



SRI KANNAPIRAN MILLS LIMITED

CIN : U17111TZ1946PLC000188

Registered Office: Sowripalayam, Coimbatore 641 028

Phone 0422 - 2351111 : Fax 0422 – 2351110

Email: csd@kannapiran.co.in Website : www.kannapiran.co.in

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 75th Annual General Meeting of the Members of Sri Kannapiran Mills Limited will be held on Thursday the 23rd day of September 2021 at 10.30 a.m. (IST) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the audited financial statements including Balance Sheet as at 31st March 2021, the Statement of Profit and Loss and Cash Flow Statement for the year ended as on that date together with the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr A Velusamy (DIN: 00002204), who retires by rotation and being eligible offer himself for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass the following Resolution as a **Special Resolution**

RESOLVED that pursuant to Sections 178,196,197,198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 approval of the members be and is hereby accorded for the reappointment of Mr B Sriramulu (holding DIN 00002560) as Managing Director of the Company for two years from 4th June 2021 to 3rd June 2023 on the following terms and conditions.

1. Salary Rs.12,00,000 (Rupees Twelve lakhs) per annum.
2. Perquisites
 - a. Medical Reimbursement
Medical Expenses incurred for self and family subject to ceiling of one month's salary in a year or three month's salary over a period of three years
 - b. Leave Travel Concession
For self and family once in a year incurred in accordance with the rules specified by the Company
 - c. Club Fees
Fees of Clubs to a maximum of two clubs. This will not include admission and life membership fees.
 - d. Personal Accident Insurance
Premium not to exceed Rs.25,000 per annum
 - e. Provident Fund
Company's contribution to Provident Fund at the rate of 12% of the Salary.
 - f. Superannuation Fund
Company's contribution towards Superannuation Fund as per the rules of the Company but shall not together with the Company's contribution to the Provident Fund exceed 27 % of the Salary .

g. Gratuity

Gratuity payable shall not exceed half a month's salary for each completed year of service..

h. Conveyance and Communication

The Company shall provide a car, a mobile phone and telephone facility at the residence of the Managing Director. The provision of car and telephone at residence will not be considered as perquisites. Personal long distance call on on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

FURTHER RESOLVED that pursuant to Sections 196,197 and 198 of the Companies Act, 2013 the remuneration and perquisites shall be subject to the overall ceiling mentioned. In the event of absence or inadequacy of profits in any Financial Year during the period from 04.06.2021 to 03.06.2023, the remuneration would be paid as above shall be minimum remuneration payable under Paragraph 1 (A) of Section II of Part II of Schedule V of the Companies Act 2013.

FURTHER RESOLVED that the Managing Director shall draw remuneration from one or two companies provided that the remuneration shall be subject to the total remuneration drawn from the companies does.

4. To consider and if thought fit, to pass the following Resolution as a **Special Resolution**

RESOLVED that pursuant to Sections 178,196,197,198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 approval of the members be and is hereby accorded for the reappointment of Mr B Srihari (holding DIN 00002556) as Managing Director of the Company for two years from 4th June 2021 to 3rd June 2023 on the following terms and conditions.

1. Salary Rs.12,00,000 (Rupees Twelve lakhs) per annum.

2. Perquisites

a. Medical Reimbursement

Medical Expenses incurred for self and family subject to ceiling of one month's salary in a year or three month's salary over a period of three years

b. Leave Travel Concession

For self and family once in a year incurred in accordance with the rules specified by the Company

c. Club Fees

Fees of Clubs to a maximum of two clubs. This will not include admission and life membership fees.

d. Personal Accident Insurance

Premium not to exceed Rs.25,000 per annum

e. Provident Fund

Company's contribution to Provident Fund at the rate of 12% of the Salary.

f. Superannuation Fund

Company's contribution towards Superannuation Fund as per the rules of the Company but shall not together with the Company's contribution to the Provident Fund exceed 27 % of the Salary.

g. Gratuity

Gratuity payable shall not exceed half a month's salary for each completed year of service.

h. Conveyance and Communication

The Company shall provide a car, a mobile phone and telephone facility at the residence of the Managing Director. The provision of car and telephone at residence will not be considered as perquisites. Personal long distance call on on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

FURTHER RESOLVED that pursuant to Sections 196, 197 and 198 of the Companies Act, 2013 the remuneration and perquisites shall be subject to the overall ceiling mentioned. In the event of absence or inadequacy of profits in any Financial Year during the period from 04.06.2021 to 03.06.2023, the remuneration would be paid as above shall be minimum remuneration payable under Paragraph 1 (A) of Section II of Part II of Schedule V of the Companies Act 2013.

FURTHER RESOLVED that the Managing Director shall draw remuneration from one or two companies provided that the remuneration shall be subject to the total remuneration drawn from the companies does.

5. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Mr R Seenivashan (DIN:0009024674) who was appointed as an Additional Director of the Company by the Board of Directors and who ceases to hold office under Section 161 of the Companies Act, 2013 in respect of whom the Company has received a notice under Section 160 in writing proposing his candidature for the office of Director, be and is hereby elected and appointed as a Director of the Company.

6. To consider and if thought fit to pass the following resolution as a **Special Resolution**.

RESOLVED THAT pursuant to Sections 178, 196, 197, 198 and 203 read with Schedule V and other applicable provision, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or amendments or re-enactments thereof for the time being in force the consent of the members of the Company be and is hereby accorded to the appointment of Mrs Vanithamani (DIN : 00051410) as Director and Vice President – Marketing of the Company for a period of three years with effect from 2nd February 2021 upon the following terms

1. Salary : Rs. 10,80,000/- per annum.
2. Perquisites : in addition to the above salary.
 - i) Company's contribution to Provident Fund to the extent it is not taxable under the Income Tax Act, 1961. Gratuity at the end of tenure as per the rules of the Company.
 - ii) a. Reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.
 - b. Provision of Car with driver for use on the Company's business will not be considered as perquisites. Personal use of car for private purpose shall be billed by the Company to the Director.

FURTHER RESOLVED THAT the salary and perquisites mentioned above shall be the minimum remuneration payable to the Director and Vice President – Marketing in the absence or inadequacy of profits in the financial year.

7. To consider and if thought fit to pass the following resolution as a **Special Resolution**.

RESOLVED THAT pursuant to Sections 178, 196, 197, 198 and 203 read with Schedule V and other applicable provision, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or amendments or re-enactments thereof for the time being in force the consent of the members of the Company be and is hereby accorded to the appointment of Mr R Seenivasahan (DIN : 0009024674) as

Director and Vice President - Technical for a period of three years with effect from 2nd February, 2021 upon the following terms :-

1. Salary : Rs. 16,50,000/- per annum.
2. Perquisites : in addition to the above salary.
 - i) Gratuity at the end of tenure as per the rules of the Company.
 - ii) a. Reimbursement of all actual expenses including entertainment and traveling incurred in the course of the Company's business.
 - b. Provision of Car with driver for use on the Company's business will not be considered as perquisites. Personal use of car for private purpose shall be billed by the Company to the Director.

RESOLVED FURTHER THAT the salary and perquisites mentioned above shall be the minimum remuneration payable to the Director and Vice President - Technical in the absence or inadequacy of profits in the financial year.

8. To consider and if thought fit to pass the following Resolution as an **Ordinary Resolution**.

“RESOLVED THAT pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 and Rules made there under and any amendment thereto as are made from time to time and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into a contract(s) / transactions for a period of 3 years with Sri Balamurugan Textile Processing Limited (SBTPL), a related party, within the meaning of the aforesaid law, on such terms and conditions as may be mutually agreed upon, to purchase or sell or lease or supply of any material/power and availing of / rendering of services like conversion of cotton / fibre into yarn, yarn into fabrics, processing of yarn and fabrics or provision of any services, the value of which all taken together may exceed ten per cent of the turnover of the Company, however, to that the value of transactions aforesaid during any financial year shall not exceed in aggregate Rs. 40 Crores.

9. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) Mr M Nagarajan, Cost Accountant, appointed as Cost Auditor by the Board of Directors of the Company, as recommended by the Audit Committee to conduct the audit of the cost records of the Company for the financial year ending 31st March 2022 on a remuneration of Rs.65,000/- (Rupees Sixty Five Thousand only) plus applicable taxes and re-imburement of travelling and out of pocket expenses incurred by him for the purpose of audit be and are hereby ratified and confirmed.

By order of the Board
For Sri Kannapiran Mills Limited
KG BALAKRISHNAN
Chairman
DIN : 00002174

Coimbatore
03.08.2021.

NOTES :

1. The explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed hereto.
2. In view of the massive outbreak of the COVID-19 pandemic, the Government of India, Ministry of Corporate Affairs allowed conducting Annual General Meeting (AGM) through video conferencing (VC) or other audio-visual means (OAVM). Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and General Circular No.02/2021 dated January 13, 2021 prescribing the procedures and manner of conducting the Annual General Meeting through video conferencing (VC) or other audio-visual means (OAVM). In terms of the said Circulars, the 75th Annual general meeting (AGM) of the members will be held through video conferencing (VC) or other audio-visual means (OAVM). Hence Members can attend and participate in the AGM through VC/OAVM. Members desirous of participating in the meeting through VC/OAVM, may refer to the procedure to be adopted as mentioned in Serial No.24 below.
3. A Member, entitled to attend and vote at the meeting, is entitled to appoint one or more Proxies to attend and vote on a Poll instead of himself and such Proxy need not be a Member of the Company. Since the AGM is being held in accordance with the MCA Circulars through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of Proxies by the members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this notice.
4. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorization etc., authorizing its representative to attend the Annual General Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to mrln54@gmail.com with copies marked to the Company at csd@kannapiran.co.in and to its Registrars and Share Transfer Agents at investor@cameoindia.com
5. In compliance with the aforesaid MCA Circulars, Notice of the 75th AGM to be held on 23rd September 2021 along with Annual Report of the financial year 2020-21 are being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice of the AGM and Annual Report for the financial year 2020-21 is also available on the Company's website www.kannapiran.co.in/members (Physical / Demat) who have not registered their email addresses with the company can get the same registered with the company by sending an email to csd@kannapiran.co.in and investor@cameoindia.com The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. www.evotingindia.com.
6. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 17.09.2021 to 23.09.2021 (both days inclusive).
8. Pursuant to Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the application for transfer of shares held in physical form will not be processed except in the case of transmission / transposition with effect from 2nd October 2018. Accordingly, members who intend to transfer their shares shall get such shares dematerialised before transfer. The Company has entered into agreements with National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) and shares of the Company are eligible for dematerialisation under ISIN: **INE567M01015**. Accordingly, the Company /the Registrar and Share Transfer Agent (RTA) namely Cameo Corporate Services Limited, Subramanian Building, No.1 Club House Road, Chennai 600 002 shall not be able to entertain any request for transfer of shares in physical form.

9. a) Members are requested to notify immediately any change of address:
- i. to their Depository Participants (“DPs”) in respect of the shares held in electronic form, and
 - ii. to the Company or its RTA, in respect to the shares held in physical form together with a proof of address viz, Aadhar/Electricity Bill/ Telephone Bill/Ration Card/Voter ID Card/ Passport etc.
- b) In case the registered mailing address is without the Postal Identification Number Code (“PIN CODE”), Members are requested to kindly inform their PIN CODE immediately to the Company / RTA/DPs.
10. As per the provisions of Section 72 of the Act, facility for making nominations is now available to individuals holding shares in the Company.
11. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its RTA by quoting the Folio No or the Client ID No with DP ID No.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. Members may note that M/s.Gopalaiyer& Subramanian Chartered Accountants, the Statutory Auditors of the Company were appointed by the Shareholders at the - 71st Annual General Meeting (AGM) held on 21st September 2017 to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May, 2018 amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this Annual General Meeting.
14. Brief resume, details of shareholding and Directors' inter-se relationship of Directors seeking election/re-election as required under Secretarial Standards 2, are provided as Annexure to this Notice.
15. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his / her queries to the Company seven working days prior to the meeting. The same will be replied by the Company suitably.
16. Soft copies the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the Registered Office of the Company. Members can inspect the same by sending a email to csd@kannapiran.co.in
17. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Secretarial Standard on General Meetings (SS-2) and as per MCA Circulars dated April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 2021 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
18. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more

shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

19. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA Circular No. 02/2021 dated January,13,2021.

20. THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETING AREAS UNDER:

- i. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as of the cut-off date, i.e. 16th September 2021, may refer to this Notice of the Annual General Meeting, posted on Company's website www.kannapiran.co.in for detailed procedure with regard to remote e- voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- ii. Members attending the meeting through VC shall be provided with the facility of voting through e- voting during the meeting. During this time, members who have not already cast their vote through remote e-voting may exercise their vote through the said modes at the meeting.
- iii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM but shall not be entitled to cast their vote again.
- iv. The voting period begins on 20th September 2021 at 9.00 AM (IST) and ends on 22nd September 2021 at 5.00 PM (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 16th September 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- v. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16th September 2021
- vi. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e- voting conducted during the Annual General Meeting.
- vii. The Company has appointed Mr.M.R.LNarasimha, (CP No: 799) Company Secretary in Practice , as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- viii. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow e-voting for all those members who are present at the Annual General Meeting by electronic means but have not cast their votes by availing the remote e-voting facility.
- ix. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes casted during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.kannapiran.co.in after the declaration of result by the Chairman or a person authorized by him in writing.

- x. The voting period begins on 20.09.2021 at 9.00 a.m. and ends on 22.09.2021 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 16.09.2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- xi. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

21. Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nSDL.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp</p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nSDL.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

22. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

23. Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
 1. For CDSL: 16 digits beneficiary ID,
 2. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 3. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

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

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

7. After entering these details appropriately, click on “SUBMIT” tab.
8. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
9. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
10. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
11. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
12. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
13. 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.
14. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
16. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
17. Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; csd@kannapiran.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

24. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM AND E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 3 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at csd@kannapiran.co.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 3 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at csd@kannapiran.co.in. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

25. PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cDSLindia.com or contact at 022-23058738 and 022-23058542/43.

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

**By order of the Board
For Sri Kannapiran Mills Limited
KG BALAKRISHNAN
Chairman
DIN : 00002174**

Coimbatore
03.08.2021.

**STATEMENT PURSUANT TO THE PROVISIONS OF THE SECTION 102
OF THE COMPANIES ACT, 2013**

Item No.3

Mr B Sriramulu was reappointed as Managing Director of the Company for a period of five years from June 4, 2018 at the Annual General Meeting held on 26.09.2018.

One of the terms of appointment inter alia states that in the event of absence or inadequacy of profits in any Financial Year during the period from 04.06.2018 to 03.06.2021, a minimum remuneration shall be payable as per Paragraph I (A) of Section II of Part II of Schedule V of the Companies Act, 2013.

Since the aforesaid period expires on 3.6.2021, it is proposed to extent this period further upto 3.6.2023 whereby in the event of absence or inadequacy of profits during the period from 4.6.2021 to 3.6.2023 the remuneration would be paid shall be minimum remuneration payable under Paragraph I (A) of Section II of Part II of Schedule V of the Companies Act, 2013.

As the said period for the payment on minimum remuneration in the absence of profits or inadequacy of profits expired on 3.6.2021, based on the recommendation of the Nomination and Remuneration Committee, the Board at tis meeting held oh 28.05.2021 by extending the said period up to 3.6.2023 reappointed Mr.B Sriramulu as Managing Director for the remaining period of 2 years from 4.6.2021 on the terms as to remuneration as provided in the text to the resolution as approved by Nomination and Remuneration Committee. Other terms and conditions are within the ceiling limits laid down in Schedule V of the Companies Act, 2013.

Mr B Sriramulu is the eldest son of Mr K G Balakrishnan, Chairman. He is a Graduate Engineer in Textile Technology from Bharathiar University , Tamil Nadu and Master of Science (Textile Technology) from the University of Machestor, UK.

Mr B Sriramulu is also Managing Director of K G Denim Limited and drawing remuneration.

Mr B Sriramulu shall draw remuneration form one or both companies provided that the remuneration shall be subject to the total remuneration dawn from the companies does not exceed the higher maximum limit admissible from any one of the Companies of which he is a managerial persons under the provisions of Section V of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.

Mr B Sriramulu is related to Mr K G Balakrishnan, Dr G Bakthavathsalam and Mr B Srihari, Directors who are deemed to be interested in the proposed resolution.

This explanation together with the accompanying notice may also be considered as an abstract of the terms of the appointment of Managing Director and Memorandum as to the nature of the concern or interest of the Directors in the said appointment, as required under Section 190 of the Companies Act, 2013.

**INFORMATION REQUIRED TO BE DISCLOSED IN TERMS OF SCHEDULE V
TO THE COMPANIES ACT, 2013**

I. GENERAL INFORMATION	
1. Nature of Industry	Textiles – Spinning and Weaving and processing of Denim Fabrics,
2. Date of commencement of commercial production	October 1950
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2019-20 and 2020-21 are provided in the Annual Report 2021 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil

II. INFORMATION ABOUT THE APPOINTEE	
Background details:	Mr B Sriramulu aged 54 years is the eldest son of Mr KG Balakrishnan, Executive Chairman. He is a Graduate Engineer in Textile Technology from Bharathiar University, Tamil Nadu and Master of Science (Textile Technology) from the University of Manchester, UK. and has been in the textile industry for nearly three decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies. He is Managing Director in Sri Kannapiran Mills Limited and K G Denim Limited.
Past remuneration:	₹ 12,00,000 per annum
Recognition or awards	-
Job profile and his suitability	Mr B Sriramulu is a B.Tech, MS(Textiles) and has nearly 3 decades of practical experience in the setting up and management of textile units.
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013
Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Mr B Sriramulu is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.
III. OTHER INFORMATION	
Reasons of loss or inadequate profits	Not Applicable as the Company has earned profit during the year.
Steps taken or proposed to be taken for improvement	The Company is continuously taking various cost control measures which would result in increased profitability in the ensuing years.
Expected increase in productivity and profits in measurable terms	Not Applicable

Item No.4

Mr B Srihari was reappointed as Managing Director of the Company for a period of five years from June 4, 2018 at the Annual General Meeting held on 26.09.2018.

One of the terms of appointment inter alia states that in the event of absence or inadequacy of profits in any Financial Year during the period from 04.06.2018 to 03.06.2021, a minimum remuneration shall be payable as per Paragraph I (A) of Section II of Part II of Schedule V of the Companies Act, 2013.

Since the aforesaid period expires on 3.6.2021, it is proposed to extend this period further upto 3.6.2023 whereby in the event of absence or inadequacy of profits during the period from 4.6.2021 to 3.6.2023 the remuneration would be paid shall be minimum remuneration payable under Paragraph I (A) of Section II of Part II of Schedule V of the Companies Act, 2013.

As the said period for the payment on minimum remuneration in the absence of profits or inadequacy of profits expired on 3.6.2021, based on the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on 28.05.2021 by extending the said period up to 3.6.2023 reappointed Mr B Srihari as Managing Director for the remaining period of 2 years from 4.6.2021 on the terms as to remuneration as provided in the text to the resolution as approved by Nomination and Remuneration Committee. Other terms and conditions are within the ceiling limits laid down in Schedule V of the Companies Act, 2013.

Mr B Srihari is the younger son of Mr K G Balakrishnan, Chairman. He is a Bachelor of Technology in Chemical Engineering from Bharathidasan University, Trichy and Master of Engineering (Chemical) from Cornell University USA.

Mr. B Srihari is also Managing Director of K G Denim Limited and drawing remuneration.

Mr B Srihari shall draw remuneration from one or both companies provided that the remuneration shall be subject to the total remuneration drawn from the companies does not exceed the higher maximum limit admissible from any one of the Companies of which he is a managerial persons under the provisions of Section V of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.

Mr B Srihari is related to Mr K G Balakrishnan, Dr G Bakthavathsalam and Mr. B Sriramulu, Directors who are deemed to be interested in the proposed resolution.

This explanation together with the accompanying notice may also be considered as an abstract of the terms of the appointment of Managing Director and Memorandum as to the nature of the concern or interest of the Directors in the said appointment, as required under Section 190 of the Companies Act, 2013.

I. GENERAL INFORMATION	
1. Nature of Industry	Textiles – Weaving, Spinning and processing of Denim Fabrics.
2. Date of commencement of commercial production	October, 1950
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2019-20 and 2020-21 are provided in the Annual Report 2021 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil

II. INFORMATION ABOUT THE APPOINTEE	
Background details:	Mr B Srihari aged 52 years is the younger son of Mr KG Balakrishnan, Executive Chairman. He is a Bachelor of Technology in Chemical Engineering from Bharathidasan University, Trichy and Master of Engineering (Chemical) from Cornell University USA and has been in the textile industry for nearly three decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies. He is Managing Director in Sri Kannapiran Mills Limited and KG Denim Limited.
Past remuneration:	₹ 12,00,000 per annum
Recognition or awards	-
Job profile and his suitability	Mr B Srihari is a B.Tech & M.Tech (Chemical Engineering) and has nearly 3 decades of practical experience in the setting up and management of textile units.
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013
Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Mr B Srihari is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.
III. OTHER INFORMATION	
Reasons of loss or inadequate profits	Not Applicable as the Company has earned profit during the year.
Steps taken or proposed to be taken for improvement	The Company is continuously taking various cost control measures which would result in increased profitability in the ensuing years.
Expected increase in productivity and profits in measurable terms	Not Applicable

Item No.5

Mr R Seenivasahan was appointed an Additional Director of the Company on 02.02.2021 by the Board of Directors of the Company. According to the provisions of Section 161 of the Companies Act, 2013, he holds office as Director only up to the date of the ensuing Annual General Meeting. As required by Section 160 of the Act, a notice has been received from member signifying his intention to propose appointment of Mr R Seenivasahan as a Director. The Board considers and recommends that it is desirable that the Company should continue to avail itself of her services.

Except Mr R Seenivasahan none of other Directors of the Company are concerned or interested in the resolution set out at Item No.5.

Item No.6

Mrs Vanithamani is a graduate and Master in Business Administration and having more than 25 years of experience in Yarn Sales and Marketing.

Pursuant to Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee at their meeting held on 02.02.2021 recommended / approved the appointment of Mrs Vanithamani as Director and Vice President - Marketing of the Company for a period three years with effect from 2nd February 2021 and determined her remuneration as set out in the resolution and recommended the same to the Board, which the Board has duly approved.

Pursuant to the provisions of Sections 178,196,197,198 and 203 Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the appointment of Mrs Vanithamani as Director and Vice President - Marketing of the Company shall be subject to the approval of the members of the Company in the General Meeting. Hence necessary resolution has been set out in Item No.6 of the Notice for the approval of the members.

The details as required under Schedule V of the Companies Act, 2013 and brief bio-data of Mrs Vanithamani and other disclosures as per Secretarial Standards 2 are furnished and forms part of this Notice. The Board recommends there solution set out in Item No.6 of the Notice for the approval of the members.

Except Mrs Vanithamani, being the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in there solution set out in Item No.6 of the Notice for approval of the Members. The Explanation together with accompanying notice may be treated as an abstract of the Terms of Appointment of Mrs Vanithamani as Director and Vice President - Marketing pursuant to the provisions of Section 190 of the Companies Act, 2013.

II. INFORMATION ABOUT THE APPOINTEE	
Background details:	She is a graduate and Master in Business Administration and having more than 25 Years experience in Yarn Sales and Marketing.
Past remuneration:	₹ 10,05,000 per annum
Recognition or awards	-
I. GENERAL INFORMATION	
1. Nature of Industry	Textiles – Weaving, Spinning and processing of Denim Fabrics.
2. Date of commencement of commercial production	October, 1950

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2019-20 and 2020-21 are provided in the Annual Report 2021 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil
Job profile and his suitability	She is a graduate and Mater im Business Administration. She is having more than 25 years of experience in Yarn Sales and Marketing
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the Companies Act, 2013
Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Mrs Vanithamani is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.
III. OTHER INFORMATION	
Reasons of loss or inadequate profits	Not Applicable as the Company has earned profit during the year.
Steps taken or proposed to be taken for improvement	The Company is continuously taking various cost control measures which would result in increased profitability in the ensuing years.
Expected increase in productivity and profits in measurable terms	Not Applicable

Item No.7

Appointment of Mr R Seenivasahan as Director and Vice President – Technical.

Mr R Seenivashan obtained Diploma in Textile Technology during the year 1975 with First Class.

He has 46 years of total experience in the field of Cotton & Man-made fibre yarn Spinning. Possess experience in Ring Spinning, Rotor Spinning and weaving.

Pursuant to Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee at their meeting held on 02.02.2021 recommended / approved the appointment of Mr R Seenivasahan as Director and Vice President - Technical of the Company for a period three years with effect from 2nd February 2021 and determined his remuneration as set out in the resolution and recommended the same to the Board, which the Board has duly approved.

Pursuant to the provisions of Sections 178,196,197,198 and 203 Schedule Van do ther applicable provisions, if any, of the Companies Act, 2013, the appointment of Mr R Seenivashan as Director and Vice

President - Technical of the Company shall be subject to the approval of the members of the Company in the General Meeting. Hence necessary resolution has been set out in Item No.7 of the Notice for the approval of the members.

The details as required under Schedule V of the Companies Act, 2013 and brief bio-data of Mr R Seenivasahan and other disclosures as per Secretarial Standards 2 are furnished and forms part of this Notice. The Board recommends there solution set out in Item No.7 of the Notice for the approval of the members.

Except Mr R Seenivashan, being the appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in there solution set out in Item No.7 of the Notice for approval of the Members. The Explanation together with accompanying notice may be treated as an abstract of the Terms of Appointment of Mr R Seenivasahan as Director and Vice President - Technical pursuant to the provisions of Section 190 of the Companies Act, 2013.

I. GENERAL INFORMATION	
1. Nature of Industry	Textiles – Weaving, Spinning and processing of Denim Fabrics.
2. Date of commencement of commercial production	October, 1950
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions in the prospectus	Not applicable
4. Financial performance based on given indicators	The financial performance of the Company for 2019-20 and 2020-21 are provided in the Annual Report 2021 which accompanies this Notice
5. Foreign investments or collaborations, if any	Nil
II. INFORMATION ABOUT THE APPOINTEE	
Background details:	He has Diploma in Textile Technology. He has 46 Years of experience in the filed of Cotton & Man made fibre yar Spinning.
Past remuneration:	₹ 16,50,000 per annum
Recognition or awards	-
Job profile and his suitability	He possess experience in Ring Spinning, Rotor Spinning and Vortex Spinning and Weaving.
Remuneration proposed	Details of proposed remuneration are presented in the resolution and also in the Statement under Section 102 of the CompaniesAct, 2013
Comparative remuneration profile with respect to industry, size of company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration offered to Mr R Seenivasahan is at par with the industry norms considering the nature of the industry, size of the company, profile and position of the person.
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel if any	Besides the remuneration he does not have any other pecuniary relationship with the Company.

III. OTHER INFORMATION	
Reasons of loss or inadequate profits	Not Applicable as the Company has earned profit during the year.
Steps taken or proposed to be taken for improvement	The Company is continuously taking various cost control measures which would result in increased profitability in the ensuing years.
Expected increase in productivity and profits in measurable terms	Not Applicable

Item No.8

The Companies Act, 2013, under Section 188, inter alia, provides that no contract or arrangement or transactions for sale, purchase or supply of any goods or materials amounting to ten per cent or more of the turnover of the Company and availing / rendering of any services amounting to ten per cent or more of the turnover of the Company shall be entered into by the Company except with the prior approval of the shareholders by an ordinary resolution.

It is proposed to enter in to contracts / transactions for a period of 3 years from 01.03.2021 to purchase / sell / lease / supply materials, goods / power in the ordinary course of business and availing and/or rendering services like conversion of cotton / fibre into yarn, yarn into fabric with Sri Balamurugan Textile Processing Limited related parties with in the definition under the Companies Act, 2013.

The aggregate value of the contracts / transactions for purchase or supply of goods for rendering or availing of services is likely to exceed the limits under Section 188 read with Rules made there under. Eventhough the related party transactions are on arm's length basis, it is proposed to obtain permission of the members to enter into such transactions with related parties under Section 188 of the Companies Act, 2013 by way of an ordinary resolution.

Sri Balamurugan Textile Processing Limited (SBTPL) engaged in sale of cotton and purchase of yarn. SBTPL has leased its machineries at Puliampatty to the Company.

The Company and Sri Balamurugan Textile Processing Limited had existing contract for a period of three years for an amount of Rs. 20.30 Crores. The Company propose to increase this amount to Rs. 40 Crores. The particulars of the contracts / transactions, pursuant to para 3 of Explanation (1) to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are as under :

1. Name of the related party : Sri Balamurugan Textile Processing Limited
2. Name of the director who is related : Mr K G Balakrishnan and Mr B Srihari
3. Nature of relationship : Related party as per Section 2(76)(i)/(v) – Shareholding of Director along with relatives in Sri Balamurugan Textile Processing Limited exceeds 2% of paid up capital.
4. Monetary value:

Estimated aggregate contract value for the matters proposed in the Resolution will not exceed Rs. 40 Crores in any financial year for Purchase of Materials / Lease of Capital Goods / Sale of Materials / andAvailing / Rendering of Services.

Nature, material terms and particulars of arrangement :-

i) The Lease Rent at market value.

ii) The Conversion charges are being arrived based on Cost Plus method.

iii) Purchase / Sale of Cotton / Fibre, waste, fabrics and yarn at market prices.

Period of contract : 3 years from 01.03.2021.

The memorandum of terms and conditions of the transactions to be entered in to with Sri Balamurugan Textile Processing Limited is available for inspection on all working days at the Registered Office of the Company except on Saturday and Sunday.

The related parties have expressed their interest in the above resolution.

None of the other directors or their relatives are in any way concerned or interested in the resolution.

Item No.9

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment of Mr M Nagarajan, Cost Accountant, as Cost Auditor to conduct the audit of the cost records of the company for the financial year ending 31st March 2022. In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company.

Accordingly, consent of the members is sought for passing an ordinary resolution as set out in Item No. 9 of the notice for ratification of the remuneration of the Cost Auditor for the financial year 2021-22

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the above resolution.

Coimbatore
03.08.2021.

**By order of the Board
For Sri Kannapiran Mills Limited
KG BALAKRISHNAN
Chairman
DIN : 00002174**

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT /APPOINTMENT IN TERMS OF SECRETARIAL STANDARD-2(SS-2) ON “GENERAL MEETINGS” ISSUED BY ICSI, IS GIVEN HERE UNDER

Name	Mr B Sriramulu	Mr B Srirahi	Mrs Vanithamani	Mr R Seenivasahan
DIN	00002560	00002556	00051410	0009024674
Date of Birth	27.04.1967	06.09.1968	01.10.1965	28.01.1956
D a t e o f appointment on the Board	28.05.2021	28.05.2021	01.10.2020	02.02.2021
Inter-se relationship with other directors or Key Managerial Personnel of the Company	He is related to Mr KG Balakrishnan, Director, Dr G Bakthavathsalam and Mr B Srihari, Managing Directors of the Company.	He is related to Mr.KG Balakrishnan, Director, Dr G Bakthavathsalam and Mr B Sriramulu, Managing Directors of the Company.	She is not related to any of the Directors or Key Managerial Personnel of the Company	He is not related to any of the Directors or Key Managerial Personnel of the Company
Qualification	B.Tech., MS	B.Tech., M.Tech.,	B.A., M.B.A	DTT
Experience/ Expertise in functional areas	He is a Graduate Engineer in Textile Technology from Bharathiar University, Tamil Nadu and Master of Science (Textile Technology) from the University of Manchester, UK. and has been in the textile industry for nearly three decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies.	He is a Bachelor of Technology in Chemical Engineering from Bharathidasan University, Trichy and Master of Engineering (Chemical) from Cornell University, USA and has been in the textile industry for nearly three decades spanning over trading, spinning, weaving, processing, garmenting and retailing operations. He has been closely associated with planning, implementation and follow up on new, expansion and diversification projects with detailed exposure to various functional areas viz., production, human resource, administration, commercial, legal, banking, financial and liaison with trade and governmental agencies.	She has 25 Years experience in Yarn Sales and Marketing.	He has 46 years of total experience in the field of Cotton & Man-made fibre yarn Spinning. Possess experience in Ring Spinning, Rotor Spinning and Vortex Spinning and weaving

No. of Shares held	253040	799422	370	-
Board Position held	Managing Director	Managing Director	Director and Vice President - Marketing	Director and Vice President - Technical
Terms and conditions of appointment/ re-appointment	He is proposed to be appointed as Managing Director of the Company on the terms and conditions as specified in Item No. 3 of the Notice.	He is proposed to be appointed as Managing Director of the Company on the terms and conditions as specified in Item No. 4 of the Notice.	She is proposed to be appointed as Director and Vice President - Marketing of the Company on the terms and conditions as specified in Item No. 6 of the Notice.	He is proposed to be appointed as Director and Vice President - Technical of the Company on the terms and conditions as specified in Item No. 7 of the Notice.
Remuneration sought to be paid	Rs.12,00,000 p.a	Rs.12,00,000 p.a	Rs.10,80,000 p.a	Rs.16,50,000 p.a
Number of Board meetings attended	6	6	2	-
Directorships held in other Companies	K G B Securities & Investments Private Limited Enterprise Telesys Limited KumaranGanapathy Investments Private Limited GanapathyKumaran Investments Private Limited K G Denim Limited Anandhi Power Limited KGB Education Foundation Danalakshmi Paper Mills Private Limited	K G Textile Processors Private Limited K G B Securities & Investments Private Limited Enterprise Telesys Limited KumaranGanapathy Investments Private Limited GanapathyKumaran Investments Private Limited K G Denim Limited Anandhi Power Limited Leap Green Energy Private Limited Textile Sector Skill Council KGB Education Foundation RND Softech U K Limited RND Softech INC	Crocodile India Private Limited Sri Balamurugan Textile Processing Limited	Nil

Chairmanship / Membership of the Committees of the Board of other Companies in which he is Director	-	-	-	-
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Coimbatore
03.08.2021.

**By order of the Board
For Sri Kannapiran Mills Limited
KG BALAKRISHNAN
Chairman
DIN : 00002174**

SRI KANNAPIRAN MILLS LIMITED



Annual Report
for the year ended March 31, 2021



Sri Kannapiran Mills Limited

Registered Office

MILLS PREMISES
Sowripalayam
Coimbatore - 641 028
CIN : U17111TZ1946PLC000188
Phone : (0422) 235 1111
Website : www.kannapiran.co.in
E-mail : csd@kannapiran.co.in

Factories

SOWRIPALAYAM
KEMPANAICKENPALAYAM
JADAYAMPALAYAM
ONAPALAYAM
KALAPATTI
P. PULIAMPATTI
&
SIPCOT, PERUNDURAI

Registrar and Share Transfer Agent

Cameo Corporate Services Limited
"Subramanian Building"
No.1, Club House Road,
Chennai - 600 002
Phone : (044) 28460390 (5 lines)
E-mail : investor@cameoindia.com

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Board of Directors

KG BALAKRISHNAN (DIN : 00002174)
Chairman

G BAKTHAVATHSALAM (DIN : 00007132)

B SRIRAMULU (DIN : 00002560)

B SRIHARI (DIN : 00002556)

Managing Directors

A VELUSAMY (DIN : 00002204)

K N V RAMANI (DIN : 00007931)

V ARUNACHALAM (DIN : 00051327)

K B NAGENDRA MURTHY (DIN : 00359864)

VANITHAMANI (DIN : 00051410)

R SEENIVASAHAN (DIN : 0009024674)

Vice President & Chief Financial Officer

G KRISHNAKUMAR

Vice President & Company Secretary

K JAYARAJ

Auditors

M/s GOPALAIYER & SUBRAMANIAN

Chartered Accountants

Coimbatore

Cost Auditor

M NAGARAJAN

Cost Accountant

Coimbatore

Secretarial Auditor

M R L NARASIMHA

Practising Company Secretary

Coimbatore

Bankers

INDIAN BANK, Coimbatore

CENTRAL BANK OF INDIA, Coimbatore

THE SOUTH INDIAN BANK LIMITED, Coimbatore

STATE BANK OF INDIA, Coimbatore

PUNJAB NATIONAL BANK, Coimbatore

CANARA BANK, Coimbatore

INDIAN OVERSEAS BANK, Coimbatore

Sri Kannapiran Mills Limited

DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in submitting their 75th Annual Report and audited financial statements of your Company for the year ended March 31, 2021.

Summary of Financial Results

(₹ in Lakhs)

	Year ended March 31,	
	2021	2020
Income	25488.17	30546.23
Gross Profit before financial Charges, depreciation and taxes	2844.92	24151.19
Less: Financial Charges	1766.86	1891.03
Depreciation	757.83	781.75
Profit Before Tax	320.23	82.04
Less: Current Tax (MAT)	-50.65	-10.30
MAT Credit Entitlement	50.65	10.30
Deferred Tax Liability	-91.87	114.67
Income Tax for prior Years	-	13.68
Profit (Loss) After Tax	228.36	-46.30

State of Company Affairs

During the period under review, the Company had earned revenue of Rs. 25488 lakhs and earned Net Profit After Tax of ₹ 228 lakhs.

Spinning Business

The yarn production for the year was 134 lakhs kgs compared to previous year of 180 lakhs kgs. Due to Govt announced lock down on account of Covid 19 crisis, the production activity has been affected during Apr'20 to Jun'20. Cotton price which was favorable at the time of cotton season starting period however went up during the last quarter of the year. Good yarn demands both in domestic and export market coupled with better price realization has improved net margins during the last quarter. Spinning business was changing its product mix in line with the changing market scenario and which resulted in volume change. Spinning was achieving higher productivity due to continuous modernization and using 100% firm and continuous private power which is lower than TANGEDCO prices.

Denim Business

The Denim fabric production for the year was 49 lakhs mtrs compared to previous year of 77 lakhs mtrs. Grey fabric loom production for other customers was 42 lakhs mtrs compared to 33 lakhs mtrs of previous year. Due to Govt announced lock down on account of Covid-19 crisis, the production activity has been affected during April '20 to July '20. Increase in input cost of raw materials viz., cotton yarn, man-made fibre yarn and chemicals have affected the profit margin of the weaving business.

This industry is a rising industry, and the consumption increasing degree will show a smooth growth curve. And the price presents fluctuation according to the economy development status and international competition. Also there is fluctuation in gross margin.

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In consumption market, the global consumption value of denim increases with the 4.38% average growth rate. Europe and China are the mainly consumption regions due to the bigger demand of downstream applications.

The Market Analysis and Insights on Global Denim Market indicates that the global Denim market size is projected to reach USD 25170 million by 2026, from USD 19550 million in 2020, at a CAGR of 4.3% during 2021-2026.

The major raw materials for denim are cotton, polyester cotton and chemical fiber. Fluctuations in the price of the upstream product will impact on the production cost of denim. The production cost of denim is also an important factor which could impact the price of denim. The denim manufacturers are trying to reduce production cost by developing production method.

Weaving Division (KG Fabriks) has been selected for the second consecutive year by UK based Ellen Macarthur Foundation to get associated with their prestigious Jeans Redesign project. There are only 73 Companies across globe to be part of this project which sees denim fabrics are made in line with the guidelines that set minimum requirements around garment durability, material health, water usage, recyclability, and traceability. From India, KG Fabriks is one of the two participants to this project which revolves around the theme "Make Fashion Circular". As most of the Europe and UK brands are participants to this program, the Company sees an opportunity of doing potential business with these brands as the Company is the supplier of Jean Redesign Enabled Green Denim fabrics from India for them.

The Company's trademarked products GREEN DNM, PRODUCT ZERO and NATURE'S BLUE are gaining access into the international markets in a considerable way recently as these brands have wholesome sustainability concepts inbuilt and almost every Clothing Brand in the world is looking for sustainable and eco-friendly denim fabrics at the moment.

With TUV Nord certification for the complete product range and GreenCo Gold certification for the complete process range, the products of the Company are becoming popular among the clothing brands for the truesome sustainability concepts it carries.

The Company's "Digital Denim" website is first of its kind in the denim world that showcases its entire spectrum of products on a digital platform. It facilitates a buyer to choose the qualities of his interest online, by themselves and request for pricing, product details and samples instantly. It is a boon to the buyers at this covid time as they could still see the Company's New Arrivals.

Latest Trends, etc., online digitally and order for sampling immediately. The "Digital Draping View" available in the Company's website enables designers and merchants in buyer's place to have real time experience of how the product will look on a model in the garment form and to take instant buying decisions.

The Company had included more sustainable and functional denims in its product range like Linen, Hemp, Ecovero, Nylon and high tenacity polyester blended denims which are the most sought after products in the international and domestic market at the moment. These products help the Company to get better price realization and value additions in its range.

Overall, with sustainability & eco-friendly concepts and revamped product range, the weaving business sees a positive outlook in its future business and the denim business will be bullish in the coming months in spite of the increase in cotton prices.

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COVID-19 IMPACTS

In compliance with the Statutory Lock-down Directions applicable to all industries and Companies in India, the operations of the Company were suspended from 24-03-2020 with relaxations in respect of exports from end Apr'20. Stoppage of all Units has affected the operations of the Company. After lifting/relaxation of the Lockdown the operations commenced partially and gradually and with restricted work force in line with the Guidelines with effect from 6th May 2020 and however full operations was restored in Nov'20 only due to delay in return of its migrant workers. This has resulted lower production, sales and profits of the Company for FY 2020-2021. Second wave of covid 19 crisis has also been started from end May'21 and this will have impact on the financials of the Company for the FY 2021-22 also.

Industry Structure & Developments

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries with strengths across the entire value chain from fibre, yarn, fabric to apparel. It is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool and silk products to the organized textile industry. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries.

The textile industry is also labor intensive and is one of the largest employers. The textile industry employs about 3.50 Crores workers directly and expected to be increased to 4.50 Crores in 2022. Growth in demand is expected to continue at 15 per cent CAGR to reach USD 220 billion by 2025.

The Indian Textile Industry contributes approximately 3% to India's Gross Domestic Product (GDP) and 14 per cent of manufacturing production. Textiles sector is one of the largest contributors to India's exports with approximately 20 per cent of total export earnings. India is the world's second largest exporter of textiles and clothing. India's textile and apparel export is expected to increase over the years.

The Indian Government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route. The Ministry of Textiles is encouraging investment through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS). National Textile Mission is proposed for a period from 2020-21 to 2023-24 at an estimated outlay of Rs.1480 Crores.

Cotton production in India reached 36.04 million bales in financial year 2020 and expected to be at 37.01 million bales in financial year 2021 also. India is the second largest producer of cotton accounting for 41% of the global cotton area and contributes to 26% of the global cotton production. Cotton prices ruled favourably during the year in view of good cotton season in India.

The demand for Ring and Open end yarn was increased during the second half of current year and the margin was also improved. Power position in Tamil Nadu was favourable during the year.

The textile industry has suggested various measures to improve the performance of textile mills in India to Government of India for stabilizing cotton prices, good infrastructure to improve the movement of goods at low cost, lower power cost and Bank interest rate.

The Company is able to sell its products in view of varied product mix viz., Compact yarn, Slub yarn, Gassed mercerized yarn, polyester yarn, denim yarn and glove yarn. The Company had exported Rs.47 crores during the year. The Company had own depots, dealer network at various places in India to meet the end user's requirements immediately.

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Amidst a loss of momentum across geographies, escalation of trade tensions between China and the US, uncertainty over Brexit, and heightened geo political risks, the global economy grew at its slowest pace in 2019 post global financial crisis. Just as these retarding forces appeared to be easily their grip, the novel Corona virus [Covid 19] broke out and rapidly exploded in to a pandemic causing demand compression and supply disruption and darkening global economic prospects and imparting extreme uncertainty about the outlook.

Negative Growth of India's real GDP at (-) 6.20% in 2020-21 [4.2% a year ago] due to Covid 19 crisis. All components of domestic demand were driven down, except government final consumption expenditure which provided sustained support to aggregate demand. Industrial sector activity plummeted during 2020-21, driver down mostly by manufacturing sub sector. With services sector growth also decelerating the economic outlook is clouded y uncertainty and testing challenges, mainly the intensity, spread and duration of Covid 19. The priority is to revive the growth as the Indian economy heals from the scars of Covid 19.

Monetary Policy Committee voted unanimously for a reduction in the policy repo rate and for maintaining an accommodative stance as long as necessary to revive growth, mitigate the impact of Covid 19 while ensuring that inflation remains within the target. To counter the ill effects of Covid 19 RBI brought about several regulatory and developmental measures to increase liquidity conditions, both conventional and non conventional to keep the financial system and financial markets functioning in the normal way. This covered measures to (a) improve functioning of the markets and market participants, ensure financial stability (b) support exports and imports (c) ease financial stress by providing relief on debt servicing and access to working capital (d) ease financial constraints faced by state governments and (e) sanction of additional loans under ECLGS schemes.

Opportunities

The growing anti-China sentiment that was triggered by the US China trade tension intensified further after outbreak of Corona virus in China. Global apparel manufacturers in USA and EU are now finding Bangladesh, Vietnam and India as competitive markets over China. Covid 19 has opened avenues for e commerce players as consumers increased their online purchasing as a safe alternative to physical shopping. The industry will witness increased e commerce sales and digitalization of supply chain. This is likely to pave way for India to earn global attention after the tide turns favourable. Indian industry need to prepare themselves to take advantage of the changed situation with support from Government.

It is expected that Large and Mid-sized Denim Players will continue increasing the share of premium and high-value added denim fabric through premiumisation, vertical integration and consolidation as the oversupply situation has prolonged and squeezed margins in the mass segments. Denim players have increased their garmenting facilities given consolidation of unorganised small garment players post demonetisation and implementation of the Goods and Services Tax (GST).

It is also expected that Company will stand to gain in a large way mainly due to sustainable efforts in water conservation and reuse for weaving and processing of fabric. Company has National Water Award 2018 Government of India by way of Company holds several certifications for process and product quality which all will enable increase in volumes, sales and profits over the future years.

Threats

The industry which was already grappling after the demonetization and other negative economic indicators came for a huge shock with Covid 19 setting in during the end of March 2020 and also the second wave from May'21. Leading global brands reduced scale of operations, booked massive inventory losses and cancelled orders due to Covid which deeply added to the woes of Indian players causing huge job losses across the value chain.

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However everything is not over and the industry is expected to revive gradually as the economy takes a U turn. First half of FY 22 is expected to be tough and the second half is expected to give some relief to the business and the society in general if all the countries are able to control the COVID 19 Pandemic and it is expected that vaccination of entire workforce will be completed before year end. Industry needs an immediate fix and expects the Government to tackle the issue in the best way possible to promote domestic industry. Stiff competition from low cost countries due to duty concession continues to pose threat.

The challenges that face the country are to flatten the curve, restore employment especially to displaced migrants, rebuild supply chains, repair and revive the stricken economy and return life to normalcy. There is a widespread recognition that only in close coordination among all stakeholders will the people of India be able to determine the shape of the recovery.

Indian textile industry is highly dependent on availability of domestic cotton at a competitive price. Expected increase in yarn demand and apparel segments demand will help to improve sales and profitability.

There is shortage of skilled labor in the industry despite India having a favorable demographic profile. Covid 19 has caused migration of labour. With slow easing of the impact, industry expects go get migrant labour back to work. It is expected that this will lead to more innovation and automation of operations. The widening trade tension between US and China & other countries will impact exports.

Segment wise or product wise performance

The Company is engaged in the business of spinning of yarn and weaving of fabrics and accordingly this is the only Single Reportable Segment.

Outlook

Overall, FY 2022 is expected to be a good year for the textile industry due to increased domestic and overseas demand and major focus shall be on cost cutting measures, improving productivity, value added sustainable products, reduction in wastage and efforts on taking quality to next level and deriving efficiency to make products further cost competitive. Further, the Division plans to make some structural changes in organization to make it lean and agile and focus will be on giving improved services to customers to retain market share.

Indian Denim industry may finally see the demand supply gap narrowing as the overcapacity is getting adjusted to market developments. With mass consumption expected to improve and denim players going for more premium value added products, gross margins are expected to improve over the future years if not during next year. India Ratings and Research expects minimal Greenfield investment as sub optimal utilisation levels will not entice new players to invest till 2022. It expects return of wholesale and consumer demand for basic denim in the domestic market and value added denim for exports. Influence of fashion conscious youths and international brand, casualisation of fashion and e commerce will be the growth drivers.

Once we are through from the lock-down and the market reopens, the division expects to bounce back with its new world-wide product range ensuring competitive products having anti-microbial, anti-viral features with different finishes along with growing focus on sustainability range of products. It is a testing period for all of us, but with our good brand image and network in the market, the dependency on reliable reputed players in the market, we expect to be back on track soon. Marketing Network has also been widened with 14 overseas Business Associates apart from 25 domestic Business Associates. Company has its own Sample Studio and Design Lab.

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The Company is able to sell its products due to wider product range viz., compact yarn, slub yarn, gassed mercerized yarn, polyester yarn, denim yarn and glove yarn. Exports for the year were Rs 47 Crores constituting 19 % of total sales. Company has own depots, dealer network at various places in India to meet the end user's requirements immediately.

Risk and concerns

Overall negative impact is expected across the industry due to current COVID 19 pandemic. A shift towards online business is expected to happen due to the fear & the restrictions to maintain the social distancing. Also, there could be short time recessionary pressure due to job losses and money crunch in the market and it will take a good two to three months before we could see demand coming back in the Textile industry.

Cotton being an agriculture product, is the key raw material used for manufacture of cotton yarn, the cultivation is dependent on monsoon. Availability of quality cotton at stable prices is crucial for the profitability. The continuing trade tension between US and China and other countries has impacted yarn exports with consequential impact in domestic markets.

As the pandemic ravages on, the economic impact is hard to measure. While there are green shoots and some businesses are getting back to pre-pandemic times, the uncertainty over the length and intensity of the pandemic and its impact on the economy continue to cause concern.

RBI stepped forward and announced various liquidity, monetary, regulatory and supervisory measures in the form of interest rate cuts, higher structural and durable liquidity, moratorium on debt servicing, asset classification standstill and brought out a Special Resolution Framework for Covid 19 related Stress on 6.8.2020 as a Special Window under the Prudential Framework on Resolution of Stressed Assets issued on 7.6.2019.

This is aimed at striking a balance between protecting the interest of depositors and maintaining financial stability on one hand and preserving the economic value of viable businesses by giving durable relief to businesses and individuals affected by Covid 19 on the other. While moratorium on loans was a temporary solution, resolution framework is expected to give durable relief to borrowers.

RBI's response to the situation has been unprecedented and cannot be permanent. Post containment of Covid 19, RBI expects to follow a careful trajectory for orderly unwinding of the various counter cyclical measures for the financial sector to return to norm functioning without relying on the regulatory relaxations and other measures as the new norm. The Expert Committee constituted by RBI for recommending required financial parameters with sector specific benchmark ranges to be factored in the Resolution Plans made its Recommendation on 4.9.2020. As time is of essence at the present juncture the ability of the lenders to implement the resolution plans quickly with in the specified time frame will determine the success of the resolution framework. National Credit Guarantee Trustee Company has also extended their guarantee to all eligible customers of Bank for the sanction loan under ECLGS guidelines by Banks at lower interest rate.

Health, Safety and Environmental Protection

Company is committed to protecting the health and safety of its employees. Each manufacturing location has a Safety Officer and Safety Committees which include representation from Workmen and Executives. The Committees meet regularly to review issues impacting plant safety and employee health. Regular health checkup of the employees is carried out through tie-up with reputed hospitals. Various training programs are conducted at the plant on health and safety issues including emergency preparedness, work safety, first-aid, etc.

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Environment

Company continuously endeavors to enhance Environmental Management and through all activities demonstrates its commitment to protect the environment. The factories of the Company are equipped with modern Effluent Treatment Plants for treating and discharging treated water with parameters well within the norms laid down by the Tamil Nadu State Pollution Control Board. The emissions from the boilers and generator stacks are regularly monitored for compliance. Various energy saving measures and efficiency improvement activities adopted by the Company have reduced the consumption of fuels compared to previous years. Action plans are being pursued to reduce consumption of water further in the coming years.

Your Company has complied with all the applicable Environmental and Labour Laws. Company continues to be certified under ISO 9001:2008 Standard for manufacture of denim and industrial fabrics. Company also holds approval of HOENSTEIN Textile Testing Institute, Germany for use of Oeko-Tex mark. Company has been complying with the relevant laws and has been taking all necessary measures to protect the environment and maximize protection and safety.

Sustainability

Company continues its efforts on sustainability initiatives in the fields of water and waste water treatment, zero discharge and environment protection to turn out sustainable products. Company had already obtained National Water Award from the Ministry of Water Resources for lower water consumption of water per meter of fabric. The partnership with The Ellen MacArthur Foundation will further usher more efforts on the sustainability front. Company hopes that these sustained efforts will enable it to augment sale of its fabrics as more countries will now look to India due to growing anti China sentiment.

Human Resource & Skill Development Initiatives

A large number of employees are attached with the Company for more than 30 years. Company imparts training on technical and work skills by conducting In house Training Programs and also sponsoring them to training programs organized by Industry & Trade Associations. Company encourages knowledge and skill development and sponsors staff for management development programs. The HR Team worked proactively for setting up processes to ensure the safety of the workforce when Corona virus broke out. The Senior Management Team was in constant communication with the staff and workforce to boost their morale during the lockdown period. Festival celebrations nurtured a healthy bonding amongst workforce. Industrial relations at all the manufacturing locations have been harmonious and peaceful.

Company employs people from more than 9 States who are all skilled under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) and KG Centurion Work Integrated and Advanced Skills Centre set up in association with Centurion University of Technology and Management for ITI/Vocational Training. The accent on skill development is continuous. Even during Covid times, Company retained major workforce with in the plant.

Dividend

No dividend is proposed considering the need to conserve funds for augmenting working capital margin.

Transfer of Amount to Reserves

Company does not propose to transfer any amount to General Reserve for the financial year ended 31st March 2021.

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Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as no dividend was declared and paid last year.

Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this Report.

Board Meeting

The Board met 6 times and the meetings were held on 13.04.2020, 20.04.2020, 24.06.2020, 01.10.2020, 08.01.2021 and 02.02.2021. The number of meetings directors attended is as follows.

Name of the Director	Category	No. of Meeting	No. of Meetings
Mr K G Balakrishnan	Chairman	6	6
Dr G Bakthavathsalam	Executive, Managing Director	6	6
Mr B Sriramulu	Executive, Managing Director	6	6
Mr B Srihari	Executive, Managing Director	6	6
Mr A Velusamy	Non-Independent, Non-Executive	6	6
Mr K N V Ramani	Independent, Non-Executive	6	6
Mr V Arunachalam	Independent, Non-Executive	6	6
Mr K B Nagendra Murthy	Independent, Non-Executive	6	4
Mrs Vanithamani	Director and Vice President - Marketing w.e.f 01.10.2020	6	2
Mr R Seenivasahan	Director and Vice President - Technical w.e.f 02.02.2021	6	-

Audit Committee Meeting

The Audit Committee Meeting held on 01.10.2020 and 02.02.2021. Composition of the Audit Committee as on 31st March, 2021 and the attendance during the year are as under:

Name of the Director	Position	Category	No. of Meeting held	No. of Meetings Attended
Mr K N V Ramani	Chairman	Independent, Non-Executive	2	2
Mr A Velusamy	Member	Non-Independent, Non-Executive	2	2
Mr K B Nagendra Murthy	Member	Independent, Non-Executive	2	2

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Nomination & Remuneration Committee Meeting

The Nomination & Remuneration Committee Meeting held on 01.10.2020 and 02.02.2021. Composition of the Nomination & Remuneration Committee as on 31st March, 2021 and the attendance during the year are as under:

Name of the Director	Position	Category	No. of Meeting held	No. of Meetings Attended
Mr K N V Ramani	Member	Independent, Non-Executive	2	2
Mr A Velusamy	Member	Non-Independent, Non-Executive	2	2
Mr K B Nagendra Murthy	Member	Independent, Non-Executive	2	2

Risk Management Committee Meeting

The Risk Management Committee Meeting held on 02.02.2021. Composition of the Risk Management Committee as on 31st March, 2021 and the attendance during the year are as under:

Name of the Member	Position	Category	No. of Meeting held	No. of Meetings Attended
Mr B Srihari	Chairman	Executive	1	1
Mr A Velusamy	Member	Non-Independent, Non-Executive	1	1
Mr G Krishnakumar	Member	Chief Financial Officer	1	1

Independent Directors Meeting

Independent Director's Meeting held on 02.02.2021. Composition of the Independent Director's as on 31st March, 2021 and the attendance during the year are as under:

Name of the Director	No. of Meeting held	No. of Meetings Attended
Mr K N V Ramani	1	1
Mr V Arunachalam	1	1
Mr K B Nagendra Murthy	1	1

Directors' responsibility statement

In compliance of Section 134(5) of the Companies Act, 2013 the Directors of your Company confirms:-

- a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) that the directors had selected such 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 and loss of the Company for that period;
- c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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- d) that the directors had prepared the annual accounts on a going concern basis;
- e) that the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) that 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.

Statement on Declaration given by Independent Directors under Sub-Section (7) of Section 149 of the Companies Act, 2013

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6).

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following members namely Mr K N V Ramani, Mr A Velusamy and Mr K B Nagendra Murthy.

Scope

1. Brief description of terms of reference:
2. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board for their appointment and removal;
3. Carry on the evaluation of every director's performance;
4. Formulation of the criteria for determining qualifications, positive attributes and independence of a director;
5. Recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
6. Formulation of criteria for evaluation of Independent Directors and the Board;
7. Devising a policy on Board diversity; and
8. Any other matter as the Board may decide from time to time.

Nomination and Remuneration policy

The objectives of the Policy

1. To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
2. To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies.
3. To carry out evaluation of the performance of Directors.
4. To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

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Particulars of Loans, Guarantees and Investments under Section 186 of Companies Act, 2013

The Company has not given any loans. The details of guarantee and investments made during the financial year ended on 31st March, 2021 are given in the Notes to Financial Statements in compliance with the provisions of Section 186 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) Rules, 2014.

There is no subsidiary or associates and joint ventures as per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. Hence Form AOC-1 is not applicable to the Company.

Particulars of Contracts and Arrangements with Related Parties Referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no material related party transactions with the Promoters, Directors or Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All related party transactions are placed before the Audit Committee and also to the Board for approval on a quarterly basis. Prior Omnibus approval of the Audit Committee is obtained on an annual basis for the transaction which are of a foreseen and repetitive nature. The transactions entered in to pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. None of the Directors has any pecuniary relationship or transactions vis-a-vis the Company.

The details of the related party transactions, as per requirement of Accounting Standards-18 are disclosed in notes to the financial statements of the Company for the financial year 2020-21. All the directors have disclosed their interest in Form MBP-1 pursuant to Section 184 of the Companies Act, 2013 and as & when any changes in their interest take place, such changes are placed before the Board at its meetings. None of the transactions with any of the related parties was in conflict with the interest of the Company. A statement in the prescribed Form AOC-2 as per Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed to this Report as **Annexure - 3**.

Annual Return

The Annual Return for financial year 2020-21 as per provisions of the Act and Rules thereto, is available on the Company's website at [https://www.kannapiran.co.in/MGT-7 Annual Return for the FY-2020-2021.pdf](https://www.kannapiran.co.in/MGT-7%20Annual%20Return%20for%20the%20FY-2020-2021.pdf).

Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo pursuant to provisions of Section 134(3)(m) of the Companies, Act, 2013 (Act) read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3) (m) of the Act read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 is prepared and the same is annexed as **Annexure -1** to this Report.

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Risk Management Committee

Risk Management Committee consists of the following persons namely Mr B Srihari, Chairman, Mr A Velusamy and Mr G Krishnakumar as members.

The Committee had formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat the risk. The Risk management procedure is reviewed by the Audit Committee and Board of Directors on a Quarterly basis at the time of review of Quarterly Financial Results of the Company.

Corporate Social Responsibility Committee

Corporate Social Responsibility is commitment of the Company to improve the quality of life of the workforce and also the community and society at large. The Company believes in undertaking business in such a way that it leads overall development of all stakeholders and society.

The Board of Directors of the Company has constituted Corporate Social Responsibility Committee consisting of the following persons namely Mr KG Balakrishnan, Mr K N V Ramani and Mr A Velusamy as members and adopted policy for Corporate Social Responsibility.

Corporate Social Responsibility policy was adopted by the Board of Directors on the recommendation of Corporate Social Responsibility Committee.

The Report on Corporate Social Responsibility (CSR) as per Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure -2.

Directors

Mr A Velusamy, Director retire by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Mr R Seenivasahan appointed as Additional Director at the Board Meeting held on 02.02.2021. He is seeking election as an Director at the ensuing Annual General Meeting.

Statutory Auditors

M/s Gopalaiyer and Subramanian [Firm Registration No: 000960S], Chartered Accountants, Coimbatore were appointed as Statutory Auditors of the Company at the AGM held on 21st September 2017 to hold office for five consecutive years from FY 2017-18. Accordingly M/s Gopalaiyer and Subramanian, Chartered Accountants will continue as Statutory Auditor of the Company till FY 2021-22. The requirement of seeking ratification of appointment of Statutory Auditors by members at each Annual General Meeting has been done away vide Notification dated May 7, 2018 issued by the Ministry of Corporate Affairs.

Auditor's Report

M/s Gopalaiyer and Subramanian [Firm Registration No: 000960S], Chartered Accountants, Coimbatore have issued Auditor's Report for the financial year ended 31st March 2021 and the Report does not contain any qualification or adverse remark and the same is attached with the Report.

Sri Kannapiran Mills Limited

Cost Auditor

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records every year.

The Board of Directors, on the recommendation of the Audit Committee, at their meeting held on 02.02.2021 appointed Shri M Nagarajan, Cost Accountant (Firm Registration Number 000088) as Cost Auditor to audit the cost accounts of the Company for FY 2021-22. As required under the Companies Act, 2013 a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, Company has appointed Mr. M.R.L Narasimha, Practising Company Secretary (CP No 799) for conducting the Secretarial Audit of the Company for the financial year ended 31.3.2021. The Secretarial Audit Report issued by Mr M.R.L Narasimha is annexed as Annexure - 4 to this Report.

Internal control systems and their accuracy

The Company has a proper and adequate internal control system to ensure that all the assets are safe guarded and protected against the loss from unauthorized use or disposition and that all transactions are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Vigil Mechanism /Whistle Blower Policy:

The Board of Directors has adopted a Whistle Blower Policy which is hosted on the Company's website. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. All permanent employees of the Company are covered under the Whistle Blower Policy.

A mechanism has been established for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases.

Environment

Company is primarily focused on Environmental Management System. It ensures that the manufacturing is carried or without affecting the environment both in the working area and the surrounding.

Policy on Sexual Harassment

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year ended 31st March, 2021, the Company has not received any complaints pertaining to sexual harassment.

Sri Kannapiran Mills Limited

Legal Requirements

Company is conscious of improving the occupational and personal health of all its employees. In addition to the medical camps, Company regularly organizes Employees Health Check up Programs from outside hospitals on an annual basis.

Company provides a safer work environment for its employees. Basic equipments are provided to ensure safety from fire. Awareness classes are being conducted periodically with the help of External Agencies about basis safety, fire fighting, mock drills, mass evacuation, first aid etc.,

Insurance

All the properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured.

Finance

Your Directors acknowledge with gratitude, the valuable assistance and support extended by our Bankers for term loans and working capital i.e., Indian Bank, Central Bank of India, The South Indian Bank Limited, State Bank of India, Canara Bank, Punjab National Bank (erstwhile Oriental Bank of Commerce) and Indian Overseas Bank.

Material changes and commitments

There are no material changes and commitments in the business operations of the Company from the financial year ended 31st March, 2021 to the date of signing of the Director's Report.

Significant and material orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. There are no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

Personnel

The Industrial relations were cordial during the year under review.

Particulars of Employees

During the year under review there were no employees in receipt of remuneration covered by Section 197(12) read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Acknowledgement

Your Directors place on record their sincere thanks to the Banks for their continued support and also express their appreciation for the co-operation extended by the employees at all levels.

Our prayers to Lord Then Thirumalai Shri Venkatachalapathy, Lord Muruga and Goddess Sri Saradambal for the continued prosperity of the Company.

Coimbatore
03.08.2021

For and on behalf of the Board
KG Balakrishnan
Chairman
DIN : 00002174

Sri Kannapiran Mills Limited

ANNEXURE 1

Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo pursuant to provisions of Section 134(3)(m) of the Companies, Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

A. Conservation of Energy

Steps taken or impact on conservation of energy	<p>Spinning:</p> <p>Automation and optimization of Humidification plant operation and balancing of Exhaust air volume. Variable speed drives installation in spinning machines. Compressor Air leakage correction. Optimization of Compact suction pressure. Installation of high efficient motors in open end spinning machines.</p> <p>Weaving:</p> <p>Humidification plant automation. Pneumatic No Loss Drain system in Compressor. LED lighting system. Installation of vertical pumps with horizontal pumps to save energy and maintenance. Warping brake system modification.</p>
Steps taken by the Company for utilizing alternative sources of energy	Company has multiple sources of power viz., natural gas, wind, bio gas, solar and EB & DG.
Capital investment on energy conservation equipments	₹ 23.99 lakhs

B. Technology absorption

- (i) The efforts made towards technology absorption; Indigenous technology is only used.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution;
Company's own Research and Development department continues its activities in the field of process control, quality improvement, product development /diversifications and cost reduction resulting in considerable improvement in productivity and quality.
- (iii) Details of technology imported during the last three years : Nil
 - (a) The details of technology imported;
 - (b) The year of import;
 - (c) Whether the technology been fully absorbed;
 - (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.
- (iv) The expenditure incurred on Research and Development.
The Company is having its own Research and Development department and its expenses have been included in employee cost and other expenses.

Sri Kannapiran Mills Limited

C. Foreign Exchange Earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

(₹ in Lakhs)

	31.3.2021	31.3.2020
Used	107	184
Earned	4656	4511

Coimbatore
03.08.2021

For and on behalf of the Board
KG Balakrishnan
Chairman
DIN : 00002174

Sri Kannapiran Mills Limited

ANNEXURE 2

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) as per rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014.

1. Brief outline on the Corporate Social Responsibility (CSR) Policy of the Company
The CSR Policy is available on the Company's Website www.kannapiran.co.in. The Company had proposed to undertake activities relating to rural development including livestock development, community irrigation, water conservation etc.

2. Composition of CSR Committee

Sl. No	Name of Director	Designation /Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the Year
1	Mr K G Balakrishnan	Director	2	2
2	Mr K N V Ramani	Independent Director	2	2
3	Mr A Velusamy	Director	2	2

3. The web-link where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are discussed on the Website of the Company

The composition of CSR Committee – [https://www.kannapiran.co.in/coomposition of the Committees of the Board](https://www.kannapiran.co.in/coomposition%20of%20the%20Committees%20of%20the%20Board)

CSR Policy - [https://www.kannapiran.co.in/CSR Policy.pdf](https://www.kannapiran.co.in/CSR%20Policy.pdf)

CSR Projects as approved by the Board : <https://www.kannapiran.co.in/csr>

4. The details of impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of the rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 if applicable

Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial years if any.

Not applicable

6. Average Net Profit of the Company as per Section 135(5) ₹ 662.95 lakhs

7.
 - a) Two percent of average net profit of the Company as per Section 135(5) - ₹ 13.26 lakhs
 - b) Surplus arising out of the CSR Projects or Programmes or activities of the previous financial year – ₹ Nil
 - c) Amount required to be set off for the financial year - ₹ Nil
 - d) Total CSR obligation for the Financial Year (7a+7b-7c) - ₹ 13,26,000

Sri Kannapiran Mills Limited

8. a) CSR amount spent or unspent for the financial Year

Total Amount spent for the Financial year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
13,26,000	Nil	Nil	Nil	Nil	Nil

b) Details of CSR amount spent against ongoing projects for the financial year

1	2	3	4	5		6	7	8	9	10	11	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of implementation Direct Yes/No	Mode of implementation through Implementing Agency	
				State	District						Name	CSR Registration Number
1	Kitchen Waste Bio Gas Unit	iv	No	Tamil Nadu	Ramanathapuram	1 Year	6,65,000	6,65,000	Nil	No	Sri Kannapiran Mill Trust Foundation	CSR0000 3019

c) CSR amount spent against other than ongoing projects for the financial year

1	2	3	4	5		6	7	8	
Sl.No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation Direct Yes/No	Mode of implementation through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Healthcare	i)	Yes	Tamil Nadu	Coimbatore	6,61,000	Yes	-	-

Sri Kannapiran Mills Limited

- d) Amount spent in Administrative Overheads - Nil
- e) Amount spent on Impact Assessment, if applicable – Not Applicable
- f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 13.26 lakhs
- g) Excess amount for set off, if any – Not Applicable

9. a) Details of Unspent CSR amount for the preceding three financial years - Nil

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in ₹)	Amount Spent in the report Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6) , if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in Rs.)	Date of Transfer	
-	-	-	-	-	-	-	-

b) Details of CSR amount spent in the financial year for ongoing Projects of the preceding financial year(s) - Nil

1	2	3	4	5	6	7	8	9
Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the Project Completed/ Ongoing
-	-	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.(asset wise details)

- a. Date of creation or acquisition of capital asset(s) – Not Applicable
- b. Amount of CSR spent for creation or acquisition of capital asset – Not Applicable
- c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc., - Not Applicable
- d. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) – Not Applicable

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) – Not Applicable

Coimbatore
03.08.2021

KG Balakrishnan
Chairman of CSR Committee

B Srihari
Managing Director

Sri Kannapiran Mills Limited

ANNEXURE 3 FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions not at arm's length basis

2. Details of material contracts or arrangement or transactions at arm's length basis

S. No.	Name of the related party and nature of relationship	Nature of Contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances if any
1.	K G Denim Limited Section 2(76)(v) Public Company in which a Directors holds along with his relatives more than 2% of its paid up share capital.	Sale of Goods Provision of Services Purchase of Power and Goods Receipt of Services and Payment of lease rent	3 years till 31.03.2023	Transactions covered under Section 188(1)(d) of Companies Act, 2013. For the year 2020-2021 Conversion Charges(Receipt) ₹ 1136.55 lakhs Conversion Charges Paid ₹ 41.43 lakhs Purchase of Power and Goods ₹ 531.74 lakhs Sale of Goods ₹ 3103.99 lakhs Payment of Lease Rent ₹ 0.75 lakhs	01.10.2020 02.02.2021	Nil

Coimbatore
03.08.2021

For and on behalf of the Board
KG Balakrishnan
Chairman
DIN : 00002174

Sri Kannapiran Mills Limited

ANNEXURE 4 Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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,
Sri Kannapiran Mills Limited
CIN: U1711TZ1946PLC000188
Sowripalayam, Coimbatore-641028.

I have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by Sri Kannapiran Mills Limited (hereinafter called "the Company") during the financial year from 1st April,2020 to 31st March, 2021 ("the year"/ "audit period"/ "period under review"). I conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company during the year as well as after 31st March 2021 but before the issue of this audit report and the information provided by the Company, its officers, agents and authorised representatives during my conduct of the Secretarial Audit.

1. I hereby report that:

- 1.1. In my opinion, during the audit period covering the financial year ended on 31st March 2021, the Company has complied with the statutory provisions listed here under and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter. The Members are requested to read this report along with my letter of even date annexed to this report as Annexure –A.
- 1.2. I have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions of:
 - (i) The Companies Act, 2013 (the Act), and the rules made thereunder.
 - (ii) The Depositories Act, 1996 and the regulations and bye-laws framed there under.
 - (iii) The following laws, that are specifically applicable to the Company:
 - (a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17th April, 2003); and
 - (b) The Electricity Act, 2003.
- 1.3. I have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards (SS-1) on "Meetings of the Board of Directors" and Secretarial Standards (SS-2) on "General Meetings" issued by The Institute of Company Secretaries of India .
- 1.4. During the period under review, and also considering the compliance related action taken by the Company after 31st March 2021 but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the applicable provisions/Clauses of the Acts, Rules, Regulations, Agreements, Guidelines and Standards mentioned under paragraphs 1.2 and 1.3 above.

Sri Kannapiran Mills Limited

1.5. I am informed that, during/in respect of the year:

- (i) The following Acts / Regulations and Guidelines are not applicable:
 - a) Securities Contracts (Regulations) Act, 1956 and the Rules made thereunder.
 - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (ii) Due to non-occurrence of certain events, the Company was not required to comply with the following laws / guidelines / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
 - a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iii) There was no law, other than those specified in paragraph 1.2 (iii) above, that was specifically applicable to the Company, considering the nature of its business. Hence the requirement to report on compliance with specific laws did not arise.

2. I further report that:

- 2.1 The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also have one Woman Director.
- 2.2 Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent atleast seven days before the Board meetings with the exception of the following items, which were either circulated separately or at the meetings:
 - (i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited accounts/ results, unaudited financial results and connected papers; and
 - (ii) Additional subjects/ information / presentations and supplementary notes.Consent of the Board for circulating them separately or at the meeting was duly obtained as required under the Secretarial Standards.
- 2.3 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters discussed during the year that were required to be captured and recorded as part of the minutes.

Sri Kannapiran Mills Limited

3. I further report that:

3.1 There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Coimbatore

Date: 03.08.2021

M.R. L. Narasimha

Practising Company Secretary

Membership No : 2851

Certificate of Practice No. : 799

UDIN:- F002851C000731040

Peer Review No:-517/2017

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To,
The Members,
Sri Kannapiran Mills Limited,
CIN: U1711TZ1946PLC000188
Sowripalayam, Coimbatore - 641 028.

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2021 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed such audit practices and processes as I considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also considered compliance related action taken by the Company after 31st March 2021 but before the issue of this report.
4. I have verified the secretarial records furnished to me on a test basis to see whether the correct facts are reflected therein. I also examined the compliance procedures followed by the Company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
5. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. I have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
7. My 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: 03.08.2021

M.R. L. Narasimha

Practising Company Secretary

Membership No : 2851

Certificate of Practice No. : 799

UDIN:- F002851C000731040

Peer Review No:-517/2017

Sri Kannapiran Mills Limited

INDEPENDENT AUDITOR'S REPORT

To

The Members of SRI KANNAPIRAN MILLS LIMITED, Coimbatore.

We have audited the financial statements of M/s SRI KANNAPIRAN MILLS LIMITED ("the Company"), which comprise the Balance sheet as at 31st March 2021, and the statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2021, and profit 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Emphasis of Matter

- a. As more specifically explained in Note No 19 to the financial statements, the Company has made a detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 pandemic which may be different from that estimated as at the date of approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Our opinion is not modified in respect of this matter.

Sri Kannapiran Mills Limited

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our 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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

Sri Kannapiran Mills Limited

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

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

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

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

Sri Kannapiran Mills Limited

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**", statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act; and
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company did not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants
(Firm Registration Number: 000960S)

(Sd/-) **CA.R.MAHADEVAN**
Partner

(Membership No. 027497)
UDIN : 21027497AAAANW9059

Place: Coimbatore
Date : 03.08.2021

Sri Kannapiran Mills Limited

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report to the members of M/s **SRI KANNAPIRAN MILLS LIMITED** of even date)

1. In respect of the Company's fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

Pursuant to the program, certain fixed assets were physically verified by the management during the year. 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, the records examined by us, and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, which are free hold, are held in the name of the Company as at the balance sheet date.
2. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us and as examined by us, no material discrepancies were noticed on such verification.
 3. According to information and explanation given to us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, paragraph 3 (iii) of the order is not applicable.
 4. In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the order is not applicable.
 5. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits other than directors and accordingly paragraph 3 (v) of the order is not applicable.
 6. The Central Government has prescribed maintenance of Cost Records under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the accounts and cost records of the Company maintained in pursuant to Companies (Cost Records and Audit) Rules 2014 as amended by the Central Government under sub-section (1) of Section 148 of Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and cost records have been made and maintained. We have not however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

Sri Kannapiran Mills Limited

7. In respect of statutory dues:

- (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, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited during the year 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, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31st 2021 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.
8. In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any financial institutions or banks or any government or any debenture holders during the year. Accordingly, paragraph 3 (viii) of the order is not applicable.
9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not taken any term loans during the year. Accordingly, paragraph 3 (ix) of the order is not applicable.
10. To the best of our knowledge and 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.
11. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company and accordingly, paragraph 3 (xii) of the order is not applicable to the Company.
13. 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 section 177 and 188 of the Act. where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. 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.
15. 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 non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the order is not applicable.

=====**K**==== **Sri Kannapiran Mills Limited** =====

16. According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants
(Firm Registration Number: 000960S)

(Sd/-) **CA.R.MAHDEVAN**
Partner
(Membership No. 027497)

Place: Coimbatore
Date : 03.08.2021

ANNEXURE “B” TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 2 (f) under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report of the even date to the members of M/s SRI KANNAPIRAN MILLS LIMITED on the financial statements for the year ended March 31, 2021.

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of section 143 of the Act.

We have audited the internal financial controls over financial reporting of M/s SRI KANNAPIRAN MILLS LIMITED (“the Company”) as of March 31, 2021 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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 act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing deemed to be prescribed under Section 143 (10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial controls system over financial reporting.

Sri Kannapiran Mills Limited

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transaction 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 accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition ,use ,or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting.

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **GOPALAIYER AND SUBRAMANIAN**
Chartered Accountants
(Firm Registration Number: 000960S)

(Sd/-) **CA.R.MAHADEVAN**
Partner
(Membership No. 027497)

Place: Coimbatore
Date : 03.08.2021

Sri Kannapiran Mills Limited

Balance Sheet as at 31st March, 2021

(₹ in Lakhs)

Particulars	Note No.	31-03-2021	31-03-2020
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	6 77.00	6 77.00
Reserves and Surplus	3	82 51.50	80 23.14
Non-Current Liabilities			
Long Term Borrowings	4	46 63.54	32 92.06
Deferred Tax Liabilities (Net)	5	10 87.62	9 95.76
Other Payable	6	3 97.03	2 88.79
Long Term Provisions	7	4 05.39	4 15.18
Current Liabilities			
Short Term Borrowings	8	56 72.42	71 77.69
Trade Payables	9	51 67.37	71 23.25
Due to Micro, Small & Medium Enterprises	9	18.76	23.90
Other Current Liabilities	10	2564.56	20 13.20
Short-Term Provisions	11	39.43	20.90
TOTAL		289 44.62	300 50.87
ASSETS			
Non-Current Assets			
Fixed Assets			
(a) Tangible Assets (Property, Plant & Equipments)	12	136 10.80	141 53.99
(b) Intangible Assets		0.05	0.05
(c) Capital Work-in-Progress		--	--
Non-current investments	13	5 67.95	5 67.92
Long-Term Loans and Advances	14	11 29.56	10 55.57
Other Non Current Assets	15	3 16.67	2 14.49
Current Assets			
Inventories	16	64 51.33	60 32.45
Trade Receivables	17	46 34.07	51 45.50
Cash and Cash Equivalents	18	4 30.22	4 73.90
Short-Term Loans and Advances	19	15 31.07	21 67.93
Other Current Assets	20	2 72.90	2 39.07
TOTAL		289 44.62	300 50.87
Significant Accounting Policies	1		
Additional information to Financial statement	28		

see accompanying notes to the financial statements

(Sd/-) **KG Balakrishnan**

Chairman

DIN No : 00002174

In terms of our Report of even date

For Gopalaier and Subramanian

Firm Regd. No.000960S

Chartered Accountants

(Sd/-) **CA R Mahadevan**

Coimbatore

03.08.2021

Partner

Membership No. 027497

(Sd/-) **B Sriramulu**

Managing Director

DIN No : 00002560

(Sd/-) **G Krishnakumar**

Chief Financial Officer

(Sd/-) **B Srihari**

Managing Director

DIN No : 00002556

(Sd/-) **K Jayaraj**

Company Secretary

Sri Kannapiran Mills Limited

Statement of Profit and Loss for the year ended 31st March, 2021

(₹ in Lakhs)

Particulars	Note No.	31-03-2021	31-03-2020
REVENUE			
Revenue from Operations	21	252 95.13	30 384.10
Other Income	22	1 93.04	1 62.13
Total Revenue		254 88.17	305 46.23
EXPENSES			
Cost of Materials consumed	23	120 31.04	151 33.34
Purchases of Stock in Trade		10 34.29	15 68.86
Changes in Inventories of Finished Goods and Work-in-Progress	24	12 96.28	-3 06.70
Power & Fuel		25 35.19	35 49.41
Employee Benefits Expense	25	34 54.97	44 21.97
Finance Costs	26	17 66.86	18 91.03
Depreciation		7 57.83	7 81.75
Other Expenses	27	22 91.47	34 24.53
Total Expenses		251 67.93	304 64.19
Profit Before Tax		320.23	82.04
Tax Expense:			
Current Tax (MAT)		-50.65	-10.30
(Less) : Mat Credit Entitlement		50.65	10.30
Deferred Tax Liability		-91.87	-114.67
Income Tax for Prior Year		-	-13.68
Profit After Tax		2 28.36	-46.30
Earnings per Equity Share			
Basic and Diluted Earnings per Share (in ₹)		4.21	(0.85)
(Face value ₹ 10/- per Share)			
Significant Accounting Policies	1		
Additional Information to Financial statements	28		

see accompanying notes to the financial statements

(Sd/-) **KG Balakrishnan**

Chairman

DIN No : 00002174

In terms of our Report of even date

For **Gopalaier and Subramanian**

Firm Regd. No.000960S

Chartered Accountants

(Sd/-) **CA R Mahadevan**

Coimbatore

03.08.2021

Partner

Membership No. 027497

(Sd/-) **B Sriramulu**

Managing Director

DIN No : 00002560

(Sd/-) **G Krishnakumar**

Chief Financial Officer

(Sd/-) **B Srihari**

Managing Director

DIN No : 00002556

(Sd/-) **K Jayaraj**

Company Secretary

Sri Kannapiran Mills Limited

Cash Flow Statement for the year ended 31st March 2021

(₹ in Lakhs)

PARTICULARS	31.03.2021	31.3.2020
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	3 20.23	82.05
Adjustments for:		
Depreciation	7 57.83	7 81.75
Profit on Sale of Assets	-27.67	-
Interest Income	-41.73	-32.25
Dividend Income	-	-24.50
Interest Paid	17 66.86	18 16.48
Operating profit before working capital changes	27 75.52	26 23.54
(Increase) / Decrease in Trade and Other Receivables	6 96.82	-2 74.94
(Increase) / Decrease in Inventories	-4 18.89	-5 57.24
Increase / (Decrease) in Trade and Other Payables	-12 81.67	3 13.54
Cash generated from operations	17 71.78	21 04.90
Direct Taxes Paid	2 43.30	-13.68
Net cash from Operating Activities	20 15.08	20 91.22
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	-2 28.36	-2 48.17
Proceeds from Sale of Fixed Assets	41.40	44.67
Sale of Investments	-	13.11
Purchase of Investment	-0.03	--
Interest Received	39.89	40.67
Dividend Received	-	24.50
Net Cash Used in Investing Activities	-1 47.10	-1 25.22
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Long Term Borrowings Received	29 78.49	6 68.02
Long Term Borrowings Repaid	-16 07.01	-10 87.72
Short Term Borrowings	-15 05.28	2 52.83
Interest Paid	-17 77.87	-18 16.48
Buy back of Shares	--	--
Net Cash Used In Financing Activities	-19 11.67	-19 83.36
Net Increase In Cash And Cash Equivalents	-43.69	-17.37
Cash and cash equivalents at beginning of the period	4 73.90	4 91.27
Cash and cash equivalents at end of the period	4 30.22	4 73.90
Components of Cash and cash equivalents as at 31st March 2021		
Cash and cheques on hand	24.73	25.53
In Current Account	36.99	32.09
In Deposit Account	3 68.50	4 16.28
	4 30.22	4 73.90

see accompanying notes to the financial statements

(Sd/-) **KG Balakrishnan**

Chairman

DIN No : 00002174

In terms of our Report of even date

For Gopalaier and Subramanian

Firm Regd. No.000960S

Chartered Accountants

(Sd/-) **CA R Mahadevan**

Coimbatore

03.08.2021

Partner

Membership No. 027497

(Sd/-) **B Sriramulu**

Managing Director

DIN No : 00002560

(Sd/-) **G Krishnakumar**

Chief Financial Officer

(Sd/-) **B Srihari**

Managing Director

DIN No : 00002556

(Sd/-) **K Jayaraj**

Company Secretary

Sri Kannapiran Mills Limited

1. Significant Accounting Policies

(In the order of applicability of Accounting Standards)

AS-1 DISCLOSURE AND BASIS OF ACCOUNTING

- a) The Financial Statements have been prepared under the Historical cost convention in accordance with the provisions of the Companies Act, 2013 and accounting principles generally accepted in India and comply with the Accounting Standards as prescribed under 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of Companies Act, 2013 to the extent notified. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.
- b) The Company has been consistently following the accrual basis of accounting in respect of its Income and Expenditure.
- c) The Accounts are prepared on the basis of Going Concern concept only.

AS-2 VALUATION OF INVENTORIES

Inventories are valued at lower of cost and net realizable value, where

- a) Cost of raw materials is determined on specific identification method
- b) Stock of stores, spares and packing materials is determined on weighted average method.
- c) Finished goods and work in progress is determined under FIFO method where cost includes conversion and other costs incurred in bringing the inventories to their present location and condition.

AS-3 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, where by the profit before tax is adjusted for the effect of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. Cash and Cash equivalent include cash on hand and balances with banks in current and deposit accounts with necessary disclosure of cash and cash equivalent balances that are not available for you by the Company.

AS-5 NET PROFIT/LOSS FOR THE PERIOD AND PRIOR PERIOD ITEMS

All items of income and expenses pertaining to the year are included in arriving at the net profit for the year unless specifically mentioned elsewhere in the financial statement or as required by Accounting Standards.

AS-6 DEPRECIATION ACCOUNTING

Depreciation on Fixed Assets has been provided on Straight line basis based on the balance useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 effective from 01/04/2014. Depreciation on machinery & electrical machinery has been provided base on useful lives as applicable continuous process. In respect of additions and sales, pro rata depreciation is calculated from the date of purchase or to the date of sale as the case may be.

AS-9 REVENUE RECOGNITION

- a) Revenue from sale transactions is recognised as and when the property in the goods sold is transferred to the buyer for a definite consideration. Revenue from service transactions are recognised on the completion of the contract at the contracted rate and when there is no uncertainty regarding the amount of consideration or collectability.
- b) Direct Sales as reported are net of Sale Tax.
- c) Proceeds of export sales of yarn are accounted on the basis of credit given by our bankers.
- d) Export incentives under DEPB licence and premium on transfer of Export incentives are accounted on accrual basis.
- e) Dividend income from investments is accounted in the year in which it is actually received.
- f) Revenue from Carbon credits are recognized based on issuance of CER certificate by UNFCEC
- g) Other incomes are accounted on accrual basis.

AS-10 ACCOUNTING FOR FIXED ASSETS

The cost of fixed assets is shown at historical cost less accumulated depreciation.

AS-11 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the prevailing exchange rates at the time of initial recognition. Exchange differences arising on final settlement are recognized as income or expense in the profit and loss account. Outstanding balances of monetary items denominated in foreign currency are restated at closing exchange rates.

The premium or discount arising at the inception of forward exchange contracts is accounted as income or expense over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense in the period in which they arise.

AS-13 ACCOUNTING FOR INVESTMENTS

Long term investments are stated at cost. A provision for diminution, if any, is made to recognise a decline, other than temporary, in the value of long term investments.

AS-15 EMPLOYEE BENEFITS

- a) Short term employee benefits (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are accounted on accrual basis.
- b) **Defined Contribution Plans**
Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund and ESIC are recognized in the profit and loss account.
- c) **Defined Benefit Plans**
Company's liabilities towards gratuity is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits becomes vested. Actuarial gains or losses are recognized immediately in the statement of profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate

AS-16 BORROWING COSTS

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

AS-19 LEASES

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis over the lease term.

AS-20 EARNING PER SHARE

The earning considered in ascertaining the Company's earnings per share comprises of Net Profit after tax and includes post tax adjustments of prior period and extra-ordinary items.

AS-22 ACCOUNTING FOR TAXES ON INCOME

Deferred tax resulting from timing differences between book and tax profits is accounted under liability method at enacted or substantively enacted rate as on the balance sheet date. Deferred tax asset, other than those arising on account of unabsorbed depreciation or carried forward of losses under tax loss, are recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Deferred tax asset, arising on account of unabsorbed depreciation or carried forward of losses under tax loss, are recognised and carried forward subject to consideration of prudence only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

Current tax is determined at the amount of tax payable in respect of estimated taxable income for the year.

AS-26 INTANGIBLE ASSETS

Software is being amortised over a period of 1-3 years depending on the licenses of the respective software.

AS-28 IMPAIRMENT OF ASSETS

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss account in the year in which an asset is identified as impaired.

AS-29 PROVISIONS, CONTINGENT LIABILITY AND CONTINGENT ASSETS

- a) Provisions involving degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources.
- b) Contingent liabilities in respect of show cause notice received are considered only when they are converted to demands. Contingent liabilities are disclosed by way of notes to accounts.
- c) Contingent liability under various fiscal laws includes those in respect of which the Company/department is in appeal.

OTHERS

SUNDRY DEBTORS AND ADVANCES

Specific debts and advances identified as irrecoverable are written off.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the estimates is recognized prospectively.

Sri Kannapiran Mills Limited

Notes forming part of financial statements

(₹ in Lakhs)

	Numbers 31.03.2021	Numbers 31.03.2020	Amount 31.03.2021	Amount 31.03.2020
2. SHARE CAPITAL				
Number and amount of Equity Shares Authorized (Face Value ₹ 10 each)	27000000	27000000	2700.00	2700.00
Number and amount of Preference Shares Authorized (Face Value ₹ 100 each)	600000	600000	600.00	600.00
Number and amount of Equity Shares Issued	5503024	5503024	550.30	550.30
Number of Equity Shares Subscribed and Fully Paid up	3626479	3636479	362.65	363.65
Add: Forfeited Shares	--	--	0.01	0.01
Less: Reduction on account of amalgamation	--	10000	0.00	1.00
Total	3626479	3626479	362.66	362.66
Equity Shares - Allotted on account of Amalgamation	1793449	1793449	179.34	179.34
	5419928	5419928	542.00	542.00
Number and amount of Preference Shares issued and Fully Paid up				
Preference Share Capital Allotted on account of Amalgamation	135000	135000	135.00	135.00
Total	5554928	5554928	677.00	677.00
Reconciliation of number of shares				
Number of Equity Shares at the beginning	3626479	3626479		
Add : Alloted on Account of Scheme of Amalgamation	1793449	1793449		
Number of Equity Shares at the end of the reporting period	5419928	5419928		
Shareholders holding more than 5 percent Equity shares				
	No of Shares	No of Shares	2021	2020
Mr B Srihari	799422	205962	14.75%	5.66%
Mr KG Balakrishnan	670434	791516	12.37%	21.76%
Crocodile India Private Limited	500000	500000	9.23%	13.75%
Mrs B Sathyabama	433242	280742	7.99%	7.72%
Aadya Srihari	392315	108174	7.24%	2.98%
KG Denim Limited	331588	4588	6.12%	0.13%

Terms & Conditions of equity shares :

The Company has only one class of equity shares having a par value of Rs.10 per share. Each Shareholder is eligible for one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion of their share holding.

There are no shares allotted as fully paid without payments being received in cash, bonus shares or shares bought back immediately preceding five previous years. 46401 shares were bought back by the Company during the year The redemption of 6% Cumulative Redeemable Preference Shares to be allotted to Transferee Company will be on 31.3.2024 as per the earlier terms of issue.

Sri Kannapiran Mills Limited

Notes forming part of financial statements

		(₹ in Lakhs)	
		Amount	Amount
		31.03.2021	31.03.2020
3. RESERVES AND SURPLUS			
General Reserve			
As per last Balance Sheet	38 06.00	38 06.00	
	38 06.00	38 06.00	
Capital Redemption Reserve			
As per last Balance Sheet	4.64	4.64	
Surplus			
As per last Balance Sheet	12 06.15	12 52.44	
Add : Transfer from Profit & Loss statement	2 28.36	-46.29	
Closing balance	14 34.50	12 06.15	
Revaluation Reserve			
As per last Balance Sheet	13 92.25	13 92.25	
	13 92.25	13 92.25	
Capital Reserve			
As per last Balance Sheet	16 14.10	16 14.10	
	16 14.10	16 14.10	
	82 51.50	80 23.14	
NON CURRENT LIABILITIES			
4. LONG TERM BORROWINGS			
Secured			
Term Loans From Banks	42 42.88	26 66.21	
LC Liability for Capital Goods-Indian Bank	-	1 51.79	
Unsecured			
Long Term maturities of Finance lease obligations	8.20	1.41	
Inter Corporate deposits	3 66.21	4 26.40	
Performance Deposit	30.00	30.00	
Loans and advances from related parties-Deposits from Director-unsecured	16.25	16.25	
	46 63.54	32 92.06	

SECURITY CLAUSE AS AT 31.3.2021

1. FOR LOANS AVAILED BY SPINNING UNITS

Spinning units at 1) Sowripalayam, Coimbatore 2) Kempnaicken palayam, Annur 3) Then Tirumalai, Mettupalayam 4) Onapalayam, Coimbatore and Yarn processing unit at Kalapatti, Coimbatore.

Term Loans from Indian Bank amounting of ₹ 2702.25 lakhs, Term Loan from South Indian Bank of ₹ 154.52 lakhs, Term Loan from State Bank of India of ₹ 28.75 lakhs and Term Loan from Central Bank of India amounting of ₹ 264.13 lakhs are secured by first pari passu charge on a) all immovable properties situated at four spinning units as aforesaid and b) all plant and machineries including machineries and other movable assets(excluding vehicles charged to ICICI Bank) of four spinning units and yarn processing unit and second pari passu charge on stock in trade and book debts of four spinning units and yarn processing unit.

The Term Loans from Indian Bank, South Indian Bank, State Bank of India and Central Bank of India are also Guaranteed by Mr KG Balakrishnan, Chairman, Mr B Sriramulu and Mr B Srihari Managing Directors of the Company.

Sri Kannapiran Mills Limited

Notes forming part of financial statements

Term loan of Indian Bank ₹ 39.21 lakhs (PY ₹ 87.72 lakhs) is repayable in 5 monthly installments ending August 2021 and carrying interest at 10.10% p.a. Term loan of Indian Bank ₹ 673.23 lakhs (PY ₹ 744.57 lakhs) is repayable in 43 monthly installments ending October 2025 and carrying interest at 10.20% p.a.

Term loan of Indian Bank ₹ 1095.43 lakhs (₹ 1075.91 lakhs) is repayable in 50 monthly installments ending May 2025 and carrying interest at 9.95% p.a.

CECLS Loan of Indian Bank ₹ 241.38 lakhs is repayable in 26 monthly installments ending May 2023 and carrying interest at 7.30% p.a.

IND-GECLS 2.0 WCTL of Indian Bank ₹ 653 lakhs is repayable in 48 monthly installments ending March 2026 and carrying interest at 8.30% p.a.

Term Loan of State Bank of India ₹ 28.75 lakhs (PY ₹ 54.56 lakhs) is repayable in 5 monthly installments ending Aug 2021 and carrying interest at 11.85% p.a.

CECLS Loan of Central Bank of India ₹ 66.13 lakhs is repayable in 8 monthly installments ending November 2021 and carrying interest at 8% p.a.

CGECL Term Loan of Central Bank of India ₹ 198 lakhs is repayable in 48 monthly installments ending March 2026 and carrying interest at 9.25% p.a.

Term Loan of The South Indian Bank Ltd ₹ 19.52 lakhs (PY ₹ 37.03 lakhs) is repayable in 5 monthly installments ending August 2021 and carrying interest at 10.70% p.a.

ECLGS WC Term Loan of The South Indian Bank Ltd ₹ 135 lakhs is repayable in 48 monthly installments ending March 2026 and carrying interest at 8.20% p.a.

Working capital facilities from Indian Bank Consortium (Indian Bank, Central Bank of India and The South Indian Bank Ltd) are secured by pari passu first charge on the entire current assets of the Company and pari passu second charge on all the immovable properties of four spinning units and plant and machineries of four spinning units and yarn processing unit (excluding vehicles charged to financiers). The entire working capital limit is also Guaranteed by Mr KG Balakrishnan, Chairman, Mr B Sriramulu and Mr B Srihari, Managing Directors.

There is no case of default as on the balance sheet date in repayment of loans and interest.

2 FOR LOANS AVAILED BY WEAVING UNIT AT SIPCOT INDUSTRIAL GROWTH CENTRE , PERUNDURAI

Term Loan from Canara Bank outstanding ₹ 373.41 lakhs is secured by first charge on the Second Dyeing & Sizing line together with other equipments acquired for the Expansion Scheme by hypothecation and equitable mortgage of leasehold rights of 32.825 acres of land at SIPCOT Industrial Growth Centre, Perundurai together with buildings and hypothecation of all plant and machinery (including equipments purchased for Effluent Treatment Project & Expansion Scheme) on first pari passu charge and pari passu second charge on the current assets.

CCS WC Demand Loan of ₹ 117 lakhs and GECL 2.0 WC Term Loan of ₹ 314 lakhs from Canara Bank, CECF Loan of ₹ 106 lakhs and GECL 2.0 WC Term Loan of ₹ 200 lakhs from Punjab National Bank and CCECL Loan of ₹ 190 lakhs and GECL 2.0 WC Term Loan of ₹ 378 lakhs from State Bank of India is secured by pari passu second charge on fixed assets including Second Dyeing & Sizing line together with other equipments acquired for the Expansion Scheme by hypothecation and equitable mortgage of leasehold

Sri Kannapiran Mills Limited

Notes forming part of financial statements

rights of 32.825 acres of land at SIPCOT Industrial Growth Centre, Perundurai together with buildings and hypothecation of all plant and machinery (including equipments purchased for Effluent Treatment Project & Expansion Scheme) and pari passu second charge on the current assets.

Corporate Loans from Indian Overseas Bank [outstanding ₹ 719.29 lakhs] are secured by an exclusive charge on one acre of land at Trichy Road, Coimbatore by way of equitable mortgage besides Corporate Guarantee of Sri Kannapiran Mills Limited.

Term loan of Canara Bank ₹ 373.41 lakhs [PY ₹ 420 lakhs] is repayable in 31 monthly installments ending by October 2022 and carrying interest at 12.70% p.a [PY 15.85% p.a]

CCS WC Demand Loan of Canara Bank ₹ 117 lakhs is repayable in 18 monthly installments ending by September 2022 and carrying interest at 8.35% p.a

GECL 2.0 WC Term Loan of Canara Bank ₹ 314 lakhs is repayable in 48 monthly installments ending by February 2026 and carrying interest at 7.95% p.a

CECF Loan of Punjab National Bank ₹ 106 lakhs is repayable in 18 monthly installments ending by June 2022 and carrying interest at 8.25% p.a

GECL 2.0 WC Term Loan of Punjab National Bank ₹ 200 lakhs is repayable in 48 monthly installments ending by December 2025 and carrying interest at 8.35% p.a.

CCECL Loan of State Bank of India ₹ 190 lakhs is repayable in 18 monthly installments ending by April 2022 and carrying interest at 7.25% p.a

GECL 2.0 WC Term Loan of State Bank of India ₹ 378 lakhs is repayable in 48 monthly installments ending March 2026 and carrying interest at 7.95% p.a

Corporate Loan II of Indian Overseas Bank ₹ 10.28 lakhs [PY ₹ 256.93 lakhs] is repayable in 5 monthly installments ending by August 2021 and carrying interest at 11.55% p.a.[PY 11.95% p.a]

Corporate Loan III of Indian Overseas Bank ₹ 609.10 lakhs [PY ₹ 694 lakhs] is repayable in 33 monthly installments ending by November 2022 and carrying interest at 11.55% p.a [PY 11.95% p.a]

GECL 2.0 WC Term Loan of Indian Overseas Bank ₹ 190 lakhs is repayable in 48 monthly installments ending March 2026 and carrying interest at 8.45% p.a.

Vehicle loan from Canara Bank is secured by hypothecation of the vehicle purchased out of the loan.

There is no delay in payment of term loan dues and interest payment as at 31.3.2021

Notes forming part of financial statements

Mr KG Balakrishnan, Chairman of the Company has given personal guarantee to all the Banks for the term loan and working capital facilities

Short Term Borrowings

Working Capital Limits from Canara Bank, Punjab National Bank and State Bank of India are secured by a first pari passu charge by way of hypothecation of entire current assets and further secured by a second pari passu charge on all the fixed assets at SIPCOT Industrial Growth Centre, Perundurai. The entire working capital limits are also Guaranteed by Shri KG Balakrishnan.

Sri Kannapiran Mills Limited

Notes forming part of financial statements

		(₹ in Lakhs)	
		31.3.2021	31.3.2020
5. DEFERRED TAX LIABILITIES			
Deferred Tax Asset:			
On account of Business Loss		7 41.67	8 42.02
Amalgamation Expenses		6.20	8.36
Provision for Gratuity		1 24.55	1 22.10
		8 72.42	9 72.49
Deferred Tax Liability:			
On account of Depreciation		19 60.04	19 68.25
		10 87.62	9 95.76
Net Deferred Tax Liabilities			
6. OTHER LONG TERM LIABILITIES			
Other Payables		3 97.03	2 88.79
		3 97.03	2 88.79
7. LONG TERM PROVISIONS			
Provision for Gratuity		4 05.39	4 15.18
		4 05.39	4 15.18
CURRENT LIABILITIES			
8. SHORT TERM BORROWINGS			
Secured			
Loans repayable on demand from Banks		56 72.42	71 77.69
		56 72.42	71 77.69
9. TRADE PAYABLES			
Due to Micro, Small & Medium Enterprises		18.76	23.90
Others		51 67.37	71 23.25
		51 86.12	71 47.15
10. OTHER CURRENT LIABILITIES			
Current maturities of long term debt		14 96.10	7 28.75
Current maturities of finance lease obligations		5.19	7.10
Interest accrued and due on borrowings		23.11	34.12
Advances from Customers		89.79	1 30.13
Other Payables		950.37	11 13.11
		25 64.56	20 13.20
11. SHORT-TERM PROVISIONS			
Provision for Employee Benefits :			
Provision for Gratuity		39.43	20.90
		39.43	20.90

Sri Kannapiran Mills Limited

Notes forming part of financial statements

(₹ in Lakhs)

12. FIXED ASSETS

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2020	Additions during the year	Sales during the year	As at 31.03.2021	Up to 31.03.2020	For the Year	Withdrawn during the Year	Upto 31.03.2021	As at 31.03.2021	As at 31.03.2020
Tangible Assets										
1. Land	18 35.55	-	-	18 35.55	-	-	-	-	18 35.55	18 35.55
2. Building	47 38.45	10.61	-	47 49.06	20 08.04	1 23.23	-	21 31.27	26 17.79	27 30.40
3. Machinery	1 91 61.52	1 91.70	1 73.55	1 91 79.67	1 03 83.77	5 18.99	1 64.87	1 07 37.89	84 41.78	87 77.75
4. Elec. Machinery	26 07.09	10.26	42.33	25 75.02	1 991.70	79.02	37.52	20 33.21	5 41.81	6 15.38
5. Furniture & Fixtures	4 13.27	0.19	-	4 13.46	3 90.44	2.43	-	3 92.87	20.59	22.83
6. Office Equipment	1 20.38	2.68	-	1 23.05	90.43	7.33	-	97.76	25.29	29.95
7. Motor Vehicles	2 93.95	12.93	4.69	3 02.19	1 53.87	26.83	4.46	1 76.24	1 25.95	1 40.08
8. Weighing Scale	20.25	-	-	20.25	19.24	-	-	19.24	1.01	1.01
9. Tools & Equipments	20.63	-	-	20.63	19.60	-	-	19.60	1.03	1.03
Intangible Assets	2 92 11.08	2 28.36	2 20.57	2 92 18.87	1 50 57.09	7 57.83	2 06.84	1 56 08.07	1 36 10.80	1 41 53.99
10. Software	7.12	-	-	7.12	7.07	-	-	7.07	0.05	0.05
TOTAL	2 92 18.20	2 28.36	2 20.57	2 92 25.99	1 50 64.16	7 57.83	2 06.84	1 56 15.14	1 36 10.85	1 41 54.04
Previous Year	2 91 96.17	2 48.17	2 26.15	2 92 18.20	1 44 59.42	7 81.95	1 77.21	1 50 64.16	1 41 54.04	1 47 36.76

Note : Office furniture Cost includes ₹ 78,39,677 towards cost of Jewels, Golden Charriot and Thoobasthambam of Prayer Hall, Then Thirumalai.

NON-CURRENT INVESTMENTS

13. INVESTMENTS IN EQUITY INSTRUMENTS (At Cost)	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Non Trade- Quoted-Fully Paid up	Face value	Nos.	Nos.	Amount
Rajshree Sugars and Chemicals Ltd.	10	5,000	5,000	0.50
IDBI Bank Limited	10	14,240	14,240	11.57
Indian Bank	10	1,000	1,000	0.91
The South Indian Bank Ltd	10	4,323	4,323	0.61
Trade Investments - Quoted				
K G Denim Limited	10	3,065,183	3,065,183	4 23.85
Trade Investments - Unquoted				
IEnergy Wind farms (Theni) Private Limited	10	1,500	1,170	0.15
Watsun Infrabuild Pvt Ltd	10	1,78,934	1,78,934	17.89
Arkay Energy (Rameswaram) Ltd	10	7,56,502	7,56,502	75.65
Arja Energys Pvt Ltd	10	2,50,000	2,50,000	25.00
Vishnuvimal Yarns India Pvt Ltd	10	26,000	26,000	2.60
Cotton Sourcing Company Limited	10	10,000	10,000	1.00
Non Trade Investments - Unquoted				
National Saving Certificate				0.25
Kannapiran Mills Employee's Co-op. Stores Limited				0.04
Investment in Partnership Firm				
M/s. K G House (Madras)				7.94
				5 67.95
Aggregate Value of quoted investments				
Cost				4 37.43
Market value				8 56.92
Aggregate amount of unquoted investments				1 22.58

Sri Kannapiran Mills Limited

Notes forming part of financial statements

		(₹ in Lakhs)	
		Amount	Amount
		31.03.2021	31.03.2020
14. LONG-TERM LOANS AND ADVANCES			
	(Unsecured, considered good)		
	Advances recoverable in cash or kind, for value to be received	75.50	74.94
	Security Deposits	87.20	28.35
	MAT Credit Entitlement	966.86	952.28
		1129.56	1055.57
15. OTHER NON CURRENT ASSETS			
	Long Term Trade Receivables	240.89	146.50
	TUF Subsidy Receivable	75.78	67.99
		316.67	214.49
16. INVENTORIES (At lower of cost or net realisable value)			
	Raw Materials		
	Cotton and Waste Cotton	2710.62	1201.25
	Yarn	837.64	619.10
	Work-in Progress	720.49	791.48
	Finished Goods - Yarn	697.00	1253.81
	Finished Goods - Fabrics	1107.66	1776.15
	Stock in Trade	40.00	40.00
	Stores and Spares	237.94	236.72
	Chemicals	99.99	113.95
		6451.34	6032.45
17. TRADE RECEIVABLES			
	(Unsecured, considered good)		
	Outstanding for a period exceeding six months from the due date	297.77	292.27
	Others	4336.30	4853.24
		4634.07	5145.51
18. CASH AND BANK BALANCES			
	Cash and Cash Equivalents		
	Balances with Banks		
	In Current Account	36.99	32.09
	Cash on hand	24.73	25.53
	Other Bank Balances		
	Deposits held as margin money	368.50	416.28
		430.22	473.90

Sri Kannapiran Mills Limited

Notes forming part of financial statements

(₹ in Lakhs)

	Amount 31.03.2021	Amount 31.03.2020
19. Short-Term Loans and Advances (Unsecured, Considered Good)		
Advances recoverable in cash or in kind, or for value to be received	12 93.97	16 30.71
Security Deposit	55.20	1 35.31
Prepaid expenses	1 07.91	84.61
Advance taxes (Net of Provisions therefor)	73.99	3 17.29
	15 31.07	21 67.93
20. OTHER CURRENT ASSETS		
Interest accrued on Bank Deposits	4.07	2.23
Income Receivable		
TUF Subsidy Receivable	66.48	84.20
Duty Draw Back Receivable	25.23	13.18
Conversion Charges Receivable	44.70	75.77
Excise Duty Receivable	0.20	0.20
GST Receivable	88.33	39.55
MEIS Premium Receivable	43.88	23.92
	2 72.90	2 39.06
21. Revenue from Operations		
a) Sale of Products		
Yarn	147 98.05	142 84.00
Glove	5 13.20	5 17.67
Fabric	81 10.32	118 44.53
Waste	68.14	1 47.18
	234 89.71	267 93.37
b) Sale of Services		
Conversion Charges-Others	17 04.38	34 40.84
	17 04.38	34 40.84
c) Other Operating Revenues:		
Export Incentives	1 01.04	1 49.89
	1 01.04	1 49.89
	252 95.13	303 84.10
22. Other Income		
Interest Income	41.73	32.25
Dividend Income	-	24.50
Rent Receipts	4.03	4.03
Profit on sale of assets	27.67	-
Foregin Exchange (gain) -Net	13.12	7.06
Miscellaneous receipts	1 06.49	94.29
	1 93.04	1 62.13

Sri Kannapiran Mills Limited

Notes forming part of financial statements

(₹ in Lakhs)

	Amount 31.03.2021	Amount 31.03.2020
23. Cost of Materials consumed		
Opening Stock		
Raw material - Cotton & Waste Cotton	18 10.23	15 94.50
Waste - Cotton	10.12	8.35
Add : Purchases - Cotton, Waste Cotton & Chemicals	137 70.15	153 87.52
	155 90.50	169 90.37
Less : Sale of Raw material	11.21	36.70
Less: Closing Stock		
Raw material - cotton & yarn	35 26.62	18 10.23
Waste - Cotton	21.64	10.12
	120 31.04	151 33.33
Details for Materials consumed		
Cotton, Waste cotton & yarn	113 82.25	139 78.67
Chemicals	6 48.79	11 54.66
	120 31.04	151 33.33
24. Changes in Inventory of Finished Goods and WIP		
Opening Stock		
Finished Goods - Yarn	12 40.52	9 07.97
Finished Goods - Fabrics	17 76.15	18 13.56
Finished Goods - Glove	13.29	47.89
Work in Process	7 91.48	7 45.32
Stock in Trade - Shares	40.00	40.00
	38 61.43	35 54.73
Closing Stock		
Finished Goods - Yarn	6 89.97	12 40.52
Finished Goods - Fabrics	11 07.66	17 76.15
Finished Goods - Glove	7.03	13.29
Work in Process	7 20.49	7 91.48
Stock in Trade - Shares	40.00	40.00
	25 65.15	38 61.43
Stock Increase (-)/Decrease (+)	12 96.28	-3 06.70
25. EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	29 88.86	39 12.52
Contribution to Provident and other funds	1 06.71	1 28.10
Gratuity expenses	22.31	15.66
Welfare expenses	2 92.01	3 20.43
Managerial Remuneration	45.08	45.27
	34 54.97	44 21.97

Sri Kannapiran Mills Limited

Notes forming part of financial statements

(₹ in Lakhs)

	Amount 31.03.2021	Amount 31.03.2020
26. FINANCE COST		
Interest on Working Capital	12 35.08	13 67.33
Interest on Term loans	4 54.90	4 49.16
Bank Charges	76.89	74.54
	17 66.86	18 91.03
27. OTHER EXPENSES		
Consumption of stores and spare parts	24.88	56.47
Consumption of packing materials	2 14.85	2 93.69
Repairs to buildings	1 01.43	1 34.13
Repairs to machinery	6 55.02	9 63.73
Insurance	76.59	39.17
Rates and taxes, excluding, taxes on income	68.76	59.94
Accountancy and Legal charges	51.73	91.43
Filing Fees	0.15	0.17
Brokerage & Commission	1 91.59	2 67.79
Selling Expenses	1 04.46	1 66.86
Research and Development Expenses	-	4.32
Carriage Outwards	1 63.83	1 60.36
Lease Rent	39.39	37.85
Auditors Remuneration		
Audit Fees	3.50	3.25
Tax Audit Fees	0.75	0.75
Certification Fees & Other Miscellaneous Fees	0.44	0.07
Sitting Fees	1.70	1.95
CSR Expenses	13.27	19.50
Processing Charges	2 21.60	6 33.63
Prayer Hall Expenses	37.07	35.94
Loss on Sale of Assets (Net)	-	3.96
Miscellaneous Expenses (Refer Note 22)	3 20.48	4 49.32
	22 91.47	34 24.53

28 Additional information to financial statement

- 1 Estimated amount of contracts remaining to be executed on capital accounts not provided for as on 31.03.2021 is ₹ 193.00 lakhs (31.03.2020 ₹ 87.93 lakhs).
- 2 Future Hire Purchase charges payable as on 31.03.2021 is ₹ 1.76 lakhs. (Previous year ₹ 0.58 lakhs)
- 3 Income-tax Assessment for the Assessment years 2019-20 and onwards pending.

Imports-CIF Basis

4.	a) Purchases	31.3.2021	31.03.2020
		(₹ in Lakhs)	
	i) Raw materials	--	--
	ii) Spares and components	106.23	147.39
	iii) Capital goods	-	6.10

Sri Kannapiran Mills Limited

	Imported	Indigenous	Imported	Indigenous
b) Consumption				
i) Raw materials Value	-	12031.05	-	15133.34
As a % of total raw material consumption	-	100%	-	100%
ii) Spares and components	71.97	607.92	144.57	896.84
As a % of total Spares and Components	10.59%	89.41%	13.88%	86.12%

	31.03.2021	31.03.2020
5. i) Expenditure in Foreign Currency		₹ in Lakhs
Travelling Expenses	1.33	30.87
ii) Earnings in Foreign Currency on Export of Goods - FOB Basis Direct Export	4655.80	4510.90
iii) Export through Merchant Exporters	-	4.04
iv) Interest on Foreign Currency Loan	--	--

6. 6 Years National Savings Certificate of ₹ 100/- has not been reflected in the Balance Sheet under the heading investments due to rounding off.

7. Particulars regarding investment in the capital of the Partnership Firm.

Name of the Firm	K G House (Madras)
Total Capital of the Firm	₹ 16,18,400/-

Name of the Partner	Capital contribution	Share ratio
The Kadri Mills (Cbe) Ltd *	₹ 7,93,800/-	49.0 %
Sri Kannapiran Mills Ltd	₹ 7,93,800/-	49.0 %
Sri Palanivel Murugan Co	₹ 7,700/-	0.5 %
Mr K Govindaswamy Naidu(deceased)	₹ 7,700/-	0.5 %
Mrs G Rukmaniammal(deceased)	₹ 7,700/-	0.5 %
Mrs G Seethalakshmi Ammal (deceased)	₹ 7,700/-	0.5 %

*The Kadri Mills (Cbe) Limited's (Demerged Company) Capital investment vested with M/s S.K.G.Mills Limited (Resulting Company) vide NCLT, Single Bench, Chennai. Demerger order CA/B7268/CAA/2017 dated 11.12.2017.

8. Foreign Exchange Fluctuation gain of ₹ 13.12 lakhs in respect of restatement of parties (after adjusting exchange fluctuation Loss of ₹ 13.64 lakhs in respect of purchase of spares and sale of exports) is accounted in Profit & Loss account.

9. Balance of certain Creditors, Debtors, Loans and Advances given are subject to confirmation and reconciliation with the respective Parties, however in the opinion of management, there would not be any material impact on financial statements.

10. The segmental reporting as required under AS-17 is not applicable as the Company operates in only one segment, i.e. Textile.

Sri Kannapiran Mills Limited

11. AS 15 Employee Benefits

A. Defined Benefit Plan

I. Principal Actuarial Assumptions	31.03.2021	31.03.2020
Discount Rate	6.80%	6.85%
Salary Escalation Rate	4.00%	4.00%
Attrition Rate	1.00%	1.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%
	(₹ in lakhs)	(₹ in lakhs)
II. Changes in the present value of the obligation (PVO) - Reconciliation of Opening and Closing Balances	Gratuity (Unfunded)	Gratuity (Unfunded)
PVO as at the beginning of the period	436.08	412.09
Interest Cost	29.85	32.01
Current Service Cost	39.80	37.42
Past Service Cost - (Non Vested Benefits)	0	0
Past Service Cost - (Vested Benefits)	0	0
Benefits Paid	-22.31	-34.41
Actuarial loss / (gain) on obligation (balancing figure)	-38.60	-11.02
PVO as at the end of the period	444.82	436.08
III. Changes in the fair value of plan assets - Reconciliation of opening and closing balances		
Fair value of the plan assets as at the beginning of the period	0	0
Expected return on plan assets	0	0
Contributions	0	0
Benefits paid	0	0
Actuarial gain / (loss) on plan assets (balancing figure)	0	0
Fair value of plan assets as at the end of the period	0	0
IV. Actual return on plan assets		
Expected return on plan assets	0	0
Actuarial gain / (loss) on plan assets	0	0
V. Actuarial gain / loss recognised		
Actuarial gain / (loss) for the period - Obligation	-38.60	-11.02
Actuarial gain / (loss) on plan assets	0	0
Total gain / (Loss) for the period	-38.60	-11.02
Actuarial gain / (loss) recognised in the period	-38.60	-11.02
Unrecognised actuarial (gain) / loss at the end of the year	5.53	5.53
VI. Expenses recognised in the statement of profit and loss		
Current service cost	39.80	37.42
Interest Cost	29.85	32.01
Expected return on plan assets	0	0
Net actuarial (gain)/loss recognised in the year	-38.60	-11.02
Expenses recognised in the statement of profit and loss	31.05	58.40
VII. Movements in the liability recognised in the balance sheet		
Opening Net Liability	436.08	412.09
Expense as above	69.65	69.43
Contribution paid	(22.31)	(34.41)
Closing Net Liability	444.82	436.08

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Note:

- i. The salary escalation considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- ii. Gratuity is based on last drawn basic salary. The scheme takes into account each completed year of service or part thereof in excess of six months.

B. Defined Contribution Plan

Contribution to Provident Fund	106.71	128.10
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12. AS-18 RELATED PARTY DISCLOSURES :

Names of related parties :

1. Key Management Personnel :
 - a. Dr G Bakthavathsalam, Managing Director
 - b. Mr B Sriramulu, Managing Director
 - c. Mr B Srihari, Managing Director
 - d. Mr A Velusamy, Director
 - e. Mrs Vanithamani, Director
 - f. Mr R Seenivasahan, Director
 - g. Mr G Krishnakumar, Chief Financial Officer
 - h. Mr K Jayaraj, Company Secretary

2. Relatives of Key Management Personnel :
 - a. Mr KG Balakrishnan
 - b. Mrs T Anandhi

3. Other Related Parties :
 - a. K G Denim Limited
 - b. Sri Balamurugan Textile Processing Limited
 - c. RND Softech Private Limited
 - d. Sri Karthikeya Spinning & Weaving Mills Private Limited

(₹ in Lakhs)

Particulars	Other Related Parties		Key Management Personnel		Relatives of Key Management Personnel	
	2021	2020	2021	2020	2021	2020
Purchase of Goods	125.57	133.18	-	-	-	-
Purchase of Power	408.43	608.95	-	-	-	-
Sale of Goods	3104.36	452.08	-	-	-	-
Conversion charges (Receipt)	1136.55	2785.09	-	-	-	-
Conversion Charges Paid	41.43	44.08	-	-	-	-
Managerial Remuneration	-	-	84.32	73.26	-	-
Sitting Fees	-	-	-	-	0.30	0.20
Lease Rent paid - Land / Building / Machinery	21.24	21.24	-	-	20.61	19.85
Interest paid on Intercompany Deposit	25.63	29.33	-	-	-	-
Balance Outstanding as on March 31st						
Payables	366.20	426.40	7.42	5.96	-	-
Receivables	940.68	1114.60	-	-	-	-

Sri Kannapiran Mills Limited

13. AS-19 LEASES

The Company's significant leasing arrangements are mainly in respect of Godown rent. The aggregate rentals payable on these leasing arrangements are charged as lease rent under other expenses.

(₹ in Lakhs)

Particulars	31.03.2021	31.03.2020
Not later than one year	28.46	38.56
Later than one year but not later than five years	34.50	10.15
Later than Five years	--	--

(₹ in Lakhs)

14. AS-20 EARNINGS PER SHARE

Particulars	31.03.2021	31.03.2020
Net Profit After Tax and adjustments	228.36	(46.30)
Weighted average No of Equity Shares	54,19,928	54,19,928
Basic & Diluted Earnings Per Share (Face value of ₹ 10/- each)	4.21	(0.85)

15. AS – 22 DEFERRED TAX LIABILITY

(₹ in Lakhs)

	Opening as on 01.04.2020	Adjustments made during the year	Closing as on 31.03.2021
Deferred Tax Liability			
Depreciation	1968.25	-8.21	1960.04
Total	1968.25	-8.21	1960.04
Deferred Tax Asset			
On Account of Lossess	842.02	-100.36	741.67
Provision for Gratuity (Net)	122.10	2.45	124.55
Amalgamation Expenses	8.36	-2.17	6.20
Total	972.49	-100.08	872.42
Net Deferred Tax Asset / (Liability)	(995.76)	(91.87)	(1087.63)

16. a) The Company had taken input credit on Furnace oil used for producing power in the year 2006-07 under Tamilnadu VAT act. The Commercial Tax Department, Tamilnadu disputed the above and demanded reversal of input tax credit of ₹ 57.69 Lakhs and the Company had filed an appeal with Madras High court and the same is pending. The Company had paid an amount of ₹ 20 lakhs in this regard "under protest". The Company has fair chances of winning the appeal and hence not provided the same in accounts.

b) TANGEDCO, Tamil Nadu is demanding E -Tax on Maximum Demand charges and self generation Tax on units generated through windmills/D G sets. The Company has gone for appeal and the same is pending before the Supreme court. An amount of ₹ 187.90 lakhs (Previous year ₹ 162.23 lakhs) towards self-Generating Tax and ₹ 209.14 lakhs (Previous year ₹ 179.74 lakhs) towards E-tax payable on MD and Deemed charges are pending as on 31.03.2021 and shown as liability in the books of accounts.

c) The Company has preferred on appeal with the Commissioner of Income Tax (Appeals) Coimbatore in respect of disallowance u/s 14A of ₹ 17,39,281 as against Company's disallowance of ₹ 14,530 relevant to Assessment year 2014-15. This as resulted in decrease in carried forward loss of ₹ 17,39,281.

d) For the Assessment year 2016-17 while passing the Assessment order under Sec.143 (3) the Assessing Officer has treated a sum of ₹ 10 Lakhs u/s 69A. The Company has disputed the said addition before Commissioner of Income Tax (Appeals), Coimbatore. The Company has also filed an application with Direct Taxes "Vivad Se Vishwas Act 2020" for settlement of above dispute and the same of admitted and final order to be received.

17. Power charges shown in the statement of profit and loss account is net of wind energy charges to the extent of ₹ 139.26 lakhs (Previous year ₹ 170.05 lakhs) adjusted by TNEB.

18. Arrears of Dividend on Preference shares as on 31.03.2021 is ₹ 89.10 lakhs (Previous year ₹ 81.00 lakhs)

Sri Kannapiran Mills Limited

Impact of COVID-19

19. Due to COVID-19 pandemic, the people of entire world have been affected since Mar'2020. The Govt. of India announced Lockdown Directions applicable to all industries and Companies in India, the operations of the Company were suspended from 24.3.2020 with relaxations in respect of Exports from end April'20. After lifting/relaxation of the Lockdown the operations commenced partially and gradually with restricted work force in line with the Guidelines with effect from 6th May'2020 and however full operation was restored in Nov'20 only due to delay in return of its migrant workers.

The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. In view of the pandemic, the Company has considered internal and external information and has performed an analysis based on current estimate while assessing the recoverability of assets including trade receivable inventories and other current /non –current assets (net of provision established of any possible impact on the standalone financial statement. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial controls etc, and is of the view that based on its present assessment; this situation does not materially impact this financial statement. The Management believes that the Company will not have challenge in meeting financial obligation for the next 12 months. In this regard, the Company will continue to closely monitor any material changes to future economic condition.

20. Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given below:

(₹ in Lakhs)

		31.03.2021	31.03.2020
a)	Principal amount due	18.76	23.90
	Interest due on above	-	-
b)	Interest paid during the period beyond the appointed date	-	-
c)	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act	-	-
d)	Amount of interest accrued and remaining unpaid at the end of the period	-	-
e)	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprise for the purpose of disallowance as a deductible expenditure under Sec 23 of the Act	-	-

21. In the opinion of the Board of Directors, assets other than fixed assets and non current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

22. Details of Miscellaneous expenses :

(₹ in Lakhs)

	31.03.2021	31.03.2020
Printing & Stationary	17.40	31.71
Postage & Telephone	56.52	63.05
Subscription, newspaper & Advertisement	8.45	17.76
Travelling and maintenance of vehicle	203.42	297.84
Garden maintenance	4.17	3.36
Agriculture expenses	4.44	4.37
Repairs & maintenance - others	25.95	22.03
General Expenses	0.13	9.20
	320.48	449.32

23. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's disclosure / classification

see accompanying notes to the financial statements

(Sd/-) **KG Balakrishnan**

Chairman

DIN No : 00002174

In terms of our Report of even date

For **Gopalaier and Subramanian**

Firm Regd. No.000960S

Chartered Accountants

(Sd/-) **CA R Mahadevan**

Coimbatore

03.08.2021

Partner

Membership No. 027497

(Sd/-) **B Sriramulu**

Managing Director

DIN No : 00002560

(Sd/-) **G Krishnakumar**

Chief Financial Officer

(Sd/-) **B Srihari**

Managing Director

DIN No : 00002556

(Sd/-) **K Jayaraj**

Company Secretary

PERFORMANCE OVER THE YEAR

(₹ in thousands)

	For the year ended March 31										
	2012	2013	2014	2015	2016	2017	2018	2019 *	2020 *	2021*	
Net Sales	1 16 39 75	1 17 31 18	1 26 41 98	1 29 89 89	1 08 40 73	1 18 69 79	1 34 29 26	2 60 58 52	2 67 93 37	2 34 89 71	
(less excise duty)	32 98 48	37 57 62	48 34 42	52 94 67	58 51 44	57 43 25	55 42 36	42 68 43	34 40 84	17 04 38	
Conversion Charges	2 17 20	2 15 22	1 81 62	2 50 38	2 42 51	2 29 30	1 70 44	6 04 03	3 12 02	2 94 08	
Other Income	1 51 55 43	1 57 04 02	1 76 58 02	1 85 34 94	1 69 34 68	1 78 42 34	1 91 42 06	3 09 30 98	3 05 46 23	2 54 88 17	
Total Revenue											
Profit Before Interest and Depreciation	8 97 12	11 16 10	17 49 84	23 07 73	24 55 79	23 27 05	23 64 28	33 78 21	27 54 82	28 44 92	
Financial Charges	10 38 22	10 42 60	10 76 92	11 93 51	10 38 07	8 53 40	7 62 24	17 62 44	18 91 03	17 66 86	
Depreciation	6 00 30	6 15 16	6 28 19	4 34 65	4 42 21	4 55 70	4 61 26	8 49 75	7 81 75	7 57 83	
Profit Before Taxation	-7 41 04	-5 41 66s	44 73	6 79 57	9 75 51	10 17 95	11 40 78	7 66 02	82 04	3 20 23	
Profit After Taxation	-7 41 04	-5 41 66	44 73	6 79 57	9 70 86	9 99 16	8 77 73	7 66 02	-46 30	2 28 36	
Gross Fixed Assets	1 52 86 80	1 55 95 87	1 58 86 88	1 64 91 08	1 66 15 07	1 63 88 28	1 73 26 31	2 91 96 17	2 92 11 08	2 92 25 99	
Net Fixed Assets	66 98 99	64 85 17	63 69 42	70 66 48	69 98 68	70 10 37	75 29 54	1 47 36 76	1 41 54 04	1 36 10 85	
Share Capital	3 68 30	3 68 30	3 68 30	3 68 30	3 68 30	3 63 66	3 63 66	6 77 00	6 77 00	6 77 00	
Reserves & Surplus	29 35 43	25 28 30	25 76 59	30 18 22	36 89 14	43 77 99	51 84 64	80 69 43	80 23 14	82 51 50	
Deferred Tax Liability	4 78 81	3 44 28	3 40 54	5 20 57	8 20 51	11 09 77	11 66 00	8 81 09	9 95 76	10 87 63	
Long Term Borrowings	40 97 49	49 99 62	43 46 68	39 32 57	29 74 96	24 12 00	20 33 82	51 27 38	40 27 92	61 64 83	

*From 2019, performance includes figures of merged entity.