	138
Interest Cost	42	36
Benefits paid	-	(2)
<b>Balance at the end of the year</b>	<b>975</b>	<b>745</b>
<b>B Reconciliation of fair value of plan assets:</b>		
Balance at the beginning of the year	789	595
Interest income	57	42
Benefits paid	-	(2)
Contributions by the employer	129	154
<b>FV of Plan Asset as at end of the year</b>	<b>975</b>	<b>789</b>
<b>Plan assets comprises of :</b>		
% of Investment with insurer	100	100
<b>C Net Asset/(Liability) recognized in the Balance Sheet</b>		
Present value of obligation as at end of the year	975	745
Fair value of plan asset as at end of the year	975	789
<b>Funded Status [Surplus/(Deficit)]</b>	<b>-</b>	<b>44</b>
<b>D Expense recognized in the Consolidated Statement of Profit and Loss</b>		
Current Service Cost	188	138
Interest Cost	42	36
Expected return on Plan Assets	(57)	(42)
	<b>173</b>	<b>132</b>
<b>E Remeasurement recognised in other comprehensive income</b>		
Actuarial (gains) / losses on defined benefit obligation	-	-
Actuarial (gains) / losses on plan assets	-	-
<b>F Actuarial Assumptions</b>		
Discount Rate ( per annum)	6.83%	750%
Rate of increase in compensation levels (per annum)	8.00%	6.50%
Rate of return on plan assets (per annum)	6.83%	750%
Attrition rate (per annum)	4.00%	4.00%
Expected average remaining working lives of employees (years)	27.29	30.23
Demographic Assumptions - Based on Indian Assured Lives Mortality (2012-14)		

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.

**Asset-liability matching strategies**

The Group has funded the liability with the insurance company. The entire investible assets are managed by the fund managers of the insurance company and the asset values as informed by the insurance company has been taken for valuation purpose. The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rates (in particular, the significant fall in interest rates, which should result in a increase in liability without a corresponding increase in the asset).

**Expected contributions to the plan for the next annual reporting period**

The expected benefits are based on the same assumptions as are used to measure Group's defined benefit plan obligations as at 31.03.2020. The Group is expected to contribute ₹187 lakhs to defined benefit plan obligations funds for the year ended 31.03.2021.

(₹ in Lakhs)

**Weighted average duration of the defined benefit obligation**

	18.17 years	17.77 years
<b>Disclosure related to indication of effect of the defined benefit plan on the entity's undiscounted future cash flows</b>		
<b>Payout in the next</b>		
1 year	29	21
1-2 years	26	24
2-3 years	30	22
3-4 years	30	26
4-5 years	33	26
5 years and beyond	2,789	2,296

**Disclosure related to indication of effect of the defined benefit plan on the entity's undiscounted future cash flows****Payout in the next**

	18.17 years	17.77 years
1 year	29	21
1-2 years	26	24
2-3 years	30	22
3-4 years	30	26
4-5 years	33	26
5 years and beyond	2,789	2,296

**Sensitivity analysis**

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

(₹ in Lakhs)

	31.03.2020		31.03.2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(116)	142	(78)	95
Salary growth (1% movement)	135	113	92	(77)
Attrition rate (1% movement)	(22)	26	(9)	10

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**45 Details of quoted current investment:**

(₹ in Lakhs)

	31.03.2020		31.03.2019	
	Units	Amount	Units	Amount
Nippon India Mutual Fund	6,53,815	701	-	-
<b>Total</b>	<b>6,53,815</b>	<b>701</b>	<b>-</b>	<b>-</b>

## 46 Statement pursuant to first proviso to sub-section (3) of section 129 of the Companies Act 2013, containing salient features of financial statements of Subsidiary Companies

2019-20

(₹ in Lakhs)

Particulars	Quantum Knits PVT. Limited	K.P.R.Sugar Mill Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited	KPR Exports Pic,	KPR Mill Pte. Ltd
Country of incorporation	India	India	India	India	Ethiopia	Singapore
Reporting currency	INR	INR	INR	INR	BIRR	SGD
Exchange rate	1	1	1	1	2.2807	52.9584
Share Capital*	10	583	5	193	1,594	28
Other equity	2,007	40,255	(1)	999	(385)	25
Total Assets	2,032	79,294	4	2,663	1,392	660
Total Liabilities	15	38,456	-	1,471	183	607
Revenue from operations	-	54,210	-	9,033	1,030	180
Profit / (Loss) Before Tax	(15)	9,571	-	345	(387)	29
Tax expense / (credit)	-	1,194	-	95	-	4
Profit / (loss) after tax	(15)	8,377	-	250	(387)	25
Proposed Dividend	-	-	-	-	-	-
% of Share Holding	100	100	100	100	100	100

\* Includes share application money pending allotment of INR 1,170 lakhs relating to KPR Exports PLC and INR 7 lakhs relating to KPR Mill Pte. Ltd

2018-19

(₹ in Lakhs)

Particulars	Quantum Knits PVT. Limited	K.P.R.Sugar Mill Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited	KPR Exports Pic,	KPR Mill Pte. Ltd
Country of incorporation	India	India	India	India	Ethiopia	Singapore
Reporting currency	INR	INR	INR	INR	BIRR	SGD
Exchange rate	1	1	1	1	2.43	-
Share Capital	10	583	5	193	136	-
Other equity	2,022	31,908	(1)	749	2	-
Total Assets	2,062	70,753	4	3,915	1,421	-
Total Liabilities	30	38,262	-	2,973	1,283	-
Revenue from operations	-	45,344	-	9,150	68	-
Profit / (Loss) Before Tax	(17)	5,347	-	277	2	-
Tax expense / (credit)	-	926	-	81	-	-
Profit / (loss) after tax	(17)	4,421	-	196	2	-
Proposed Dividend	-	-	-	-	-	-
% of Share Holding	100	100	100	100	100	-

## 47. Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries

(₹ in Lakhs)

Name of the Entity	Net Assets i.e., Total Assets minus Total Liabilities		Share of Profit or Loss		Share in other comprehensive income		Share in total other comprehensive income	
	As % of consolidated Net Assets	Amount	As % of consolidated Profit or Loss	Amount	As % of consolidated OCI	Amount	As % of consolidated OCI	Amount
<b>Parent</b>								
K.P.R.Mill Limited	76.86%	1,50,488	78.12%	29,461	-	-	78.21%	29,461
<b>Subsidiaries - Indian</b>								
1. M/s Quantum Knits Private Limited	1.03%	2,017	-0.04%	(15)	-	-	-0.04%	(15)
2. M/s K.P.R.Sugar Mill Limited	20.86%	40,838	22.21%	8,377	-	-	22.24%	8,377
3. M/s Jahnvi Motor Private Limited	0.61%	1,192	0.66%	250	-	-	0.66%	250
4. M/s Galaxy Knits Limited	0.00%	4	0	-	-	-	0.00%	-
<b>Subsidiaries - Foreign</b>								
M/s KPR Exports Plc, Ethiopia	0.62%	1,209	-1.03%	(387)	-	-	-1.03%	(387)
M/s KPR Mill Pte Ltd, Singapore	0.03%	53	0.07%	25	-	-	0.07%	25
Less : Eliminations		(9,214)		(43)				(43)
	<b>100%</b>	<b>1,86,587</b>	<b>100%</b>	<b>37,668</b>	<b>0%</b>	<b>-</b>	<b>100%</b>	<b>37,668</b>

**48 Buyback of Shares**

After obtaining the approval of shareholders through Postal Ballot on 07.06.2019, the Buyback of 37,50,784 Equity Shares of ₹ 5/- each (Representing 5.17% of the total number of paid up equity shares of the Company) from the Shareholders of the Company on proportionate basis by way of tender offer route at a price of ₹ 702/- per share for an aggregate amount of ₹ 26,331 lakhs was initiated in accordance with the provisions of the Companies Act, 2013 and the SEBI (Buyback of Securities) Regulations, 2018. The same was completed on 20.11.2019.

**49 Stock-in-trade**

Owing to the prevailing market conditions which has led to significant decline in the price of cotton and considering management's intention to hold a portion of its inventory as stock-in-trade, the Company had measured the said inventory at lower of cost and net realizable value. Consequent to the above, the amount of write-down charged to the consolidated statement of profit and loss for the year ended 31.03.2020 was ₹ 4,347 lakhs.

**50 Impact of COVID-19**

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. In view of the pandemic, the Group has considered internal and external information and has performed an analysis based on current estimates while assessing the recoverability of assets including trade receivables, inventories and other current / non-current assets (net of provisions established) for any possible impact on the consolidated financial statement. The Group has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial controls etc., and is of the view that based on its present assessment, this situation does not materially impact these consolidated financial statement. The Management believes that the Group will not have any challenge in meeting its financial obligations for the next 12 months. In this regard, the Group will continue to closely monitor any material changes to future economic conditions.

**51 Events after reporting period :**

The Board has recommended a Final Dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2019-20 subject to the approval of the Shareholders in Annual General Meeting.

The notes from 1 to 51 are an integral part of these consolidated financial statements.

For and on behalf of the Board of Directors of  
**K.P.R. Mill Limited**  
CIN : L17111TZ2003PLC010518

**K.P. Ramasamy**  
Chairman  
DIN: 00003736

**KPD Sigamani**  
Managing Director  
DIN: 00003744

**PL Murugappan**  
Chief Financial Officer

Coimbatore  
June 27, 2020

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration Number : 101248W/W-100022

**K Sudhakar**  
Partner  
Membership No. : 214150

**P. Nataraj**  
Chief Executive Officer and Managing Director  
DIN : 00229137

**P. Kandaswamy**  
Company Secretary

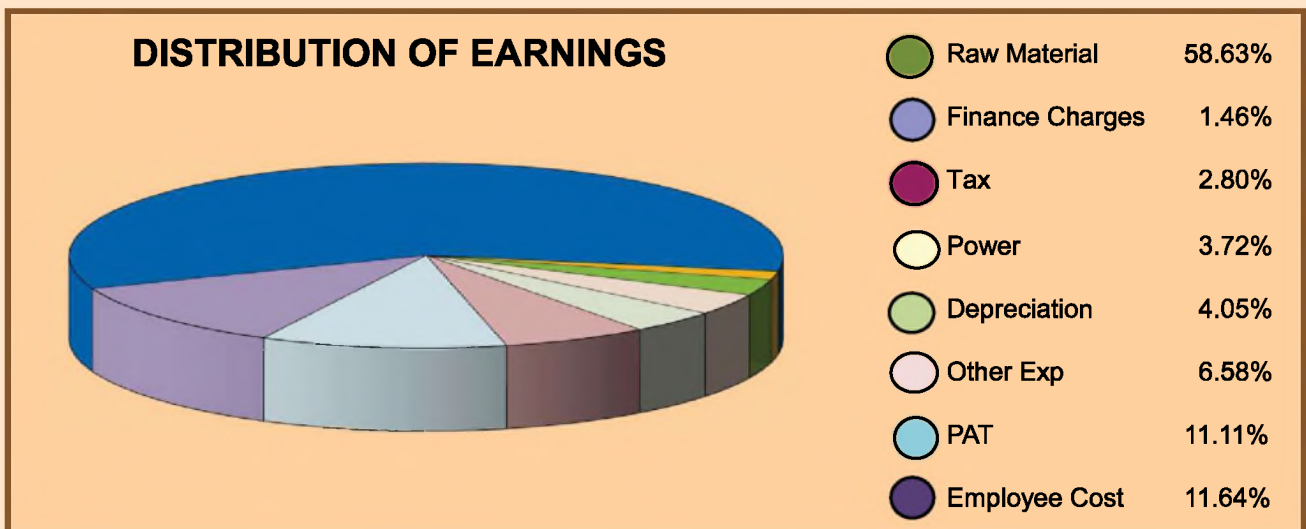
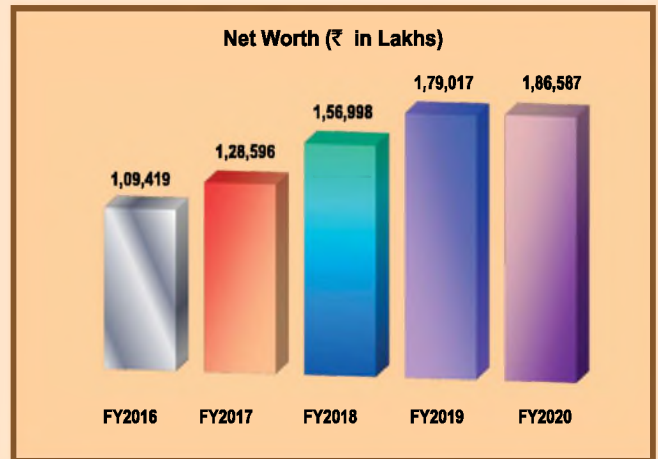
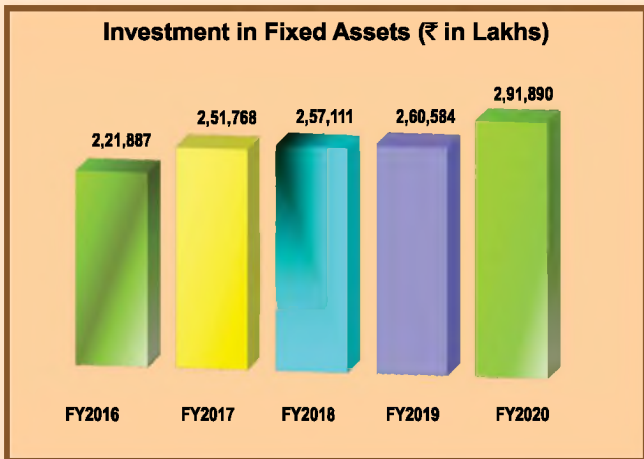
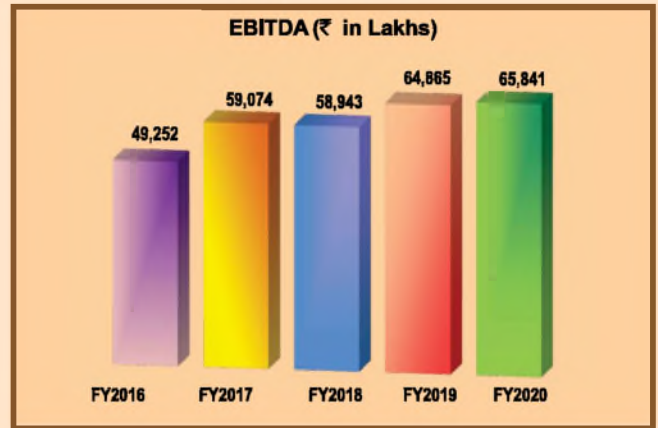
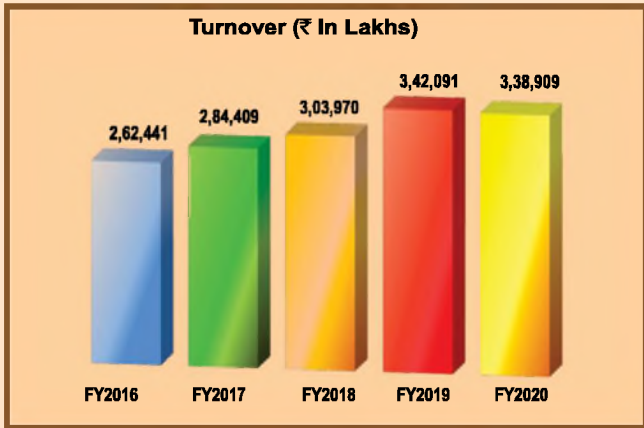
Chennai  
June 27, 2020



## NOTES

## NOTES

## NOTES





Corporate Office :

**K.P.R. MILL LIMITED**

1<sup>st</sup> Floor, Srivari Shrimat, 1045, Avinashi Road,  
Coimbatore - 641 018

Phone : +91 422 220 7777 | Fax : +91 422 220 7778

CIN : L17111TZ2003PLC010518

Email : corporate@kprmill.com

**[www.kprmilllimited.com](http://www.kprmilllimited.com)**