

# 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

31.07.2019

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 2018-19 pursuant to Regulation 34(1) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The Annual report of the Company for the Financial Year 2018 – 19 as forwarded to 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. Attendance slip
2. Proxy form
3. Notice
4. Annual Report

**KPR**  
MILL LIMITED

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

**16th annual report 2018-19**

## HIGHLIGHTS 2018-19

(₹ in Lakhs)



Ms. N. Ramalakshmi receiving  
CEMCA Award from  
Hon'ble Governor of Tamil Nadu.

Total Revenue	3,42,091
PBDIT	64,865
PBT	46,858
PAT	33,487
Cash Profit	46,600
Assets	2,60,584
Net Worth	1,79,017
EPS	46.12
Cash EPS	64.18



The success of KPR is an example of businesses that started from humble beginning and eventually grew into a giant of their respective industries. Success doesn't always come easy; it often takes decades of dedicated and diligent work to grow a small business into a Corporate power house. Originated as a small textile manufacturer, the three ambitious brothers transformed this prestigious KPR Group steadily with their strenuous united efforts and visionary plans. Hailed from an agricultural family, like any other rural populace, they overcame several economic and social ordeals to reach KPR to this prominent level. Now it is one of the renowned Corporate engaged in Textiles, Sugar, Power generation, Automobiles and Education. Their sustained growth is attributable to the determined team efforts with long term perspectives. The urge for quality, commitment coupled with societal development and strive towards excellence in all their activities secured a prominent place for KPR in the Textile Arena. This impeccable drive continuously awards KPR the titles such as 'one of the Top 500 Listed Corporate' and 'Top 100 CEOs in India'.

The iconic Corporate of the Group, 'K.P.R. Mill Limited' has 12 Manufacturing units of advanced technology and over 24,000 dedicated work force. It has a capacity to produce 1,00,000 MT of yarn per annum; 27,000 MT fabrics per annum; 115 million ready-made knitted apparel per annum, one of the largest Garment Producers in India (A new 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; 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 and 5,000 TCD. Presently it also ventures into Retail Business under its own Brand and Ethanol Production.

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**NEW PROCESSING UNIT**

STENTER MIC-2  
(8 CHAMBER)



## CHAIRMAN'S LETTER

Dear Shareholders

We are happy to report a solid financial and operational result in fiscal 2019. It was a year of opportunities and challenges and KPR emerged more competitive. Our consolidated financial results attest to our successful Corporate strategy of managing the resources.

### KEY HIGHLIGHTS OF FY 2018-19 RESULTS

- + Garment Production up by 20.20% - 94.19 Million
- + Revenue up by 12.54% - Rs.3,421 Crores
- + EBITDA up by 10.04% - Rs.649 Crores
- + PBT up by 1772% - Rs.469 Crores
- + PAT up by 15.32% - Rs.335 Crores

Growth in revenue and profitability enabled better performance for the year as a whole. Though cotton prices were going up during the last quarter of the fiscal, the quality of the cotton was one of the best in the recent years. We have strategically planned and accumulated the inventory much earlier covering best quality cotton at economized cost. Consequent on the increase in cotton prices the yam prices have also moved up. Garment order position is encouraging. The enhanced capacity has started yielding higher garment production. Regarding sugar, due to government regulatory monthly sugar mechanism - releasing certain quantity only every month - the sugar price maintains at better level. The new project 'ethanol' at a cost of ₹ 120 Crores is in progress and may commence its operations in the coming season.

### Ethiopia Garment Factory

At KPR Exports PLC, Ethiopia, the production is going on as per the plan and ramping up will happen in phases. Our Strategic foray into Ethiopia is expected to provide multiple scale and economical advantages such as better realization, margin and improved return ratios. Also it is feasible to scale up in Ethiopia with a trainable semi-skilled work force and cost benefits.

### Wholly owned Subsidiary Company at Singapore

Promoted a Wholly owned Subsidiary Company at Singapore under the name and Style 'KPR Mill Pte Ltd' for the purpose of strengthening International business.

## MOMENT OF PRIDE- OUR EMPLOYEES WHO HAVE SECURED RANKS IN TAMIL NADU OPEN UNIVERSITY.



### **Retail Business under the Brand 'FASO'**

We are delighted to inform you that KPR has embarked into Retail business by launching of new inner wear and athleisure brand 'FASO – Italian at Heart' (Fashion Adapted Sustainable and Organic).

It is planned to launch the brand initially in three main cities in Tamilnadu viz., Chennai, Coimbatore and Madurai and the product supply would be planned through distribution network. FASO products are segmented in three different premium ranges viz., comfort, style and supreme. The FASO collections are stylish & skin-friendly and would be available with bright trendy colours. They are made of 100% superfine cotton that would give ultra soft comfort.

The product categories would include Brief, Trunk, Boxer Shorts, Vest, Gym Vest and Muscle Tee. Moreover the Products are manufactured by using combed organic cotton, 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. This would enable a highly sustainable manufacturing facility with social and environmental compliance. FASO would have its footprints across South India by August 2019 and the Country by 2020.

### **Prime factors of Production**

As per USDA Report, the rise in India's cotton area due to favorable price trend and increased yield are expected to regain the top-producer status to India in 2019-20 season.

While India has abundant supply of labour, flexibility in labour laws and adequate skilling will give a big boost to the textile industry. Textile exports will continue to be a bright spot in India's international trade for the current financial year with industry projections pegging knitwear exports from Tirupur at a record Rs 30,000 crore. Since some of the competing countries have the GSP advantage, the Indian Government's support is crucial for the garment industry. Exporters must look to new and emerging markets. The focus should be on expanding schemes for technology upgrades and introducing more policies that incentivize apparel exporters to upgrade technology.

Compared to last year Wind Power generation has come down. However power availability from the Grid continues to be comfortable.

### **Human Resources**

Company's most important asset - Human Capital-is being nurtured and supported through the continuous best HR policies & practices with the positive and value added work environment ensuring effective employee-employer relations.

## **RECEIVED MEDALS FROM THE HONORABLE GOVERNOR OF TAMIL NADU**



The Company continues to participate in the Central Government's skill development initiatives. Migrant work force from far of States is steadily increasing. Economic growth in India today hinges on mobility of Labour. By extending star studded HR Practices and taking care of their special needs their migration is transformed into more dignified and rewarding opportunity.

Our unique societal concept 'learn while you earn' has so far benefitted over 24,000 employees (mostly women) of our Company who availed the opportunity to pursue their education in the evening hours, post-work. Educational courses in various disciplines are offered under Open University system at the Company's campus. Unable to make ends meet the young woman from rural areas are opting for employment with us striking the balance between chasing her dream to continue her studies and financially support her family. As in every year, with the best coaching and educational infrastructures extended by us, they pass the Government examination with flying colors.

#### Credentials

We are glad to share with you that:

1. **Six Candidates** of the **KPR IAS ACADEMY** have cleared the UPSC All India Civil Services Examination in **2017-18** and **Nine candidates in 2018-19**
2. In the **7th Convocation of Tamilnadu Open University** held at Arasur, Degree Certificates were awarded to **321** employees of the Company, who were graduated and of them **38** Employees were rank holders and one employee secured CEMCA Award. As a felicitation, the Company took them to Chennai by Flight for sightseeing.
3. Honorable Vice - President of India Sri. Venkiah Naidu has honored **K.P.R. Mill Limited** with an award for 'Pioneering work' in Indian Textile Industry in 2018. Mr. P. Nataraj, Managing Director received the award from the hands of Honourable Vice President of India on 27th November 2018.
4. The **4th Edition of KPR Mini Marathon** to promote greenery was conducted by KPR Institute of Engineering & Technology on 22nd December 2018. In that event 6000 People had participated. The Athletic and Sports clubs and associations of Coimbatore conferred the title of "Father of Coimbatore Sports Association" on Mr. K.P. Ramasamy, Chairman.
5. Fortune India Magazine in its December 2018 Issue has also selected **KPR** as one of the Largest 500 Corporations in

India in 2018; Maximum Wealth Creators; **9th** Revenue Earning Textile Companies in India.

6. The Union Minister of Labour has awarded the Region's 'Model Employer' award to K.P.R Mill Limited on Provident Fund related matters.

#### Future Ahead

In a bid to boost the textile sector and make it globally competitive, the Central Government has introduced a scheme to rebate all state and central embedded taxes on apparel and made-up textile segments. Overall performance is steadily increasing due to an improved industrial business environment and a better balance of volume, pricing and capacity. KPR possessing the high levels of scale, quality, technology, expertise, committed work force and above all strategic vision & plans continue to shape its future building sustainable competence. Its new initiatives unleashed shall strengthen the growth opportunities in both International and Domestic Markets.

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 unstinted 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



**S. Ranganayaki**  
Director



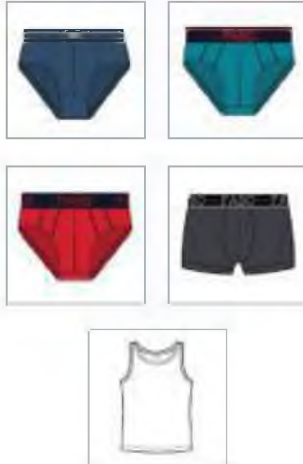
**P. Selvakumar**  
Director



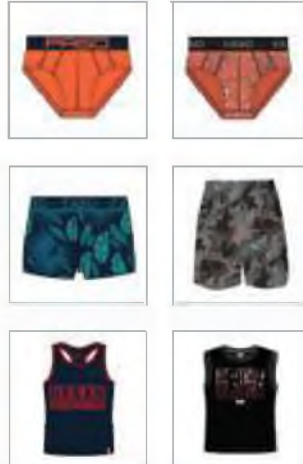
## EXISTING PRODUCTS



### COMFORT



### STYLE



### SUPREME



15

Products

## UPCOMING PRODUCTS

### COMFORT



### STYLE



### SUPREME



### ATHLEISURE



33

Products



Wear your  
Style.

THE  
STYLE  
RANGE

Premium Innerwear.

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

## **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-641018  
Ph : 0422-2207777  
Fax: 0422-2207778  
E-mail : corporate@kprmill.com  
Web : www.kprmilllimited.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-600031

## **BANKERS**

Bank of Baroda  
Bank of India  
Corporation Bank  
IDBI Bank Limited  
Oriental Bank of Commerce  
Andhra Bank  
ICICI Bank  
Punjab National Bank  
Federal Bank  
HDFC Bank

## **REGISTRAR AND SHARE TRANSFER AGENTS**

Karvy Fintech 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  
E-mail : eniward.ris@karvy.com

## **COMPANY CIN**

L17111TZ2003PLCO10518

# 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, 2019.

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
<b>Sales and Other Income:-</b>				
Domestic Sales	1,61,890	1,67,371	1,84,806	1,76,009
Export Sales	1,26,435	77,255	1,41,616	1,14,104
Other Income	13,265	8,124	15,669	13,857
	<b>3,01,590</b>	<b>2,52,750</b>	<b>3,42,091</b>	<b>3,03,879</b>
<b>Profit before Interest &amp; Depreciation</b>	<b>54,444</b>	<b>44,502</b>	<b>64,865</b>	<b>58,943</b>
Less : Interest	3,586	3,049	4,894	5,156
Depreciation	9,583	10,497	13,113	13,985
<b>Profit Before Tax</b>	<b>41,275</b>	<b>30,956</b>	<b>46,858</b>	<b>39,802</b>
Less : Taxation:-				
Provision for Current Tax	12,726	8,050	13,956	10,094
Tax relating to earlier years	(273)	213	(408)	232
Less : MAT Credit Entitlement	-	-	262	28
	<b>12,453</b>	<b>8,263</b>	<b>13,286</b>	<b>10,298</b>
Deferred Tax expense / Credit	(89)	196	85	466
<b>Profit After Tax</b>	<b>28,911</b>	<b>22,497</b>	<b>33,487</b>	<b>29,038</b>
Other Comprehensive Income (Net of tax)		30		30
<b>Total Comprehensive Income</b>	<b>28,911</b>	<b>22,527</b>	<b>33,487</b>	<b>29,068</b>

## REVIEW OF OPERATIONS

KPR delivered a successive growth during the year under review also. Its Turnover rose by 19% and the Net Profit by 28 % over previous year. The operating results were driven by volume growth in most of the Segments. Supported by the expanded activities the Garment saw good traction. The revenue from spinning segment has crossed Rs.2000/- Crores. The Strong product pipeline gives us confidence on continuing operating strength. Operations in eco-friendly 'Processing Unit 2' and sophisticated high resolution Printing Division have commenced. Availability of power continues to be comfortable. Strategic planning in inventory supported by our integrated activities and captive power source ensure economized cost of production. The Brownfield expansion of 10 Million Garment capacity has elevated our total Garment capacity to 115 Million Garments per annum, one of the Largest Garment Manufacturers in India. We have expanded our Processing capacity also to match the increased garments requirements; We are able to attract the required additional work force for our expanded activities due to our best HR activities.

## K P R EXPORTS PLC - ETHIOPIA

KPR has developed a new Garment Unit with a production capacity of 10 Million Garments per annum at Ethiopia. Employees were recruited and trained at our Training wing at Arasur. Required capital equipments and materials were imported and commercial Production had commenced and trial consignments have been shipped. Preliminary activities with the leading Brands are in progress so as to enhance the business. We hope to have full-fledged activities during the current year.

## BRANDED RETAIL BUSINESS

To start with, the Premium segment of Men's inner wear is chosen. The Product line is designed and finalized. The brand name and logo are decided. The products launch is planned in phases during the first quarter of current financial year. Distributors have been appointed and initially we will be targeting the South Indian market.

## FUTURE OUTLOOK

India's Textile Sector may see higher growth following strong domestic demand, waning impact of the disruptions due to GST, demonetization and rising exports. The Positive trend in the entire

## DIRECTORS' REPORT

textile value chain has been the result of pragmatic approach towards textile industry by the Central Government over the past few years. Export of overall cotton textiles, including cotton yarn, rose almost by 10% over earlier year. Apparel exports too surged after the Centre announced reimbursement of embedded taxes and are expected to rise further. Taking advantage of increased fabric demand, the yarn market has gained momentum in recent times with increase in its prices. Empowered by strong fundamentals, vast capacities, promising leadership, growth mindset, commitment, determined drive for prospects, KPR is striving for elevating the entity to the next higher level.

### BUYBACK

As mentioned in the earlier Report, the Company has completed the Buyback of 13,35,000 Equity Shares of Rs.5/- each initiated during FY 2017-18 on 13.04.2019. The Board of Directors of the Company in its meeting held on 29.04.2019 announced a Buyback of 37,50,784 fully paid-up equity shares (5.17% of the pre Buyback equity share capital) of the face value of Rs.5/- each from all the existing shareholders on a proportionate basis, through the "Tender Route" process at a price of Rs.702/- per Equity Share payable in cash. The total consideration amounted to Rs. 263.31 Crores representing 17.61% of the aggregate of the paid-up equity share capital and free reserves, as per the audited accounts of the Company for the year ended March 31, 2019. Approval through Postal Ballot and E-voting is expected to be completed by June 2019.

### DIVIDEND

The Board in its meeting held on 29.04.2019 has recommended a Dividend of 15% (₹ 0.75) on Equity Shares of Rs. 5/- each (Rupees Five only), subject to the approval of the Members at the 16th (Sixteenth) Annual General Meeting.

### RESERVES

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

### FINANCE

Our prompt repayments of loan and interest continued. The funds are effectively managed to reduce the cost of interest. The comfortable cash position is expected to continue with the prospective outlook.

### 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

### QUANTUM KNITS PVT. LIMITED

The garment business of this company has been consolidated for effective management.

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

In the FY 2018-19 the sugarcane crushing commenced in October 2018 and produced 90,844 MT of sugar as against 88,136 MT of last year. Out of 1,076 Lakh units of power generated 781 Lakh units were sold and 295 lakh units captively consumed. The Central Government has introduced the monthly sugar sales quota system to the Sugar Mills fixing the quantity as well as the price at which sugar can be sold every month.

### Ethanol plant

Setting up of Ethanol plant at our Sugar Factory in Karnataka with a capacity of 90 KLPD is in progress at a project cost of Rs. 120 Crores. Production is expected to commence from 2019-20 sugar season. This will increase the value addition and reduce the volatility in the sugar business.

### JAHNVI MOTOR PRIVATE LIMITED

For Indian Automobile Industry the year was challenging because of high fuel prices, non-availability of credit and unimpressive festival demand which did not pull customers to the showroom as expected. During the year the company booked 168 cars and 83 bikes contributing revenue of Rs. 91.53 Crores. Its performance is expected to be stable in the current year. Growing urbanization and higher income levels are expected to improve the market sentiments in the future.

### GALAXY KNITS LIMITED

The Company has not yet commenced its operation.

# DIRECTORS' REPORT

## 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 and Regulation 25 (8) of SEBI (LODR) confirming that they meet with the criteria of their Independence laid in Section 149 (6) have been obtained. Mr. K.N.V. Ramani, Dr. K. Sabapathy, Mr. G.P. Muniappan, Mr. A.M. Palanisamy, Mr. C. Thirumurthy were reappointed as Independent Directors for a further term of 5 years upto 31.03.2024 in the 15th Annual General Meeting.

## 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 with in 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 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 SEBI Listing Obligations and Disclosure Requirements (LODR) [hereinafter referred to as 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.kprmillimited.com'

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

## RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013, Regulation 17(9) and 21 of the Listing Regulation, the Company has framed a Risk Management Policy and has constituted a risk management committee.

## 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 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 Rs. 589.67 Lakhs being 2.10% 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 2018-19 on 30.04.2018, 30.07.2018, 29.10.2018 & 28.01.2019. 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. 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 OR INVESTMENTS**

The Company has duly complied with the provisions of Section 186 of the Act and as required there in 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. Pursuant to the provisions of Section 177 of the Companies Act 2013, the related party transactions entered during the year have been approved by the Audit Committee.

The Transactions as required under Indian Accounting Standards AS-24 are reported in Note 37 of the Notes to Accounts of the Consolidated Financial Statements as well as Standalone Financial Statements of your Company. The Company's Policy on dealing with related party transactions is available on the Company's website.

### **EMPLOYEE WELFARE**

KPR strongly believes that, a company's success is not only measured by the financial performance but also by the state of well-being of the workers. The Company continues to adhere to the best employee welfare practices that have set a trend to the Industry as a whole. With the accretion in migrated work force from other States, their special needs, wherever required, are also taken care of. As an innovative way of motivating employees, the better performing Employees were felicitated with free air trip to Chennai for sightseeing. Sustaining the winning streak in the Government conducted Examinations, in the Tamil Nadu Open University (TNOU) 7th Convocation held at our Arasur Mill, 321 Employees including 288 Under Graduates & 33 Post Graduates, received Degree Certificates from the Vice-Chancellor of TNOU. Among them 47 were Rank holders and one Employee secured CEMCA Award. The welfare of the employees not only at the work place but also towards their societal uplift is also ensured.

### **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 women employees at all the workplace within the Company which are based on fundamental principles of justice and fair play.

## DIRECTORS' REPORT

According to the notifications of Ministry of Corporate Affairs 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 Companies Act, 2013, the Board of Directors of the Company hereby state and confirm that;

- I. In 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 31.03.2019 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 Secretarial 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.

### **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



## DIRECTORS' REPORT

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 Board recommends the continuity of BSR & Co LLP, Chartered Accountants as Auditors for the FY 2019-20.

### AUDITORS REPORT

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

### COST RECORDS

Pursuant to Section 148 of the Companies Act, 2013 the company has maintained proper books of accounts with all the particulars relating to the utilization of material or 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 2018-19.

### SECRETARIAL AUDIT REPORT

As required by the Act a Secretarial Audit Report issued by a Company Secretary in practice in Form MR 3, Annual Secretarial Compliance report and report on Non-disqualification of Directors' are annexed with this report.

### 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 company's website [www.kpmilllimited.com](http://www.kpmilllimited.com)

### MATERIAL CHANGES

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year as on 31.03.2019 and the date of this Report.

### NO CHANGES IN THE BUSINESS

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

### ACKNOWLEDGMENT

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  
29.04.2019

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
Share Capital	583	10	5	193	136
Reserves & Surplus	31,908	2,022	1	749	2
Total Assets	70,753	2,062	4	3,915	1,421
Total Liabilities	38,262	30	-	2,973	1,283
Investments (Excluding investment in subsidiaries)	-	-	-	-	-
Turnover	45,344	-	-	9,150	68
Profit / (loss) Before Tax	5,347	(17)	-	277	2
Provision for Tax	926	-	-	81	-
Profit After Tax	4,421	(17)	-	196	2
Proposed Dividend	-	196	-	2	-
% Share Holding	100	100	100	100	100

### Form AOC-2 - (All the transactions are at arm's length basis only)

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

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

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

Name of the Director	Title	% Increase Over Previous year	Ratio of Remuneration to MRE
Mr. K. P. Ramasamy	Chairman	34.25	181.29
Mr. KPD Sigamani	Managing Director	34.25	181.29
Mr. P. Nataraj	Managing Director	34.25	181.29
Mr. C. R. Anandakrishnan	Executive Director	-	3.71
Mr. E.K. Sakthivel	Executive Director	-	2.78
Mr. P. Selvakumar	Whole time Director	10.61	1.71

#### 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	11.23%
Mr. P. Kandaswamy	Company Secretary	5.71%

### 4. Percentage increase in the Median Remuneration of employees in the financial year: 8.81%

### 5. Number of Permanent Employees on the roll of the Company at the end of the year: 18,631

### 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 8.81% while the average increase in managerial remuneration during the year was 33.62%. The Managerial Remuneration is fixed by the Shareholders on recommendation of Nomination and Remuneration Committee and Board.

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

Coimbatore  
29.04.2019

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 2018-19

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

CSR is the commitment of business to contribute to sustainable economic development, working with employees, community and society at large to improve their quality of life. The Corporate not only has economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations. 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.kprmillimited.com](http://www.kprmillimited.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

Rs. 28,037 Lakhs

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

Rs.560.74 Lakhs

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

During the financial year funds were utilized towards promotion of education, disaster relief and promotion of sports.

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

Rs. 589.67 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)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Subheads: 1. Direct Expenditure on projects and programs 2. Overhead	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1	Promotion of Education - Scholarship	Education	Arasur, Coimbatore District, Tamil Nadu State	562.67	562.67 Direct Expenditure	562.67	562.67 Direct
2	Donation to Tamil Nadu Chief Minister relief fund - Gajacyclone	Disaster relief	Tamil Nadu State	25.00	25.00 Direct Expenditure	25.00	25.00 Direct
3	Promotion of Nationally Recognised Sports	Promotion of Sports	Coimbatore Tamil Nadu State	2.00	2.00 Direct expenditure	2.00	2.00 Direct
			<b>Total</b>	<b>589.67</b>	<b>589.67</b>	<b>589.67</b>	<b>589.67</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  
29.04.2019

**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 oil free Screw Compressor has been replaced by New Oil injected Screw Compressor.
- 2) 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 Lowloss Transformer.

#### 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.

#### 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	2018-19	2017-18
<b>I. Power and Fuel Consumption</b>			
<b>A) Electricity</b>			
I. Connected Load	KVA	40,615	40,415
II. Purchase of Units	Lakh Units	451	395
III. Total Amount	₹ Lakhs	3,130	2,823
IV. Rate Per Unit (Average)	₹	6.95	7.15
V. Demand Charges	₹ Lakhs	1,514	1,414
<b>B) Electricity from Third Party</b>			
I. Purchase of Units	Lakh Units	1,162	847
II. Total Amount	₹ Lakhs	5,826	3,656
III. Rate Per Unit (Average)	₹	5.02	4.32
<b>2. Own Generation</b>			
i) Through Diesel Generator			
Units generated	Lakh Units	4	4
Total Amount	₹ Lakhs	83	68
Cost/Unit	₹	20.97	17.54
Units/Litre of Diesel	Units	3.34	3.57
ii) Through Wind Mill			
Units generated	Lakh Units	1,093	1,295
iii) Through Steam Turbine Units			
Coal/Fumace Oil / Others	Units	NIL	NIL
<b>II Consumption per unit of Production</b>			
<b>a) Production of Yarn</b>			
Electricity (units) per Kg of yarn Production	Kgs	8,59,46,420	8,49,46,780
	Units	2.55	2.62
<b>b) Processed Fabric</b>			
Electricity (units) per Kg of Fabric Processed	Kgs	1,82,60,865	1,30,41,540
	Units	1.13	1.35
<b>c) Garment Produced - In House</b>			
Electricity consumed/ Garment Production	No of Pcs.	784,19,805	3,60,40,403
	Units	0.23	0.24

## 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	2018-19	2017-18
1	Foreign Exchange earned through exports amounted to	1,25,940	77,255
2	Foreign exchange used	23,553	31,227

Coimbatore  
29.04.2019

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 2019

[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 2019 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 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies Act, 1956 (to the extent applicable)
- 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 (Issues of Capital and Disclosure Requirements) Regulations, 2009;
  - 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, Textiles (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.



## ANNEXURE TO THE DIRECTORS' REPORT

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.

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' and 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 clarification 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 decision 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 system 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 Issues of Shares / Debentures / Sweat Equity
- b) Redemption
- c) Foreign Technical Collabaration
- d) Merger / Amalgamation / Reconstruction, etc

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: 29.04.2019

**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: 29.04.2019

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

## ANNEXURE TO THE DIRECTORS' REPORT

### Annual Secretarial Compliance Report of M/s. K.P.R. Mill Limited for the year ended 31.03.2019

I, K. Radhakrishnan, B.Com, ACS, Practising Company Secretary have examined:

- all the documents and records made available to us and explanation provided by M/s. K.P.R. Mill Limited ("the listed entity"),
- the filings / submissions made by the listed entity to the stock exchanges,
- website of the listed entity,
- any other document / filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31.03.2019 in respect of compliance with the provisions of:

- the Securities and Exchange Board of India Act, 1992, ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars / guidelines issued thereunder, have been examined, include:-

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
  - Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- and circulars / guidelines issued thereunder;

and based on the above examination, I hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr.No	Compliance Requirement (Regulations/ Circulars / guidelines including specific clause)	Deviations	Observations / Remarks of the Practising Company Secretary
-- Nil --			

- The listed entity has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued thereunder insofar as it appears from my examination of those records.

## ANNEXURE TO THE DIRECTORS' REPORT

- (c) The following are the details of actions taken against the listed entity / its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts / Regulations and circulars / guidelines issued thereunder:

Sr.No	Action taken by	Details of violation	Details of action taken E.g fines, warning letter, debarment, etc.,	Observations / Remarks of the Practising Company Secretary, if any.
--Nil--				

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr.No	Observations of the Practising Company Secretary in the previous reports	Observation made in the previous secretarial compliance report	Actions taken by the listed entity, if any	Comments of the Practising Company Secretary on the actions taken by the listed entity
-- Not Applicable --				

Place: Coimbatore

Date : 29.04.2019

**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 none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2019 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.

Sl.No	Name of the Director	DIN No.	Date of Appointment in the Company
1.	Mr. K.P. Ramasamy	00003736	19.03.2003
2.	Mr. KPD Sigamani	00003744	19.03.2003
3.	Mr. P. Nataraj	00229137	19.03.2003
4.	Dr. K.Sabapathy	00001794	21.02.2007
5.	Mr. G.P. Muniappan	01653599	27.08.2014
6.	Mr. K.N. V. Ramani	00007931	27.06.2008
7.	Mr. A.M. Palanisamy	00112303	22.02.2010
8.	Mr. C.R. Anandakrishnan	00003748	31.01.2011
9.	Mr. C. Thirumurthy	00001991	31.01.2011
10.	Dr. S. Ranganayaki	07116244	12.03.2015
11.	Mr. P. Selvakumar	07228760	27.07.2015
12.	Mr. E.K. Sakthivel	01876822	09.03.2016

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. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Coimbatore  
Date : 29.04.2019

**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 the system of rules and structures by which a Corporate is run to ensure that the organization meets its fiduciary and legal duties to all stakeholders besides achieving its business objectives. The Corporate objectives are set and pursued in the context of the social, regulatory and market environment. Corporate Governance is based on principles such as conducting the business with all integrity and fairness, being transparent, making all the necessary disclosures and decisions, complying with the laws of the land, accountability and responsibility towards the stakeholders and commitment to conducting business in an ethical manner .

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	11	-	-
Mr. C.R. Anandakrishnan	Executive Director	3	-	-
Mr. E.K. Sakthivel	Executive Director	1	-	-
Dr. K. Sabapathy	Independent Director	4	-	-
Mr. G.P. Muniappan	Independent Director	5	1	2
Mr. K. N.V. Ramani	Independent Director	7	4	6
Mr. A.M. Palanisamy	Independent Director	6	2	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.

The re-appointment of Independent Directors Mr. K.N.V. Ramani and Mr. G.P. Muniappan, in the 15th Annual General Meeting of the Company held on 27.08.2018, were made duly complying with Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2018

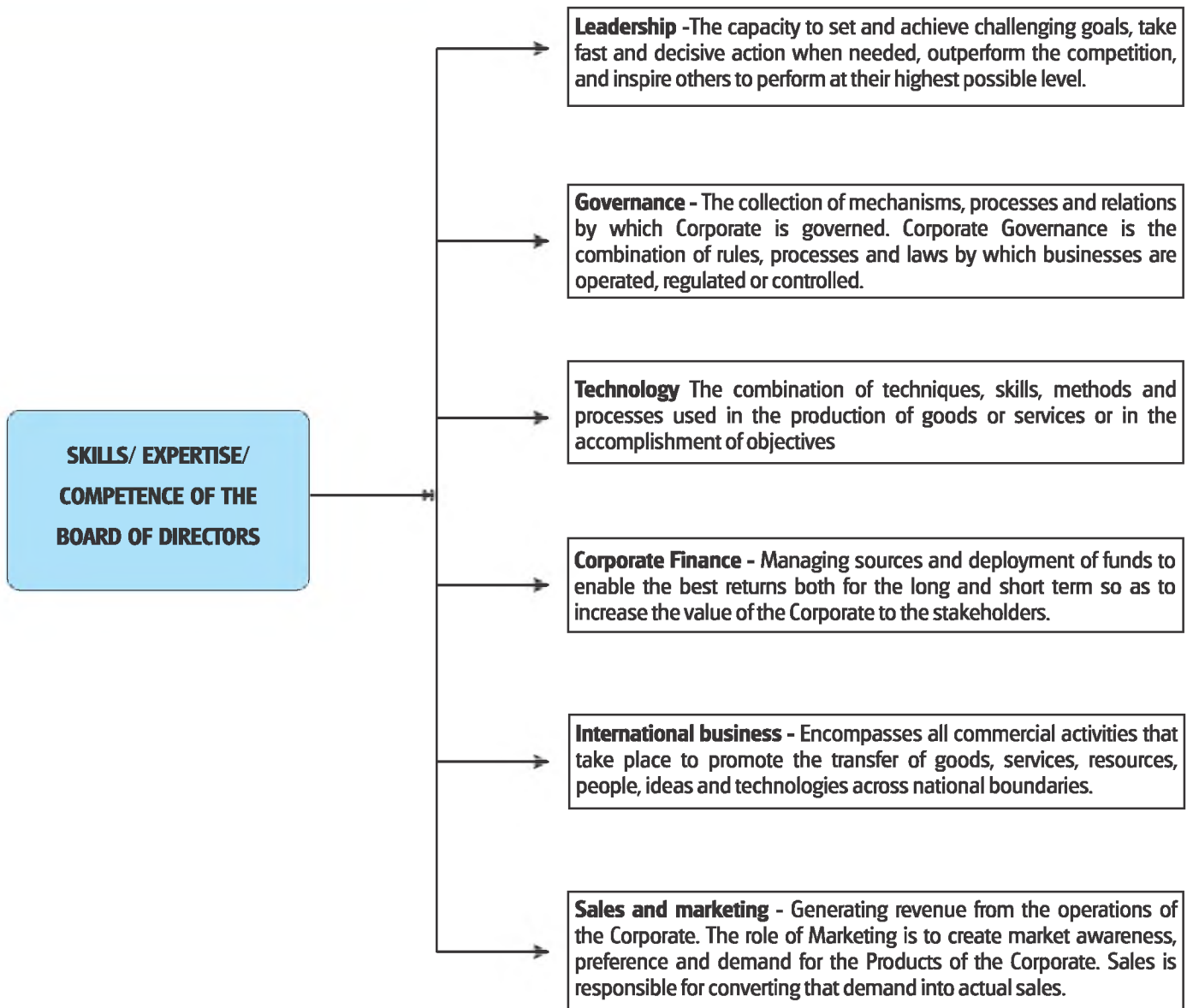
The roles and offices of Chairman and CEO are separated to promote balance of power.

### **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 Secretary 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 while nominating candidates to serve on the Board of the Company for its effective functioning.

## CORPORATE GOVERNANCE



### 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 30.04.2018, 30.07.2018, 29.10.2018 and 28.01.2019. 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	No
6	Dr. K. Sabapathy	4	4	Yes
7	Mr. G. P. Muniappan	4	4	Yes
8	Mr. K. N. V. Ramani	4	4	Yes
9	Mr. A. M. Palanisamy	4	4	Yes
10	Mr. C. Thirumurthy	4	4	Yes
11	Dr. S. Ranganayaki	4	3	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)
Mr. 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			
	24.04.2018	24.07.2018	24.10.2018	23.01.2019
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, Secretarial 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 27.08.2018.

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

### NOMINATION AND REMUNERATION COMMITTEE

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

Mr. G.P. Muniappan	-	Independent & Non – Executive Director (Chairman)
Mr. 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 one time and the attendance of each member is furnished as below**

Name of the Member	Attendance at the Meeting held on 23.04.2018
Mr. G. P. Muniappan - Independent & Non - Executive Director (Chairman)	✓
Dr. K. Sabapathy - Independent & Non - Executive Director	✓
Dr.S.Ranganayaki - Independent & Non - Executive Director	✓

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

Name of the Director	Remuneration paid during the year 2018 – 19 (₹ in Lakhs)	Sitting fees for attending meeting of the board and/or committee there of (₹ in Lakhs)
Mr. K.P. Ramasamy	1,172.00	Nil
Mr. KPD Sigamani	1,172.00	Nil
Mr. P. Nataraj	1,172.00	Nil
Mr. C.R. Anandkrishnan	24.00	Nil

## CORPORATE GOVERNANCE

Name of the Director	Remuneration during the year 2018 – 19 (₹ 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	2.40
Mr. K.N.V. Ramani	Nil	0.80
Mr. G.P. Muniappan	Nil	2.40
Mr. A.M. Palanisamy	Nil	0.80
Mr. C. Thirumurthy	Nil	0.80
Dr. S. Ranganayaki	Nil	0.60
Mr. P. Selvakumar	11.05	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:

[http://www.kprmillimited.com/policy\\_one\\_result.jsp?category\\_id=16](http://www.kprmillimited.com/policy_one_result.jsp?category_id=16)

### STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Mr. 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			
	24.04.2018	24.07.2018	24.10.2018	23.01.2019
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 2018 -19	No. of Complaints
For non-receipt of dividend, annual report, shares Lodged for transfer, issue of duplicate share certificates.	0
Queries / Complaints redressed	0
Pending queries/ complaints as on 31.03.2019	0

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

As per Regulation 46 of the Listing 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 E-mail ID : [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 is 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 of the Company 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 an 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.kpmilllimited.com](http://www.kpmilllimited.com)

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

## CORPORATE GOVERNANCE

Name of the Member	Attendance at the meeting held on 23.04.2018
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 – Signature Controls, Data Controls, Budget Controls.

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

[http://www.kpmillimited.com/policy\\_one\\_result.jsp?category\\_id=16](http://www.kpmillimited.com/policy_one_result.jsp?category_id=16)

## 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.

### 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
13th	25.08.2016	Ball Room, Hotel the Residency, 1076, Avinashi Road, Coimbatore - 641018.	11.30 A.M.
14th	28.08.2017	Hotel Le Meridien, 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.

The following Special Resolutions were passed in the 15th Annual General Meeting of the Company through E- Voting and Ballot Voting.

S.No	Subject	Type of Resolution passed
<b>Re-appointment of the following persons as Independent Directors:</b>		
1	Dr. K. Sabapathy	Special
2	Mr. G.P. Muniappan	Special
3	Mr. K.N.V. Ramani	Special
4	Mr. A.M. Palanisamy	Special
5	Mr. C. Thirumurthy	Special

### BALLOT VOTING AND E VOTING:

In pursuance of the Listing agreement, E-Voting and voting at the 15th AGM were extended to all the Shareholders of the company to facilitate Voting on the Subjects/Resolutions contained in the 15th 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 the website of the company . Entire Resolutions contained in the said agenda were passed.

## CORPORATE GOVERNANCE

### DISCLOSURE:

- I. None of the transactions with related parties during the year 2018-19 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.
- 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 Private 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.

- A) Quarterly Results are usually published in "Financial Express" or "Business Line" (English) and in "Dinamani" or "Dinamalar" (Tamil)

- B) The Financial Results are also accessible on the Company's Website - [www.kpmillimited.com](http://www.kpmillimited.com).
- C) 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 2018-19	
Day and Date	: Wednesday, August 28th 2019
Time	: 11.30 AM
Venue	: Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641018

### DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from 22.08.2019 to 28.08.2019 (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:

Bombay Stock Exchange Limited, **Scrip Code: 532889**  
1st Floor, Rotunda Buildings,  
Phiroze Jeejeebhoy Towers,  
Dalai Street, Mumbai – 400 001

National Stock Exchange of India Limited. **Symbol: KPMILL**  
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 2017-18 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

## CORPORATE GOVERNANCE

The Annual Custodian Fee for the Financial Year 2018-19 to NSDL and CSDL will be paid on receipt of invoice.

As on 31.03.2019, 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:

Karvy Fintech Private Limited  
 Karvy Selenium, Tower B,  
 Plot 31-32, Gachibowli, Financial District, Nankramguda,  
 Hyderabad – 500032  
 Ph: 040 6716 2222  
 Fax: 040 2341 1551  
 Toll Free No: 18003454001  
 E-mail: einward.ris@karvy.com

### SHARE TRANSFER SYSTEM

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

Similarly, in the case of a purchase, the Broker will arrange to credit the shares in the Demat account of 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 of SEBI (LODR amendment) Regulation, 2018. Unless and until the shares in physical forms are converted into 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.

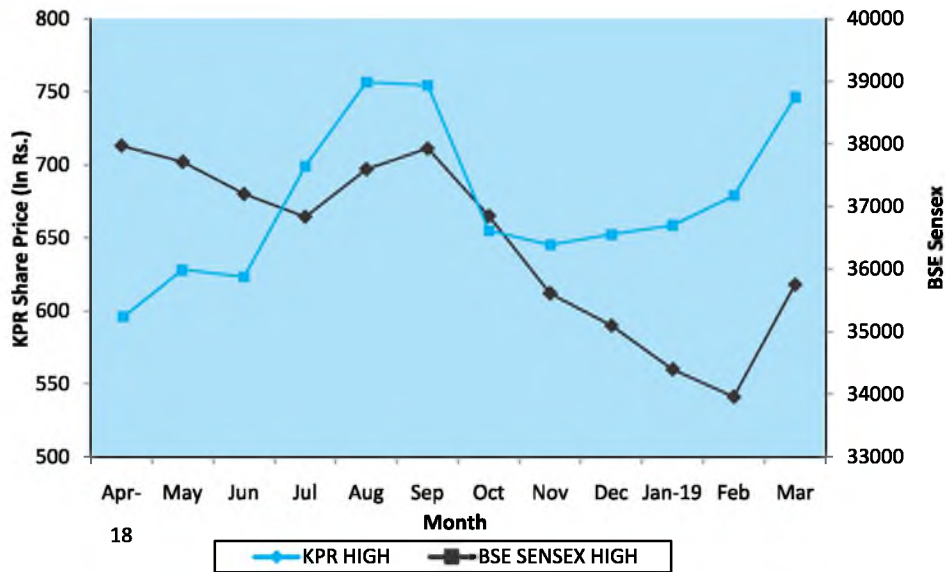
### MARKET PRICE DATA

The details of the monthly highest and lowest closing quotations of the Equity Shares of the Company at the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., during the financial year 2018-19 are given below:

MONTH	BSE			NSE		
	High (₹)	Low (₹)	Total Traded Quantity (in Crs) (₹)	High (₹)	Low (₹)	Total Traded Quantity (in Crs) (₹)
April 2018	713.00	625.00	0.017	718.00	627.05	0.073
May 2018	702.00	592.05	0.011	702.90	590.10	0.049
June 2018	680.05	562.00	0.018	739.00	555.00	0.071
July 2018	664.30	583.00	0.004	668.00	596.50	0.079
August 2018	697.00	604.00	0.008	690.10	607.00	0.087
September 2018	711.25	595.60	0.033	713.40	625.85	0.157
October 2018	665.00	567.95	0.007	664.60	568.05	0.057
November 2018	612.00	573.55	0.002	608.00	575.01	0.030
December 2018	589.95	552.10	0.005	590.95	553.00	0.039
January 2019	564.50	512.95	0.004	563.95	511.20	0.092
February 2019	541.20	513.00	0.009	541.90	514.05	0.066
March 2019	618.00	532.50	0.004	609.95	531.00	0.059



## KPR Share Price Vs BSE Sensex



### DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2019:

Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Equity
1 - 500	13,454	90.35	13,34,286	1.84
501 - 1000	693	4.65	5,13,676	0.71
1001 - 2000	316	2.12	4,75,819	0.66
2001 - 3000	115	0.77	2,92,583	0.40
3001 - 4000	63	0.42	2,28,249	0.31
4001 - 5000	47	0.32	2,16,886	0.30
5001 - 10000	89	0.60	6,04,707	0.83
10001 & Above	115	0.77	6,88,94,578	94.95
<b>Total</b>	<b>14,892</b>	<b>100.00</b>	<b>7,25,60,784</b>	<b>100.00</b>

### Shareholding Pattern as on 31st March 2019

Category	Number of Shares Held	% of Holding
Promoters & Promoters Group	5,44,14,598	74.99
Mutual Funds	1,16,48,548	16.05
Banks & Financial Institutions	37,910	0.05
Foreign Institutional Investors	7,77,012	1.07
NRIs	3,36,860	0.47
Bodies Corporate	6,31,014	0.87
Public	47,14,842	6.50
<b>Total</b>	<b>7,25,60,784</b>	<b>100.00</b>

### Share Holding of Directors as on 31st March 2019

S.No	Name of Director	Shareholding
1	Mr. K.P. Ramasamy	1,56,70,141
2	Mr. KPD Sigamani	1,56,70,141
3	Mr. P. Nataraj	1,56,70,141
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 2321000	Spinning, Compact & Mélange PC, Color Melange
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 Unit I & II and Printing Division
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 & Retail
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 Practicing Company Secretary, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the National Securities Depository Limited and Central Depository Services (India) Limited, is placed before the Board on a quarterly basis. A copy of the said Certificate is submitted to the Stock Exchanges where the securities of the Company are listed.

### PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) 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 Private Limited & M/s. Galaxy Knits Limited have been duly reviewed by the Audit Committee and the Board of the Holding company. Salient features of the Board minutes of the unlisted

subsidiary companies have been placed before the Board of the Holding company. The Holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary companies.

### MATERIAL SUBSIDIARY

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

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

### RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013, Regulation 17(9) and 21 of the Listing Regulation, the Company has framed a Risk Management Policy and has constituted a Risk management Committee. 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.

### 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

## CORPORATE GOVERNANCE

the Audit Committee. Further details of the same are provided in the Directors report.

Certificate from PCS that none of the directors are debarred or disqualified forms a part of this Annual 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 2018-19.

### TRANSFERS TO IEPF ACCOUNT OF CENTRAL GOVERNMENT

The Company has transferred the following unpaid dividend Accounts and Shares related to dividends which remained unpaid for more than seven years that were due for transfer during the financial year 2018-19 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	Final Dividend 2010-11	10/10/2018	59,589

#### Transfer of Shares to IEPF Account

No. of Share Holder	No. of Shares	Date of Transfer
-	-	-

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

#### 3. Modified opinion(s) in Audit Report

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

#### 4. Separate posts of Chairperson and Chief Executive Officer

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

#### 5. Reporting of Internal Auditor

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

The above Corporate Governance Report has been placed before the Board of Directors at their Meeting held on 29.04.2019 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 2018– 19

Coimbatore  
29.04.2019

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

**PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE**

To

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

I have examined the compliance of the conditions of Corporate Governance by M/s. K.P.R. Mill Limited ('the Company') for the year ended on 31st March 2019 as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

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

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on 31st March 2019.

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

Place : Coimbatore  
Date : April 29, 2019

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

# CERTIFICATE

## CEO / CFO CERTIFICATE

In relation to the audited financial accounts of the company as at 31st March 2019, we hereby certify that:

- a) We have reviewed financial statements (Standalone and Consolidated) for the year and 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 accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief no transactions 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 and 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 the internal controls over financial reporting including any corrective actions with regard to deficiencies.
  - ii. There were no significant changes in the internal control during the period covered by this report.
  - iii. All significant changes in the 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 significant role in the company' internal control system.

**PL Murugappan**  
Chief Financial officer

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

Place : Coimbatore  
Date : April 29, 2019

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT 2018-19

### ECONOMY

#### Global

Global economic growth appears firm and is expected to expand at a solid pace of 3 per cent in 2019. In more than half of the world's economies growth accelerated both in 2017 and 2018. In many developed countries, growth rates have risen close to their potential, while unemployment rates have dropped to historical lows. Among the developing economies, the East and South Asia regions remain on a relatively strong growth trajectory, amid robust domestic demand conditions. However, economic progress has been highly uneven across regions amid escalating trade disputes, risks of financial stress & volatility and an undercurrent of geopolitical tensions.

#### India

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP growth is estimated to be 7 per cent in 2018-19. India has retained its position as the third largest startup base in the world. India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation and higher education enrolment.

(A study by ASSOCHAM).

Some of the important recent developments in Indian economy are merchandise exports & service exports have grown; Net direct tax collection for 2018-19 had crossed Rs 10 trillion; India's Foreign Direct Investment (FDI) equity inflows reached US\$ 409.15 billion; Net employment generation has reached a higher level. On the demand side, domestic consumption remained the primary growth driver, but gross fixed capital formation and exports both made growing contributions. The GST and the e-way bill system have proved to be beneficial for the industry.

### TEXTILE INDUSTRY

#### Global

The global textile market size was valued at USD 925.3 billion in 2018 and is expected to register a CAGR of 4.24% over years. This growth is attributed to the high demand for apparels, particularly in the developing economies including India, China, Bangladesh and Mexico as a result of growing population. Moreover, rising disposable income levels and rapid urbanization in these countries have led to the increased number of retail outlets and supermarkets; thereby supporting overall market growth.

#### India

India's textile exports to major consuming countries got a boost with the recent government move to reimburse all state and central levies on such shipments. The sector appears to be finally recovering, as reflected by the improvement in the Index of Industrial Production (IIP) and exports data over the last few months. Economic expansion is happening across Asia, but we expect that 2019 will be the year in which India will take centre stage. The Country is being propelled by strong macroeconomic tail winds and is predicted to grow at a stronger phase. The Indian middle class is forecast to expand vigorously outpacing China, Mexico and Brazil. As a result, India is set to move from being an increasingly important sourcing hub to being one of the most attractive consumer markets outside the Western world. Stable outlook is projected for the textile sector for 2019-20 following strong domestic demand, waning impact of the disruptions due to GST and demonetization and rising exports aided by a weak rupee. Meanwhile, the India's textile exporters are likely to continue to benefit from improved cost competitiveness due to a weak rupee, which would drive volume growth.

The textile industry is important not just for labour absorption and as a source of foreign exchange, but also as a symbol of India's rich heritage. We have the required ingredients in the form of raw material availability and abundant labour to make the industry a success story. There is a need to work on correcting the challenges in the form of outdated technology, inflexible labour laws and infrastructure bottlenecks. The government also needs to re-look at and evaluate various trade agreement opportunities, while domestically focusing more on technology up-gradation and skill development.

### COTTON

Cotton plays an important role in the Indian economy as the country's textile industry is predominantly cotton based. As per the Market Reports the global cotton production is likely to decline in cotton year 2018-19 owing to a low acreage and adverse weather conditions in key cotton-growing nations. While expectations of a high acreage during cotton year 2019-20 narrowing, global production gap could keep prices range-bound. With China's cotton reserves declining, the sensitivity of global cotton prices to China's cotton policies have increased in the past few quarters. Any decision by China to further increase imports could lead to a rise in global cotton prices.

The deficit rain fall in key cotton growing states during the season has declined the Indian crop level compared to last year. Though the prices were high during the commencement of the Cotton

## MANAGEMENT DISCUSSIONS AND ANALYSIS

season, they softened on weak demand in the third quarter. However the ambiguity over cotton production estimates has created panic in the market driving up prices. The industry has now demanded that the government should come out with its own official production estimate to clear the ambiguity. The cotton yield in India has fallen below the global average yield/acre. Serious measures should be taken to address this issue.

### INDIAN COTTON BALANCE SHEET FOR THE SEASON 2018-19

As on 31.03.2019	( In Lakh Bales)
Opening Stock	47.12
Production	361.00
Imports	15.00
<b>TOTAL SUPPLY</b>	<b>423.12</b>
Consumption	317.00
Exports	65.00
<b>TOTAL DEMAND</b>	<b>382.00</b>
Closing Stock	41.12

(Source: Cotton Advisory Board)

### YARN

The yarn market has gained momentum and unsold yarn stock level of the Industry was one of the lowest in recent years. With increased fabric demand, yarn prices increased to some extent. India remains the largest exporter of cotton yarn in the world. The surge in export demand for cotton yarn over the past few months has come as a major respite for the domestic spinners. India is set to record strong growth in cotton yarn exports during FY 2019, according to an ICRA report.

### GARMENTS

As per the Ministry of Commerce & Industry, DGCI&S data, IIP production for Textile & Cloth witnessed robust year-on-year growth and the apparel exports have grown at a whopping rate. The ICRA research reports that large, listed, domestic as well as export-focused garment manufacturing companies has continued to perform well, reporting a 13% (YoY) growth presence in the niche and value-added product segments, together with access to an established client base has helped export-based companies to maintain revenue growth.

The growing positive trend shows visible signs of recovery after a difficult period. The industry is hopeful that the government would take suggested measures to boost exports and limit imports. Gauging the current scenario, we are confident that in

the coming months with the government support, the industry would be in a much more comfortable position. The internal factors are improving and with the external factors already in favour, India will certainly gain from the fact that China is retreating from a large part of the textile value chain. It will be ready to explore the opportunities arising in the global market.

### PERFORMANCE

In Financial Year 2019, the total revenue increased about 12% over previous year. The revenue from garment was Rs. 1341 Crores and the Yarn & Fabrics Rs. 1618 Crores. The Government Regulatory measures minimized the revenue from Sugar. The full-fledged expanded garment activities are expected to fetch the desired results in the current year. The new retail business is also expected to contribute to the revenue in the current year.

### INTERNAL CONTROL

Internal controls are policies & procedures put in place to ensure the continued reliability of accounting & financial systems, compliance, security and efficiency. Internal controls are effectively a set of checks and balances that are critical to any business. Adequate internal controls can reduce the risk and help decision making in the best interest of the organization. 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 documented by way of Manual were perused by the Board of Directors.

### EMPLOYEE WELFARE

Employee welfare has huge benefits for both employer and employee. An employee who feels more fulfilled, satisfied will be more productive. This will not only lead to higher productivity but also satisfied customers and hence performance for the company.

KPR Group has over 24,000 Employees, out of which 90% are Women. As already reported its Employee initiatives are one of



the best in the Industry, the Master piece of which is its Commendable Higher Education facility that has tie-up with renowned Universities. Quality is the watchword, be it the products KPR Group manufactures or the service it provides. With the high standard of education provided at KPR, through excellent coaching of well - trained & experienced Teachers and best Infrastructures, every year its employees continue to prove their outstanding talent in the Government conducted Examinations securing Gold Medal and top ranks. This year also many have excelled in the Examinations. KPR's social up-liftment of rural public, particularly womanhood, by enabling them to stand on their own equipping with the financial empowerment besides skill and strength is acclaimed as one of the best in the corporate world.

### RISKS AND THREATS

As regards business risks assessment, the general risks for the Textile Industry as a whole and the factors of mitigation are as follows:

#### 1. Availability of cotton, the major raw material

Cotton plays a vital role in the Indian economy as the country's textile industry is predominantly cotton based. India is one of the largest producers as well as exporters of cotton yarn. Cotton crop is grown in about 70 countries across the world. India commands highest share globally (36%) in terms of area under cultivation and accounting for one-fourth of the global cotton production. As India continues to be a Cotton surplus Country the availability of sufficient cotton is rest assured.

#### 2. Labour Shortage

Despite having a favorable demographic profile, labor and skill shortage continues to be one of the key concerns for the Indian Textile industry. The Government besides mooted labour friendly reforms has setup Textile Sector Skill Council with the assistance of leading textile associations. It develops skilled work force for the textile industry through setting curriculum for training and accreditation of trade competency so as to create a deployable talent pool of workforce for the textile industry. However KPR which is well equipped with the commendable HR Policies is able to attract the required labour for expanded activities without any hurdle.

#### 3. Forex Fluctuation

As our Forex exposures are mostly covered, this risk does not impact us.

#### 4. Stiff competition from low cost Countries enjoying duty concessions

Mega FTAs that exclude India may pose a threat to Indian

exporters. However, India is vigorously pursuing multilateral trade arrangements with major markets that were pending for a longtime due to various issues relating to other major Industries. 'In-house' cotton strength, availability of labour with high efficiency, good quality products, growing support from government policies, better compliance of code of conduct norms, initiative towards expediting FTA are some of the encouraging factors that would mitigate the stiff competition from low cost countries.

### 5. Global Economic Trend

India will remain the fastest-growing economy in the world. India's growth rate is poised to pick up in 2019. The reduced growth rates are attributed to lower global expansion in the second half of 2018 caused by U.S.-China trade tensions, macroeconomic stress. After the weak start, growth is projected to pick up in the second half of 2019. This pickup is supported by significant monetary policy accommodation by major economies, made possible by the absence of inflationary pressures despite growing at near potential. With improved prospects for the second half of 2019, global growth in 2020 is projected to return to 3.6 percent.

### ROAD AHEAD

Continuous growth in exports and Index of Industrial Production (IIP) would result in boosting employment, scaling up production and most importantly making "Make in India" initiative a reality for the T&C Industry. India's apparel market is expected to grow at a faster phase making it comparable to the developed economies. Higher incomes are likely to create a whole new class of consumer. To build momentum around conventional stores, Indian players are innovating the retail experience. Retailers are leveraging technology to enhance the in-store experience with digital marketing displays and improved check-out. These together, with strong economic fundamentals and growing tech-savvy, make India too important for international brands to ignore. The supply side of the industry is equally robust and the growth of textile and apparel exports is expected to accelerate. In short, the Indian market offers great promise. Despite structural challenges that include inequality, infrastructure and market fragmentation, we expect strong economic growth-scale and rising tech-savvies will combine to make it the next big global opportunity in Apparels.

Coimbatore  
29.04.2019

For and on behalf of the board  
**K.P. Ramasamy**  
Chairman

# BUSINESS RESPONSIBILITY REPORT

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L17111TZ2003PLC010518
2. Name of the Company : K.P.R. Mill Limited
3. Registered address : No. 9 Gokul Buildings, 1st Floor, A K S Nagar, Thadagam Road, Coimbatore – 641001, Tamil Nadu.
4. Website : www.kprmilllimited.com
5. E-mail id : kandaswamy@kprmill.com
6. Financial Year reported : 2018-19
7. Sector(s) that the Company is engaged in (Industrial activity code-wise)  
**a) Yarn (17121) b) Fabric (17115) c) Garment (18101)**
8. List three key products/services that the Company manufactures/ provides (as in balance sheet)  
**a) Yarn b) Fabric c) Garment**
9. Total number of locations where business activity is undertaken by the Company:
  - (a) Number of International Locations - Nil
  - (b) Number of National Locations - 12

#### 10. Markets served by the Company

Local	State	National	International
✓	✓	✓	✓

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

1. Paid up Capital - 3,628/-
2. Total Turnover - 2,97,853/-
3. Total profit after taxes - 28,911/-
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) - 2.039%
5. List of activities in which expenditure in 4 above has been incurred: -
  - Promotion of Education
  - Disaster relief
  - Sports

### SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?  
 YES. It has five Subsidiary Companies
  - (i) K.P.R. Sugar Mill Limited
  - (ii) Quantum Knits PVT. Limited
  - (iii) Jahnvi Motor Private Limited
  - (iv) Galaxy Knits Limited
  - (v) KPR Exports PLC.
2. 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
3. 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
    1. DIN Number: 07228760
    2. Name: Mr. P. SELVAKUMAR
    3. 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

### LIST OF PRINCIPLES

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 conform 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="http://www.kpmillimited.com/policy_one_result.jsp?category_id=16">http://www.kpmillimited.com/policy_one_result.jsp?category_id=16</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?

**Yes.**

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.

No Stakeholder complaints were received during the year on the conduct of business involving ethics, transparency and accountability.

### 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.

## BUSINESS RESPONSIBILITY REPORT

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%.

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 - **18631**.
2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis - **Nil**.
3. Please indicate the Number of permanent women employees.- **16956**.
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**

# BUSINESS RESPONSIBILITY REPORT

production process 'eco-friendly', whenever possible has secured certification such as,

- 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

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 programmers/ 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.**

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

## BUSINESS RESPONSIBILITY REPORT

**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. 589.67 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 24,000 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 behaviour 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 Auditor's 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, 2019, 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, 2019, of its 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.

#### **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 under the new accounting standard Ind AS 115: Revenue from Contracts with Customers	
The key audit matter	How the matter was addressed in our audit
<p>Ind AS 115 – 'Revenue from Contracts with Customers' (Ind AS 115) is effective for the year beginning April 1, 2018 which requires revenue recognition based on a five step model prescribed therein unlike the old standard, where revenue was recognised at a point in time when the significant risk and rewards of ownership has been transferred to the buyer.</p> <p>The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price, identification of incremental costs of obtaining a contract and appropriateness of the basis used to measure revenue recognized over a period or at a point in time. Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.</p> <p>In view of the above, revenue recognition under the new accounting standard is an area of focus in the audit.</p> <p>See note 24 to the standalone financial statements</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Testing the design and operating effectiveness of controls relating to implementation of the new revenue accounting standard.</li> <li>• Selecting samples of existing and new contracts, testing management's assessment relating to identification of distinct performance obligations and determination of transaction prices.</li> </ul> <p>Verifying management's assessment of different types of customer contracts including the terms of contract and commercial substance thereof in order to assess the adherence to revised accounting policies in light of the requirements of Ind AS 115</p>
Valuation of Inventories	
The key audit matter	How the matter was addressed in our audit
<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 or net realizable value. There is a risk that inventories may be stated at values that are not representative of the costs or at values that are more than their net realizable value ('NRV').</p> <p>We identified the valuation of inventories as a key audit matter because the Company held significant inventories at the reporting date and significant degree of management judgement and estimation was involved in valuing the inventories.</p> <p>See note 8 to the standalone financial statements</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the Company's key internal controls over the process for valuation of inventories.</li> <li>• Comparing the cost of raw materials with supplier invoices, on a sample basis. For work-in-progress and finished goods, challenging the key assumptions concerning overhead allocation by assessing the cost of the items included in overhead absorption on a sample basis.</li> <li>• In connection with NRV testing, selecting inventory items, on a sample basis, at reporting date and comparing their carrying value to their subsequent selling prices as indicated in sales invoices subsequent to the reporting date.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

### Long outstanding receivables and other financial assets

The key audit matter	How the matter was addressed in our audit
<p>The Company has significant trade receivables and other financial asset balances as at year end. Given the size of the balances and the risk that some of the trade receivables and other financial assets may not be recoverable, judgement is required to evaluate whether any allowance should be made to reflect the risk.</p> <p>The Company recognizes loss allowance for trade receivables and other financial assets at the expected credit loss ('ECL'). Assessment of the recoverability of trade receivables and other financial assets together with the related ECL is inherently subjective and requires significant management judgement (which include repayment history and financial position of entities from whom these balances are recoverable, terms of underlying arrangements, overdue balances, market conditions etc.).</p> <p>See note 7 and 10 to the standalone financial statements.</p>	<p>In view of the significance of the matter we applied the following key audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the Company's key internal controls over the process of estimating the loss allowance for trade receivables and other financial assets including adherence to the requirements of the relevant accounting standards.</li> <li>• Assessing the Company's methodology for ECL provisioning towards trade receivables and other financial asset balances (which includes dues from related parties and Government authorities).</li> <li>• Understanding the key inputs used in the ECL model by the Company such as repayment history and financial position of entities from whom these balances are recoverable, terms of underlying arrangements, overdue balances, market conditions, type of collateral and credit insurance coverage, if any.</li> <li>• Obtaining an understanding and assessing the reasonableness of the key outputs calculated by the model, as well as key judgements and assumptions used by the management for the implementation of the model.</li> <li>• Assessing the disclosures made against 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 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 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 safe guarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and

## INDEPENDENT AUDITORS' REPORT

application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 judgement 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or

## INDEPENDENT AUDITORS' REPORT

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 1, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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, 2019 on its financial position in its standalone financial statements - Refer Note 33 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 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2019.
- (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/W100022

**S Sethuraman**  
Partner  
Membership No. 203491

Place: Coimbatore  
Date: April 29, 2019

## INDEPENDENT AUDITORS' REPORT

**Annexure A to the Independent Auditors' report on the standalone financial statements of K.P.R. Mill Limited for the year ended March 31, 2019**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment 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 property, plant and equipment 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, 2019

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 verification between the physical stocks and the book records are 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 case of the loan granted to a company covered in the register maintained under Section 189 of the Act, the borrower 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 and are of the opinion that, prima facie, the

## INDEPENDENT AUDITORS' REPORT

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, 2019 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, 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.
Central Excise Act, 1944	Excise Duty	3.82	2005-06	Customs, Excise and Service Tax Appellate Tribunal, Chennai

- (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, the term loans raised by the Company 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.

- (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/W100022

Place: Coimbatore  
Date: April 29, 2019

**S Sethuraman**  
Partner  
Membership No. 203491

## INDEPENDENT AUDITORS' REPORT

**Annexure B to the Independent Auditors' report on the standalone financial statements of K.P.R. Mill Limited for the year ended March 31, 2019**

**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 (1(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, 2019 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, 2019, 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 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.

**Annexure B to the Independent Auditors' report on the standalone financial statements of K.P.R. Mill Limited for the year ended March 31, 2019**

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

**INDEPENDENT AUDITORS' REPORT**

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: Coimbatore  
Date: April 29, 2019

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W100022

**S Sethuraman**  
Partner  
Membership No. 203491



## BALANCE SHEET

(₹ in Lakhs)

Particulars	Note	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	79,383	86,436
(b) Capital work-in-progress	4	441	10
(c) Other intangible assets	4	20	18
(d) Financial assets			
(i) Investments	5	7,987	7,851
(ii) Loans	6	1,802	826
(e) Other non-current assets	7	7,577	6,460
<b>Total non-current assets</b>		<b>97,210</b>	<b>1,01,601</b>
<b>(2) Current assets</b>			
(a) Inventories	8	72,934	39,134
(b) Financial assets			
(i) Investments	9	-	1,202
(ii) Trade receivables	10	46,830	32,419
(iii) Cash and cash equivalents	11	5,633	1,641
(iv) Other bank balances	12	1,044	1,100
(v) Other financial assets	13	4,234	4,196
(c) Other current assets	14	11,836	11,744
<b>Total current assets</b>		<b>1,42,511</b>	<b>91,436</b>
<b>Total assets</b>		<b>2,39,721</b>	<b>1,93,037</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	15	3,628	3,695
(b) Other equity	16	1,47,492	1,29,977
<b>Total equity</b>		<b>1,51,120</b>	<b>1,33,672</b>
<b>(2) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17	8,195	10,126
(b) Deferred tax liabilities (net)	18	5,661	5,750
<b>Total non-current liabilities</b>		<b>13,856</b>	<b>15,876</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	55,241	22,822
(ii) Trade payables			
(A) Total outstanding dues of micro and small enterprises	20 (A)	134	121
(B) Total outstanding dues of creditors other than micro and small enterprises	20 (B)	13,376	13,628
(iii) Other financial liabilities	21	3,875	3,150
(b) Other current liabilities	22	1,072	3,762
(c) Current tax liabilities (net)	23	1,047	6
<b>Total current liabilities</b>		<b>74,745</b>	<b>43,489</b>
<b>Total liabilities</b>		<b>88,601</b>	<b>59,365</b>
<b>Total equity &amp; liabilities</b>		<b>2,39,721</b>	<b>1,93,037</b>

Significant accounting policies

The notes referred to above form an integral part of the standalone financial statements

For and on behalf of the Board of Directors of

K.P.R. Mill Limited

CIN : L17111TZ2003PLC010518

3

As per our report of even date attached

For B S R &amp; CO. LLP

Chartered Accountants

ICAI Firm 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

S. Sethuraman

Partner

Membership No. : 203491

PL. Murugappan

Chief Financial Officer

Coimbatore

April 29, 2019

P. Kandaswamy

Company Secretary

Coimbatore

April 29, 2019

## STATEMENT OF PROFIT &amp; LOSS

(₹ in Lakhs)

Particulars	Note	Year Ended	
		31.03.2019	31.03.2018
<b>I. Revenue from operations</b>	24	<b>2,97,853</b>	<b>2,51,152</b>
II. Other income	25	3,737	1,598
<b>III. Total revenue (I+II)</b>		<b>3,01,590</b>	<b>2,52,750</b>
<b>IV. Expenses</b>			
Cost of materials consumed	26	1,79,914	1,64,709
Changes in inventories of finished goods and work- in-progress	27	(5,028)	(4,513)
Employee benefits expense	28	37,341	23,305
Finance costs	29	3,586	3,049
Depreciation and amortisation expenses	4	9,583	10,497
Other expenses	30	34,919	24,747
<b>V. Total expenses</b>		<b>2,60,315</b>	<b>2,21,794</b>
<b>VI. Profit before tax (III-V)</b>		<b>41,275</b>	<b>30,956</b>
<b>VII. Tax expenses</b>			
Current tax			
- Pertaining to current year		12,726	8,050
- Pertaining to prior year		(273)	213
Deferred tax		(89)	196
<b>Income tax expense</b>		<b>12,364</b>	<b>8,459</b>
<b>VIII. Profit for the year (VI-VII)</b>		<b>28,911</b>	<b>22,497</b>
<b>Other comprehensive income</b>			
<b>Item that will be reclassified to profit or loss</b>			
<b>Item that will not be reclassified to profit or loss :</b>			
Remeasurement of defined benefit (liability) / asset		-	46
Income tax relating to item that will not be reclassified to profit or loss		-	(16)
<b>IX. Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		<b>-</b>	<b>30</b>
<b>X. Total comprehensive income for the year (VIII+IX)</b>		<b>28,911</b>	<b>22,527</b>
<b>Earnings per equity share (EPS)</b>			
Basic and diluted EPS (in ₹) of face value ₹ 5/- each	38	<b>39.82</b>	<b>30.44</b>

Significant accounting policies

3

The notes referred to above form an integral part of the 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

ICAI Firm 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

**S. Sethuraman**  
Partner  
Membership No. : 203491

**PL Murugappan**  
Chief Financial Officer  
Coimbatore  
April 29, 2019

**P. Kandaswamy**  
Company Secretary

Coimbatore  
April 29, 2019

## CASH FLOW STATEMENT

(₹ in Lakhs)

Particulars	Note	Year Ended	
		31.03.2019	31.03.2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit for the year</b>		<b>28,911</b>	<b>22,497</b>
Adjustments for:			
Income tax expenses recognised in the statement of profit and loss		12,364	8,459
Depreciation and amortisation expense		9,583	10,497
Net gain on sale of property, plant and equipment		(175)	(30)
Finance costs		3,586	3,049
Interest income		(225)	(232)
Dividend income from subsidiary		(26)	(26)
(Gain) / Loss on sale of current investments		(181)	(116)
Rental income from operating leases		(24)	(227)
Impairment loss on financial assets		146	5
Unrealised foreign (gain) / loss		35	(2)
<b>Operating profit before working capital changes</b>		<b>53,994</b>	<b>43,874</b>
Changes in Working Capital:			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(33,800)	(8,466)
Trade Receivables		(14,598)	(11,086)
Other current assets		(92)	(286)
Other non current assets		266	(338)
Other financial assets		(32)	906
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(239)	3,390
Other financial liabilities		(2,236)	3,436
<b>Cash generated from operations</b>		<b>3,263</b>	<b>31,430</b>
Net income tax (paid)		(11,496)	(8,666)
<b>Net cash generated from operating activities</b>	<b>(A)</b>	<b>(8,233)</b>	<b>22,764</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment, including capital advances		(4,860)	(4,049)
Purchase of current investments		(27,600)	(40,850)
Proceeds from sale of current investments		28,983	39,650
Redemption / maturity of margin deposit accounts		60	(275)
Proceeds from sale of property, plant and equipment		684	88
Repayment of loans by related party		198	(50)
Purchase of Non-current Investments:			
- Subsidiaries		(136)	-
Purchase / proceeds from sale of non-current investments		-	(30)
Loans Given:			
- Subsidiaries		(1,202)	-
Income from investments		-	116
Interest received from:			
- Subsidiaries		72	79
- Others		147	139
Dividend received from subsidiary		26	26
Rental income received from operating leases		24	227
<b>Net cash flow used in investing activities</b>	<b>(B)</b>	<b>(3,604)</b>	<b>(4,929)</b>

## CASH FLOW STATEMENT

(₹ in Lakhs)

Particulars	Note	Year Ended	
		31.03.2019	31.03.2018
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment for buyback of shares		(10,814)	-
Proceeds from long-term borrowings		-	604
Repayment of long-term borrowings		(1,675)	(7,135)
Net increase / (decrease) in working capital borrowings		32,457	(7,928)
Finance costs paid		(3,490)	(3,055)
Dividends paid		(544)	(554)
Tax on dividend paid		(105)	(107)
<b>Net cash flow used In financing activities</b>	<b>(C)</b>	<b>15,829</b>	<b>(18,175)</b>
Net increase in cash and cash equivalents	<b>(A+B+C)</b>	3,992	(340)
Add: Opening cash and cash equivalents		1,641	1,981
<b>Closing cash and cash equivalents (Refer note no 11)</b>		<b>5,633</b>	<b>1,641</b>
<b>Closing cash and cash equivalents comprises</b>			
(a) Cash on hand		21	11
(b) Balance with banks:			
i) In Current accounts		2,835	513
ii) In EEFC accounts		2,777	1,117
		<b>5,633</b>	<b>1,641</b>

Significant accounting policies

3

The notes referred to above form an integral part of the standalone financial statements

For and on behalf of the Board of Directors of  
K.P.R. Mill Limited  
CIN : L17111T22003PLC010518

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

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

**S.Sethuraman**  
Partner  
Membership No. : 203491

**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  
April 29, 2019

Coimbatore  
April 29, 2019

## CHANGES IN EQUITY

## a. Equity share capital

	Notes	(₹ in Lakhs)
Balance as at 01.04.2017		3,695
Changes during the year		-
Balance as at 31.03.2018		3,695
Less: Buyback of Equity Shares	16	67
<b>Balance as at 31.03.2019</b>		<b>3,628</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	Remeasurement of defined benefit plans	
<b>Balance as at 01.04.2017</b>	15,233	1,573	23,590	67,715	-	1,08,111
Profit for the year	-	-	-	22,497	-	22,497
Transfer from retained earnings	-	-	1,126	-	-	1,126
Other Comprehensive Income (net of tax)	-	-	-	-	30	30
Transfer to General Reserve	-	-	-	(1,126)	-	(1,126)
Transfer to Retained Earnings	-	-	-	30	(30)	-
Final Dividend relating to 2016-17 paid (₹ 0.75 per share)	-	-	-	(554)	-	(554)
Tax on Dividend	-	-	-	(107)	-	(107)
<b>Balance as at 31.03.2018</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 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>

Significant accounting policies

The notes referred to above form an integral part of the 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

April 29, 2019

**P. Nataraj**

Chief Executive Officer and Managing Director

DIN : 00229137

**P. Kandaswamy**

Company Secretary

As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

**S. Sethuraman**

Partner

Membership No. : 203491

Coimbatore

April 29, 2019

## ACCOUNTING POLICIES

### 1 CORPORATE INFORMATION

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

The Company's shares are listed in BSE LTD (BSE) and National Stock Exchange of India Ltd (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) to comply with the requirements prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

These standalone financial statements for the year ended March 31, 2019 (including comparatives) are authorised by the Board on April 29, 2019.

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 and 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 and plan assets less present value of obligations.

### D USE OF ESTIMATES AND JUDGEMENT

In preparing these standalone financial statements, management has made judgments, 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 13 - classification, measurement and recognition of Government grants

Note 18 - recognition and measurement of deferred tax assets

#### 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 judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues. (also refer Note 18)

#### (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)

## ACCOUNTING POLICIES

### (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 41)

### (vi) Recognition and measurement of provisions and contingencies:

Key assumptions about the likelihood and magnitude of an outflow of resources (also refer Note 33).

### (vii) 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 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 36). 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

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) INVENTORIES

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis. The cost of raw materials, components, 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. Work-in-progress and finished goods include conversion costs in

## ACCOUNTING POLICIES

addition to the landed cost of raw materials. Finished goods, including stock-in-trade and work-in-progress are valued at lower of cost and net realisable value. Cost includes all direct costs including excise duty and applicable manufacturing overheads incurred in bringing them to their present location and condition. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products

### 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:

- purchase price, including import duties and non-refundable taxes on purchase (goods and service tax), after deducting trade discounts and rebates.
- 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.

- 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 recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II. 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 is furnished below:

Factory Building	~ 30 Years
Non Factory Building	~ 60 Years
Plant & Equipments	~ 10-20 Years
Electricals	~ 14 Years
Computers & accessories	~ 3 Years



## ACCOUNTING POLICIES

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.

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

### 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 recognised on a straight-line basis over their estimated useful lives. 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 amount of intangible asset consisting software license 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

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. Ind AS 115 requires revenue recognition based on a five step model prescribed therein unlike the old standard, where revenue was recognised at a point in time when the significant risk and rewards of ownership has been transferred to the buyer.

The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price, identification of incremental costs of obtaining a contract and appropriateness of the basis used to measure revenue recognized over a period or at a point in time. Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18. Impact of application of Ind AS 115 on the financial statements of the Company is insignificant. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

#### Disaggregation of revenue

The Company disaggregates revenue from contract with

## ACCOUNTING POLICIES

customers by the nature and type of goods sold i.e. garment, yarn, fabric, cotton waste, accessories and others. As the Company manufactures and sells these goods based on customer specific terms and conditions, this level of disaggregation best depicts the revenue structure of the Company (also refer Note 24)

### Contract balances

The contract assets relate to consideration receivable upon sale of goods and services to its customers. Such contract assets are recognised depending upon the individual delivery and acceptance terms agreed with the customers. Any advance consideration received from customers based on individual delivery and acceptance terms agreed with the customers are classified as contract liabilities.

### Variable Consideration

The company expects the amount of variable consideration by using the most likely amount which the company expects to better predict the amount of revenue to be recognized. The company estimates the amount of liquidated damages which the company is liable to incur when there is a delay in satisfaction of performance obligation and adjusts the same with the revenue.

### Performance obligation and revenue recognition policies

#### 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. 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 are recognised in profit or loss, except exchange differences arising from the translation of the following items which are recognised in other comprehensive income :

- equity investments at fair value through other comprehensive income

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- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective ; and
- qualifying cash flow hedges to the extent that the hedges are effective.

### 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.

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.

##### b) Non-derivative financial liabilities

Financial liabilities are classified as measured at

## ACCOUNTING POLICIES

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 counter party 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.

## 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 income. 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

Long term investments (excluding investment properties) are

## ACCOUNTING POLICIES

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

### Investment 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

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) Long Term Post Employment

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

i) 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.

ii) 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) BORROWING COSTS

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.

## M) SEGMENT REPORTING

Since the Company prepares consolidated financial statements, as per Ind AS-108 "Operating Segments" segment information has been disclosed in consolidated financial statements.

## N) LEASE

### Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of arrangement that contains a lease, payments and other consideration required by such an arrangement are separated into those for lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

## ACCOUNTING POLICIES

### Assets held under leases

#### i. Assets leased out

As per terms of lease agreements there is no substantial transfer of risk and reward of the property to the lessee. Accordingly such leased out assets are treated as belonging to the Company.

#### ii. Assets taken on lease

As per the terms of lease agreements there is no substantial transfer of risk and reward of the property to the Company and hence such leases are treated as operating lease.

The payments on operating lease are recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Associated costs, such as maintenance and insurance are expensed.

### Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

### 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 and associates, and interests in joint

## ACCOUNTING POLICIES

ventures, 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:

## ACCOUNTING POLICIES

- 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



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

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

#### New standard - Ind AS 116, Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. In this regard, the Company is in the process of carrying out assessment of potential impact on adoption of Ind AS 116 on accounting policies followed and accordingly impact on its standalone financial statements on initial application of this standard is not reasonably estimable at present.

#### Amendment to the existing standards

##### Ind AS 12 - Income taxes

The amendment to Ind AS 12 clarifies that the income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as

equity, should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognised. The Company does not expect any impact from this pronouncement.

Appendix C has been added to Ind AS 12 which specifies that the Company shall recognise and measure its current or deferred tax asset or liability applying the requirements in Ind AS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Appendix, when there is uncertainty over income tax treatments under Ind AS 12. In this regard, the Company is in process of carrying out assessment of potential impact on adoption, though no significant impact is expected.

##### Ind AS 19 – Employee benefits

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any impact on its financial statements.

##### Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any significant impact from this amendment.

#### 4. Property, Plant & Equipment

(₹ in Lakhs)

Particulars	Property, Plant & Equipment										Capital work in-progress	Intangible assets (Software license)
	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 01.04.2017</b>	<b>8,510</b>	<b>18,817</b>	<b>9,211</b>	<b>58,338</b>	<b>12,845</b>	<b>4,385</b>	<b>1,802</b>	<b>267</b>	<b>833</b>	<b>1,15,008</b>	<b>208</b>	<b>129</b>
Additions	8	1,011	409	2,950	-	325	488	108	108	5,407	1,696	4
Disposals / adjustments	-	-	-	(172)	-	(13)	(8)	(40)	(49)	(282)	(1,894)	-
<b>As at 31.03.2018</b>	<b>8,518</b>	<b>19,828</b>	<b>9,620</b>	<b>61,116</b>	<b>12,845</b>	<b>4,697</b>	<b>2,282</b>	<b>336</b>	<b>892</b>	<b>1,20,134</b>	<b>10</b>	<b>133</b>
Additions	53	120	57	2,364	0	86	156	87	109	3,033	431	6
Disposals / adjustments	-	-	-	(802)	-	(2)	(19)	(4)	(4)	(831)	-	-
<b>As at 31.03.2019</b>	<b>8,571</b>	<b>19,948</b>	<b>9,677</b>	<b>62,679</b>	<b>12,845</b>	<b>4,781</b>	<b>2,418</b>	<b>418</b>	<b>997</b>	<b>1,22,334</b>	<b>441</b>	<b>139</b>
<b>Accumulated Depreciation</b>												
<b>As at 01.04.2017</b>	-	1,347	313	15,015	4,828	949	731	104	168	23,455	-	83
Depreciation Expense	-	754	167	7,194	1,377	516	257	76	124	10,465	-	32
Disposals / adjustments	-	-	-	(143)	-	(3)	(6)	(33)	(37)	(222)	-	-
<b>As at 31.03.2018</b>	-	2,101	480	22,066	6,205	1,462	982	147	255	33,698	-	115
Depreciation Expense	-	764	171	6,667	1,124	472	192	74	117	9,579	-	4
Disposals / adjustments	-	-	-	(307)	-	(1)	(13)	(3)	(3)	(326)	-	-
<b>As at 31.03.2019</b>	-	2,865	651	28,426	7,329	1,933	1,161	218	369	42,951	-	119
<b>Net carrying amount</b>												
<b>As at 31.03.2018</b>	<b>8,518</b>	<b>17,727</b>	<b>9,140</b>	<b>39,050</b>	<b>6,640</b>	<b>3,235</b>	<b>1,300</b>	<b>189</b>	<b>637</b>	<b>86,436</b>	<b>10</b>	<b>18</b>
<b>As at 31.03.2019</b>	<b>8,571</b>	<b>17,083</b>	<b>9,026</b>	<b>34,252</b>	<b>5,516</b>	<b>2,848</b>	<b>1,258</b>	<b>200</b>	<b>628</b>	<b>79,383</b>	<b>441</b>	<b>20</b>

NOTES

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTES

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2019	As at 31.03.2018
	<b>FINANCIAL ASSETS</b>		
5	<b>INVESTMENTS</b>		
	Investments measured at cost:		
	Unquoted (all fully paid-up)		
	a) In Equity Instruments		
	i) Indian Subsidiaries		
	1,00,000 (Pr. Yr. 1,00,000) Equity Shares of ₹ 10 each in Quantum Knits PVT 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
	ii) Foreign Subsidiary		
	54,498 (Pr. Yr. Nil) Equity Shares of Birr 100 each in KPR Exports PLC.	136	-
	iii) Other Entities		
	2,10,000 (Pr. Yr. 2,10,000) Equity shares of ₹ 100 each of Somanur Water Scheme Pvt Ltd.	210	210
	b) Investment in Preference shares of subsidiary		
	3783,000 (Pr.Yr. 3783,000) 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>Aggregate value of unquoted investments</b>	<b>7,987</b>	<b>7,851</b>
	Information about the Company's fair value measurement is included in Note 36		
6	<b>LOANS</b>		
	Loans receivable considered good - Unsecured		
	Loan to related party - M/s Jahnvi Motor Private Limited	628	826
	Loan to related party - M/s KPR Exports PLC, Ethiopia	1,174	-
		<b>1,802</b>	<b>826</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.		
	Information about the Company's exposure to credit risk and market risk are disclosed in Note 36		
7	<b>OTHER NON CURRENT ASSETS</b>		
	(i) Capital advances	1,629	242
	(ii) Advances other than capital advances		
	Security deposits to related parties	2,500	-
	Security deposits to others	1,807	1,505
	Balances with government authorities	12	31
	Advance to related party - (Refer note 37)	1,298	4,347
	(iii) Others		
	Unamortised cost of leasehold land	331	335
		<b>7,577</b>	<b>6,460</b>

## NOTES

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2019	As at 31.03.2018
<b>8</b>	<b>INVENTORIES</b>		
	Raw Materials	50,060	21,959
	Work-in-progress **	2,969	2,755
	Finished goods (includes goods in transit of ₹ 3,153 lakhs (March 31, 2018 ₹ 2,514 lakhs))	15,899	11,085
	Stores, spares, packing and others	4,006	3,335
		<b>72,934</b>	<b>39,134</b>
	** Includes Cotton ₹ 2,157 Lakhs (Pr. Yr. ₹ 2,082 Lakhs), Fabric ₹ 36 Lakhs (Pr. Yr. ₹ 38 Lakhs) and Garments ₹ 776 Lakhs (Pr. Yr. ₹ 635 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 & 19.		
	Average age of inventory is less than 90 days only.		
	<b>FINANCIAL ASSETS</b>		
	<b>CURRENT INVESTMENTS</b>		
<b>9</b>	<b>Investments in Mutual Funds (Unquoted)</b>		
	Investments in mutual funds (unquoted) at Fair value through Profit and Loss		
	Reliance mutual fund (also Refer note 42)	-	1,202
		-	1,202
	Information about the Company's fair value measurement is included in Note 36		
<b>10</b>	<b>TRADE RECEIVABLES</b>		
	Trade Receivables considered good - Unsecured	46,830	32,419
	Trade Receivables - credit impaired	62	113
		<b>46,892</b>	<b>32,532</b>
	Less: Loss allowance	(62)	(113)
	<b>Net trade receivables</b>	<b>46,830</b>	<b>32,419</b>
	<b>Movement of loss allowance in trade receivables</b>		
	Opening balance	113	113
	Allowances made / (reversed) during the year	75	-
	Written off	(126)	-
	Closing balance	<b>62</b>	<b>113</b>
	(i) For receivables secured against borrowings, Refer note 17 & 19.		
	(ii) The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in Note 36.		
	(iii) For terms and conditions relating to related party receivables, refer Note 37		
<b>11</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash on hand	21	11
	Balance with banks		
	i) In Current accounts	2,835	513
	ii) In EEFC accounts	2,777	1,117
		<b>5,633</b>	<b>1,641</b>
<b>12</b>	<b>OTHER BANK BALANCES</b>		
	i) Balance with banks held as margin money deposit	1,035	1,095
	ii) Unclaimed dividend accounts	9	5
		<b>1,044</b>	<b>1,100</b>
	<b>Note:</b>		
	The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2019."		

## NOTES

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2019	As at 31.03.2018		
<b>13</b>	<b>OTHER FINANCIAL ASSETS</b>				
	Interest accrued on bank deposits	100	94		
	Export incentive receivable	3,013	2,253		
	Technology upgradation fund subsidy receivable	110	105		
	Investment promotion subsidy receivable	667	1,562		
	Insurance claim receivable	333	-		
	Other Advances	11	-		
	Others	-	182		
		<b>4,234</b>	<b>4,196</b>		
<b>14</b>	<b>OTHER CURRENT ASSETS</b>				
	Advance for purchase	6,912	8,172		
	Others (primarily prepaid expenses)	609	515		
	Balances with government authorities - GST/ VAT credit receivable	4,315	3,057		
		<b>11,836</b>	<b>11,744</b>		
<b>15</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		
	10,00,00,000 (Pr. Yr. 10,00,00,000) 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>				
	725,60,784 (Pr. Yr. 738,95,784) Equity Shares of ₹ 5 each fully paid-up with voting rights.	3,628	3,695		
		<b>3,628</b>	<b>3,695</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 final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting.				
	The Board has recommended a final dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2018-19 (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.				
<b>15.2</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>For the Year Ended 31.03.2019</b>		<b>For the Year Ended 31.03.2018</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	738,95,784	3,695	738,95,784	3,695
	Less: Buyback (Refer note 46)	13,35,000	67	-	-
	Outstanding at the end of the year	725,60,784	3,628	738,95,784	3,695

## NOTES

(₹ in Lakhs)

15.3	Details of Shareholders holding more than 5% of Shares in the Company Equity Shares				
	Particulars	As at 31st March, 2019		As at 31st March, 2018	
		Number of Shares	%	Number of Shares	%
	Mr. K.P.Ramasamy	1,56,70,141	21.60	1,59,50,000	21.58
	Mr. KPD Sigamani	1,56,70,141	21.60	1,59,50,000	21.58
	Mr. P.Nataraj	1,56,70,141	21.60	1,59,50,000	21.58
	L&T Mutual Fund Trustee Limited	49,59,939	6.84	30,12,697	4.08
	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.				
15.4	<b>Bonus shares/ buy-back shares for consideration other than cash issued during a period of five years immediately preceding March 31, 2019:</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 28,05,000				
				(₹ in Lakhs)	
16	<b>OTHER EQUITY</b>				
	<b>Securities premium</b>				
	Opening Balance			15,233	15,233
	Closing balance (A)			<b>15,233</b>	<b>15,233</b>
	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.				
	<b>Capital redemption reserve</b>				
	Opening balance			1,573	1,573
	Capital redemption on buyback (Refer note 46)			67	-
	Closing balance (B)			<b>1,640</b>	<b>1,573</b>
	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.				
	<b>General reserve</b>				
	Opening Balance			24,716	23,590
	Add: Transfer from Surplus in the Statement of Profit and Loss			-	1,126
	Closing balance (C)			<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			88,455	67,715
	Add: Profit for the year			28,911	22,497
	Add: Transfer from other comprehensive income			-	30
	<b>Less:</b>				
	Final dividend for 2017-18 (₹ 0.75 per share)			544	554
	Tax on dividend			105	107
	Premium on buyback of equity shares (Refer note 46)			10,747	-
	Transferred to:				
	General reserve			-	1,126
	<b>Capital redemption reserve</b>			67	-
	Closing balance (D)			<b>1,05,903</b>	<b>88,455</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>1,47,492</b>	<b>1,29,977</b>

S.No	Particulars	As at 31.03.2019	As at 31.03.2018
	<b>NON CURRENT LIABILITIES</b>		
	<b>FINANCIAL LIABILITIES</b>		
<b>17</b>	<b>BORROWINGS</b>		
	Term Loan		
	From banks (secured)	10,126	11,801
	Less : amount included under 'other financial liabilities' (Refer note 21)	(1,931)	(1,675)
		<b>8,195</b>	<b>10,126</b>
	Information about the company's exposure to interest rate and liquidity risks is included in Note 36		
<b>17.1</b>	<p>i) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2019 was ₹ 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 hostel 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 31.03.2019 was ₹ 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> <p>iii) The Company has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2019 was ₹ 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>		
<b>17.2</b>	Interest rate relating to term loans from banks are in the range of 8.60% to 10.35% per annum.		
<b>17.3</b>	The Company has not defaulted in the repayment of principal and interest during the year.		
<b>18</b>	<b>DEFERRED TAX</b>		
	Deferred tax liabilities (Refer note 32)	5,661	5,750
	Deferred tax assets	-	-
	<b>Net deferred tax liabilities</b>	<b>5,661</b>	<b>5,750</b>
	<b>CURRENT LIABILITIES</b>		
	<b>FINANCIAL LIABILITIES</b>		
<b>19</b>	<b>BORROWINGS</b>		
	<b>From Banks</b>		
	Secured		
	Loans for working capital	5,499	1,580
	Packing credit	46,652	21,242
	Other - acceptances under buyers credit	3,090	-
		<b>55,241</b>	<b>22,822</b>
	Information about the company's exposure to currency, interest rate and liquidity risks is included in Note 36		
<b>19.1</b>	<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 8.40% to 9.50% per annum. Interest rates relating to USD packing credit are in the range of 2.85% to 4.06% per annum and interest rates relating to INR packing credit are in the range of 4.75% to 5.70% per annum.</p>		

## NOTES

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2019	As at 31.03.2018		
19.2	<b>Reconciliation of cashflows from financing activities</b>				
	Cash and cash equivalents	5,633	1,641		
	Non-current borrowings	(10,126)	(11,801)		
	Current borrowings	(55,241)	(22,822)		
	<b>Net debt</b>	<b>(59,734)</b>	<b>(32,982)</b>		
		<b>Other assets</b>	<b>Liabilities from financing activities</b>		
	<b>Particulars</b>	<b>Cash and equivalents</b>	<b>Non-current borrowings including current maturities</b>	<b>Current borrowings</b>	<b>Total</b>
	<b>Net debt as at April 1, 2018</b>	<b>1,641</b>	<b>(11,801)</b>	<b>(22,822)</b>	<b>(32,982)</b>
	Net cash flows	3,992	1,675	(32,457)	(26,790)
	Foreign exchange adjustments	-	-	38	38
	<b>Net debt as at March 31, 2019</b>	<b>5,633</b>	<b>(10,126)</b>	<b>(55,241)</b>	<b>(59,734)</b>
	<b>Net debt as at April 1, 2017</b>	<b>1,981</b>	<b>(18,332)</b>	<b>(30,750)</b>	<b>(47,101)</b>
	Net cash flows	(340)	6,531	7,928	14,119
	Foreign exchange adjustments	-	-	-	-
	<b>Net debt as at March 31, 2018</b>	<b>1,641</b>	<b>(11,801)</b>	<b>(22,822)</b>	<b>(32,982)</b>



## NOTES

(₹ in Lakhs)

S.No	Particulars	As at 31.03.2019	As at 31.03.2018
<b>20</b>	<b>TRADE PAYABLES</b>		
	(A) Total outstanding dues of micro and small enterprises	134	121
	(B) Total outstanding dues of creditors other than micro and small enterprises	13,376	13,628
		<b>13,510</b>	<b>13,749</b>
	(i) The average credit period on purchase of goods and services are within 60 days. Trade payables are non-interest bearing.		
	(ii) Refer note 34 for details of dues to Micro and small enterprises.		
	(iii) The Company's exposure to currency risks related to trade payables is disclosed in Note 36.		
	(iv) For terms and conditions relating to related party payables, refer Note 37		
<b>21</b>	<b>OTHER FINANCIAL LIABILITIES</b>		
	Current maturities of long term borrowings (Refer note 17)	1,931	1,675
	Unclaimed dividend	9	5
	Interest accrued	61	49
	Statutory dues payable	1,843	1,390
	Others	31	31
		<b>3,875</b>	<b>3,150</b>
	Information about the company's exposure to currency, interest rate and liquidity risks is included in Note 36		
<b>22</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Advance payment from customers (Related party - refer note 37)	1,072	3,762
		<b>1,072</b>	<b>3,762</b>
<b>23</b>	<b>CURRENT TAX LIABILITIES (Net)</b>		
	Provision for tax (net of advance tax)	1,047	6
		<b>1,047</b>	<b>6</b>

## NOTES

(₹ in Lakhs)

		Year ended 31.03.2019	Year ended 31.03.2018
<b>24</b>	<b>REVENUE FROM OPERATIONS</b>		
	Sale of products	2,83,791	2,37,500
	Sale of services	4,534	7,126
	Other operating revenues	9,528	6,526
	<b>Revenue from operations (gross)</b>	<b>2,97,853</b>	<b>2,51,152</b>
	<b>Disaggregation of revenue from contracts with customers</b>		
	In the following disclosure, Revenue from contract with cutomers have been disaggregated based on the nature and type of goods sold.		
<b>24.1</b>	<b>Sale of products</b>		
	Garment	1,10,164	59,729
	Yarn	1,45,198	1,32,632
	Fabric	16,653	34,746
	Cotton waste	9,930	9,067
	Accessories and Others	2,609	1,397
		<b>2,84,554</b>	<b>2,37,571</b>
	Less: Discount Allowed	763	71
		<b>2,83,791</b>	<b>2,37,500</b>
<b>24.2</b>	<b>Sale of Services</b>		
	Processing and fabrication income	4,534	7,126
		<b>4,534</b>	<b>7,126</b>
<b>24.3</b>	<b>Other operating revenues</b>		
	Export Incentives	7,906	5,650
	Others (primarily scrap sales)	1,622	876
		<b>9,528</b>	<b>6,526</b>
<b>25</b>	<b>OTHER INCOME</b>		
	Interest income on		
	Cash and bank balances	41	61
	Others	184	171
	Dividend income from long-term investments in subsidiaries	26	26
	Net change in fair value of financial assets mandatorily measured at FVTPL	-	2
	Gain on sale of investments (net)	181	116
	Investment promotion subsidy	81	951
	Net gain on sale of property, plant and equipment	175	30
	Miscellaneous income	-	14
	Rental Income	3,049	227
		<b>3,737</b>	<b>1,598</b>
<b>26</b>	<b>COST OF MATERIALS CONSUMED</b>		
	<b>a) Inventory of materials at the beginning of the year</b>		
	Cotton	16,910	17,431
	Dyes and chemicals	293	147
	Yarn and fabric	4,756	1,001
		<b>21,959</b>	<b>18,579</b>
	<b>b) Add: Purchases and production expenses</b>		
	Cotton	1,56,684	1,22,203
	Dyes and chemicals	6,265	4,460
	Yarn, fabric, polyester and garments	32,633	31,645
	Production expenses	3,419	3,897
	Trims, packing and others (consumption)	9,014	5,884
		<b>2,08,015</b>	<b>1,68,089</b>
	<b>c) Less : Inventory of materials at the end 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>1,79,914</b>	<b>1,64,709</b>

## NOTES

(₹ in Lakhs)

		Year ended 31.03.2019	Year ended 31.03.2018
<b>27</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK - IN - PROGRESS</b>		
	<b>a) Inventories at the beginning of the year</b>		
	Finished goods	11,085	7,541
	Work-in-progress	2,755	1,786
		<b>13,840</b>	<b>9,327</b>
	<b>b) Inventories at the end 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>
	Net (increase)	<b>(5,028)</b>	<b>(4,513)</b>
<b>28</b>	<b>EMPLOYEE BENEFITS EXPENSE</b>		
	Salaries, wages and bonus	30,935	20,454
	Contribution to provident and other funds	1,048	1,098
	Staff welfare expenses	5,358	1,753
		<b>37,341</b>	<b>23,305</b>
<b>29</b>	<b>FINANCE COSTS</b>		
	Interest expense on financial liabilities measured at amortised cost		
	Term loans	937	1,398
	Working capital loans	2,255	1,283
	Interest on shortfall in payment of income tax	84	114
	Others	310	254
		<b>3,586</b>	<b>3,049</b>
<b>30</b>	<b>OTHER EXPENSES</b>		
	<b>Manufacturing expenses</b>		
	Power and fuel	13,067	10,412
	Consumption of stores, spares and packing materials	2,485	2,269
	<b>Repairs and Maintenance</b>		
	Building	556	343
	Machinery	7,530	5,320
	Others	463	382
	Insurance	232	186
	<b>Administration Expenses</b>		
	Legal and professional charges	199	236
	Rent	3,090	85
	Rates and taxes	175	634
	Payment to auditors (Refer note 31)	13	15
	Travelling and conveyance	665	749
	Expenditure on Corporate Social Responsibility (CSR) (Refer note 35)	590	482
	Donations	1,026	335
	Foreign Exchange Gain/ Loss	219	91
	Impairment loss on financial assets	146	5
	General expenses	442	340
	<b>Selling Expenses</b>		
	Freight and forwarding	2,607	1,588
	Sales commission	1,284	1,221
	Other selling expenses	130	54
		<b>34,919</b>	<b>24,747</b>

## NOTES

## 31. PAYMENT TO AUDITORS

(₹ in Lakhs)

Particulars	2018-19	2017-18
Statutory audit fees	12	14
Expenses (incl. service tax)	1	1
Total	13	15

## 32. INCOME TAX

(₹ in Lakhs)

Particulars	2018-19	2017-18
<b>Income tax recognised in profit or loss</b>		
<b>Current tax</b>		
Current income tax charge	12,726	8,050
Adjustment in respect of current income tax of prior years	(273)	213
	<b>12,453</b>	<b>8,263</b>
<b>Deferred tax</b>		
In respect of current year	(89)	196
<b>Total</b>	<b>12,364</b>	<b>8,459</b>

## 32.2 Income tax recognised in other comprehensive income

(₹ in Lakhs)

Particulars	As at 31.03.2019			As at 31.03.2018		
	Amount	Tax (expense) Benefit	Net of Tax	Amount	Tax (expense) Benefit	Net of Tax
Remeasurements of defined benefit liability	-	-	-	46	(16)	30

## 32.3 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	
	2018-19	2017-18	2018-19	2017-18
Profit before tax			41,275	30,956
Tax using the Company's domestic tax rate	34.94%	34.61%	14,421	10,713
Effect of deductions under Chapter VI-A of the Income Tax Act, 1961	-7.71%	-11.07%	(3,181)	(3,427)
Effect of non-deductible expenses and others	3.38%	3.10%	1,397	960
	30.61%	26.64%	12,637	8,246
Adjustments recognised in the current year in relation to the current tax of prior years	-0.66%	0.69%	(273)	213
Income tax recognised in profit or loss	29.95%	27.33%	12,364	8,459

## 32.4 Movement in deferred tax liabilities

(₹ in Lakhs)

Particulars	Balance as at 01.04.2017	Recognised in P&L during 2017-18	Recognised in OCI during 2017-18	Balance as at 31.03.2018	Recognised in P&L during 2018-19	Recognised in OCI during 2018-19	Balance as at 31.03.2019
Property, plant and equipment	5,535	180	-	5,715	(89)	-	5,626
Employee benefits payable	19	-	16	35	-	-	35
<b>Total</b>	<b>5,554</b>	<b>180</b>	<b>16</b>	<b>5,750</b>	<b>(89)</b>	<b>-</b>	<b>5,661</b>

## NOTES

## 33 Contingent Liabilities and Commitments (to the extent not provided for)

## I. Contingent Liabilities

(₹ in Lakhs)

Particulars	2018-19	2017-18
<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	82
(ii) Income tax demands	8	27
(iii) Central excise demands	4	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	15
(iii) IDBI Capital Markets & Securities Limited - Buyback	-	2,581
(iv) Bank Note Paper Mill India Private Limited	50	50
(v) Tata Power Trading Company Limited	72	72
(vi) 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	11,224	9,629
<b>(d) Discounted sales invoices</b>	1,244	1,624
<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	31.03.2019	31.03.2018
<b>(a) Capital Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for.	5,106	Nil
<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.	37,492	54,605
(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 ₹ 569 Lakhs (Pr.Yr. ₹ 746 Lakhs)	3,411	4,448

## NOTES

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

(₹ in Lakhs)

Name	31.03.2019	31.03.2018
M/s.K.P.R.Sugar Mill Limited	33,852	50,500
M/s.Jahnvi Motor Private Limited	3,640	4,105
<b>Total</b>	<b>37,492</b>	<b>54,605</b>

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

### 34 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	31.03.2019	31.03.2018
1. The Principal amount remaining unpaid to any supplier at the end of each accounting year	134	121
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	-	-

### 35 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 ₹ 561 Lakhs (Pr.Yr. ₹ 482 Lakhs). Amount spent during the year on CSR activities (included in Note 30 of the Statement of Profit or Loss) as under:

(₹ in Lakhs)

Particulars	For the year Ended	
	31.03.2019	31.03.2018
Promotion of Education	563	482
Donation to Chief Minister's Relief Fund - Gaja Cyclone	25	-
Promotion of Nationally Recognised Sports	2	-
<b>Total</b>	<b>590</b>	<b>482</b>

## NOTES

## 36 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

31.03.2019

(₹ 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>					
Investments	-	-	-	-	-
<b>Financial assets not measured at fair value</b>					
Investments (excluding investments in subsidiaries)	-	210	-	210	-
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	-	4,234	-	4,234	-
<b>Financial liabilities not measured at fair value</b>					
Borrowings	-	-	63,436	63,436	-
Trade payables	-	-	13,510	13,510	-
Other financial liabilities	-	-	3,875	3,875	-

31.03.2018

(₹ 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>					
Investments	1,202	-	-	1,202	Level 1
<b>Financial assets not measured at fair value</b>					
Investments (excluding investments in subsidiaries)	-	210	-	210	-
Loans	-	826	-	826	-
Trade receivables	-	32,419	-	32,419	-
Cash and cash equivalents	-	1,641	-	1,641	-
Other bank balances	-	1,100	-	1,100	-
Other financial assets	-	4,196	-	4,196	-
<b>Financial liabilities not measured at fair value</b>					
Borrowings	-	-	32,948	32,948	-
Trade payables	-	-	13,749	13,749	-
Other financial liabilities	-	-	3,150	3,150	-

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.

## NOTES

**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 17, 19 and 21 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, 2019 was as follows

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Debt *	65,367	34,623
Less : Cash and Bank Balances *	6,677	2,741
Net Debt	58,690	31,882
Total equity	1,51,120	1,33,672
Net Debt to Equity Ratio	38.84%	23.85%

\* Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in Notes 17,19 and 21. Cash and Bank balances include cash and cash equivalents and other bank balances as described in Notes 11 and 12.

**Financial Risk Management****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.

**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 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 31.03.2019**

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
USD	INR	8,642 (275)	Buy Buy
USD	INR	8,347 (27,517)	Sell Sell
EURO	INR	7,373 (4,586)	Sell Sell
GBP	INR	7,209 (7,936)	Sell Sell

Note: Figures in brackets relates to the previous year



## NOTES

(b) the year end unhedged foreign currency exposures are given below\*

As at 31.03.2019		As at 31.03.2018	
Receivables / (Payables)		Receivables / (Payables)	
₹ in Lakhs	FC in Lakhs	₹ in Lakhs	FC in Lakhs
13,396	\$193	4,196	\$64
(2,222)	(€ 29)	1,258	€ 15
228	£3	976	£10

\* Includes firm commitments

### Sensitivity Analysis :

Sensitivity analysis is carried out for un-hedged foreign exchange risk as at March 31, 2019. For every 1% strengthening of Indian Rupees against all relevant uncovered foreign currency transactions profit before tax would be impacted by loss of approximately Rs.114 lakhs. Similarly, for every 1% weakening of Indian Rupee against these transactions, there would be an equal and opposite impact on the profit before tax.

### 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)	
	31.03.2019	31.03.2018
Non-current borrowings	8,195	10,126
Current borrowings	55,241	22,822
Other financial liabilities (Refer Note 21)	1,931	1,675
<b>Total</b>	<b>65,367</b>	<b>34,623</b>

### Sensitivity analysis:

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2019. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately Rs.654 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.

The Company does not expect any change in interest rates on fixed rate borrowings and accordingly have not presented any sensitivities on such borrowings.

### Equity price risk

Equity price risk is related to the change in market reference price of the investments in equity securities. The Company's investments are predominantly towards unquoted equity securities in subsidiary companies. The management contends that such investments do not expose the Company to equity price risks. In general, these securities are not held for trading purposes.

## B Credit risk management

Credit risk is the risk that the counterparty will not meet its obligations under customer contract, leading to a financial loss. Credit risk primarily arises from the Company's trade receivables and loans

## NOTES

The maximum exposure to credit risk for trade receivables is as follows:

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Trade receivables	46,830	32,419

#### Trade receivables:

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.

#### Loans

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Loans to related parties	1,802	826

The Company extended loan to its wholly owned subsidiaries which are engaged in potential ventures

#### Cash and cash equivalents :

The Company held cash and cash equivalents 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.

### 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 17.

### 37 Related Party Disclosures

Disclosures under "Ind AS" 24 – Related Party Disclosure, as identified and disclosed by the Management and relied upon by the Auditors

## NOTES

**37.1 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. Saktivel
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

## NOTES

## 37.2 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 31.03.2019
Purchase of Goods	-	-	-	1,792	1,792
	-	-	-	(8,550)	(8,550)
Revenue from Operations	-	-	-	11,167	11,167
	-	-	-	(22,556)	(22,556)
Sale of Asset	-	-	-	186	186
	-	-	-	-	-
Lease Rent Paid	-	1	-	3,000	3,001
	-	(1)	-	-	(1)
Lease Rent Received	-	-	-	-	-
	-	-	-	(212)	(212)
Remuneration / Salary	-	3,558	6	-	3,564
	-	(2,661)	(6)	-	(2,667)
Processing and Fabrication Income	-	-	-	1,069	1,069
	-	-	-	(5,089)	(5,089)
Processing and Fabrication Expenses	-	-	-	-	-
	-	-	-	(686)	(686)
Interest Receipts	-	-	-	72	72
	-	-	-	(79)	(79)
Investments	-	-	-	7,777	7,777
	-	-	-	(7,641)	(7,641)
Loans	-	-	-	1,802	1,802
	-	-	-	(826)	(826)
Advance Receivable	-	-	-	5,383	5,383
	-	-	-	(4,347)	(4,347)
Trade Receivable	-	-	-	94	94
	-	-	-	-	-
Advance payment from customers	-	-	-	20	20
	-	-	-	(3,614)	(3,614)
Trade Payable	-	2,081	-	-	2,081
	-	(1,479)	-	-	(1,479)

(Previous year figures are shown in brackets)

## 37.3 Details of transactions with related parties

## a. Purchase of Goods

(₹ in Lakhs)

Name	2018-19	2017-18
M/s. K.P.R. Sugar Mill Limited	1,792	8,550
Total	1,792	8,550

## NOTES

## b. Revenue from Operations

(₹ in Lakhs)

Name	2018-19	2017-18
M/s. K.P.R. Sugar Mill Limited	10,673	22,556
M/s KPR Exports PLC, Ethiopia	494	-
Total	11,167	22,556

## c. Sale of Asset

(₹ in Lakhs)

Name	2018-19	2017-18
M/s. K.P.R. Sugar Mill Limited	16	-
M/s KPR Exports PLC, Ethiopia	170	-
Total	186	-

## d. Processing and Fabrication Income

(₹ in Lakhs)

Name	2018-19	2017-18
M/s. K.P.R. Sugar Mill Limited	1,069	5,089
Total	1,069	5,089

## e. Processing and Fabrication Expenses

(₹ in Lakhs)

Name	2018-19	2017-18
M/s. K.P.R. Sugar Mill Limited	-	686
Total	-	686

## f. Interest Receipts

(₹ in Lakhs)

Name	2018-19	2017-18
M/s. Jahnvi Motor Private Limited	72	79
Total	72	79

## g. Lease Rent Paid

(₹ in Lakhs)

Name	2018-19	2017-18
Mr. K.P. Ramasamy	0.19	0.19
Mr. KPD Sigamani	0.18	0.18
Mr. P. Nataraj	0.18	0.18
K.P.R. Sugar Mill Limited	3,000.00	0.00
Total	3,000.55	0.55

## h. Lease Rent Received

(₹ in Lakhs)

Name	2018-19	2017-18
M/s. K.P.R. Sugar Mill Limited	-	212
Total	-	212

## NOTES

## i. Remuneration / Salary

(₹ in Lakhs)

Name	2018-19	2017-18
Mr. K.P.Ramasamy	1,172	873
Mr. KPD Sigamani	1,172	873
Mr. P.Nataraj	1,172	873
Mr. C.R.Anandakrishnan	24	24
Mr. E.K.Sakthivel	18	18
Mrs. D.Geetha	6	6
Total	3,564	2,667

Note: Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

## j. Trade Payable

(₹ in Lakhs)

Name	2018-19	2017-18
Mr. K.P. Ramasamy	699	481
Mr. KPD Sigamani	694	503
Mr. P.Nataraj	688	495
Total	2,081	1,479

## k. Advance Receivable

(₹ in Lakhs)

Name	2018-19	2017-18
M/s K.P.R. Sugar Mill Limited	5,383	4,347
Total	5,383	4,347

## l. Trade Receivable

(₹ in Lakhs)

Name	2018-19	2017-18
M/s.K.P.R. Exports PLC, Ethiopia	94	-
Total	94	-

## m. Advance payment from Customers

(₹ in Lakhs)

Name	2018-19	2017-18
M/s. Quantum Knits PVT Limited	20	-
M/s K.P.R. Sugar Mill Limited	-	3,614
Total	20	3,614

## n. Loans

(₹ in Lakhs)

Name	2018-19	2017-18
M/s. KPR Exports PLC, Ethiopia	1,174	-
M/s Jahnvi Motor Private Limited	628	826
Total	1,802	826

Note: Disclosure under Section 186 (4) of the Companies Act, 2013: The recipients utilise the loan for principal business activities.

## NOTES

## o. Investments

(₹ in Lakhs)

Name	2018-19	2017-18
<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	136	-
<b>Preference Share</b>		
M/s. K.P.R. Sugar Mill Limited	5,675	5,675
<b>Total</b>	<b>7,777</b>	<b>7,641</b>

## 37.4 Terms and conditions of transactions with related parties

Transactions with related parties are at arm's length and all the outstanding balances are unsecured.

## 37.5 Transfer pricing

Management believes that the Company's international transactions with related parties continue to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expense and that of provision for taxation.

## 38 Earnings Per Share (EPS)

(₹ in Lakhs)

Particulars	2018-19	2017-18
Profit for the year attributable to equity shareholders	28,911	22,497
Weighted average number of equity shares (Refer Note a)	7,26,08,332	7,38,95,784
Face Value Per Share (₹)	5.00	5.00
Earnings Per Share (₹) - Basic and Diluted	39.82	30.44

a. The Calculation of Weighted Average Number of Equity Shares for the purpose of basic and diluted Earnings per Share is as follows:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Opening balance	7,38,95,784	7,38,95,784
Effect of Shares bought back during the year	(12,87,452)	-
Weighted average number of equity shares	7,26,08,332	7,38,95,784

During the year Company bought back 13,35,000 fully paid-up equity shares of the face value of ₹ 5/- each through "Tender Route" process at a price of ₹ 810 per equity share. (refer Note 46)

b. The Company does not have any potential equity shares. Accordingly basic and diluted earnings per share would remain the same.

## NOTES

**39 Geographical information on revenue and assets:****39.1 Revenue from sale of products and services by Geographic Location of Customers** (₹ in Lakhs)

Particulars	2018-19	2017-18
India	1,61,726	1,67,226
Overseas	1,26,599	77,400
Total	2,88,325	2,44,626

**39.2 Geographic Location of Assets** (₹ in Lakhs)

Particulars	2018-19	2017-18
<b>Receivables</b>		
India	2,13,292	1,77,586
Overseas	26,429	15,451
Total	2,39,721	1,93,037

**40 Operating Lease Disclosure**

The Company has taken office space on lease for a period of 9 years with option to renew and with escalation in rent once in three years with lock-in period of three years. Lease rent for the year ended 31st March 2019 amounted to ₹ 63 Lakhs (Pr. Yr. ₹ 57 Lakhs).

(₹ in Lakhs)

Particulars	2018-19	2017-18
Minimum lease payments not later than one year	65	63
Later than one year but not later than five years	82	147
More than five years	-	-

**41 Disclosure of Employee Benefits****41.1 Defined Contribution Plans** (₹ in Lakhs)

Particulars	2018-19	2017-18
Provident Fund	904	952
Employee State Insurance	1,049	694

**41.2 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:



## NOTES

**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)	
		2018-19	2017-18
<b>A</b>	<b>Change in present value of obligation</b>		
	PV of obligation as at the beginning of the year	447	364
	Current Service Cost	137	102
	Interest Cost	36	29
	Benefits paid	(2)	(2)
	Actuarial (gains) / losses recognised in other comprehensive income		
	- changes in financial assumptions	-	(46)
	<b>Balance at the end of the year</b>	<b>618</b>	<b>447</b>
<b>B</b>	<b>Reconciliation of fair value of plan assets:</b>		
	Balance at the beginning of the year	516	399
	Interest income	42	29
	Actuarial gains / (losses) recognised in other comprehensive income	-	-
	Benefits paid	(2)	(2)
	Contributions paid into the plan	154	90
	<b>FV of plan asset as at the end of the year</b>	<b>710</b>	<b>516</b>
<b>C</b>	<b>Net Asset/(Liability) recognized in the Balance Sheet</b>		
	Present value of obligation as at end of the year	618	447
	Fair value of Plan Asset as at end of the year	710	516
	<b>Funded Status [Surplus/(Deficit)]</b>	<b>93</b>	<b>69</b>
<b>D</b>	<b>Expense recognized in statement of profit or loss</b>		
	Current Service Cost	137	102
	Interest Cost	36	29
	Expected return on Plan Assets	(42)	(29)
		<b>131</b>	<b>102</b>
<b>E</b>	<b>Remeasurement recognised in other comprehensive income:</b>		
	Actuarial / (gains) losses on defined benefit obligation	-	(46)
	<b>Actuarial / (gains) losses on plan assets</b>	-	-
		-	(46)
<b>F</b>	<b>Actuarial Assumptions</b>		
	Discount Rate (per annum)	7.50%	7.73%
	Rate of increase in compensation levels (per annum)	6.50%	7.00%
	Rate of return on plan assets (per annum)	7.50%	7.73%
	Expected average remaining working lives of employees (years)	30.23	30.33
	Demographic Assumptions - Based on Indian Assured Lives Mortality (2006-08)		

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.

**42 Details of unquoted current investment:**

(₹ in Lakhs)

Particulars	2018-19		2017-18	
	Units	Amount	Units	Amount
Reliance Mutual Fund	-	-	28,345	1,202
	-	-	28,345	1,202

## NOTES

**43 Disclosure as per Schedule V of Regulation 34 of the listing regulations - Investments**

(₹ in Lakhs)

Name of the Company	2018-19	2017-18
M/s.Quantum Knits PVT Limited	10	10
M/s.K.P.R. Sugar Mill Limited	7,350	7,350
M/s. Jahnvi Motor Private Limited	276	276
M/s. Galaxy Knits Limited	5	5
M/s KPR Exports Pic, Ethiopia	136	0
	<b>7,777</b>	<b>7,641</b>

**44 Disclosure as per Schedule V of Regulation 34 of the listing regulations - Loans**

(₹ in Lakhs)

Name of the Company	As at 31.03.2019	Maximum Outstanding during the year 2018-19	As at 31.03.2018	Maximum Outstanding during the year 2017-18
M/s KPR Exports PLC, Ethiopia	1,174	1,174	-	-
M/s Jahnvi Motor Private Limited	628	826	826	826
	<b>1,802</b>	<b>2,000</b>	<b>826</b>	<b>826</b>

**45 Events after reporting period :**

- The Board of Directors in its meeting held on 29.04.2019, proposed a Buyback of 37,50,784 Equity shares of ₹ 5/- (representing 5.17% of the total number of paid up equity shares) 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 (17.61% of the Paid up Capital and free reserves) subject to the approval of the Shareholders by way of Postal Ballot.
- 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 2018-19 subject to the approval of the Shareholders in Annual General Meeting.

**46 Buyback**

After obtaining the approval of the Board of Directors in its meeting held on 22.02.2018, the buy back of 13,35,000 Equity Shares of ₹ 5/- each (Representing 1.81 % 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 ₹ 810/- per share for an aggregate amount of ₹ 10,814 Lakhs was initiated in accordance with the provisions of the Companies Act, 2013 and the SEBI (Buy Back of Securities) Regulations, 1998. The same was completed on 13.04.2018.

The notes from 1 to 46 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  
ICAI Firm Registration Number : 101248W/W-100022

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

**KPD Sigamani**  
Managing Director  
DIN: 00003744

**PL Murugappan**  
Chief Financial Officer

Coimbatore  
April 29, 2019

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

**P. Kandaswamy**  
Company Secretary

**S.Sethuraman**  
Partner  
Membership No. : 203491

Coimbatore  
April 29, 2019

# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

## Independent Auditor's 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, 2019, 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 under the new accounting standard Ind AS 115: Revenue from Contracts with Customers	
The key audit matter	How the matter was addressed in our audit
<p>Ind AS 115 – 'Revenue from Contracts with Customers' (Ind AS 115) is effective for the year beginning April 1, 2018 which requires revenue recognition based on a five step model prescribed therein unlike the old standard, where revenue was recognised at a point in time when the significant risk and rewards of ownership has been transferred to the buyer.</p> <p>The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price, identification of incremental costs of obtaining a contract and appropriateness of the basis used to measure revenue recognized over a period or at a point in time. Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.</p> <p>In view of the above, revenue recognition under the new accounting standard is an area of focus in the audit.</p> <p>See note 24 to the consolidated financial statements</p>	<p>In view of the significance of the matter following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Testing the design and operating effectiveness of controls relating to implementation of the new revenue accounting standard.</li> <li>• Selecting samples of existing and new contracts, testing management's assessment relating to identification of distinct performance obligations and determination of transaction prices.</li> <li>• Verifying management's assessment of different types of customer contracts including the terms of contract and commercial substance thereof in order to assess the adherence to revised accounting policies in light of the requirements of Ind AS 115</li> </ul>

affairs of the Group, as at March 31, 2019, 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 Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement and based on the consideration of reports of other auditors on separate financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the 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>The Group is an integrated textile manufacturer and the inventory primarily comprises of yarn, fabric, garments and sugar. Inventories are valued at lower of cost or net realizable value. There is a risk that inventories may be stated at values that are not representative of the costs or at values that are more than their net realizable value ('NRV').</p> <p>We identified the valuation of inventories as a key audit matter because the Group held significant inventories at the reporting date and significant degree of management judgement and estimation was involved in valuing the inventories.</p> <p>See note 7 to the consolidated financial statements</p>	<p>In view of the significance of the matter following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the Group's key internal controls over the process for valuation of inventories.</li> <li>• Comparing the cost of raw materials with supplier invoices, on a sample basis. For work-in-progress and finished goods, challenging the key assumptions concerning overhead allocation by assessing the cost of the items included in overhead absorption on a sample basis.</li> <li>• In connection with NRV testing, selecting inventory items, on a sample basis, at reporting date and comparing their carrying value to their subsequent selling prices as indicated in sales invoices subsequent to the reporting date.</li> </ul>

<b>Long outstanding receivables and other financial assets</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group has significant trade receivables and other financial asset balances as at year end. Given the size of the balances and the risk that some of the trade receivables and other financial assets may not be recoverable, judgement is required to evaluate whether any allowance should be made to reflect the risk.</p> <p>The Group recognizes loss allowance for trade receivables and other financial assets at the expected credit loss ('ECL'). Assessment of the recoverability of trade receivables and other financial assets together with the related ECL is inherently subjective and requires significant management judgement (which include repayment history and financial position of entities from whom these balances are recoverable, terms of underlying arrangements, overdue balances, market conditions etc.).</p> <p>See note 9 and 12 to the consolidated financial statements</p>	<p>In view of the significance of the matter following audit procedures were applied in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the Group's key internal controls over the process of estimating the loss allowance for trade receivables and other financial assets including adherence to the requirements of the relevant accounting standards.</li> <li>• Assessing the Group's methodology for ECL provisioning towards trade receivables and other financial asset balances (which includes dues from Government authorities).</li> <li>• Understanding the key inputs used in the ECL model by the Group such as repayment history and financial position of entities from whom these balances are recoverable, terms of underlying arrangements, overdue balances, market conditions, type of collateral and credit insurance coverage, if any.</li> <li>• Obtaining an understanding and assessing the reasonableness of the key outputs calculated by the model, as well as key judgements and assumptions used by the management for the implementation of the model.</li> <li>• Assessing the disclosures made against 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.

## Responsibilities of Management and Those Charged with Governance 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 including its associates and joint ventures and joint operations 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 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 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 management 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.

## Auditors Responsibility for the audit of Consolidate 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 judgement 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 whether the company has adequate internal financial controls with

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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 made by management.
- Conclude on the appropriateness of management's 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 (Holding Company and subsidiaries) 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, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. 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 paragraph of the section titled 'Other Matters' 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 Other Matters 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 and based on the consideration of reports of other auditors on separate financial statements of components audited by them, 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 Matters

We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of Rs.78,155 lakhs as at March 31, 2019, total revenues of Rs.54,562 lakhs and net cash flows amounting to Rs. 365 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

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' 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 1, 2019 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, 2019 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, 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 incorporated in India, as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2019 on the consolidated financial position of the Group. Refer Note 33 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, 2019.
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended March 31, 2019.
- 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, 2019.

### 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, incorporated in India, where applicable, 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 incorporated in India, where applicable, 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/W100022

Place: Coimbatore  
Date: April 29, 2019

**S Sethuraman**  
Partner  
Membership No. 203491

## ANNEXURE TO THE AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**Annexure A to the Independent Auditors' report on the consolidated financial statements of K.P.R. Mill Limited for the year ended March 31, 2019**

**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, 2019, 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, 2019, 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 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.

**Annexure A to the Independent Auditors' report on the consolidated financial statements of K.P.R. Mill Limited for the year ended March 31, 2019**

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.

### **Annexure A to the Independent Auditors' report on the consolidated financial statements of K.P.R. Mill Limited for the year ended March 31, 2019**

#### **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.

Place: Coimbatore  
Date: April 29, 2019

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No. 101248W/W100022

**S Sethuraman**  
Partner  
Membership No. 203491

**CONSOLIDATED BALANCE SHEET**

(₹ in Lakhs)

	Note	As at 31.03.2019	As at 31.03.2018
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	1,13,582	1,22,262
(b) Capital work-in-progress	4	1,243	15
(c) Goodwill		70	70
(d) Other Intangible assets	4	20	18
(e) Financial assets			
(i) Investments	5	210	210
(f) Other non - current assets	6	5,705	2,278
<b>Total non - current assets</b>		<b>1,20,830</b>	<b>1,24,853</b>
<b>(2) Current assets</b>			
(a) Inventories	7	1,00,641	64,041
(b) Financial assets			
(i) Investments	8	-	1,202
(ii) Trade receivables	9	52,800	41,964
(iii) Cash and cash equivalents	10	6,409	2,052
(iv) Other bank balances	11	1,075	1,129
(v) Other financial assets	12	4,883	6,937
(c) Other current assets	13	10,736	13,037
<b>Total current assets</b>		<b>1,76,544</b>	<b>1,30,362</b>
<b>Total assets</b>		<b>2,97,374</b>	<b>2,55,215</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	14	3,628	3,695
(b) Other equity	15	1,75,389	1,53,303
<b>Total equity</b>		<b>1,79,017</b>	<b>1,56,998</b>
<b>(2) Non - current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	13,049	15,861
(b) Deferred tax liabilities (Net)	17	4,683	4,857
(c) Other non-current liabilities	18	285	330
<b>Total non-current liabilities</b>		<b>18,017</b>	<b>21,048</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	19	69,079	46,035
(ii) Trade payables			
(A) Total outstanding dues of micro and small enterprises	20 (A)	140	124
(B) Total outstanding dues of creditors other than micro and small enterprises	20 (B)	23,230	25,375
(iii) Other financial liabilities	21	5,746	4,673
(b) Other current liabilities	22	1,415	554
(c) Current tax liabilities(net)	23	730	408
<b>Total current liabilities</b>		<b>1,00,340</b>	<b>77,169</b>
<b>Total liabilities</b>		<b>1,18,357</b>	<b>98,217</b>
<b>Total equity and liabilities</b>		<b>2,97,374</b>	<b>2,55,215</b>

Significant accounting policies

The notes referred to above form an integral part of the 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

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

**PL Murugappan**  
Chief Financial Officer

**P. Kandaswamy**  
Company Secretary

Coimbatore  
April 29, 2019

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

**S. Sethuraman**  
Partner  
Membership No. : 203491

Coimbatore  
April 29, 2019

## CONSOLIDATED STATEMENT OF PROFIT & LOSS

(₹ in Lakhs)

	Note	Year Ended	
		31.03.2019	31.03.2018
<b>I. Revenue from operations</b>	24	<b>3,38,401</b>	<b>3,02,459</b>
<b>II. Other income</b>	25	3,690	1,511
<b>III. Total revenue (I+II)</b>		<b>3,42,091</b>	<b>3,03,970</b>
<b>IV. Expenses</b>			
Cost of materials consumed	26	2,06,520	1,86,629
Purchase of stock-in-trade		5,920	5,231
Changes in inventories of finished goods, work- in-progress and stock in trade	27	(9,681)	(7,759)
Employee benefits expense	28	38,073	30,022
Finance costs	29	4,894	5,156
Depreciation and amortisation expenses	4	13,113	13,985
Other expenses	30	36,394	30,904
<b>V. Total expenses</b>		<b>2,95,233</b>	<b>2,64,168</b>
<b>VI. Profit before tax (III-V)</b>		<b>46,858</b>	<b>39,802</b>
<b>VII. Tax expenses</b>			
Current tax			
- Pertaining to current year		13,956	10,094
- Less: MAT Credit		262	28
- Pertaining to prior year		(408)	232
Deferred tax		85	466
<b>Income tax expense</b>		<b>13,371</b>	<b>10,764</b>
<b>VIII. Profit for the year (VI-VII)</b>		<b>33,487</b>	<b>29,038</b>
Other comprehensive income			
Item that will be reclassified to profit or loss		-	-
Item that will not be reclassified to profit or loss			
Remeasurement of defined benefit (liability) / asset		-	46
Income tax relating to item that will not be reclassified to profit or loss		-	(16)
<b>IX. Net other comprehensive income not to be reclassified subsequently to profit or loss</b>		-	30
<b>X. Total comprehensive income for the year (VIII+IX)</b>		<b>33,487</b>	<b>29,068</b>
Earnings per equity share (EPS)			
Basic & diluted EPS (in ₹) of face value ₹ 5/- each	38	<b>46.12</b>	<b>39.30</b>

Significant accounting policies  
The notes referred to above form an integral part of the 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  
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Chief Financial Officer

**P. Kandaswamy**  
Company Secretary

Coimbatore  
April 29, 2019

Coimbatore  
April 29, 2019

CONSOLIDATED CASH FLOW STATEMENT

(₹ in Lakhs)

		Year Ended	
		31.03.2019	31.03.2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit for the year		33,487	29,038
Adjustments for:			
Income tax expenses recognised in the statement of profit and loss		13,371	10,764
Depreciation and amortisation expense		13,113	13,985
Net gain on sale of property, plant and equipment		(179)	(14)
Finance costs		4,894	5,156
Interest income		(155)	(155)
(Gain) / Loss on sale of current investments		(181)	(116)
Rental income from operating leases		(24)	(15)
Impairment loss on financial assets		146	12
Unrealised foreign (gain) / loss		10	(2)
<b>Operating Profit before working capital changes</b>		<b>64,482</b>	<b>58,653</b>
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(36,600)	(10,742)
Trade receivables		(11,052)	(7,903)
Other current assets		2,301	(8,145)
Other non current assets		(392)	(354)
Other financial assets		2,060	(164)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		(2,129)	9,905
Other current liabilities		1,291	(627)
Other non current liabilities		-	(7,516)
<b>Cash generated from operations</b>		<b>19,961</b>	<b>33,107</b>
Net income tax (paid)		(13,367)	(10,507)
<b>Net cash generated from operating activities</b>	(A)	<b>6,594</b>	<b>22,600</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital Expenditure on Property, Plant and Equipments, Including Capital Advances		(9,246)	(4,325)
Purchase of current investments		(27,600)	(40,850)
Proceeds from sale of current investments		28,983	39,650
Redemption / maturity of margin deposit accounts		58	(275)
Proceeds from sale of property, plant and equipment		723	136
Purchase / (proceeds from) sale of non-current investment		-	(30)
Dividend received		-	116
Interest received		149	141
Rental income received from operating leases		24	13
<b>Net cash flow used in investing activities</b>	(B)	<b>(6,909)</b>	<b>(5,424)</b>

CONSOLIDATED CASH FLOW STATEMENT

(₹ in Lakhs)

	Note	Year Ended	
		31.03.2019	31.03.2018
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment for buyback of shares		(10,814)	-
Proceeds from long-term borrowings		648	604
Repayment of long-term borrowings		(2,878)	(12,434)
Net increase / (decrease) in working capital borrowings		23,082	(1,343)
Finance costs Paid		(4,712)	(5,195)
Dividends paid		(544)	(554)
Tax on dividend paid		(110)	(112)
<b>Net cash flow used in financing activities</b>	<b>(C)</b>	<b>4,672</b>	<b>(19,034)</b>
Net increase / (decrease) in cash and cash equivalents	<b>(A+B+C)</b>	<b>4,357</b>	<b>(1,858)</b>
<b>Add: Opening cash and cash equivalents</b>		<b>2,052</b>	<b>3,910</b>
<b>Closing cash and cash equivalents</b>		<b>6,409</b>	<b>2,052</b>
<b>Closing cash and cash equivalents comprises</b>			
(a) Cash on hand		46	29
(b) Balance with Banks:			
i) In Current accounts		3,586	809
ii) In EEFC accounts		2,777	1,214
		<b>6,409</b>	<b>2,052</b>

Significant accounting policies 3  
The notes referred to above form an integral part of the 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  
ICAI Firm Registration Number : 101248W/W-100022

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

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

**S. Sethuraman**  
Partner  
Membership No. : 203491

**PL Murugappan**  
Chief Financial Officer

**P. Kandaswamy**  
Company Secretary

Coimbatore  
April 29, 2019

Coimbatore  
April 29, 2019

**CHANGES IN EQUITY**

a. Equity share capital	Notes	(₹ in Lakhs)
Balance as at 01.04.2017		3,695
Changes during the year		-
Balance as at 31.03.2018		3,695
Less: Buyback of Equity Shares	14	67
<b>Balance as at 31.03.2019</b>		<b>3,628</b>

**b. Other Equity** (₹ in Lakhs)

Particulars	Securities Premium	Reserves and Surplus				Other comprehensive income	Total Other Equity
		Capital Reserve	Capital Redemption Reserve	General Reserve	Retained Earnings	Remeasurement of defined benefit plans	
<b>Balance as at 01.04.2017</b>	19,096	293	1,573	23,719	80,220	-	1,24,901
Profit for the year	-	-	-	-	29,038	-	29,038
Other Comprehensive Income (net of tax)	-	-	-	-	-	30	30
Transfer from Retained Earnings	-	-	-	1,126	30	(30)	1,126
Transfer to General Reserve	-	-	-	-	(1,126)	-	(1,126)
Final Dividend relating to 2016-17 paid ₹ 0.75 per share	-	-	-	-	(554)	-	(554)
Tax on Dividend	-	-	-	-	(112)	-	(112)
<b>Balance as at 31.03.2018</b>	<b>19,096</b>	<b>293</b>	<b>1,573</b>	<b>24,845</b>	<b>1,07,496</b>	<b>-</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 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>-</b>	<b>1,75,389</b>

Significant accounting policies

3

The notes referred to above form an integral part of the 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

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Coimbatore

April 29, 2019

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As per our report of even date attached

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

Chartered Accountants

ICAI Firm Registration Number : 101248W/W-100022

**S.Sethuraman**

Partner

Membership No. : 203491

Coimbatore

April 29, 2019

## ACCOUNTING POLICIES

### 1 CORPORATE INFORMATION

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

- a) Quantum Knits PVT Limited deals in Ready made 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. The Consolidated Financial Statements relate to K.P.R. Mill Limited ('the Company') and its wholly owned Subsidiary Companies Quantum Knits PVT Limited, K.P.R. Sugar Mill Limited, Galaxy Knits Limited, Jahnvi Motor Private Limited and KPR Exports PLC. The Company and its subsidiaries are hereinafter collectively referred to as "the Group". The Company's shares are listed in BSE LTD (BSE) and National Stock Exchange of India Ltd (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') to comply with the requirements prescribed under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, as amended from time to time.

These consolidated financial statements for the year ended March 31, 2019 (including comparatives) are authorised by the Board on April 29, 2019.

#### B BASIS OF CONSOLIDATION

##### (i) Subsidiaries

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.

### 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 and 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 and 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

## ACCOUNTING POLICIES

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 13 - classification, measurement and recognition of Government grants

Note 18 - recognition and measurement of deferred tax assets

### 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 judgment is exercised in assessing the impact of any legal or economic limits or uncertainties in various tax issues. (also refer Note 18)

#### (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 43)

#### (vi) Recognition and measurement of provisions and contingencies:

Key assumptions about the likelihood and magnitude of an outflow of resources (also refer Note 33).

#### (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



## ACCOUNTING POLICIES

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 36). 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

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) INVENTORIES

Inventories are valued at lower of cost and net realizable value including necessary provision for obsolescence. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The comparison of cost and net realisable value is made on an item by item basis. The cost of raw materials, components, 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. Work-in-progress and finished goods include conversion costs in addition to the landed cost of raw materials. Finished goods, including stock-in-trade and work-in-progress are valued at lower of cost and net realisable value. Cost includes all direct costs including excise duty and applicable manufacturing overheads incurred in bringing them to their present location and condition.

### 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.

## ACCOUNTING POLICIES

### 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 recognized on a straight-line basis, over useful life of buildings and other equipment as prescribed under Schedule II of Companies Act, 2013, except in respect of certain assets, where useful life is different from those prescribed under Schedule II. 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 is furnished below:

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.

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

### 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 recognised on a straight-line basis over their estimated useful lives. 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 amount of intangible asset consisting software license 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

Effective April 1, 2018, the Group has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. Ind AS 115 requires revenue recognition based on a five step model prescribed therein unlike the old standard, where revenue was recognised at a point in time when the significant risk and rewards of ownership has been transferred to the buyer.

The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price, identification of incremental costs of obtaining a contract and appropriateness of the basis used to measure revenue

## ACCOUNTING POLICIES

recognized over a period or at a point in time. Revenue is recognized when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has applied Ind AS 115 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under Ind AS 18. Impact of application of Ind AS 115 on the financial statements of the Group is insignificant.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

### Disaggregation of revenue

The Group disaggregates revenue from contract with customers by the nature and type of goods sold i.e. garment, yarn, fabric, sugar, molasses, co-gen power, automobile, cotton waste, accessories and others. As the Group manufacture and sell these goods based on customer specific terms and conditions, this level of disaggregation best depicts the revenue structure of the Group (also refer Note 24).

### Contract balances

The contract assets relate to consideration receivable upon sale of goods and services to its customers. Such contract assets are recognised depending upon the individual delivery and acceptance terms agreed with the customers. Any advance consideration received from customers based on individual delivery and acceptance terms agreed with the customers are classified as contract liabilities (also refer Note 24).

### Variable Consideration

The Group expects the amount of variable consideration by using the most likely amount which the Group expects to better predict the amount of revenue to be recognized. The Group estimates the

amount of liquidated damages which the Group is liable to incur when there is a delay in satisfaction of performance obligation and adjusts the same with the revenue.

### Performance obligation and revenue recognition policies

#### 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 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.

## ACCOUNTING POLICIES

### 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.

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 are recognised in profit or loss.

#### ii) Foreign operation

The assets and liabilities of foreign operations (subsidiaries, associates, joint arrangements, branches) 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.

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:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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:

## ACCOUNTING POLICIES

(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.

### 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.

## ACCOUNTING POLICIES

### 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 income.

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

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) Long Term Post Employment

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

##### i) 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.

##### ii) 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 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.

## ACCOUNTING POLICIES

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

#### Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of arrangement that contains a lease, payments and other consideration required by such an arrangement are separated into those for lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

#### Assets held under leases

##### i. Assets leased out

As per terms of lease agreements there is no substantial transfer of risk and reward of the property to the lessee. Accordingly such leased out assets are treated as belonging to the Group.

##### ii. Assets taken on lease

As per the terms of lease agreements there is no substantial transfer of risk and reward of the property to the Group and hence such leases are treated as operating lease.

The payments on operating lease are recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Associated costs, such as maintenance and insurance, are expensed.

#### Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost

increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

### 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.

## ACCOUNTING POLICIES

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 and associates and interests in joint ventures, 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



## ACCOUNTING POLICIES

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

## ACCOUNTING POLICIES

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.

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

#### New standard - Ind AS 116, Leases

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Group will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. In this regard, the Group is in the process of carrying out assessment of potential impact on adoption of Ind AS 116 on accounting policies followed and accordingly impact on its financial statements on initial application of this standard is not reasonably estimable at present.

### Amendment to the existing standards

#### Ind AS 12 - Income taxes

The amendment to Ind AS 12 clarifies that the income tax consequences of distribution of profits (i.e. dividends), including payments on financial instruments classified as equity, should be recognised when a liability to pay dividend is recognised. The

income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognised. The Group does not expect any impact from this pronouncement.

Appendix C has been added to Ind AS 12 which specifies that the Group shall recognise and measure its current or deferred tax asset or liability applying the requirements in Ind AS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Appendix, when there is uncertainty over income tax treatments under Ind AS 12. In this regard, the Group is in process of carrying out assessment of potential impact on adoption, though no significant impact is expected.

#### Ind AS 19 – Employee benefits

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any impact on its financial statements.

#### Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any significant impact from this amendment.

## 4. Property, Plant &amp; Equipment

(₹ in Lakhs)

Particulars	Property, Plant & Equipment										Capital work in-progress	Intangible assets (Software license)
	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 01.04.2017</b>	<b>8,902</b>	<b>29,974</b>	<b>17,621</b>	<b>80,750</b>	<b>12,845</b>	<b>5,547</b>	<b>2,696</b>	<b>510</b>	<b>1,244</b>	<b>1,60,089</b>	<b>208</b>	<b>129</b>
Additions	8	1,089	528	2,985	-	327	528	113	136	5,714	1,701	4
Disposals / adjustments	-	-	-	(172)	-	(13)	(9)	(40)	(141)	(375)	(1,894)	-
<b>As at 31.03.2018</b>	<b>8,910</b>	<b>31,063</b>	<b>18,149</b>	<b>83,563</b>	<b>12,845</b>	<b>5,861</b>	<b>3,215</b>	<b>583</b>	<b>1,239</b>	<b>1,65,428</b>	<b>15</b>	<b>133</b>
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>	<b>8,963</b>	<b>31,631</b>	<b>18,206</b>	<b>86,295</b>	<b>12,845</b>	<b>6,036</b>	<b>3,416</b>	<b>682</b>	<b>1,415</b>	<b>1,69,489</b>	<b>1,243</b>	<b>139</b>
<b>Accumulated Depreciation</b>												
<b>As at 01.04.2017</b>	-	1,893	452	19,942	4,828	1,085	850	155	263	29,468	-	83
Depreciation Expense	-	1,134	304	9,836	1,377	606	358	152	184	13,951	-	32
Disposals / adjustments	-	-	-	(142)	-	(3)	(7)	(33)	(68)	(253)	-	-
<b>As at 31.03.2018</b>	-	3,027	756	29,636	6,205	1,688	1,201	274	379	43,166	-	115
Depreciation Expense	-	1,146	308	9,353	1,124	564	295	147	172	13,109	-	4
Disposals / adjustments	-	-	-	(307)	-	(1)	(13)	(3)	(45)	(369)	-	-
<b>As at 31.03.2019</b>	-	<b>4,173</b>	<b>1,064</b>	<b>38,682</b>	<b>7,329</b>	<b>2,251</b>	<b>1,483</b>	<b>418</b>	<b>506</b>	<b>55,906</b>	-	<b>119</b>
<b>Net carrying amount</b>												
<b>As at March 31, 2018</b>	<b>8,910</b>	<b>28,036</b>	<b>17,393</b>	<b>53,927</b>	<b>6,640</b>	<b>4,173</b>	<b>2,014</b>	<b>309</b>	<b>860</b>	<b>1,22,262</b>	<b>15</b>	<b>18</b>
<b>As at March 31, 2019</b>	<b>8,963</b>	<b>27,458</b>	<b>17,142</b>	<b>47,613</b>	<b>5,516</b>	<b>3,785</b>	<b>1,932</b>	<b>264</b>	<b>909</b>	<b>1,13,582</b>	<b>1,243</b>	<b>20</b>

## NOTES

(₹ in Lakhs)

		As at 31.03.2019	As at 31.03.2018
<b>5</b>	<b>INVESTMENTS</b>		
	<b>Investments measured at cost:</b>		
	<b>Unquoted (all fully paid-up)</b>		
	<b>a) In Equity Instruments</b>		
	2,10,000 (Pr.Yr. 2,10,000) Equity shares of ₹ 100 each of Somanur Water Scheme Pvt Ltd.	210	210
	Aggregate value of unquoted investments	<b>210</b>	<b>210</b>
	Information about the Company's fair value measurement is included in Note 36		
<b>6</b>	<b>OTHER NON CURRENT ASSETS</b>		
	(i) Capital advances	3,281	242
	(ii) Advances other than capital advances		
	Security deposit	2,063	1,637
	Balances with government authorities	12	31
	(iii) Others		
	Refund due from income tax	18	33
	Unamortised cost of lease hold land	331	335
		<b>5,705</b>	<b>2,278</b>
<b>7</b>	<b>INVENTORIES</b>		
	Raw materials	50,235	23,720
	Work-in-progress **	2,990	2,946
	Finished goods (includes goods in transit of ₹ 3,781 lakhs (March 31, 2018 ₹ 2,514 lakhs))	40,996	31,822
	Stock-in-trade	1,487	1,024
	Stores, spares, packing and others	4,933	4,529
		<b>1,00,641</b>	<b>64,041</b>
	** Includes Cotton ₹ 2,157 Lakhs (Pr. Yr. ₹ 2,082 Lakhs), Fabric ₹ 36 Lakhs (Pr. Yr. ₹ 38 Lakhs), Sugar Nil (Pr. Yr. ₹ Nil) and Garments ₹ 797 Lakhs (Pr. Yr. ₹ 826 Lakhs). The Mode of Valuation of inventories has been stated in Note 3A For the carrying value of inventories pledged as securities for borrowings, refer note 16 & 19. Average age of inventory is less than 90 days only.		
	<b>FINANCIAL ASSETS</b>		
<b>8</b>	<b>CURRENT INVESTMENTS</b>		
	Investments in mutual funds (unquoted) at fair value through Profit and Loss		
	Reliance mutual fund (also Refer Note 44)	-	1,202
		-	<b>1,202</b>
	Information about the Company's fair value measurement is included in Note 36		

## NOTES

(₹ in Lakhs)

	As at 31.03.2019	As at 31.03.2018
<b>9 TRADE RECEIVABLES</b>		
Trade Receivables considered good - Unsecured	52,800	41,964
Trade Receivables - credit impaired	82	133
	52,882	42,097
Less: Loss allowance	(82)	(133)
<b>Net trade receivables</b>	<b>52,800</b>	<b>41,964</b>
<b>Movement of loss allowance in trade receivables</b>		
Opening balance	133	133
Allowances made / (reversed) during the year	75	-
Written off	(126)	-
Closing balance	<b>82</b>	<b>133</b>
(i) For receivables secured against borrowings, refer Note 16 and Note 19		
(ii) The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 36		
(iii) For terms and conditions relating to related party receivables, refer Note 37		
<b>10 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	46	29
Balance with banks		
i) In current accounts	3,586	809
ii) In EEFC accounts	2,777	1,214
	<b>6,409</b>	<b>2,052</b>
<b>11 Other Bank Balances</b>		
i) Balance with banks held as margin money deposits	1,066	1,124
ii) Unpaid dividend accounts	9	5
	<b>1,075</b>	<b>1,129</b>
"Note: The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2019."		
<b>12 OTHER FINANCIAL ASSETS</b>		
Interest accrued on bank deposits	100	94
Export incentive receivable	3,662	4,994
Technology upgradation fund subsidy receivable	110	105
Investment promotion subsidy receivable	667	1,562
Insurance claim receivable	333	-
Other advances	11	-
Others	-	182
	<b>4,883</b>	<b>6,937</b>
<b>13 OTHER CURRENT ASSETS</b>		
Advance for purchases	5,560	8,600
Others (Primarily prepaid expenses)	676	580
Balances with government authorities GST/ VAT credit receivable	4,500	3,857
	<b>10,736</b>	<b>13,037</b>

## NOTES

(₹ in Lakhs)

		As at 31.03.2019	As at 31.03.2018
<b>14</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
		5,500	5,500
	<b>b) Issued, Subscribed and Fully Paid up</b>		
	725,60,784 (Pr.Yr. 7,38,95,784) Equity Shares of ₹ 5 each fully paid-up with voting rights.	3,628	3,695
		3,628	3,695
<b>14.1</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 final dividend proposed by the Board of Directors is subject to the approval of the shareholder in the Annual General Meeting.		
	The Board has recommended a final dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2018-19 (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.		

**14.2 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period**

Equity Shares with voting rights	For the Year Ended 31.03.2019		For the Year Ended 31.03.2018	
	Number of Shares	(₹ in Lakhs)	Number of Shares	(₹ in Lakhs)
Particulars				
At the beginning of the year	738,95,784	3,695	738,95,784	3,695
Less: Buyback (Refer note 48)	13,35,000	67	-	-
Outstanding at the end of the year	725,60,784	3,628	738,95,784	3,695

**14.3 Details of Shareholders holding more than 5% of Shares in the Company  
Equity Shares**

Particulars	As at 31st March, 2019		As at 31st March 2018	
	Number of Shares	%	Number of Shares	%
Mr. K.P. Ramasamy	1,56,70,141	21.60	1,59,50,000	21.58
Mr. KPD Sigamani	1,56,70,141	21.60	1,59,50,000	21.58
Mr. P. Nataraj	1,56,70,141	21.60	1,59,50,000	21.58
L&T Mutual Fund Trustee Limited	49,59,939	6.84	30,12,697	4.08

## NOTES

(₹ in Lakhs)

14.4	<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 March 31, 2019:</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 28,05,000</p>																																																																
15	<p><b>OTHER EQUITY</b></p> <p><b>Capital reserve</b></p> <p>Opening Balance</p> <p>Closing balance (A)</p> <p><b>Securities premium</b></p> <p>Opening Balance</p> <p><b>Closing balance (B)</b></p> <p>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</p> <p><b>Capital Redemption Reserve</b></p> <p>Opening Balance</p> <p>Capital redemption on buyback (Refer note 48)</p> <p>Closing balance (C)</p> <p>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</p> <p><b>General Reserve</b></p> <p>Opening balance</p> <p>Add: Transfer from surplus in the statement of profit and loss</p> <p>Closing balance (D)</p> <p>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.</p> <p><b>Retained Earnings</b></p> <p>Opening balance</p> <p>Add: Profit for the year</p> <p>Add: Transfer from other comprehensive income</p> <p><b>Less:</b></p> <p>Final dividend paid 2017 -18 (₹ 0.75 per share)</p> <p>Tax on dividend</p> <p>Premium on buyback of equity Share (Refer note 48)</p> <p>Transferred to:</p> <p>General reserve</p> <p>Capital redemption reserve</p> <p>Closing balance (E)</p> <p>The above reserve 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.</p>	<table border="1"> <thead> <tr> <th></th> <th>As at 31.03.2019</th> <th>As at 31.03.2018</th> </tr> </thead> <tbody> <tr> <td>Opening Balance</td> <td>293</td> <td>293</td> </tr> <tr> <td>Closing balance (A)</td> <td><b>293</b></td> <td><b>293</b></td> </tr> <tr> <td>Opening Balance</td> <td>19,096</td> <td>19,096</td> </tr> <tr> <td>Closing balance (B)</td> <td><b>19,096</b></td> <td><b>19,096</b></td> </tr> <tr> <td>Opening Balance</td> <td>1,573</td> <td>1,573</td> </tr> <tr> <td>Capital redemption on buyback (Refer note 48)</td> <td>67</td> <td>-</td> </tr> <tr> <td>Closing balance (C)</td> <td><b>1,640</b></td> <td><b>1,573</b></td> </tr> <tr> <td>Opening balance</td> <td>24,845</td> <td>23,719</td> </tr> <tr> <td>Add: Transfer from surplus in the statement of profit and loss</td> <td>-</td> <td>1,126</td> </tr> <tr> <td>Closing balance (D)</td> <td><b>24,845</b></td> <td><b>24,845</b></td> </tr> <tr> <td>Opening balance</td> <td>1,07,496</td> <td>80,220</td> </tr> <tr> <td>Add: Profit for the year</td> <td>33,487</td> <td>29,038</td> </tr> <tr> <td>Add: Transfer from other comprehensive income</td> <td>-</td> <td>30</td> </tr> <tr> <td>Final dividend paid 2017 -18 (₹ 0.75 per share)</td> <td>544</td> <td>554</td> </tr> <tr> <td>Tax on dividend</td> <td>110</td> <td>112</td> </tr> <tr> <td>Premium on buyback of equity Share (Refer note 48)</td> <td>10,747</td> <td>-</td> </tr> <tr> <td>General reserve</td> <td>-</td> <td>1,126</td> </tr> <tr> <td>Capital redemption reserve</td> <td>67</td> <td>-</td> </tr> <tr> <td>Closing balance (E)</td> <td><b>1,29,515</b></td> <td><b>1,07,496</b></td> </tr> <tr> <td><b>Total (A+B+C+D+E)</b></td> <td><b>1,75,389</b></td> <td><b>1,53,303</b></td> </tr> </tbody> </table>		As at 31.03.2019	As at 31.03.2018	Opening Balance	293	293	Closing balance (A)	<b>293</b>	<b>293</b>	Opening Balance	19,096	19,096	Closing balance (B)	<b>19,096</b>	<b>19,096</b>	Opening Balance	1,573	1,573	Capital redemption on buyback (Refer note 48)	67	-	Closing balance (C)	<b>1,640</b>	<b>1,573</b>	Opening balance	24,845	23,719	Add: Transfer from surplus in the statement of profit and loss	-	1,126	Closing balance (D)	<b>24,845</b>	<b>24,845</b>	Opening balance	1,07,496	80,220	Add: Profit for the year	33,487	29,038	Add: Transfer from other comprehensive income	-	30	Final dividend paid 2017 -18 (₹ 0.75 per share)	544	554	Tax on dividend	110	112	Premium on buyback of equity Share (Refer note 48)	10,747	-	General reserve	-	1,126	Capital redemption reserve	67	-	Closing balance (E)	<b>1,29,515</b>	<b>1,07,496</b>	<b>Total (A+B+C+D+E)</b>	<b>1,75,389</b>	<b>1,53,303</b>
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## NOTES

(₹ in Lakhs)

		As at 31.03.2019	As at 31.03.2018
	<b>NON CURRENT LIABILITIES</b>		
	<b>FINANCIAL LIABILITIES</b>		
<b>16</b>	<b>BORROWINGS</b>		
	Term Loans		
	<b>Secured</b>		
	From banks (secured)	15,967	18,197
	<b>Less : Amount included under 'other financial liabilities'</b>	(3,505)	(2,878)
		12,462	15,319
	From others (unsecured) - Interest Free Sales Tax Loan - NPV	587	542
		<b>13,049</b>	<b>15,861</b>
	Information about the company's exposure to interest rate and liquidity risks is included in Note 36		
16.1	Term Loans from banks are secured by pari-passu first charge on fixed assets and second charge on current assets of the company.		
16.2	<p>i) The Company has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2019 was ₹ 8,791 lakhs. The loan is repayable in 24 quarterly installments 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.</p> <p>ii) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2019 was ₹ 193 lakhs. The loan is repayable in 24 quarterly installments commencing from April 2016. This term loan is secured by hypothecation of machineries purchased out of the loan.</p> <p>iii) The Company has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2019 was ₹ 1,142 lakhs. The loan is repayable in 24 quarterly installments commencing from September 2015. 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.</p> <p>iv) K.P.R Sugar Mill Limited has availed a term loan from ICICI Bank Limited in respect of which balance as at 31.03.2019 was ₹4,978 lakhs. The loan is repayable in 24 quarterly installments 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.</p> <p>v) Jahnvi Motor Private Limited has availed a term loan from IDBI Bank Limited in respect of which balance as at 31.03.2019 was ₹ 158 lakhs. The loan is repayable in 20 quarterly installments commencing from October 2015. This term loan is secured by equitable mortgage on the land and building constructed out of the loan.</p> <p>vi) K.P.R Sugar Mill Limited has availed a term loan from Bank of Baroda in respect of which balance as at 31.03.2019 was ₹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</p> <p>vii) K.P.R Sugar Mill Limited has availed a term loan from Corporation Bank in respect of which balance as at 31.03.2019 was ₹ 57 lakhs. The loan is repayable in 12 quarterly installments commencing from September 2016. This term loan is secured by second charge on fixed asset.</p>		
16.3	Interest rate relating to term loans from banks is in the range of 8.60% to 11.30% (Pr.Yr. 8.60% to 12.50%)		
16.4	The Group has not defaulted in the repayment of principal and interest during the year.		





## NOTES

(₹ in Lakhs)

		As at 31.03.2019	As at 31.03.2018
<b>20</b>	<b>TRADE PAYABLES</b>		
	A. Total outstanding dues of Micro and small enterprises	140	124
	B. Total outstanding dues of creditors other than Micro and small enterprises	23,230	25,375
		<b>23,370</b>	<b>25,499</b>
	(i) The average credit period on purchase of goods and services are with in 60 days. Trade payable are non-interest bearing.		
	(ii) Refer note 34 for details of dues to Micro and small enterprises.		
	(iii) The Company's exposure to currency risks related to trade payables is disclosed in Note 36.		
	(iv) For terms and conditions relating to related party payables, refer Note 37		
<b>21</b>	<b>OTHER FINANCIAL LIABILITIES</b>		
	Current maturities of long term loans (Refer Note 16)	3,505	2,878
	Unclaimed dividend	9	5
	Interest accrued	61	49
	Statutory dues payables	2,125	1,698
	Others	46	43
		<b>5,746</b>	<b>4,673</b>
	Information about the company's exposure to currency, interest rate and liquidity risks is included in Note 36		
<b>22</b>	<b>OTHER CURRENT LIABILITIES</b>		
	Advance payment from customers	1,415	554
		<b>1,415</b>	<b>554</b>
<b>23</b>	<b>CURRENT TAX LIABILITIES (Net)</b>		
	Provision for tax (net of advance tax)	730	408
		<b>730</b>	<b>408</b>
<b>24</b>	<b>REVENUE FROM OPERATIONS</b>	<b>Year ended</b>	
		<b>31.03.2019</b>	<b>31.03.2018</b>
	Sale of products	3,22,460	2,87,730
	Sale of services	3,962	2,383
	Other operating revenues	11,979	12,346
	<b>Revenue from operations (gross)</b>	<b>3,38,401</b>	<b>3,02,459</b>
	<b>Disaggregation of revenue from contracts with customers</b>		
	In the following disclosure, Revenue from contract with cutomers have been disaggregated based on the nature and type of goods sold.		

## NOTES

(₹ in Lakhs)

	Year ended	
	31.03.2019	31.03.2018
<b>24.1 Sale of Products</b>		
Garment	1,17,131	86,926
Yarn	1,45,126	1,32,165
Fabric	16,004	23,728
Sugar	19,652	21,246
Molasses	1,465	2,044
Co-Gen Power	4,077	3,163
Automobile	7,578	8,060
Cotton Waste	9,930	9,067
Accessories and Others	2,260	1,402
	<b>3,23,223</b>	<b>2,87,801</b>
<b>Less: Discount Allowed</b>	763	71
	<b>3,22,460</b>	<b>2,87,730</b>
<b>24.2 Sale of Services</b>		
Processing and fabrication income	3,474	2,030
Automobile service income	488	353
	<b>3,962</b>	<b>2,383</b>
<b>24.3 Other Operating Revenues</b>		
Export incentives	9,146	9,995
Others (primarily scrap sales)	2,833	2,351
	<b>11,979</b>	<b>12,346</b>
<b>25 OTHER INCOME</b>		
<b>Interest income on</b>		
Cash and bank balances	42	63
Others	113	92
Net change in fair value of financial assets mandatorily measured at FVTPL	-	2
Gain on sale of investments (net)	181	116
Investment promotion subsidy	81	951
Net gain on sale of property, plant and equipment	179	14
Miscellaneous income	45	258
Rental Income	3,049	15
	<b>3,690</b>	<b>1,511</b>
<b>26 COST OF MATERIALS CONSUMED</b>		
<b>a) Inventory of materials at the beginning of the year</b>		
Cotton	16,910	17,431
Dyes and chemicals	293	147
Yarn and fabric	6,517	3,237
	<b>23,720</b>	<b>20,815</b>
<b>b) Add: Purchases and production expenses</b>		
Cotton	1,56,684	1,22,203
Dyes and chemicals	6,265	4,460
Yarn, fabric, polyester and garments	31,042	24,490
Production expenses	4,268	5,354
Trims, packing and others (consumption)	8,975	8,296
Sugar cane and coal	25,801	24,616
	<b>2,33,035</b>	<b>1,89,419</b>
<b>c) Less : Inventory of materials at the end 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>
Excise duty on sale of goods	-	115
	<b>2,06,520</b>	<b>1,86,629</b>

## NOTES

(₹ in Lakhs)

	Year ended		
	31.03.2019	31.03.2018	
<b>27</b>	<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
	<b>a) Inventories at the beginning of the year</b>		
	Finished goods	31,822	24,145
	Work-in-progress	2,946	2,058
	Stock-in-trade	1,024	1,830
		<b>35,792</b>	<b>28,033</b>
	<b>b) Inventories at the end 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>Net (Increase)</b>	<b>(9,681)</b>	<b>(7,759)</b>
<b>28</b>	<b>EMPLOYEE BENEFITS EXPENSE</b>		
	Salaries, wages and bonus	31,486	26,150
	Contribution to provident and other funds	1,117	1,423
	Staff welfare expenses	5,470	2,449
		<b>38,073</b>	<b>30,022</b>
<b>29</b>	<b>FINANCE COSTS</b>		
	Interest expense on financial liabilities measured at amortised cost		
	Term loans	1,472	2,226
	Working capital loans	2,959	2,440
	Interest on shortfall in payment of income tax	141	155
	Others	277	290
	Interest on interest free sales tax loan	45	45
		<b>4,894</b>	<b>5,156</b>
<b>30</b>	<b>OTHER EXPENSES</b>		
	<b>Manufacturing Expenses</b>		
	Power and fuel	13,162	11,018
	Consumption of stores and packing materials	4,201	3,976
	<b>Repairs and Maintenance</b>		
	Building	607	527
	Machinery	8,216	6,034
	Others	528	483
	Insurance	277	256
	<b>Administration Expenses</b>		
	Legal and professional charges	223	319
	Rent	250	254
	Rates and taxes	199	824
	Payment to auditor (Refer note 31)	15	18
	Travelling and conveyance	740	960
	Expenditure on Corporate Social Responsibility (CSR) (Refer note 35)	742	600
	Donations	1,026	336
	Foreign exchange loss (Net)	219	91
	Impairment loss on financial assets	146	12
	General expenses	569	474
	<b>Selling Expenses</b>		
	Freight and forwarding	2,903	2,396
	Sales commission	1,294	1,251
	Other selling expenses	1,077	1,075
		<b>36,394</b>	<b>30,904</b>

## NOTES

## 31. PAYMENT TO AUDITORS

(₹ in Lakhs)

Particulars	2018-19	2017-18
Audit Fees	14	17
Expenses (incl. service tax)	1	1
<b>Total</b>	<b>15</b>	<b>18</b>

## 32. INCOME TAX

(₹ in Lakhs)

Particulars	2018-19	2017-18
<b>Income tax recognised in profit or loss</b>		
<b>Current tax</b>		
Current income tax charge	13,956	10,094
Adjustment in respect of current income tax of prior years	(408)	232
MAT Credit Entitlement	(262)	(28)
	<b>13,286</b>	<b>10,298</b>
<b>Deferred tax</b>		
In respect of current year	(85)	466
<b>Total</b>	<b>13,371</b>	<b>10,764</b>

## 32.2 Income tax recognised in other comprehensive income

(₹ in Lakhs)

Particulars	2018-19			2017-18		
	Amount	Tax (expense) Benefit	Net of Tax	Amount	Tax (expense) Benefit	Net of Tax
Remeasurements of defined benefit liability	-	-	-	46	(16)	30

## 32.3 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	
	2018-19	2017-18	2018-19	2017-18
Profit before tax			46,858	39,802
Tax using the Company's domestic tax rate	34.93%	34.61%	16,367	13,775
Effect of deductions under Chapter VI-A of the Income Tax Act, 1961	-8.65%	-11.38%	(4,053)	(4,528)
Effect of non-deductible expenses and others	3.69%	3.30%	1,727	1,313
	29.97%	26.53%	14,041	10,560
Adjustments recognised in the current year in relation to the current tax of prior years	-0.87%	0.58%	(408)	232
MAT Credit Entitlement	-0.56%	-0.07%	(262)	(28)
<b>Effective Tax Rate</b>	<b>28.54%</b>	<b>27.04%</b>	<b>13,371</b>	<b>10,764</b>

## 32.4 Movement in Deferred Tax Liabilities

Particulars	Balance as at 01.4.2017	Recognised in P&L during 2017-18	Recognised in/ OCI during 2017-18	Balance as at 31.03.2018	Recognised in P&L during 2018-19	Recognised in OCI during 2018-19	Balance as at 31.03.2019
Property, Plant and Equipment	5,543	254	-	5,797	85	-	5,882
Unabsorbed depreciation loss	1,781	196	-	1,977	-	-	1,977
Employee benefits payable	19	-	16	35	-	-	35
<b>Net amount</b>	<b>7,343</b>	<b>450</b>	<b>16</b>	<b>7,809</b>	<b>85</b>	<b>-</b>	<b>7,894</b>

## NOTES

## 33 Contingent Liabilities and Commitments (to the extent not provided for)

## I. Contingent Liabilities

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
<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	82
(ii) Income Tax demands	1,146	835
(iii) Central Excise demands	4	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	15
(iii) IDBI Capital Markets & Securities Limited - Buyback	-	2,581
(iv) Tata Power Trading Company Limited	72	72
(v) Bank Note Paper Mill India Private Limited	50	50
(vi) 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	11,224	9,629
<b>(d) Discounted sales invoices</b>	1,244	1,624
<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	31.03.2019	31.03.2018
<b>(a) Capital Commitments</b>		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for.	15,162	Nil
<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 ₹ 569 Lakhs (Pr.Yr. ₹ 746 Lakhs)	3,411	4,448

## NOTES

**34 Disclosure with respect to Micro, Small and Medium Enterprises Development Act, 2016**

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	31.03.2019	31.03.2018
1. The Principal amount remaining unpaid to any supplier at the end of each accounting year	140	124
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	-	-

**35 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 ₹ 742 lakhs (Pr.Yr. ₹ 600 lakhs). Amount spent during the year on CSR activities (included in Note 30 of the Statement of Profit and Loss) as under:

(₹ in Lakhs)

Particulars	For the year Ended	
	31.03.2019	31.03.2018
Promotion of Education	714	600
Donation to Chief Minister's Relief Fund - Gaja Cyclone	25	-
Promotion of Nationally Recognised Sports	2	-
Rural Development project	1	-
<b>Total</b>	<b>742</b>	<b>600</b>

## NOTES

## 36 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

31.03.2019

(₹ 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>					
Investments	-	-	-	-	Level 1
<b>Financial assets not measured at fair value</b>					
Investments		210	-	210	-
Trade receivables	-	52,800	-	52,800	-
Cash and cash equivalents	-	6,409	-	6,409	-
Other bank balances	-	1,075	-	1,075	-
Other financial assets	-	4,883	-	4,883	-
<b>Financial liabilities not measured at fair value</b>					
Borrowings	-	-	82,128	82,128	-
Trade payables	-	-	23,370	23,370	-
Other financial liabilities	-	-	5,746	5,746	-

31.03.2018

(₹ 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>					
Investments	1,202			1,202	Level 1
<b>Financial assets not measured at fair value</b>					
Investments		210	-	210	-
Trade receivables	-	41,964	-	41,964	-
Cash and cash equivalents	-	2,052	-	2,052	-
Other bank balances	-	1,129	-	1,129	-
Other financial assets	-	6,937	-	6,937	-
<b>Financial liabilities not measured at fair value</b>					
Borrowings	-	-	61,896	61,896	-
Trade payables	-	-	25,499	25,499	-
Other financial liabilities	-	-	4,673	4,673	-

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.



## NOTES

**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 16, 19 and 21 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, 2019 was as follows

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Debt *	85,633	64,774
Less : Cash and Bank Balances *	7,484	3,181
Net Debt	78,149	61,593
Total equity	1,79,017	1,56,998
Net Debt to Equity Ratio	43.65%	39.23%

\* Debt is defined as long-term borrowings, short-term borrowings and current maturities of long term borrowings as described in Notes 17, 19 and 21. Cash and Bank balances include cash and cash equivalents and other bank balances as described in Notes 10 and 11.

**Financial Risk Management****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

**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 31.03.2019**

Currency	Cross Currency	Amount (₹ in Lakhs)	Buy / Sell
USD	INR	8,642 (275)	Buy Buy
USD	INR	8,347 (37,757)	Sell Sell
EURO	INR	7,373 (4,586)	Sell Sell
GBP	INR	7,209 (9,083)	Sell Sell

Note: Figures in brackets relates to the previous year

## NOTES

## (b) The years-end unledged foreign currency exposures are given below\*

As at 31.03.2019 Receivables / (Payables)		As at 31.03.2019 Receivables / (Payables)	
₹ in Lakhs	FC in Lakhs	₹ in Lakhs	FC in Lakhs
17,575	\$253	4,358	\$67
(2,222)	(€ 29)	1,631	€ 20
297	£3	977	£11

\* Includes firm commitments

**Sensitivity Analysis :**

Sensitivity analysis is carried out for un-hedged foreign exchange risk as at March 31, 2019. For every 1% strengthening of Indian Rupees against all relevant uncovered foreign currency transactions profit before tax would be impacted by loss of approximately Rs.157 lakhs. Similarly, for every 1% weakening of Indian Rupee against these transactions, there would be an equal and opposite impact on the profit before tax.

**(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**

Particulars	₹ in Lakhs)	
	31.03.2019	31.03.2018
Non-current borrowings	13,049	15,861
Current borrowings	69,079	46,035
Other financial liabilities (Refer Note 21)	3,505	2,878
<b>Total</b>	<b>85,633</b>	<b>64,774</b>

**Sensitivity analysis:**

Sensitivity analysis is carried out for floating rate borrowings as at March 31, 2019. For every 1% increase in average interest rates, profit before tax would be impacted by loss of approximately Rs.856 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. The Group does not expect any change in interest rates on fixed rate borrowings and accordingly have not presented any sensitivities on such borrowings.

**(iii) Equity price risk**

Equity price risk is related to the change in market reference price of the investments in equity securities. The Group's investments are predominantly towards unquoted equity securities in subsidiary companies. The management contends that such investments do not expose the Group to equity price risks. In general, these securities are not held for trading purposes.

**B Credit risk Management**

Credit risk is the risk that the counter party will not meet its obligations under customer contract, leading to a financial loss. Credit risk primarily arises from the Group's trade receivables. The maximum exposure to credit risk for trade receivables is as follows:

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Trade receivables	52,800	41,964

## NOTES

**Trade receivables:**

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.

**Cash and cash equivalents :**

The Group held cash and cash equivalents 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.

**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 16.

**37 Related Party Disclosures**

Disclosures under "Ind AS" 24- Related Party Disclosure, as identified and disclosed by the management and relied upon by the Auditors:

**37.1 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

## NOTES

## 37.2 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	Total as on 31.03.2019
Lease Rent Paid	- -	1 (1)	- -	1 (1)
Remuneration / Salary	- -	3,558 (2,661)	6 (6)	3,564 (2,667)
Amount Payable	- -	2,081 (1,479)	- -	2,081 (1,479)

(Previous year figures are shown in brackets)

## 37.3 Details of transactions with related parties

## a. Lease Rent Paid

(₹ in Lakhs)

Particulars	2018-19	2017-18
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)

Particulars	2018-19	2017-18
Mr. K.P. Ramasamy	1,172	873
Mr. KPD Sigamani	1,172	873
Mr. P. Nataraj	1,172	873
Mr. C.R. Anandakrishnan	24	24
Mr. E.K. Sakthivel	18	18
Mrs. D. Geetha	6	6
<b>Total</b>	<b>3,564</b>	<b>2,667</b>

**Note:** Amount attributable to post employment benefits have not been disclosed as the same cannot be identified distinctly in the actuarial valuation.

## c. Amount Payable

(₹ in Lakhs)

Particulars	2018-19	2017-18
Mr. K.P. Ramasamy	699	481
Mr. KPD Sigamani	694	503
Mr. P. Nataraj	688	495
<b>Total</b>	<b>2,081</b>	<b>1,479</b>

## NOTES

**37.4 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 Earnings Per Share (EPS)**

Particulars	2018-19	2017-18
Profit for the year attributable to the equity shareholders (₹ in Lakhs)	33,487	29,038
Weighted average number of equity shares *	7,26,08,332	7,38,95,784
Face Value Per Share (₹)	5	5
Earnings Per Share - Basic & Diluted (₹)	46.12	39.30

\* Workings for Weighted Average Number of Equity Shares.

a. The Calculation of Weighted Average Number of Equity Shares for the purpose of basic and diluted Earnings per Share is as follows:

Particulars	2018-19	2017-18
Opening balance	7,38,95,784	7,38,95,784
Effect of Shares bought back during the year	(12,87,452)	-
<b>Weighted Average Number of Equity Shares</b>	<b>7,26,08,332</b>	<b>7,38,95,784</b>

During the year Company bought back 13,35,000 shares of fully paid-up equity shares of the face value of ₹ 5/- each through "Tender Route" process at a price of ₹ 810 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.

**39 Goodwill on Consolidation**

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
Opening Balance	70	70
Add: On acquisition of subsidiaries during the year	-	-
Add/Less : Exchange difference during the year translation of Goodwill of foreign subsidiaries	-	-
<b>Total</b>	<b>70</b>	<b>70</b>
Less: On disposal of subsidiaries during the year	-	-
Less: Impairment	-	-
Closing Balance	70	70

**40 Segment Reporting**

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 segments viz., Textile, Sugar and Others based on 'Management Approach' as defined in Ind-AS 108.

## NOTES

## 40.1

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019				
	Textile	Sugar	Others	Eliminations	Total
Revenue	3,03,999 (2,66,678)	25,252 (26,506)	9,150 (9,275)	- -	3,38,401 (3,02,459)
Inter-segment revenue	- -	- -	- -	- -	- -
Total	3,03,999 (2,66,678)	25,252 (26,506)	9,150 (9,275)	- -	3,38,401 (3,02,459)
Segment result	42,207 (35,518)	615 (2,608)	274 (86)	72 (79)	43,168 (38,291)
Unallocable expenses (net)					- -
Operating income					43,168 (38,291)
Other income (net)					3,690 (1,511)
Profit before taxes					46,858 (39,802)
Tax expense					13,371 (10,764)
Profit for the year					33,487 (29,038)

Note: Figures in bracket relate to the previous year

## 40.2

(₹ in Lakhs)

Particulars	For the year ended 31.03.2019			
	Textile	Sugars	Others	Total
Segment Assets	2,43,615 (2,05,346)	46,572 (43,202)	3,906 (3,655)	2,94,093 (2,52,203)
Unallocable Assets				3,281 (3,012)
Total Assets				2,97,374 (2,55,215)
Segment Liabilities	90,369 (73,272)	23,428 (20,425)	2,337 (2,073)	1,16,134 (95,770)
Unallocable Liabilities				2,223 (2,447)
Total Liabilities				1,18,357 (98,217)
Other information				
Capital expenditure	3,391 (5,652)	1,456 (54)	131 (12)	4,979 (5,718)
Depreciation and amortization	10,200 (11,108)	2,789 (2,751)	124 (126)	13,113 (13,985)
Capital Employed (Segment asset - Segment Liabilities)	1,53,246 (1,32,074)	23,144 (22,777)	1,569 (1,582)	1,79,017 (1,56,998)

Note: Figures in bracket relate to the previous year

## NOTES

**41 Geographical information on revenue and assets:****Revenue from sale of products and services by Geographic Location of Customers**

(₹ in Lakhs)

Particulars	2018-19	2017-18
India	1,84,642	1,75,864
Overseas	1,41,780	1,14,249
<b>Total</b>	<b>3,26,422</b>	<b>2,90,113</b>

**Segment Assets by Geographic Location of Assets**

(₹ in Lakhs)

Particulars	31.03.2019	31.03.2018
India	2,69,271	2,33,058
Overseas	28,103	22,157
<b>Total</b>	<b>2,97,374</b>	<b>2,55,215</b>

**42 Operating Lease Disclosure**

The Group has taken Office space on lease for a period of 9 years with option to renew and with escalation in rent once in three years with lock-in period of three years. Lease rent for the year ended 31st March, 2019 amounted to ₹ 216 Lakhs (Pr. Yr. ₹ 225 Lakhs).

(₹ in Lakhs)

Particulars	2018-19	2017-18
Minimum lease payments not later than one year	241	236
Later than one year but not later than five years	128	250
More than five years	-	-

**43 Disclosure of Employee Benefits****43.1 Defined Contribution Plans**

(₹ in Lakhs)

Particulars	2018-19	2017-18
Provident Fund	929	1,267
Employee State Insurance	1,049	916

**43.2 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.

## NOTES

**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)

	2018-19	2017-18
<b>A Changes in present value of Obligation</b>		
PV of obligation as at the beginning of the year	573	480
Current Service Cost	138	104
Interest Cost	36	37
Benefits paid	(2)	(2)
Actuarial (gains) / losses recognised in other comprehensive income	-	-
- changes in financial assumptions	-	(46)
Balance at the end of the year	745	573
<b>B Reconciliation of fair value of plan assets:</b>		
Fair value of plan asset as at beginning of the year	595	473
Present value of plan asset as the end of the year	42	34
Actuarial (gains) / losses recognised in other comprehensive income	-	-
Benefits paid	(2)	(2)
Contributions by the employer	154	90
FV of Plan Asset as at end of the year	789	595
<b>C Net Asset/(Liability) recognized in the Balance Sheet</b>		
Present value of obligation as at end of the year	745	573
Fair value of plan asset as at end of the year	789	595
Funded Status [Surplus/(Deficit)]	44	22
<b>D Expense recognized in the Consolidated Statement of Profit and Loss</b>		
Current Service Cost	138	104
Interest Cost	36	37
Expected return on Plan Assets	(42)	(34)
	132	107
<b>E Remeasurement recognised in other comprehensive income</b>		
Actuarial (gains) / losses on defined benefit obligation	-	(46)
Actuarial (gains) / losses on plan assets	-	-
	-	(46)
<b>F Actuarial Assumptions</b>		
Discount Rate ( per annum)	7.50%	7.73%
Rate of increase in compensation levels (per annum)	6.50%	7.00%
Rate of return on plan assets (per annum)	7.50%	7.73%
Expected average remaining working lives of employees (years)	29.68-30.23	29.68-30.33

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.

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.

**44 Details of unquoted current investment:**

(₹ in Lakhs)

Particulars	31.03.2019		31.03.2018	
	Units	Amount	Units	Amount
Reliance Mutual Fund	-	-	28,345	1,202
<b>Total</b>	-	-	<b>28,345</b>	<b>1,202</b>



## NOTES

## 45 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

2018-19

(₹ in Lakhs)

Particulars	Quantum Knits Private Limited	K.P.R.Sugar Mill Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited	KPR Exports Plc, Ethiopia
Country of incorporation	India	India	India	India	Ethiopia
Reporting currency	INR	INR	INR	INR	BIRR
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

2017-18

(₹ in Lakhs)

Particulars	Quantum Knits Private Limited	K.P.R.Sugar Mill Limited	Galaxy Knits Limited	Jahnvi Motor Private Limited	KPR Exports PLC, Ethiopia
Country of incorporation	India	India	India	India	Ethiopia
Reporting currency	INR	INR	INR	INR	BIRR
Exchange rate	1	1	1	1	-
Share Capital	10	583	5	193	-
Other equity	2,039	27,518	(1)	553	-
Total Assets	2,057	77,748	4	3,649	-
Total Liabilities	8	49,647	-	2,903	-
Revenue from operations	-	78,916	-	9,275	-
Profit / (Loss) Before Tax	(34)	8,826	-	80	-
Tax expense / (credit)	(6)	2,295	-	16	-
Profit / (loss) after tax	(28)	6,531	-	64	-
Proposed Dividend	-	-	-	-	-
% of Share Holding	100	100	100	100	

46. 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	80.93%	1,51,120	86.27%	28,911	-	-	86.33%	28,911
<b>Subsidiaries - Indian</b>								
1. M/s Quantum Knits PVT Limited	1.09%	2,032	-0.05%	(17)	-	-	-0.05%	(17)
2. M/s K.P.R. Sugar Mill Limited	17.40%	32,491	13.19%	4,421	-	-	13.20%	4,421
3. M/s Jahnvi Motor Private Limited	0.50%	942	0.58%	196	-	-	0.59%	196
4. M/s Galaxy Knits Limited	0.01%	4	0	-	-	-	0.00%	-
<b>Subsidiaries - Foreign</b>								
M/s KPR Exports Pic, Ethiopia	0.07%	138	0%	2			0.01%	2
Less : Eliminations		(7,710)		(26)				(26)
	100%	1,79,017	100%	33,487		-	100%	33,487

## NOTES

**47 Events after reporting period :**

a) The Board of Directors in its meeting held on 29.04.2019 proposed a buy back 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 (17.61 % of the Paid up Capital and free reserves) subject to the approval of the Shareholders by way of Postal Ballot in accordance with the provisions of the Companies Act, 2013 and the SEBI (Buy Back of Securities) Regulations, 2018.

b) The Board has recommended a Final Dividend of 15% (₹ 0.75/- per share of the face value of ₹ 5/- each) for the year 2018-19 subject to the approval of the Shareholders in Annual General Meeting.

**48 Buyback of Shares**

After obtaining the approval of the Board of Directors in its meeting held on 22.02.2018, the buy back of 13,35,000 Equity Shares of ₹ 5/- each (Representing 1.81 % 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 ₹ 810/- per share for an aggregate amount of ₹ 10,813 Lakhs was initiated in accordance with the provisions of the Companies Act, 2013 and the SEBI (Buy Back of Securities) Regulations, 1998. The same was completed on 13.04.2018.

The notes from 1 to 48 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

**PL Murugappan**  
Chief Financial Officer

Coimbatore  
April 29, 2019

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

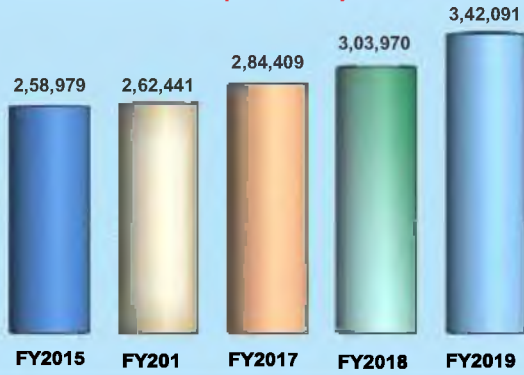
**S. Sethuraman**  
Partner  
Membership No. : 203491

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

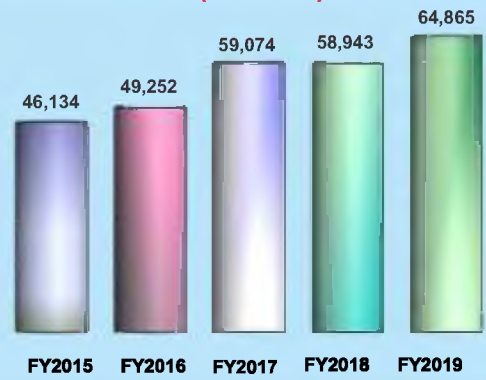
**P. Kandaswamy**  
Company Secretary

Coimbatore  
April 29, 2019

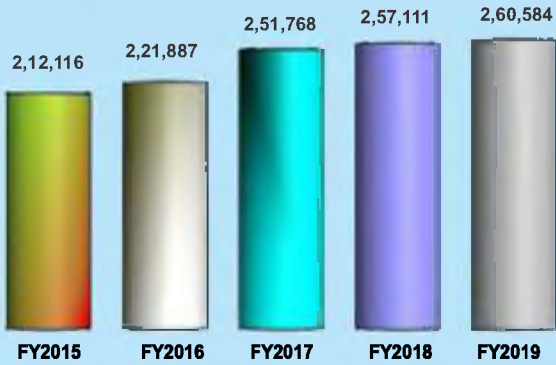
### Turnover (₹ In Lakhs)



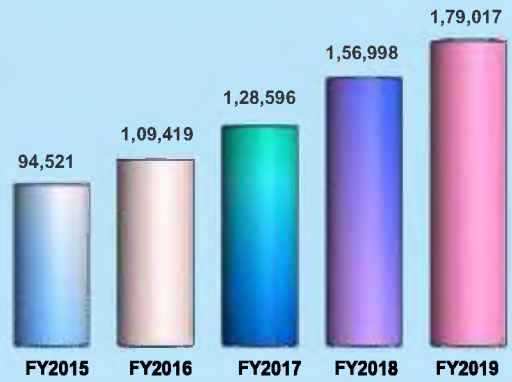
### EBITDA (₹ In Lakhs)



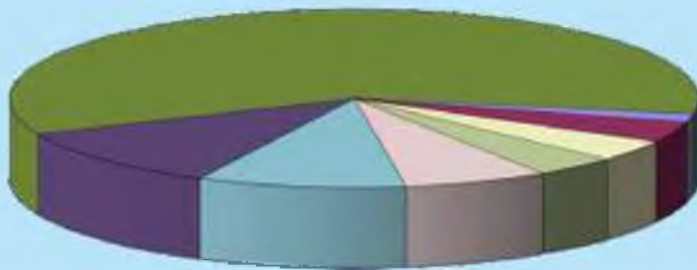
### Investment in Fixed Assets (₹ in Lakhs)



### Net Worth (₹ in Lakhs)



## DISTRIBUTION OF EARNINGS



Raw Material	59.27%
Finance Charges	1.43%
Power	3.83%
Depreciation	3.85%
Tax	3.91%
Other Exp	6.79%
PAT	9.79%
Employee Cost	11.13%

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](mailto:corporate@kprmill.com)

**[www.kprmilllimited.com](http://www.kprmilllimited.com)**



# 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.kprmillimited.com

## NOTICE OF 16th ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **16th Annual General Meeting** of the Members of the Company will be held **on Wednesday**, the 28th day of August, 2019 at 11.30 A.M. at **Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore – 641018** to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Statement of Accounts together with Directors Report and also the Auditors Report thereon for the year ended 31st March, 2019.
2. To declare dividend on Equity Shares.
3. To appoint a Director in the place of Mr. P. Selvakumar (Holding DIN: 07228760) 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 service tax 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 31st March, 2020 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** the proposal to Buyback 37,50,784 Equity Shares of the face value of ₹ 5/- each at ₹ 702/- per share, with a total consideration not exceeding ₹ 263,30,50,368/- (Rupees Two Hundred Sixty Three Crores Thirty Lakhs Fifty Thousand Three Hundred and Sixty Eight only) by the Board of Directors of the Company on 29.04.2019 and the Shareholders through postal ballot on 06.06.2019 be and is hereby reviewed and dropped consequent on the incremental financial obligation on the buyback of shares, resulting from the Finance Bill, 2019 that imposed 20% Tax on the buyback consideration, as the authorised total financial obligation on account of Buyback may exceed by about 20% and the additional obligation can be met through borrowal only which is prohibited by the Companies (Share Capital and Debentures) Rules, 2014 and SEBI Circular CIR/CFD/DCR/2/2012 dated February 9, 2012.

**By Order of the Board of Directors**

**Place: Coimbatore**

**Date: 29.07.2019**

**K.P. Ramasamy**

**Chairman**

**Notes:**

1. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.**

**The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, societies etc. must be supported by an appropriate resolution / authority, as applicable.**

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business of the meeting, is annexed hereto.
3. The Register of the Members and Share Transfer Books of the Company shall remain closed from 22.08.2019 to 28.08.2019 (Both days inclusive) in connection with the Annual General Meeting and for the purpose of payment of dividend, if approved by the Members.
4. The dividend as recommended by the Board, if declared at the meeting will be paid before 18.09.2019 to those members:
  - (a) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with

the Company/ Registrar and Transfer Agent on or before 27.08.2019 and

- (b) whose names appear as Beneficial Owners in the list of Beneficial Owners on 21.08.2019 to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
5. 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.
6. 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.
7. Under Section 125 of the Companies Act, 2013 and IEPF Authority 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	Final Dividend 2010-2011	10/10/2018	59,589

## Shares transferred to IEPF Demat Account:

No of Share Holder	No of Shares	Date of Transfer
-	-	-

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.kprrmillimited.com](http://www.kprrmillimited.com). Members are requested to contact the Registrars Karvy Fintech 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.

8. Details under Schedule V of the listing regulation in respect of the Director seeking appointment/re-appointment at the Annual General Meeting, forms part of the notice. The Directors has

furnished the requisite declarations for their appointment/re-appointment.

9. Electronic copy of the Annual Report 2018-19 is being sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. **For members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.**
10. Electronic copy of the Notice of the 16th Annual General Meeting of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice inter-alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
11. Members may also note that the Notice of the 16th Annual General Meeting and the Annual Report 2018-19 will also be available on the Company's website [www.kprrmillimited.com](http://www.kprrmillimited.com) for download. The Physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post free of cost. For any communication, the shareholders may also send requests to the Company's email id [investors@kprrmill.com](mailto:investors@kprrmill.com)



**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 21.08.2019**

**B The facility for voting shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their vote at the meeting.**

**C Voting through electronic means:**

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised Regulation 44 of the Listing Regulations, the Company is pleased to offer e-voting facility to its members in respect of the businesses to be transacted at the 16th Annual General Meeting (AGM). The Company has engaged the services of Karvy Fintech Private Limited (“Karvy”) as the authorized agency to provide e-Voting facility.

**The Procedure and instructions for e-voting are as under:**

Open your web browser during the voting period and navigate to 'http://evoting.karvy.com' Enter the login credentials (i.e., user-id & password) mentioned on the E-mail or in the Attendance Slip. Your Folio/DP Client ID will be your User-ID.

User - ID	For Members holding shares in Demat Form:- a) For NSDL :- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Postal Voting Form / via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- i. Please contact toll free No. 1-800-34-54-001 for any further clarifications.
- ii. Members can cast their vote online from 25.08.2019 from 09.00 A.M to 27.08.2019, 05.00 P.M.
- iii. After entering these details appropriately, click on “LOGIN”.
- iv. Members holding shares in Demat/ Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Fintech Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile, email ID etc. on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
- vii. If you are holding shares in Demat form and had logged on to “https://evoting.karvy.com” and casted your vote earlier for any company, then your existing login id and password are to be used.
- viii. On the voting page, you will see Resolution Description and against the same the option

- 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholders do not want to cast, select 'ABSTAIN'.
- ix. 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.
  - x. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
  - xi Corporate/Institutional Members (corporate/FIs/FIIs/FPIs/Trust/Mutual Funds/Banks/etc.,) are required to send scan (PDF format) of the relevant Board Resolution to the Scrutinizer through e-mail to **vetrivelfca@gmail.com** with copy to **evoting@karvy.com**. The file scanned image of the Board Resolution should be in the naming format "Corporate Name\_ Event no."
- D Sri. A. Vetrivel, Practising Chartered Accountant, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - E The Scrutinizer after scrutinizing the votes cast at the Meeting by Poll 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.kprmilllimited.com](http://www.kprmilllimited.com)) and on the website of the Karvy(<http://evoting.karvy.com>). 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.
12. As the Company has provided remote e-voting/Ballot voting facility in terms of Regulation 44 of the listing regulations, and section 108 of the Companies Act, 2013 members may please note that there will be only one mode of voting either through E-Voting or by Ballot at Annual General Meeting. The scrutinizer will collate the votes downloaded from the e-voting system and Ballot votes casted at Annual General Meeting 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 29th April 2019, 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 31st March, 2020 at a remuneration of ₹ 50,000/- Service Tax 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**

The Board of Directors of the Company in its Meeting held on 29.04.2019 and the Shareholders of the Company through Postal Ballot on 06.06.2019 have approved the proposal of Buyback of 37,50,784 equity shares of the face value of ₹ 5 each of the Company at a price of ₹ 702 per share at an aggregate consideration not exceeding ₹ 263.31 Crores. After releasing public announcement, the draft Letter of Offer was filed with SEBI which conveyed its observation on the same on 04.07.2019. The Letter of Offer incorporating SEBI's observation has not been filed. The Union Budget 2019 presented on 05.07.2019, has imposed a 20% Tax burden on the Buyback of Shares thereby hiking the Buyback obligation in excess of the financial consideration approved by the Board of Directors and Shareholders of the Company, which did not anticipate the tax obligation.

As you are aware when the Board of Directors of the Company and the Shareholders accorded their consents for the Buyback, there were no financial obligations other than the Cash outflow on account of consideration towards Buyback of shares. There was no incidence of Tax of any nature as per the then prevailing Tax Laws. To make it clear, the decision for Buyback was taken while there was no tax implication on account of Buyback and as such the total cash outflow was arrived at ₹ 263.31 Crores as mentioned in the Resolutions, Announcement and Draft Letter of Offer. While the Company is required to meet the buyback obligation with its own accruals as permitted by law and declared to SEBI, this is not possible without borrowed fund on account of the imposed tax obligation.

Meeting out such Buyback related financial obligation

through borrowed funds will be clear violation of SEBI Buyback Regulations and the Companies (Share Capital and Debentures) Rules as well as the Limit imposed by the Resolutions passed by the Company for Buyback. Since the approvals of the Board and Shareholders for the Buyback obligation has restricted the Total buyback obligations to ₹ 263.31 Crores and any attempt to exceed the said limit as well as resorting to borrowal for Buyback that is prohibited by Law would amount to 'force majeure' situation, the Company was obliged to drop the proposal by filing suitable communication with SEBI and Stock Exchanges and refrained from filing Letter of Offer with SEBI. Hence the resolution is placed for your approval.

All the material documents referred to in the Explanatory Statement, relevant Board Resolution and Postal Ballot resolution for the Buyback, Letters to SEBI and Stock Exchanges are available for inspection by the members of the Company at its Registered Office on any working day between 10 a.m. and 5 p.m.

In the opinion of the Board, the Resolution is in the interest of the Company. The Directors, therefore, recommend passing of the Special Resolution as set out in the accompanying Notice.

None of the Directors or any Key Managerial Personnel of the Company is, in anyway, concerned or interested, either directly or indirectly in passing of the said Resolution, save and except to the extent of their respective interest as shareholders of the Company

**By Order of the Board of Directors**

**Place: Coimbatore**

**K.P. Ramasamy**

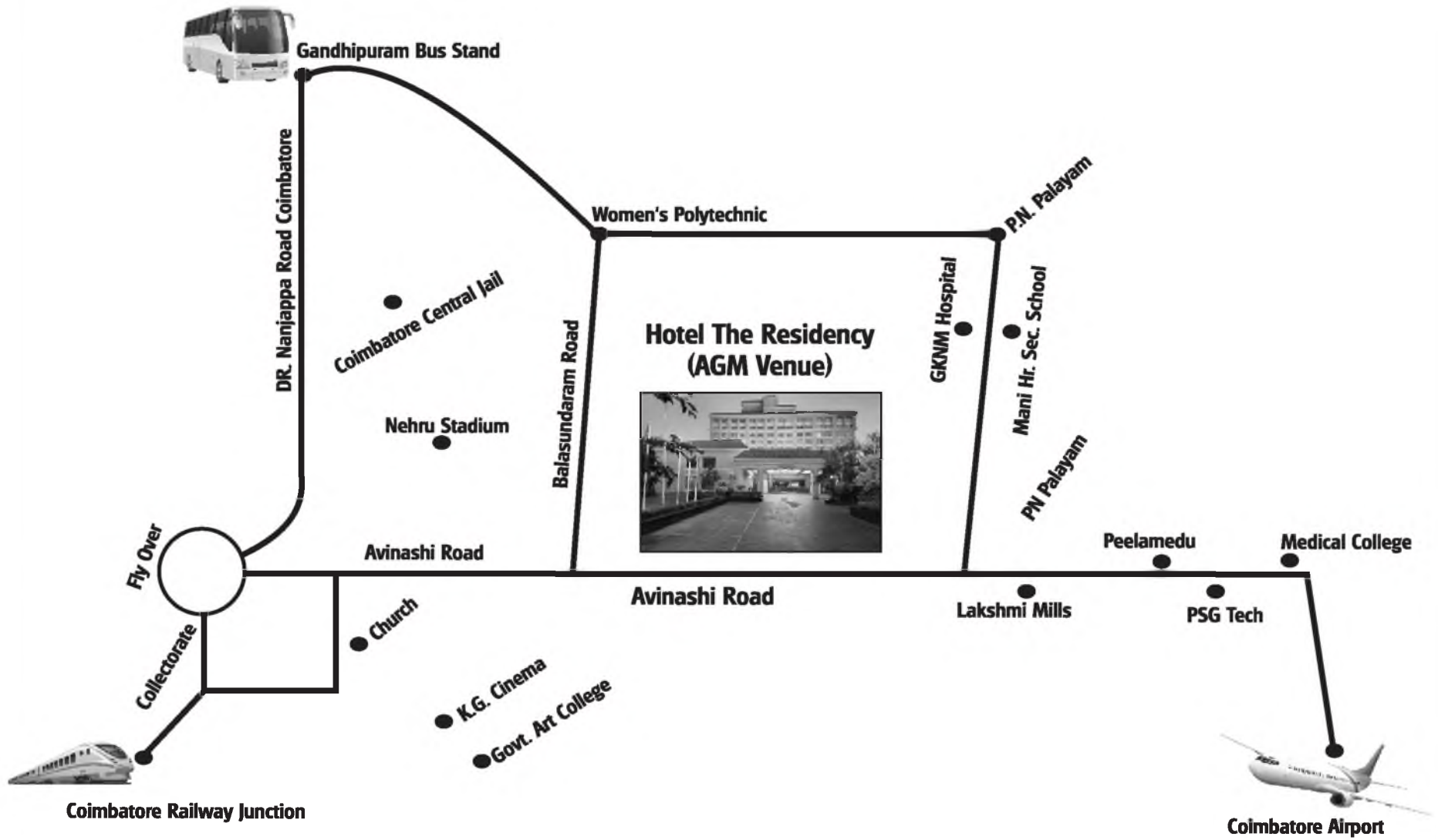
**Date: 29.07.2019**

**Chairman**

**Details as per SEBI (LODR) / Companies Act 2013-of the Appointees**

<b>Name of the Director</b>	Mr. P. Selvakumar
<b>Date of Birth</b>	13.06.1974
<b>Date of appointment on the Board</b>	27.07.2015
<b>Qualifications</b>	M.Com
<b>Expertise in specific functional area</b>	<p>Mr. P. Selvakumar 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. 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. 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 and with a view to accord representation to the employees at Board level, he was inducted as a Director of the Company and in the AGM held on 25th August 2015 he was appointed as a 'Whole Time Director' of the Company for a period of five years from 27th July 2015.</p>
<b>Directorship held in other Public Companies (excluding foreign and private Companies)</b>	Nil
<b>Chairmanships/ Memberships of Committee across</b>	Nil
<b>Shareholding in the Company – No. of Shares</b>	Nil
<b>Relationship between Directors inter-se</b>	None

# Route Map for the AGM Venue



**Bus Route :**

From Peelamedu: 2, 9, 10A, 16A, 31D, 90

From Ukkadam & Railway Station : 9,10A, 16A, S30, 31D, 90

Venue Bus Stop : GKNM Hospital

For Venue Queries :

Mob: 99429 87378



# 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

## Form No. MGT - 11

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management & Administration) Rules, 2014]

Name of the Member (s) :

Registered Address :

Email ID :

Folio No. Client id, DP ID :

I/We, being the member (s) holding ..... shares of the above named company, hereby appoint

1. Name : ..... Address : .....

E-mail ID:..... Signature : .....

**Or failing him/her,**

2. Name : ..... Address : .....

E-mail ID:..... Signature : .....

**Or failing him/her,**

3. Name : ..... Address : .....

E-mail ID:..... Signature : .....

As my/our Proxy to attend and vote for me / us and on my / our behalf at the 16th Annual General Meeting of the Company, to be held on Wednesday, 28th August 2019 at 11.30 A.M, at Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore – 641018 and at any adjournment thereof in respect of the Resolutions as indicated here below:

Resolution No.	Description	(Ordinary / Special)	Optional	
			For	Against
1	Adoption of Annual Financial Statement for the year ended 31st March, 2019	Ordinary		
2	Declaration of Dividend	Ordinary		
3	Re-appointment of Mr. P. Selva Kumar, Director retires by rotation	Ordinary		
4	Ratification of remuneration of Cost Auditor	Ordinary		
5	Review and drop Buyback proposal	Special		

Signed this ..... day of ..... 2019

Signature of Shareholder

Affix ₹ 1  
Revenue  
Stamp

Signature of Proxy holder(s)

**Note:**

- This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Meeting.**
- It is optional to put a "  " in the appropriate column against the Resolutions indicated in the box, if you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she thinks appropriate.
- Please complete all details of Member(s) in the above box before submission.



# 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@kpmill.com Website : www.kpmilllimited.com

## 16th ANNUAL GENERAL MEETING ATTENDANCE SLIP

(Please bring the attendance slip to the meeting hall and hand it over at the entrance)

Serial No:

Name and Address of the Shareholder :

Registered Folio No. / DP ID No. & Client ID :

Number of Shares held :

Name of the Proxy / Representative, if any :

I/We hereby record my/our presence at the **16th Annual General Meeting** of the Company, held on **Wednesday, 28th August 2019, Ball Room, Hotel The Residency, 1076, Avinashi Road, Coimbatore - 641018 at 11.30 AM.**

**Signature of the Member / Proxy /  
Authorized Representative**

NAME OF THE HOLDER	FOLIO/DPID/CLIENT ID NO	NO.OF SHARES

**FOR ATTENTION OF THE SHAREHOLDER**

Shareholders may please note the electronic voting particulars as mentioned in the AGM Notice is set out below for the purpose of e-voting.

### ELECTRONIC VOTING PARTICULARS

EVEN (E- Voting Event Number)	USER ID	PASSWORD / PIN

**Note: Please follow the e-voting instruction mentioned on the reverse of this page.**



## PROCEDURE FOR E-VOTING

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (LODR) Regulations, the Company is pleased to offer e-voting facility to its members in respect of the business to be transacted at the 16th Annual General Meeting (AGM). The Company has engaged the services of Karvy Fintech Computershare Private Limited ("Karvy") as the authorized agency to provide e-voting facility.

The Procedure and instructions for e-voting are as under:

Open your web browser during the voting period and navigate to "http://evoting.karvy.com". Enter the login credentials (i.e., user-id & password) mentioned on the E-mail or in the Attendance Slip. Your folio /DP client ID will be your User-ID.

<b>User-ID</b>	For shareholder(s) Beneficial Owner(s) Holding Shares In Demat Form :- a) For NSDL :- 8 Characters DP ID Followed By 8 Digits Client ID b) For CDSL :- 16 Digits Beneficiary Id c) For Members holding shares in Physical Form :- event no followed by Folio Number registered with the company.
<b>Password</b>	You Unique password is printed on the AGM Attendance Slip / sent via email forwarded through the electronic notice. (Printed on the reverse of this page)
<b>Captcha</b>	Enter the Verification code for security reasons i.e., please enter the alphabets and numbers in the exact way as they are displayed.

- i. Please contact toll free No. 1-800-34-54-001 for any further clarifications.
- ii. **Members can cast their vote online from Sunday 25th August 2019, 9.00 AM to Tuesday 27th August 2019, 5.00PM.**
- iii. After entering these details appropriately, click on "**LOGIN**"
- iv. Members holding shares in Demat / Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to minimum eight digit characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9), and a special character (@,#,\$,etc.). Kindly note that this password can be used by the Demat Holder for voting for resolution of any other. Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update your contact details like mobile, email ID etc. on first login. You may also enter the Secret Question and Answer of your to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, system will prompt to select the 'Event' i.e., "Company Name".
- vii. If you are holding share in Demat form and had logged on to "<https://evoting.karvy.com>" and casted your vote earlier for any Company, then your exiting login id and password are to be used.
- viii. On the voting page, you will see Resolution Description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If the shareholding. If the shareholders do not want to cast, select 'ABSTAIN'.
- ix. After selecting the resolution you have to decide 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.
- x. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xi. Sri.A.Vetrivel, Practicing Chartered Accountant, has been appointed as Scrutinizer to scrutinize the voting process in a fair and transparent manner.
- xii. Corporate/Institutional Members (Corporate / Fls / Fils / FPIs / Trust / Mutual Funds / Banks / etc.) are required to send scan (PDF format) of the relevant Board Resolution to the Scrutinizer through e-mail to [vetrivelfca@gmail.com](mailto:vetrivelfca@gmail.com), with copy to [evoting@karvy.com](mailto:evoting@karvy.com). The files scanned image of the Board Resolution should be in the naming format "Corporate Name-Eventno".

The Scrutinizer after scrutinizing the vote cast at the 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 counter sign the same.

The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the company ([www.kprmillimited.com](http://www.kprmillimited.com)) and on the website of the Karvy (<https://evoting.karvy.com>). The Results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.

The Resolution shall be deemed to be passed on the date of the Meeting, i.e. 28th August, 2019 subject to receipt of the requisite number of votes in favour of the Resolutions.