

# **SRI KANNAPIRAN MILLS LIMITED**



Annual Report  
for the year ended March 31, 2015



# Sri Kannapiran Mills Limited

## **Registered Office**

MILLS PREMISES  
Sowripalayam  
Coimbatore - 641 028  
CIN : L17111TZ1946PLC000188

## **Factories**

SOWRIPALAYAM  
KEMPANAICKENPALAYAM  
JADAYAMPALAYAM  
ONAPALAYAM  
&  
KALAPATTI

## **Board of Directors**

**KG BAALAKRISHNAN**

Chairman

**G BAKTHAVATHSALAM**

**B SRIRAMULU**

**B SRIHARI**

Managing Directors

**G RAMASAMY**

**K N V RAMANI**

**A VELUSAMY**

**R MAHADEVAN**

**V ARUNACHALAM**

## **Auditors**

**M/s M S JAGANNATHAN & VISVANATHAN**

Chartered Accountants

Coimbatore

## **Cost Auditor**

**M NAGARAJAN**

Cost Accountant

Coimbatore

## **Bankers**

INDIAN BANK, Coimbatore

STATE BANK OF TRAVANCORE, Coimbatore

THE SOUTH INDIAN BANK LIMITED, Coimbatore

STATE BANK OF INDIA, Coimbatore

INDIAN OVERSEAS BANK, Coimbatore

# Sri Kannapiran Mills Limited

## DIRECTORS' REPORT TO SHAREHOLDERS

Your Directors have pleasure in submitting their Report and the Audited Accounts of the Company for the year ended March 31, 2015.

### SUMMARY OF FINANCIAL RESULTS

	(Rs. in lakhs)	
	Year ended March 31,	
	2015	2014
Income	185 35	176 58
Gross Profit before financial charges, depreciation and taxes	23 08	17 50
Less : Financial Charges	11 93	10 77
Depreciation	4 35	6 28
Net Profit/Loss	6 80	45
Add : Balance brought forward from last year	-12 48	-12 96
Less : Current Tax (MAT)	107.41	
MAT Credit Entitlement	107.41	—
Deferred Tax (Asset) / Liability (Net)	-1 99	4
Income Tax for Prior Years		1
Write down of carrying amount of assets	39	—
Balance Carried to Balance Sheet	-8 06	-12 48

### State of the Company's Affairs

During the period under review, the Company has earned revenue of Rs.18535 lakhs and net profit of Rs.680 lakhs.

### Performance of the Company

The yarn production for the year was 171 lakhs kgs compared to previous year of 165 lakhs kgs. Cotton price was reduced from the peak of Rs.127 to Rs.95 per kg during the peak cotton season and yarn price was also reduced correspondingly. The Company has expanded its ring spinning capacity by 5520 spindles and also increased trading turnover and which resulted in increased profits compared to previous year.

The Company has achieved Gross profit of Rs.2308 lakhs compared to previous year of Rs.1750 lakhs and net profit of Rs.680 lakhs compared to last year of Rs.45 lakhs.

### Industry Structure & Developments

The Indian textile industry is one of the leading textile industries in the world and leading sectors of Indian economy. Indian textile industry plays a vital role in the economy of India, which contributes nearly 14% of the total industrial production of the country, 4% to the Gross Domestic Product (GDP). India earns about 12% of its total foreign exchange through textile exports. Textile industry is growing year by year registering a CAGR of 3.41%. India accounts for 25% of world's installed capacity of spindles. Indian textile industry currently generates employment at 21% of total employment.

India is the second largest producer of cotton accounting for 32% of the global cotton area and contributes to 21% of the global cotton production. In view of good monsoon, support price fixed by government, cotton sowing acreage was further increased compared to previous year. The expected cotton production for 2014-15 is 380 lakhs bales. The Govt of India is allowing free export of cotton and the expected exports of cotton for current year will be only at 60 lakhs bales as against of 90 lakhs bales in previous year.

The demand for Ring yarn was good during the current year and exports were continued to be higher in view of demand from China and other countries. However Open end yarn demand and margin continues to be lower. Power position in Tamil Nadu has improved compared to previous 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, continuous power, lower power cost, Bank interest rate and restructuring of term loans.

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 achieved highest exports of Rs.31 crores during the year. The Company had also established own depots, dealer net work at various places in India to meet the end user's requirements immediately.

### Opportunities & Threats

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

# Sri Kannapiran Mills Limited

The continuing power shortage, high interest rates and labour shortage will slow down the growth of textile mills in India.

## Listing

Your Company's shares were listed in Madras Stock Exchange Limited. However in view of approval of voluntary de-recognition of Madras Stock Exchange by SEBI, our Company ceased to be a listed company with effect from 9.1.2015 and our company shares has been placed on the Dissemination Board of NSE. Accordingly NSE has allowed buying and selling of the shares on the Dissemination Board.

## Segment wise or product wise performance

The Company is engaged in the business of manufacture and export of cotton yarn and accordingly this is the only Single Reportable Segment.

## Outlook

The Company expects to improve its operational and financial performance during the current year by achieving increased production on capacity expansion, better productivity, better product mix, higher trading activities and improved power position in Tamil Nadu.

## Risk and concerns

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 right prices is crucial for the profitability of the Company. Higher Bank interest rates and increased labour cost coupled with shortage of labour will be major concern for our company.

## Meetings

A calendar of Meetings is prepared and circulated in advance to the Directors. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

## Board Meeting

The Board met 5 times and the meetings were held on 26.05.2014, 01.08.2014, 10.11.2014, 03.02.2015 and 22.03.2015. The number of meetings directors attended are as follows.

Name of the Director	Category	No. of Meetings held	No. of Meetings Attended
Mr K G Baalakrishnan	Executive, Managing Director	5	5
Dr G Bakthavathsalam	Executive, Managing Director	5	1
Mr G Ramasamy	Non-Executive	5	2
Mr B Sriramulu	Non-Executive	5	5
Mr B Srihari	Non-Executive	5	5
Mr A Velusamy	Non-Executive	5	5
Mr K N V Ramani	Independent, Non-Executive	5	5
Mr R Mahadevan	Independent, Non-Executive	5	4
Mr V Arunachalam	Independent, Non-Executive	5	5

## Audit Committee Meeting

The Audit Committee Meeting held on 26.05.2014, 29.07.2014, 07.11.2014 and 03.02.2015. Composition of the Audit Committee as on 31st March, 2015 and the attendance during the year are as under:

Name of the Director	Position	Category	No. of Meetings held	No. of Meetings Attended
Mr K N V Ramani	Member	Independent, Non-Executive	4	4
Mr R Mahadevan	Member	Independent, Non-Executive	4	4
Mr A Velusamy	Member	Non-Executive	4	4

**Nomination & Remuneration Committee Meeting**

The Nomination & Remuneration Committee Meeting held on 26.05.2014, 01.08.2014 and 22.03.2015. Composition of the Nomination & Remuneration Committee as on 31st March, 2015 and the attendance during the year are as under:

Name of the Director	Position	Category	No. of Meetings held	No. of Meetings Attended
Mr K N V Ramani	Member	Independent, Non-Executive	3	3
Mr R Mahadevan	Member	Independent, Non-Executive	3	2
Mr A Velusamy	Member	Non-Executive	3	3

**Stakeholders Relationship Committee Meeting**

The Stakeholders Relationship Committee Meeting held on 28.02.2015. Composition of the Stakeholders Relationship Committee as on 31st March, 2015 and the attendance during the year are as under:

Name of the Director	Position	Category	No. of Meetings held	No. of Meetings Attended
Mr B Srihari	Member	Non-Executive	1	1
Mr A Velusamy	Member	Non-Executive	1	1

**Risk Management Committee Meeting**

The Risk Management Committee Meeting held on 28.02.2015. Composition of the Risk Management Committee as on 31st March, 2015 and the attendance during the year are as under:

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

**Independent Directors Meeting**

Independent Director's Meeting held on 22.03.2015. Composition of the Independent Director's as on 31st March, 2015 and the attendance during the year are as under:

Name of the Director	No. of Meetings held	No. of Meetings Attended
Mr K N V Ramani	1	1
Mr R Mahadevan	1	1
Mr V Arunachalam	1	1

**Directors' responsibility statement**

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

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments 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;
- iii) 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;
- iv) that the directors had prepared the annual accounts on a going concern basis; and
- v) 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 R Mahadevan and Mr A Velusamy.

**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.

**Particulars of Loans, Guarantees or Investments:**

The company has not given any Loans. The details of Guarantee and Investments made during the Financial Year ended on 31st March, 2015 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, 2013.

As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the Associate company is prepared in Form AOC-1 and same is enclosed to this report as Annexure.

**Particulars of Contracts and Arrangements with Related Parties Referred to in Sub-Section (1) of Section 188 of 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.

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 2014-15. 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 is annexed to this report.

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Further there were no material related party transaction with the Promoters, Directors or Key Managerial Personnel during the year.

All related party transaction are placed before the Audit Committee as also to the Board for approval on a quarterly basis.

#### **Transfer of Amount to Reserves**

The Company does not propose to transfer any amount to the general reserve for the Financial Year ended 31st March, 2015.

#### **Extracts of Annual Return**

The extracts of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12 of Companies (Management and Administration) Rules, 2014 and the same is enclosed to this Report.

#### **The 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 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 the Companies (Accounts) Rules, 2014 is prepared and the same is enclosed as annexure to the Report.

#### **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 Baalakrishnan, 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 provision of Section 135 (1) of the Companies Act, 2013 were not applicable to the Company for the year as Company's previous year three years average net profit is negative.

The Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is hence not required.

#### **Directors**

Mr KG Baalakrishnan has relinquished from the post of Managing Director but continuing his directorship. Mr KG Baalakrishnan was elected as Chairman (Non-Executive) from 04.06.2015. Mr B Sriramulu and Mr B Srihari were appointed as Managing Directors of the Company with effect from 04.06.2015.

Mr G Ramasamy, Director retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

#### **Statutory Auditors**

The Shareholders of the Company at the Annual General Meeting held on 10th September, 2014 have appointed M/s. M S Jagannathan & Visvanathan, Chartered Accountants as Statutory Auditors of the Company.

The term of M/s. M S Jagannathan & Visvanathan, Chartered Accountants, Statutory Auditors will expire on the date of 69th Annual General Meeting to be held on 26.09.2015.

# Sri Kannapiran Mills Limited

It is proposed to re-appoint them as Statutory Auditors of the Company for a further period of one year. The members are requested to consider their re-appointment and authorize the Board of Directors to fix their remuneration.

M/s. M S Jagannathan & Visvanathan, Chartered Accountants (ICAI Regn. No.001209S) have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 139 of the Companies Act, 2013.

#### **Auditor's Report:**

M/s. M S Jagannathan & Visvanathan, Chartered Accountants (ICAI Regn. No.001209S) have issued Auditors Report for the Financial Year ended 31st March, 2015 and there are no qualifications in Auditors' Report.

#### **Vigil mechanism / Whistle blower policy:**

The Board of Directors have 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 behavior, 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.

#### **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 31<sup>st</sup> March, 2015, the Company has not received any complaints pertaining to sexual harassment.

#### **Finance**

Your Directors acknowledge with gratitude, the valuable assistance and support extended by our Bankers for term loans and working capital ie., Indian Bank, State Bank of Travancore, The South Indian Bank Limited, State Bank of India and Indian Overseas Bank.

#### **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 unauthorised use or disposition and that all transactions are authorised, 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.

#### **Material changes and commitments**

There are no Material changes and commitments in the business operations of the Company from the Financial year ended 31<sup>st</sup> March, 2015 to the date of signing of the Director's 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 Venkatchalapathy, Lord Muruga and Goddess Sri Saradambal for the continued prosperity of the Company.

For and on behalf of the Board

Coimbatore  
04.06.2015

**KG Baal Krishnan**  
Chairman



**ANNEXURE I TO THE DIRECTORS' REPORT**

**The 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 the Companies (Accounts) Rules, 2014.**

**A. Conservation of Energy**

- (i) The steps taken or impact on conservation of energy;  
The Company has taken study to reduce air leakage in its machines and installed necessary equipments. This has resulted in savings of power considerably.
- (ii) The steps taken by the company for utilising alternate sources of energy;  
The Company is studying the proposal of installation of solar power generators to get low cost power.
- (iii) The capital investment on energy conservation equipments;  
The Company has invested Rs.20 lakhs in energy conservation equipments during the year.

**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.

**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.

Used	Rs. 104.93 lakhs
Earned	Rs.3031.94 lakhs

For and on behalf of the Board

Coimbatore  
04.06.2015

**KG Baal Krishnan**  
Chairman

# **Sri Kannapiran Mills Limited**

## FORM AOC-I

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

### Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

#### Part "A": Subsidiaries

There is no subsidiary for the company.

#### Part "B": Associates and Joint Ventures

### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl No	Name of Associates	Sri Balamurugan Textile Processing Limited
1	Latest audited Balance Sheet Date	31.03.2015
2	Shares of Associate/Joint Ventures held by the company on the year end	
	No.	135025
	Amount of Investment in Associates/Joint Venture	13.50
	Extend of Holding %	45.00%
3	Description of how there is significant influence	N.A
4	Reason why the associate/joint venture is not consolidated	N.A
5	Networth attributable to Shareholding as per latest audited Balance Sheet	(15.81)
6	Profit / Loss for the year	
	i. Considered in Consolidation	-
	i. Not Considered in Consolidation	(4.81)

Coimbatore  
04.06.2015

For and on behalf of the Board  
**KG Baal Krishnan**  
Chairman

## 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.	Conversion contract	4 years till 31.03.2016	Conversion of cotton / fibre into yarn covered under Section 188(1)(d) of Companies Act, 2013. For the year 2014-15 Conversion charges (receipt) Rs.2437.22 lakhs	26.05.2014, 01.08.2014, 10.11.2014, 03.02.2015	Nil
2.	KG Fabriks Limited Section 2(76)(v) Public Company in which a director holds along with his relatives more than 2% of its paid up share capital.	Conversion contract	4 years till 31.03.2016	Conversion of cotton / fibre into yarn covered under Section 188(1)(d) of Companies Act, 2013. For the year 2014-15 Conversion charges (receipt) Rs.2550.82 lakhs	26.05.2014, 01.08.2014, 10.11.2014, 03.02.2015	Nil

Coimbatore  
04.06.2015

For and on behalf of the Board  
**KG Baal Krishnan**  
Chairman

# Sri Kannapiran Mills Limited

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

**As on financial year ended on 31.03.2015**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

1.	CIN	L17111TZ1946PLC000188
2.	Registration Date	02/07/1946
3.	Name of the Company	Sri Kannapiran Mills Limited
4.	Category/Sub-category of the Company	Textiles
5.	Address of the Registered office & contact details	Post Bag No.1, Sowripalayam, Coimbatore – 641 028. Phone No. 0422-3019111
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	-----

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S.No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Cotton Spinning in Mills	1311	100.00%
2			
3			

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY

S.No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Sri Balamurugan Textile Processing Limited 86, Arts College Road, Coimbatore - 641 018	U17115TZ1989PLC002384	Associate	45.00%	129

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	-	2129898	2129898	57.83	-	2132698	2132698	57.91	0.08
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	-	519730	519730	14.11	-	519730	519730	14.11	Nil
e) Banks / FI									
f) Any other									



# Sri Kannapiran Mills Limited

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Total shareholding of Promoter (A)</b>	-	2649628	2649628	71.94	-	2652428	2652428	72.02	0.08
<b>B. Public Shareholding</b>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	3600	3600	0.10	-	3600	3600	0.10	Nil
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	287919	287919	7.82	-	285119	285119	7.74	0.08
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	741733	741733	20.14	-	741733	741733	20.14	Nil
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	1033252	1033252	28.06	-	1033252	1030452	27.98	0.08
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	1033252	1033252	28.06	-	1033252	1033252	27.98	0.08
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	3682880	3682880	100	-	3682880	3682880	100	Nil

# Sri Kannapiran Mills Limited

## B) Shareholding of Promoter-

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr KG Baalakrishnan	507375	13.78	-	507375	13.78	-	Nil
2	Mrs B Sathyabama	280742	7.62	-	280742	7.62	-	Nil
3	Mr B Srihari	175368	4.76	-	175368	4.76	-	Nil
4	Mr B Sriramulu	175040	4.75	-	175040	4.75	-	Nil
5	Mrs Deepika Karthikeyan	800	0.02	-	800	0.02	-	Nil
6	Master Pranav Ram	105702	2.87	-	105702	2.87	-	Nil
7	Baby Aadya Srihari	105374	2.86	-	108174	2.94	-	Nil
8	Mrs T Anandhi	134285	3.65	-	134285	3.65	-	Nil
9	Dr G Bakthavathsalam	151607	4.12	-	151607	4.12	-	Nil
10	Mrs B Dhanalakshmi	26550	0.72	-	26550	0.72	-	Nil
11	Mr B Ashok	32000	0.87	-	32000	0.87	-	Nil
12	Mrs R Vasanthi	31680	0.86	-	31680	0.86	-	Nil
13	Mrs B Dhanalakshmi	16000	0.43	-	16000	0.43	-	Nil
14	Dr G Bakthavathsalam	19616	0.53	-	19616	0.53	-	Nil
15	Dr G Bakthavathsalam	19600	0.53	-	19600	0.53	-	Nil
16	Mr G Kannappan	17981	0.49	-	17981	0.49	-	Nil
17	Mr G Ramaswamy	99333	2.7	-	99333	2.7	-	Nil
18	Mrs R Shantahmani	35488	0.96	-	35488	0.96	-	Nil
19	Mr G Ramaswamy	28000	0.76	-	28000	0.76	-	Nil
20	Mr G Vijayakumar	9673	0.26	-	9673	0.26	-	Nil
21	Mr D Balasundaram	59168	1.61	-	59168	1.61	-	Nil
22	Mr D Balasundaram	10	0	-	10	0	-	Nil
23	Mrs B Amirthalakshmi	97606	2.65	-	97606	2.65	-	Nil
24	Mrs B Neelaveni	900	0.02	-	900	0.02	-	Nil
25	Crocodile (India) Private Limited	500000	13.58	-	500000	13.58	-	Nil
26	G R V Investments Private Limited	350	0.01	-	350	0.01	-	Nil
27	G V Investments Private Limited	350	0.01	-	350	0.01	-	Nil
28	G K Investments Private Limited	300	0.01	-	300	0.01	-	Nil
29	Sri Selvavinayagar Investment Private Ltd	1792	0.05	-	1792	0.05	-	Nil
30	Sri Ranganathaswamy Investment Private Ltd	1400	0.04	-	1400	0.04	-	Nil
31	Sree Manneswaraswamy Investments Private Ltd	800	0.02	-	800	0.02	-	Nil
32	Coimbatore Capital Ltd	150	0	-	150	0	-	Nil
33	KG Fabriks Limited	10000	0.27	-	10000	0.27	-	Nil
34	K G Denim Limited	4588	0.12	-	4588	0.12	-	Nil

# Sri Kannapiran Mills Limited

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Aadya Srihari - At the beginning of the year	105374	2.86	-	-
	29.09.2014 - Transfer of shares	2800	0.08	-	-
	At the end of the year	108174	2.94	-	-

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the End of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	S B V Gupta	92727	2.52	92727	2.52
2	Sailendran	73228	1.99	73228	1.99
3	Niketana Thulasidaran	73228	1.99	73228	1.99
4	Seethalakshmiammal	66666	1.81	66666	1.81
5	B Aditya Venkataswamy	65344	1.77	65344	1.77
6	G Kannappan, Krithika Marriage Trust	47504	1.29	47504	1.29
7	Kalamanisoundar	43426	1.18	43426	1.18
8	K Krithika	42592	1.16	42592	1.16
9	G Kannappan, Krithika Education Trust	40048	1.09	40048	1.09
10	C D Kumaravel	22178	0.60	22178	0.60

**E) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr KG Baalakrishnan	507375	13.78	-	-
2	Dr G Bakthavathsalam	151607	4.12	-	-
3	Mr G Ramaswamy	99333	2.7	-	-
4	Mr B Sriramulu	175040	4.75	-	-
5	Mr B Srihari	175368	4.76	-	-
6	Mr A Velusamy	800	0.02	-	-
7	Mr K N V Ramani	1516	0.04	-	-
8	Mr R Mahadevan	50	0	-	-
9	Mr V Arunachalam	Nil	Nil	-	-
10	Mr G Krishnakumar	Nil	Nil	-	-

# Sri Kannapiran Mills Limited

F) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	64 96 54 546	5 17 82 000	-	70 14 36 546
ii) Interest due but not paid	54 55 396	-	-	54 55 396
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	65 51 09 942	5 17 82 000	-	70 68 91 942
<b>Change in Indebtedness during the financial year</b>				
* Addition	8 81 01 509	-	-	8 81 01 509
* Reduction	11 19 09 239	5 05 57 000	-	16 24 66 239
<b>Net Change</b>	2 38 07 730	5 05 57 000	-	7 43 64 730
<b>Indebtedness at the end of the financial year</b>				-
i) Principal Amount	62 13 22 965	12 25 000	-	62 25 47 965
ii) Interest due but not paid	57 65 879	-	-	57 65 879
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	62 70 88 844	12 25 000	-	62 83 13 844

## XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		KG Baalakrishnan	Dr G Bakhavathsalam	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6 00 000	6 00 000	12 00 000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1 48 453	1 62 000	3 10 453
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission- as % of profit- others, specify..	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	7 48 453	7 62 000	15 10 453
	Ceiling as per the Act			

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		----	----	----	----	
1	<b>Independent Directors</b>	<b>K N V Ramani</b>	<b>R Mahadevan</b>	<b>V Arunachalam</b>		
	Fee for attending board committee meetings	51000	45500	30000		126500
	Commission	-	-	-		-
	Others, please specify	-	-	-		-
	Total (1)	51000	45500	30000		126500
2	<b>Other Non-Executive Directors</b>	<b>G Ramasamy</b>	<b>B Sriramulu</b>	<b>B Srihari</b>	<b>A Velusamy</b>	
	Fee for attending board committee meetings	10000	25000	25000	46000	106000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	10000	25000	25000	46000	106000
	Total (B)=(1+2)	61000	70500	55000	46000	232500
	Total Managerial Remuneration	61000	70500	55000	46000	232500
Overall Ceiling as per the Act						

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	-		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	6.55	6.55
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	6.55	6.55



**XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**INDEPENDENT AUDITORS' REPORT**

To

The Members of M/s. Sri Kannapiran Mills Limited

**Report on the Financial Statements:**

We have audited the accompanying financial statements of Sri Kannapiran Mills Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

The Company's Board Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**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 31st March 2015 and its profit and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, 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 purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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# Sri Kannapiran Mills Limited

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- c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement 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 written representations received from the directors as on 31 March 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164(2) of the Act; and
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed its pending litigations under note no 19
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. Transferring of amount to the Investor Education and Protection Fund does not arise as the Company has not declared any dividend in the earlier years.

**For M S Jagannathan & Visvanathan**  
Chartered Accountants  
Firm Reg. No. 001209S

**(Sd/-) M V Jeganathan**  
Partner  
Membership No.214178

Place : Coimbatore  
Date : 04.06.2015

**Annexure to the Independent Auditor's Report**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2015, we report that;

1. In respect of its Fixed Assets :
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has physically verified fixed assets during the year in accordance with a regular and phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
2. In respect of its inventories :
  - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book records.
3. The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013, during the financial year. Hence, Clause (b) and (c) is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. We have not observed any major weaknesses in internal control systems during the course of our audit.
5. The Company has not accepted any deposits from the public and as such clause 3(v) of the Order is not applicable.
6. We have broadly reviewed the cost records maintained by the company specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, as applicable to the company, and are of the opinion that prima facie the specified cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us and on the basis of our examination of the records of the company in respect of the statutory dues:
  - a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employee's State insurance, Income tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2015 for a period of more than six months from the date they became payable.
  - b) The disputed statutory dues are as under:
 

Year	Nature	Dispute pending with	Amount (Rs.)
2000-2003	Additional Excise Duty	Customs, Excise and Service Tax Appellate Tribunal, Chennai	1,07,82,102/-
  - c) Transferring of amount to the Investor Education and Protection Fund does not arise as the Company has not declared any dividend in the earlier years.

—————  Sri Kannapiran Mills Limited —————

8. The Company does not have any accumulated losses as at 31<sup>st</sup> March 2015. The Company has not incurred any cash losses either during the financial year covered by our audit or in the immediately preceding financial year.
9. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to any of the banks.
10. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from banks or financial institutions.
11. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loss have been applied for the purposes for which they were obtained.
12. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year that causes the financial statements to be materially misstated.

For **M S Jagannathan & Visvanathan**  
Chartered Accountants  
Firm Regd. No. 001209S

**(Sd/-) M V Jeganathan**  
Partner  
Membership No.214178

Place : Coimbatore  
Date : 04.06.2015

# Sri Kannapiran Mills Limited

**Balance Sheet as at 31st March, 2015**

(Rs. in Lakhs)

Particulars	Note No.	31-03-2015	31-03-2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	3 68.30	3 68.30
Reserves and surplus	3	30 18.22	25 76.59
<b>Non-current liabilities</b>			
Long Term Borrowings	4	29 08.12	32 52.84
Deferred tax liabilities (Net)	5	5 20.57	3 40.54
Long Term provisions	6	1 71.56	1 79.77
<b>Current liabilities</b>			
Short Term Borrowings	7	26 58.84	26 79.91
Trade payables	8	29 17.35	27 13.06
Other current liabilities	9	19 10.37	18 27.25
Short-term provisions	10	44.70	24.96
<b>TOTAL</b>		<b>145 18.03</b>	<b>139 63.21</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	11		
(i) Tangible assets		70 66.13	63 07.37
(ii) Intangible assets		0.35	0.35
(iii) Capital work-in-progress		-	61.70
<b>TOTAL</b>		<b>70 66.49</b>	<b>63 69.42</b>
Non-current investments	12	7 42.56	7 42.88
Long-term loans and advances	13	2 94.06	1 86.20
Other Non current assets	14	1 10.55	68.06
<b>Current assets</b>			
Inventories	15	14 98.39	20 48.02
Trade receivables	16	31 58.55	30 48.08
Cash and cash equivalents	17	2 95.15	2 68.06
Short-term loans and advances	18	10 48.72	8 99.86
Other current assets	19	3 03.56	3 32.63
<b>TOTAL</b>		<b>145 18.03</b>	<b>139 63.21</b>
Significant Accounting Policies	1		
Additional information to Financial statement	27		

See accompanying notes to the financial statements

**In terms of our Report of even date  
For M S Jagannathan & Visvanathan**

Firm Regd. No. 001209S  
Chartered Accountants

**(Sd/-) M V Jeganathan**

Coimbatore  
4<sup>th</sup> June, 2015

Partner  
Membership No. 214178

**(Sd/-) KG Baalakrishnan**  
Chairman

**(Sd/-) B Sriramulu**  
Managing Director

**(Sd/-) B Srihari**  
Managing Director

**(Sd/-) G Krishnakumar**  
Chief Financial Officer

# **Sri Kannapiran Mills Limited**

## Statement of Profit and Loss for the year ended 31st March, 2015

(Rs. in Lakhs)

Particulars	Note No.	31-03-2015	31-03-2014
<b>REVENUE</b>			
Revenue from operations	20	183 81.74	175 10.93
Other income	21	1 53.20	1 47.09
<b>Total Revenue</b>		<b>185 34.94</b>	<b>176 58.03</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	68 77.30	81 62.21
Purchases of stock in trade		10 76.23	6 09.67
Changes in inventories of finished goods and work-in-progress and Stock-in-Trade	23	5 72.19	-2 32.73
Power & Fuel		25 33.12	25 09.66
Employee benefits expense	24	26 32.75	25 30.86
Finance costs	25	11 93.51	10 76.92
Depreciation		4 34.65	6 28.19
Other expenses	26	25 35.63	23 28.52
<b>Total Expenses</b>		<b>178 55.38</b>	<b>176 13.29</b>
<b>Profit before tax</b>		6 79.57	44.73
Tax expense:			
Current Tax (MAT)		1 07.41	
(Less) : Mat Credit Entilement		<u>-1 07.41</u>	-
Deferred tax Liability / (Asset) (Net)		1 98.82	(3.74)
Prior year taxes		--	0.18
<b>Profit after tax</b>		<b>4 80.75</b>	<b>48.29</b>
<b>Earnings per equity share</b>			
Basic and Diluted Earnings per share (in Rs.) (Face value Rs. 10/- per share)		10.14	1.31
Significant Accounting Policies	1		
Additional Information to Financial statements	27		
See accompanying notes to the financial statements		<b>(Sd/-) KG Baalakrishnan</b>	
<b>In terms of our Report of even date</b>		Chairman	
<b>For M S Jagannathan &amp; Visvanathan</b>		<b>(Sd/-) B Sriramulu</b>	<b>(Sd/-) B Srihari</b>
Firm Regd. No. 001209S		Managing Director	Managing Director
Chartered Accountants			
<b>(Sd/-) M V Jeganathan</b>		<b>(Sd/-) G Krishnakumar</b>	
Coimbatore	Partner	Chief Financial Officer	
4 <sup>th</sup> June, 2015	Membership No. 214178		

# Sri Kannapiran Mills Limited

Rs.lakhs

CASH FLOW STATEMENT FOR THE YEAR ENDED	31.03.2015	31.3.2014
<b>A. Cash flow from operating activities:</b>		
Net profit before tax	679.57	44.73
Adjustments for:		
Depreciation	434.65	628.19
Profit on Sale of Assets	-19.98	-20.85
Interest Income	-51.67	-29.75
Dividend Income	-23.05	-23.69
Interest Paid	1153.73	1054.37
<b>Operating profit before working capital changes</b>	<b>2173.24</b>	<b>1653.00</b>
(Increase) / Decrease in Trade and other receivables	-447.78	-886.80
(Increase) / Decrease in Inventories	549.62	34.20
(Increase) / Decrease in Trade and other payables	368.59	821.82
<b>Cash generated from operations</b>	<b>2643.67</b>	<b>1622.22</b>
Direct taxes paid	73.50	-96.72
<b>Net cash from operating activities</b>	<b>2717.17</b>	<b>1525.50</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of Fixed assets	-1372.04	-551.59
Proceeds from Sale of fixed assets	202.42	59.98
Sale of Investments	0.31	23.19
Interest Received	45.35	31.87
Dividend Received	23.05	23.69
<b>Net cash used in investing activities</b>	<b>-1100.91</b>	<b>-412.85</b>
<b>C. Cash flow from financing activities :</b>		
Long term borrowings received	881.02	233.78
Long term borrowings repaid	-1295.12	-886.72
Short term borrowings	-21.07	607.29
Interest paid	-1153.99	-1054.37
<b>Net cash used in financing activities</b>	<b>-1589.17</b>	<b>-1100.01</b>
<b>Net increase in cash and cash equivalents</b>	<b>27.09</b>	<b>12.63</b>
Cash and cash equivalents at beginning of the period	268.06	255.43
Cash and cash equivalents at end of the period	295.15	268.06
Components of Cash and cash equivalents as at 31st March		
Cash and cheques on hand	23.51	28.99
In Current Account	22.28	66.93
In Deposit Account	249.35	172.14
	<b>295.15</b>	<b>268.06</b>

See accompanying notes to the financial statements

<p style="text-align: center;"><b>In terms of our Report of even date</b> For <b>M S Jagannathan &amp; Visvanathan</b> Firm Regd. No. 001209S Chartered Accountants</p> <p style="text-align: center;"><b>(Sd/-) M V Jeganathan</b> Partner Membership No. 214178</p> <p>Coimbatore 4<sup>th</sup> June, 2015</p>	<p><b>(Sd/-) KG Baalakrishnan</b> Chairman</p> <p><b>(Sd/-) B Sriramulu</b> Managing Director</p> <p><b>(Sd/-) G Krishnakumar</b> Chief Financial Officer</p>	<p><b>(Sd/-) B Srihari</b> Managing Director</p>
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## **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-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 has been 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 Sales 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, Duty Draw back 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

(Rs. in Lakhs)

	Numbers 31-03-2015	Numbers 31-03-2014	Amount 31-03-2015	Amount 31-03-2014
<b>2. SHARE CAPITAL</b>				
Number and amount of Equity shares authorized	6000000	6000000	600.00	600.00
Number and amount of pref. shares authorized	300000	300000	300.00	300.00
Number and amount of Equity shares issued	3709575	3709575	370.96	370.96
Number of Equity shares subscribed and fully paid up	3682880	3682880	368.29	368.29
Add: Forfeited Shares	100	100	0.01	0.01
			<b>368.30</b>	<b>368.30</b>
Par value per Equity share (In Rs.)			10.00	10.00
<b>Reconciliation of number of shares</b>				
Number of Equity shares at the beginning	3682980	3682980		
Less : Adjustments during the year	0	0		
Number of Equity shares at the end of the reporting period	<b>3682980</b>	<b>3682980</b>		
<b>Shareholders holding more than 5 percent Equity shares</b>				
	<b>No of Shares</b>	<b>No of Shares</b>		
Mr KG Baalakrishnan	507375	507375		
Mrs B Sathyabama	280742	280742		
Crocodile India Private Limited	500000	500000		
<b>Terms &amp; Conditions of equity shares :</b>				
The Company has only one class of equity shares having a par value of Rs.10 per share. Each Share holder is eligible for one vote per share				
In the event of liquidation the equity share holders 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				
<b>3. RESERVES AND SURPLUS</b>			<b>31.3.2015</b>	<b>31.3.2014</b>
<b>General Reserve</b>				
As per last Balance Sheet			38 24.41	38 24.41
Closing balance			<b>38 24.41</b>	<b>38 24.41</b>
<b>Surplus</b>				
As per last Balance Sheet			-12 47.82	-12 96.11
Add: Transfer from Profit & Loss statement			4 80.75	48.29
Less: Write down of carrying amount of assets whose remaining useful lives is Nil as per schedule II of the Companies Act,2013 (Net of Deferred Tax)			-39.11	-
Closing balance			-8 06.18	-12 47.82
<b>Reserves and Surplus</b>			<b>30 18.22</b>	<b>25 76.59</b>
<b><u>NON CURRENT LIABILITIES</u></b>				
<b>4. LONG TERM BORROWINGS</b>				
<b>Secured</b>				
Term Loans from Banks			25 31.94	27 01.56
LC Liability for Capital Goods-Indian Bank			3 50.34	-
<b>Unsecured</b>				
Long Term maturities of Finance lease obligations			13.58	33.46
Trade Deposits - Unsecured			-	5.57
Loans and advances from related parties-Deposits from Director-unsecured			12.25	12.25
Inter Corporate Deposits			-	5 00.00
<b>TOTAL</b>			<b>29 08.12</b>	<b>32 52.84</b>

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

# Sri Kannapiran Mills Limited

## Notes forming part of financial statements

Term loans from Indian Bank (IB), State Bank of Travancore (SBT), The South Indian Bank Limited (SIB), State Bank of India (SBI) and Indian Overseas Bank (IOB) are secured by first pari passu charge on (a) all immovable properties and (b) all plant and machineries including machineries and other movable fixed assets (excluding vehicles charged to financiers).

South Indian Bank has lien on the shares of face value of Rs.200 lakhs (2000000 shares of Rs.10 each) held by the Company as investment in KG Denim Limited to secure the Term loan and working capital limits of the Company

The term loans from IB, SBT, SIB and SBI are also guaranteed by Mr K G Baalakrishnan, Managing Director, Mr B Sriramulu and Mr B Srihari Directors. The term loan from IOB is also guaranteed by Mr K G Baalakrishnan, Managing Director.

Name of the bank	Outstanding Amount	No of Instalment	Interest %	Periodicity	
Indian Bank	13.30	8	12.70	Monthly	
	23.66	8	12.70	Monthly	
	186.00	22	12.70	Monthly	
	440.80	36	12.70	Monthly	
	105.42	45	13.20	Monthly	
	68.97	45	13.20	Monthly	
	50.00	48	13.70	Monthly	
	112.44	48	13.70	Monthly	
	241.43	43	13.70	Monthly	
	69.98	60	13.00	Monthly	
	183.88	60	13.00	Monthly	
	*LC Liability for Capital goods will be paid out of Term Loan realising by Indian Bank in July 2015.	90.00	4	14.50	Monthly
		350.34*	-	-	-
State Bank of Travancore	54.80	9	13.25	Monthly	
	102.45	24	13.25	Monthly	
	159.40	47	13.25	Monthly	
	41.99	60	13.00	Monthly	
	281.95	60	13.00	Monthly	
The South Indian Bank Limited	53.52	24	14.00	Monthly	
	152.06	33	14.00	Monthly	
	102.28	48	14.25	Monthly	
	27.97	60	13.00	Monthly	
	187.99	60	13.00	Monthly	
State Bank of India	73.00	6	14.25	Quarterly	
Indian Overseas Bank	703.25	34	14.25	Monthly	

<b>5. DEFERRED TAX LIABILITIES</b>	<b>31.3.2015</b>	<b>31.3.2014</b>
Deferred Tax Asset:		
On account of Unabsorbed Depreciation	4 42.72	4 97.33
On account of Business Losses	-	0.54
Provision for Gratuity	68.91	62.12
	<u>5 11.63</u>	<u>5 59.98</u>
Deferred Tax Liability:		
On account of Depreciation	10 32.20	9 00.52
Net Deferred Tax Liabilities	<u><b>5 20.57</b></u>	<u><b>3 40.54</b></u>
<b>6. LONG TERM PROVISIONS</b>		
Provision for Gratuity	1 71.56	1 79.77
	<u><b>1 71.56</b></u>	<u><b>1 79.77</b></u>

# Sri Kannapiran Mills Limited

## Notes forming part of financial statements

### Current liabilities

#### 7. SHORT TERM BORROWINGS

Loans and advances repayable on demand from banks - Secured	26 58.84	26 79.91
	<b>26 58.84</b>	<b>26 79.91</b>

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

Working capital facilities from Indian Bank consortium (Indian Bank, State Bank of Travancore and The South Indian Bank limited) are secured by paripassu first charge on the entire current assets of the company and paripassu second charge on all the immovable properties and plant and machineries (excluding vehicles charged to financiers). The entire working capital is also guaranteed by Mr K G Baal Krishnan, Managing Director, Mr B Sriramulu and Mr B Srihari, Directors.

#### 8. TRADE PAYABLES

Due to Micro, Small & Medium Enterprises	Nil	Nil
Other Trade Payables	29 17.35	27 13.06
	<b>29 17.35</b>	<b>27 13.06</b>

#### 9. OTHER CURRENT LIABILITIES

Current maturities of long term debt - Secured - Refer Note No:4	9 94.60	10 62.95
Current maturities of finance lease obligations - Secured - Refer Note No. 4	29.85	30.89
Interest accrued and due on borrowings	42.07	42.33
Advances from Customers	11.40	9.98
Other Payables	8 32.44	6 81.10
	<b>19 10.37</b>	<b>18 27.25</b>

#### 10. SHORT-TERM PROVISIONS

Provision for Gratuity	40.80	21.26
Provision for wealth tax	3.90	3.70
	<b>44.70</b>	<b>24.96</b>

#### 11. FIXED ASSETS

Description of Assets	Gross Block				Depreciation					Net Block	
	As at 01.04.2014	Additions during the year	Sales during the year	As at 31.03.2015	Up to 31.03.2014	For the Year	Transferred to Retained Earnings	Withdrawn for the Year	Upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
<b>Tangible Assets</b>											
1. Land	85.49	-	-	85.49	-	-	-	-	-	85.49	85.49
2. Building	21 88.98	30.22	-	22 19.21	7 93.96	58.58	-	-	8 52.53	13 66.67	13 95.03
3. Machinery	1 14 98.20	12 30.27	7 84.41	1 19 44.06	76 40.34	2 33.65	6.29	6 09.32	72 70.95	46 73.11	38 57.87
4. Elec. Machinery	14 84.59	1 52.75	31.70	16 05.64	7 75.87	1 10.90	24.93	24.48	8 87.23	7 18.41	7 08.72
5. Furniture & Fixtures	3 64.02	2.13	-	3 66.15	3 19.37	5.16	26.68	1.41	3 49.80	16.35	44.65
6. Office Equipment	9.37	1.04	-	10.40	1.18	2.94	-	-	4.12	6.28	8.19
7. Motor Vehicles	2 49.10	17.34	13.44	2 53.00	41.69	23.31	-	11.91	53.09	1 99.91	2 07.42
<b>Intangible Assets</b>											
8. Software	7.12	-	-	7.12	6.76	0.10	-	-	6.87	0.24	0.36
<b>TOTAL</b>	<b>1 58 86.87</b>	<b>14 33.74</b>	<b>8 29.55</b>	<b>1 64 91.08</b>	<b>95 79.15</b>	<b>4 34.65</b>	<b>57.90</b>	<b>6 47.11</b>	<b>94 24.59</b>	<b>70 66.48</b>	<b>63 07.72</b>
<b>Previous Year</b>	<b>1 55 95.86</b>	<b>4 89.88</b>	<b>1 98.87</b>	<b>1 58 86.88</b>	<b>91 10.70</b>	<b>6 28.19</b>	<b>-</b>	<b>1 59.74</b>	<b>95 79.15</b>	<b>63 69.43</b>	<b>64 85.16</b>

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

**Notes forming part of financial statements**

				(Rs. in lakhs)	
<b>Non-Current Investments</b>					
12. INVESTMENTS IN EQUITY INSTRUMENTS (At Cost)	31.03.2015	31.03.2014	31.03.2015	31.03.2014	
Non Trade- Quoted-Fully paid up	Face value	Nos.	Nos.	Amount	Amount
Rajshree Sugars and Chemicals Ltd.	10	5,000	5,000	0.50	0.50
IDBI Bank Limited	10	14,240	14,240	11.57	11.57
Indian Bank	10	1,000	1,000	0.91	0.91
<b>Trade Investments - Quoted</b>					
K G Denim Limited	10	3,065,183	3,065,183	4 23.85	4 23.85
<b>Trade Investments - Un quoted</b>					
K G Fabriks Limited	10	2,825,575	2,825,575	2 82.56	2 82.56
Sri Balamurugan Textile Processing Ltd	10	135,025	135,025	13.50	13.50
<b>Trade Investments - Unquoted</b>					
Gayathri Sustainable Energies India P Ltd	10	-	1,900	0.00	0.19
Windage Power Company P Ltd	10	-	6,268	0.00	0.63
iEnergy Wind farms (Theni) Private Limited	10	7,683	4,005	0.77	0.40
ARS Metal Pvt. Ltd.	10	250	200	0.69	0.55
<b>Non Trade Investments - Unquoted</b>					
National Saving Certificate				0.25	0.25
Kannapiran Mills Employee's Co-op. Stores Limited				0.04	0.04
<b>Investment in Partnership firm</b>					
M/s. K G House (Madras)				7.94	7.94
				<b>7 42.56</b>	<b>7 42.88</b>
Aggregate Value of quoted investments					
Cost				4 36.83	4 36.83
Market value				6 56.49	4 47.06
Aggregate amount of unquoted investments				2 97.80	2 98.10
<b>13. LONG-TERM LOANS AND ADVANCES</b>					
(Unsecured, considered good)					
Advances recoverable in cash or kind, for value to be received					
Security Deposits				68.22	66.55
Other Advances & Deposits				5.37	6.58
MAT Credit Entitlement				1 95.47	88.06
Others				25.00	25.00
<b>TOTAL</b>				<b>2 94.06</b>	<b>1 86.20</b>
<b>14. OTHER NON CURRENT ASSETS</b>					
Long Term Trade Receivables				71.20	49.93
<b>Others</b>					
TUF Subsidy Receivable				39.35	18.13
				<b>1 10.55</b>	<b>68.06</b>
<b>15. INVENTORIES (At lower of cost or net realisable value)</b>					
Raw materials				2 31.21	1 94.70
Work-in-progress				1 52.24	1 35.92
Finished goods				8 91.15	14 79.56
Stores and spares				2 23.79	2 37.83
<b>TOTAL</b>				<b>14 98.39</b>	<b>20 48.02</b>

# Sri Kannapiran Mills Limited

## Notes forming part of financial statements

(Rs. in Lakhs)

	31.3.2015	31.3.2014
<b>16. TRADE RECEIVABLES</b>		
(Unsecured, considered good)		
Outstanding for a period exceeding six months from the due date	3 28.94	2 10.32
Others	28 29.61	28 37.76
<b>TOTAL</b>	<b>31 58.55</b>	<b>30 48.08</b>
<b>17. CASH AND BANK BALANCES</b>		
<b>Cash and cash equivalents</b>		
Balances with banks		
In Current Account	22.28	66.93
Cash on hand	23.51	28.99
<b>Other Bank Balances</b>		
Deposits held as margin money	2 49.35	1 72.14
<b>TOTAL</b>	<b>2 95.15</b>	<b>2 68.06</b>
<b>18. Short-term loans and advances</b>		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind, or for value to be received	4 99.79	4 38.83
Security Deposit	3 33.45	1 66.01
Prepaid expenses	49.07	55.10
Advance taxes (Net of Provisions therefor)	1 66.41	2 39.91
<b>TOTAL</b>	<b>10 48.72</b>	<b>8 99.86</b>
<b>19. OTHER CURRENT ASSETS</b>		
Interest accrued on Bank Deposits	7.91	1.59
Income Receivable		
TUF Subsidy Receivable	75.90	1 07.69
DEPB & Duty draw back receivable	41.46	37.39
Conversion Charges Receivable	1 78.28	1 85.95
<b>TOTAL</b>	<b>3 03.56</b>	<b>3 32.63</b>
<b>20. Revenue from operations</b>		
a) Sale of products		
Yarn	124 22.11	120 50.45
Glove	4 86.35	4 82.79
Fabric	33.44	67.69
Waste	47.99	41.05
<b>Sub Total</b>	<b>129 89.89</b>	<b>126 41.98</b>
b) Sale of services		
Conversion Charges	52 94.67	48 34.42
<b>Sub Total</b>	<b>52 94.67</b>	<b>48 34.42</b>
c) Other operating revenues:		
Export Incentives	97.18	34.53
<b>Sub Total</b>	<b>97.18</b>	<b>34.53</b>
<b>TOTAL</b>	<b>183 81.74</b>	<b>175 10.93</b>

# Sri Kannapiran Mills Limited

## Notes forming part of financial statements

(Rs. in Lakhs)

	31.3.2015	31.3.2014
<b>21. Other income</b>		
Interest Income	51.67	29.75
Dividend Income	23.05	23.69
Profit on sale of assets	19.98	20.85
Miscellaneous receipts	58.50	72.81
<b>TOTAL</b>	<b>1 53.20</b>	<b>1 47.09</b>
<b>22. Cost of materials consumed</b>		
Opening Stock		
Raw material - Cotton & Waste Cotton	1 93.11	4 91.34
Waste - Cotton	1.58	1.99
Add : Purchases - Cotton & Waste Cotton	69 13.82	78 63.58
	<b>71 08.52</b>	<b>83 56.91</b>
Less : Sales	-	-
Less: Closing Stock		
Raw material - Cotton & Waste Cotton	2 28.41	1 93.11
Waste - Cotton	2.81	1.58
<b>TOTAL</b>	<b>68 77.30</b>	<b>81 62.21</b>
<b>23. Changes in inventory of Finished Goods and WIP</b>		
Opening Stock		
Finished Goods - Yarn	14 47.61	10 34.17
Finished Goods - Glove	31.95	2 14.67
Work in Process	1 35.92	1 33.91
<b>SUB TOTAL</b>	<b>16 15.48</b>	<b>13 82.75</b>
Closing Stock		
Finished Goods - Yarn	8 31.14	14 47.61
Finished Goods - Glove	59.92	31.95
Work in Process	1 52.24	1 35.92
<b>SUB TOTAL</b>	<b>10 43.30</b>	<b>16 15.48</b>
Stock Decrease / (Increase)	<b>572.19</b>	<b>(232.73)</b>
<b>24. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and wages	22 81.59	21 88.78
Contribution to provident and other funds	86.97	94.30
Welfare expenses	2 49.09	2 32.26
MD Remuneration	15.10	15.52
<b>TOTAL</b>	<b>26 32.75</b>	<b>25 30.86</b>



**Notes forming part of financial statements**

(Rs. in Lakhs)

	31.3.2015	31.3.2014
<b>25. FINANCE COST</b>		
Interest expenses	11 53.73	10 54.37
Bank charges	39.78	22.55
<b>TOTAL</b>	<b>11 93.51</b>	<b>10 76.92</b>
<b>26. OTHER EXPENSES</b>		
Consumption of stores and spare parts	1 31.13	25.62
Consumption of packing materials	2 70.43	2 51.71
Repairs to buildings	76.14	69.14
Repairs to machinery	7 43.06	8 50.81
Insurance	44.24	42.98
Rates and taxes, excluding, taxes on income	38.87	33.70
Accountancy and legal charges	11.87	15.46
Filing Fees	0.30	0.08
Brokerage & Commission	1 51.66	1 29.67
Selling Expenses	26.82	18.00
Carriage Outwards	1 93.18	1 63.28
Lease Rent	13.01	13.12
Auditors Remuneration	3.08	2.45
Sitting Fees	2.34	0.20
Processing Charges	5 39.36	4 46.42
Foreign exchange fluctuation loss	1.05	5.59
Prayer Hall Expenses	31.66	25.18
Miscellaneous expenses	2 57.44	2 35.11
<b>TOTAL</b>	<b>25 35.63</b>	<b>23 28.52</b>

**27. Additional Information to Financial Statement**

1. Estimated amount of contracts remaining to be executed on capital accounts not provided for as on 31.3.2015 is Rs.45 lakhs (31.3.2014 : Rs.15 lakhs).
2. Future Hire Purchase charges payable as on 31.3.2015 is Rs.3.93 lakhs. (Previous year 9.14 lakhs)
3. Income-tax Assessment for the Assessment years 2013-14 and onwards is pending.
4. Vehicle Loans from ICICI Bank Limited and Kotak Mahindra Prime Limited are secured by way of hypothecation of respective vehicles.

5.	a) Value of imports – CIF basis	<b>31.3.2015</b>		31.03.2014
				(Rs. lakhs)
	i) Raw materials	-		-
	ii) Spares and components	90.68		48.64
	iii) Capital goods	339.55		-
	b) Consumption	Imported	Indigenous	Imported      Indigenous
	i) Raw materials Value (Rs lakhs)	-	6877.30	-
	As a % of total raw material consumption	-	100%	-
	ii) Spares and components (Rs lakhs)	112.26	761.91	58.39
	As a % of total Repairs and Maintenance	12.84%	87.16%	6.66%
				8162.21
				100%
				818.04
				93.34%
6.	i) Expenditure in Foreign Currency	Rs Lakhs		Rs Lakhs
	Travelling Expenses	14.25		3.40
	ii) Earnings in Foreign Currency on Export of Goods - FOB Basis Direct Export	3031.94		1911.24
	iii) Export through Merchant Exporters	56.91		218.30
7.	Auditors' remuneration	<b>31.03.2015</b>		31.03.2014
	Audit Fees	<b>2.00</b>		1.40
	Income-tax representation fees	<b>0.17</b>		0.17
	Tax Audit Fees	<b>0.34</b>		0.34
	Certification Fees	<b>0.47</b>		0.44
	Travelling Expenses	<b>0.10</b>		0.10
		<b>3.08</b>		<b>2.45</b>

# Sri Kannapiran Mills Limited

8. 6 Years National Savings Certificate of Rs 100/- has not been reflected in the Balance Sheet under the heading investments due to rounding off.
9. Particulars regarding investment in the capital of the partnership firm.

Name of the Firm:- K G House (Madras)

Total Capital of the Firm Rs 16,18,400/-

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

10. Rs.1,05,089/- on account of increase in foreign currency exchange loss relating to purchase of spares and restatement of parties, is debited in Profit and Loss account.
11. Provision towards Excise Duty does not arise as the company has opted for Zero Duty.
12. Balance of certain Creditors, Debtors, Loans and Advances given are subject to confirmation and reconciliation, if any. However in the opinion of management, there would not be any material impact on financial statements.
13. The segmental reporting as required under AS-17 is not applicable as the Company operates in only one segment, i.e. Textile.

#### 14. AS 15 Employee Benefits

I. Principal Actuarial Assumptions	31.03.2015	31.03.2014
Discount Rate	8.00%	9.10%
Salary Escalation Rate	4.00%	4.00%
Attrition Rate	1.00%	4.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%
	(Rs. in lakhs)	(Rs. in lakhs)
<b>II. Changes in the present value of the obligation (PVO) -</b>		
<b>Reconciliation of Opening and Closing Balances</b>	Gratuity (Unfunded)	Gratuity (Unfunded)
PVO as at the beginning of the period	201.03	189.45
Interest Cost	18.29	14.31
Current Service Cost	21.01	15.84
Past Service Cost - (Non Vested Benefits)	0	0
Past Service Cost - (Vested Benefits)	0	0
Benefits Paid	-12.80	-20.95
Actuarial loss / (gain) on obligation (balancing figure)	-15.18	-2.38
PVO as at the end of the period	212.35	201.03
<b>III. Changes in the fair value of plan assets - Reconciliation of opening and closing balances</b>		
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

# Sri Kannapiran Mills Limited

#### 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	-15.18	-2.37
Actuarial gain / (loss) on plan assets	0	0
Total gain / (Loss) for the period	-15.18	-2.37
Actuarial gain / (loss) recognised in the period	-15.18	-2.37
Unrecognised actuarial (gain) / loss at the end of the year	1.71	19.65

#### VI. Expenses recognised in the statement of profit and loss

Current service cost	21.01	15.83
Interest Cost	18.29	14.31
Expected return on plan assets	0	0
Net actuarial (gain)/loss recognised in the year	-15.18	2.38
Expenses recognised in the statement of profit and loss	24.12	32.53

#### VII. Movements in the liability recognised in the balance sheet

Opening net liability	201.03	189.44
Expense as above	24.12	32.53
Contribution paid	(12.79)	(20.95)
Closing net liability	212.35	201.03

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 basis salary. The scheme takes into account each completed year of service or part there of in excess of six months.

#### 15. AS-18 RELATED PARTY DISCLOSURES :

Names of related parties :

- |  |   |   |
|--|---|---|
| 1. Key Management Personnel              | : | <ol style="list-style-type: none"> <li>a. Mr KG Baal Krishnan, MD</li> <li>b. Dr G Bakthavathsalam, MD</li> </ol>   |
| 2. Relatives of Key Management Personnel | : | <ol style="list-style-type: none"> <li>a. Mr G Ramasamy</li> <li>b. Mr B Sriramulu</li> <li>c. Mr B Srihari</li> <li>d. Mrs B Sathyabama</li> </ol>   |
| 3. Associate                             | : | <ol style="list-style-type: none"> <li>a. Sri Balamurugan Textile Processing Limited</li> </ol>   |
| 4. Other Related Parties                 | : | <ol style="list-style-type: none"> <li>a. KG Denim Limited</li> <li>b. KG Fabriks Limited</li> <li>c. RND Softech Pvt Ltd</li> <li>d. Sri Karthikeya Spg &amp; Wvg Mills Pvt Ltd</li> </ol> |



# Sri Kannapiran Mills Limited

(Rs. In Lakhs)

Particulars	Associates		Other Related Parties		Key Management Personnel		Relatives of Key Management Personnel	
	2015	2014	2015	2014	2015	2014	2015	2014
Purchase of Goods								
- KG Fabriks Limited	-	-	11.27	4.96	-	-	-	-
- K G Denim Limited	-	-	-	59.14	-	-	-	-
- Sri Balamurugan Textile Processing Limited	-	5.12	-	-	-	-	-	-
- Sri Karthikeya Spinning & Wvg Mills Pvt Ltd	-	-	147.74	-	-	-	-	-
Sale of Goods								
- KG Fabriks Limited	-	-	19.02	9.15	-	-	-	-
- K G Denim Limited	-	-	4.69	6.21	-	-	-	-
- Sri Balamurugan Textile Processing Limited	1.68	3.58	-	-	-	-	-	-
- Sri Karthikeya Spinning & Wvg Mills Pvt Ltd	-	-	2.43	-	-	-	-	-
Rendering of Services - Conversion charges (Receipt)								
- KG Fabriks Limited	-	-	2550.82	2138.93	-	-	-	-
- K G Denim Limited	-	-	2437.22	2555.64	-	-	-	-
- Sri Karthikeya Spinning & Wvg Mills Pvt Ltd	-	-	2.05	-	-	-	-	-
Rendering of Services - Others (Receipt)								
- Sri Balamurugan Textile Processing Limited	-	0.38	-	-	-	-	-	-
Rendering of Services - Conversion charges (paid)								
- Sri Balamurugan Textile Processing Limited	170.31	171.00	-	-	-	-	-	-
- KG Fabriks Limited	-	-	1.23	-	-	-	-	-
Rendering of Services - Others (paid)								
- RND Softech Pvt Limited	-	-	2.63	-	-	-	-	-
Managerial Remuneration								
- KG Baal Krishnan	-	-	-	-	7.48	8.08	-	-
- Dr G Bakthavathsalam	-	-	-	-	7.62	7.62	-	-
<b>Sitting Fees</b>	-	-	-	-	-	-	0.60	0.04
Lease Rent								
- K G Denim Limited	-	-	0.64	0.64	-	-	-	-
- Mrs B Sathyabama	-	-	-	-	-	-	12.12	11.99
Balance Outstanding as on 31st March								
Payables								
- B Srihari	-	-	-	-	-	-	12.25	12.25
- KG Baal Krishnan	-	-	-	-	-	-	0.50	0.50
- Dr G Bakthavathsalam	-	-	-	-	-	-	0.50	0.50
- Sri Karthikeya Spinning & Wvg Mills Pvt Ltd	-	-	2.62	-	-	-	-	-
- RND Softech Pvt Limited	-	-	0.82	-	-	-	-	-
Receivables								
- Sri Balamurugan Textile Processing Limited	247.13	207.46	-	-	-	-	-	-
- K G Denim Limited	-	-	414.50	240.61	-	-	-	-
- KG Fabriks Limited	-	-	757.85	905.91	-	-	-	-

**16 . 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.

Particulars	31.03.2015	31.03.2014
Not later than one year	12.76	12.03
Later than one year but not later than five years	3.62	15.53
Later than Five years	--	--

**17. AS-20 EARNINGS PER SHARE**

	31.03.2015	31.03.2014
Net profit after tax	373.67	48.28
Weighted average No of Equity Shares -	36,82,880	36,82,880
Basic & Diluted Earnings Per Share -	10.15	1.31
(Face value of Rs. 10/- each)		

**18. AS – 22 DEFERRED TAX LIABILITY**

	Opening as on 01.04.2014	Adjustments made during the year	Write down of carrying amount of assets whose remaining useful lives is Nil	Closing as on 31.03.2015
<b>Deferred Tax Liability</b>				
Depreciation	900.52	150.47	-18.79	1032.20
<b>Total</b>	<b>900.52</b>	<b>150.47</b>	<b>-18.79</b>	<b>1032.20</b>
<b>Deferred Tax Asset</b>				
Depreciation	497.33	-54.60	--	442.73
On account of Business Losses	0.53	-0.53	--	--
Provision for Gratuity (Net)	62.12	6.79	--	68.91
<b>Total</b>	<b>559.98</b>	<b>-48.34</b>	<b>--</b>	<b>511.64</b>
Net Deferred Tax Asset / (Liability)	<b>340.54</b>	<b>198.81</b>	<b>-18.79</b>	<b>520.56</b>

19. a. There is a claim of Rs.1,07,82,102/- as per the order passed by the Commissioner of Central Excise, Salem in respect of additional excise duty claim on job work production of cotton yarn against which the Company has paid Rs.25,00,000/- as a pre deposit amount. The Company has disputed the same and this is pending before the Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Chennai and the company is legally advised that there is a fair chance of winning the appeal and hence no provision is made in the accounts.
- b. There is a tax demand from Income Tax department in respect of A.Y.1994-95 to the extent of 223.72 lakhs. However no provision is made in the accounts, as the assessing officer has to give consequential benefits for the subsequent years in respect of depreciation as per the recent directions given by CIT(A), Cbe and the revised tax liability for A.Y.1994-95 will have to be arrived based on revision order.
20. Power charges shown in the statement of profit and loss account is net of wind energy charges to the extent of Rs. 166.58 adjusted by TNEB.
21. Corporate Guarantee has been given by Sri Kannapiran Mills Limited to Indian Overseas Bank on behalf of KG Fabriks Limited to secure their loan to the extent of Rs. 1000 lakhs(Outstanding as on 31.03.2015 - Rs. 794 lakhs)
22. Consequent to the enactment of the Companies Act 2013 and its applicability for accounting periods commencing from 1st April'2014, the Company has reassessed the remaining useful life of fixed assets in accordance with the provisions prescribed under schedule II to the Companies Act 2013. In case of assets which have completed their useful life, the carrying value (net of residual life) as at 1st April'2014, was Rs. 57.90 lakhs, out of which Rs. 39.11 lakhs was transferred to Retained Earnings after considering Rs. 18.79 lakhs under deferred tax. In case of other assets the carrying value (net of residual value) is being depreciated over the revised remaining useful life. The depreciation and amortiation expense charge for the year would have been higher by Rs. 169.02 lakhs, had the company continued with the previous assessment of useful life of such assets.

# **Sri Kannapiran Mills Limited**

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

		31.03.2015	31.03.2014
a)	Principal amount due	-	-
	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	-	-

24. Details of Foreign Currency Exposures that are not hedged by a derivative instrument or otherwise:

Particulars	Currency	Amount in Foreign Currency		Amount in Rupees	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
Sundry Debtors	USD	74,052	1,13,259	46,34,174	67,86,498
Sundry Creditors	USD	Nil	Nil	Nil	Nil

25. 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.

26. **Details of Miscellaneous expenses :**

	31.03.2015	31.03.2014
Printing & Stationary	11.23	8.89
Postage & Telephone	18.43	15.42
Subscription, newspaper & Advertisement	4.22	7.73
Travelling and maintenance of vehicle	162.52	156.78
Garden maintenance	6.48	6.11
Agriculture expenses	32.56	17.94
Repairs & maintenance - others	21.67	21.77
Miscellaneous Expenses	0.33	0.13
	<b>257.44</b>	<b>235.11</b>

27. 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

**In terms of our Report of even date**  
**For M S Jagannathan & Visvanathan**  
 Firm Regd. No. 001209S  
 Chartered Accountants

**(Sd/-) M V Jeganathan**  
 Partner  
 Membership No. 214178

Coimbatore  
 4<sup>th</sup> June, 2015

**(Sd/-) KG Baalakrishnan**  
 Chairman

**(Sd/-) B Sriramulu**  
 Managing Director

**(Sd/-) B Srihari**  
 Managing Director

**(Sd/-) G Krishnakumar**  
 Chief Financial Officer

**PERFORMANCE OVER THE YEAR**

(Rs. in thousands).....

	For the year ended March 31									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Sales										
(less excise duty)	1 30 26 05	1 38 56 54	1 32 37 47	1 21 99 36	1 18 07 79	1 25 73 36	1 16 39 75	1 17 31 18	1 26 41 98	1 29 89 89
Conversion Charges	29 60 82	29 38 16	30 98 48	27 49 29	27 05 44	27 82 64	32 98 48	37 57 62	48 34 42	52 94 67
Other Income	2 20 77	1 32 56	1 06 87	1 62 43	3 58 39	90 83	2 17 20	2 15 22	1 81 62	2 50 38
Profit before Interest and Depreciation	25 45 43	23 93 19	15 68 93	8 56 26	15 71 91	20 65 30	8 97 12	11 16 10	17 49 84	23 07 73
Financial Charges	4 18 97	3 02 19	7 20 50	8 35 37	9 30 86	10 84 21	10 38 22	10 42 60	10 76 92	11 93 51
Depreciation	7 16 76	8 83 39	9 51 50	9 70 24	5 87 70	5 89 35	6 00 30	6 15 16	6 28 19	4 34 65
Profit before Taxation	13 94 21	11 92 12	-1 21 02	-9 49 35	53 35	3 91 75	-7 41 04	-5 41 66s	44 73	6 79 57
Profit after Taxation	11 44 21	9 73 12	-1 21 02	-9 49 35	53 35	3 91 75	-7 41 04	-5 41 66	44 73	6 79 57
Dividend (%)	-	-	-	-	-	-	-	-	-	-
Gross Fixed Assets	1 16 92 66	1 39 53 52	1 43 68 95	1 48 25 11	1 46 38 95	1 47 76 66	1 52 86 80	1 55 95 87	1 58 86 88	1 64 91 08
Net Fixed Assets	70 30 25	85 38 40	80 29 93	75 77 57	71 14 35	67 86 06	66 98 99	64 85 17	63 69 42	70 66 48
Net Current Assets	21 74 35	18 64 83	13 68 08	6 81 98	10 62 22	13 41 77	6 03 94	11 36 75	6 31 51	91 63
Share Capital	3 68 30	3 68 30	3 68 30	3 68 30	3 68 30	3 68 30	3 68 30	3 68 30	3 68 30	3 68 30
Reserves & Surplus	31 03 68	39 43 23	38 46 47	31 52 42	32 00 52	34 52 26	29 35 43	25 28 30	25 76 59	30 18 22
Deferred Tax Liability	8 11 78	9 33 80	9 01 38	6 36 11	5 73 06	7 04 15	4 78 81	3 44 28	3 40 54	5 20 57
Long Term Borrowings	49 46 88	57 09 90	48 07 85	48 54 35	47 76 93	43 26 20	40 97 49	49 99 62	43 46 68	39 32 57
Debt Equity Ratio	1.15	1.09	0.94	1.17	1.16	0.98	1.24	1.39	1.34	1.02
Current Ratio	1.68	1.56	1.29	1.12	1.19	1.22	1.17	1.21	1.09	1.01





## **SRI KANNAPIRAN MILLS LIMITED**

CIN : L17111TZ1946PLC000188

Registered Office: Sowripalayam, Coimbatore 641 028

Phone 0422 - 3019111 :: Fax 0422 - 3019110

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

### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 69th Annual General Meeting of the Members of SRI KANNAPIRAN MILLS LIMITED will be held on Saturday the 26<sup>th</sup> day of September 2015 at Sri Kannapiran Mills Premises, Sowripalayam, Coimbatore 641 028 at 10.30 a.m. to transact the following business.

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2015 and Balance Sheet as on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr G Ramasamy (holding DIN 01225507), who retires by rotation and is eligible for reappointment.
3. To appoint Auditors. M/s M S Jagannathan & Visvanathan, (ICAI Regn No : 001209S), the retiring Auditors of the Company are eligible for reappointment.

“RESOLVED THAT M/s M S Jagannathan & Visvanathan, Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company, from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company.”

#### **SPECIAL BUSINESS**

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

RESOLVED that pursuant to Sections 196, 197, 198 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 Dr G Bakthavathsalam (holding DIN 00007132) as Managing Director of the Company for three years from 15th September, 2015 to 14th September, 2018 on the following terms and conditions:

- 1) Salary : Rs.50,000/- (Rupees fifty thousand only) per month.
- 2) Perquisites :
  - a) Medical Reimbursement  
Medical expenses incurred for self and family, subject to a 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 as laid down under Income Tax Rules, 1962.
- 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 calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

FURTHER RESOLVED that the remuneration and perquisites shall be subject to the overall ceiling under Sections 196, 197 and 198 of the Companies Act, 2013. In the event of absence or inadequacy of profits in any Financial Year during the currency of tenure of the Managing Director, the remuneration would be paid as above, subject to the ceiling under Paragraph (i) of Section II of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.

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

RESOLVED that pursuant to Sections 196, 197, 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the appointment of Mr B Sriramulu (holding DIN 00002560) as Managing Director of the Company for three years from 4th June, 2015 to 3rd June, 2018 on the following terms and conditions:

- 1) Salary : Rs.50,000/- (Rupees fifty thousand only) per month.
- 2) Perquisites :
  - a) Medical Reimbursement  
Medical expenses incurred for self and family, subject to a 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 as laid down under Income Tax Rules, 1962.

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 calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

FURTHER RESOLVED that the remuneration and perquisites shall be subject to the overall ceiling under Sections 196, 197 and 198 of the Companies Act, 2013. In the event of absence or inadequacy of profits in any Financial Year during the currency of tenure of the Managing Director, the remuneration would be paid as above, subject to the ceiling under Paragraph (i) of Section II of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.

FURTHER RESOLVED that the Managing Director 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 person under the provisions of Section V of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.

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

RESOLVED that pursuant to Sections 196, 197, 198 read with Schedule V and other applicable provisions of the Companies Act, 2013, approval of the members be and is hereby accorded for the appointment of Mr B Srihari (holding DIN 00002556) as Managing Director of the Company for three years from 4th June, 2015 to 3rd June, 2018 on the following terms and conditions:

1) Salary : Rs.50,000/- (Rupees fifty thousand only) per month.

2) Perquisites :

a) Medical Reimbursement

Medical expenses incurred for self and family, subject to a 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 as laid down under Income Tax Rules, 1962.
- 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 calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.

FURTHER RESOLVED that the remuneration and perquisites shall be subject to the overall ceiling under Sections 196, 197 and 198 of the Companies Act, 2013. In the event of absence or inadequacy of profits in any Financial Year during the currency of tenure of the Managing Director, the remuneration would be paid as above, subject to the ceiling under Paragraph (i) of Section II of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.

FURTHER RESOLVED that the Managing Director 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 person under the provisions of Section V of Part II of Schedule V of the Companies Act, 2013 as modified from time to time.

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

"RESOLVED THAT the decision to pay a Remuneration of Rs.65,000/- to Mr M Nagarajan, the Cost Auditor of the Company for the year 2015-16, as recommended by the Audit Committee and approved by the Board of Directors, be and is hereby ratified".

**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 the Rules made thereunder 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 K G Denim Limited (KGDL), 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 supply of any material/capital goods/power, 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. 20 crores AND availing of / rendering of services like conversion of cotton / fibre into yarn, yarn into fabrics, processing of yarn 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.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to sign and execute necessary documents and papers on an ongoing basis and to do and perform all acts, deeds and things as may be necessary in this regard.”

**9. 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 the Rules made thereunder 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 KG Fabriks Limited (KGFL), 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 supply of any material/capital goods, 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. 20 crores AND availing of / rendering of services like conversion of cotton / fibre into yarn, yarn into fabrics, processing of yarn 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. 50 crores.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to sign and execute necessary documents and papers on an ongoing basis and to do and perform all acts, deeds and things as may be necessary in this regard.”

Coimbatore  
04.06.2015

By order of the Board  
**KG BAALAKRISHNAN**  
Chairman

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a vote instead of himself. The proxy need not be a member of the Company, proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting.
2. Register of Members and the Share Transfer Book of the Company will remain closed from 22.09.2015 to 26.09.2015 (Both days inclusive).
3. Members are requested to notify any change in their address to Company's Registered Office immediately.
4. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register their e-mail address with the Company to enable the Company to serve documents such as Notice, Annual Report etc., in electronic form.
5. Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business is enclosed.

**Explanatory statement as required under Section 102(1) of the Companies Act, 2013****Item No. 4**

Dr G Bakthavathsalam, Managing Director was reappointed for a period of one year from September 15, 2014 at the Annual General Meeting held on 10.09.2014.

As the terms of appointment of the Managing Director expires on September 14, 2015, based on the recommendation of the Remuneration Committee, the Board of Directors at its meeting held on 04.06.2015 reappointed for a further period of three years with effect from September 15, 2015 on the terms and conditions set out in the resolutions mentioned above subject to the approval of the members. As his age exceeded the limit of 70 years as laid down in Schedule V of The Companies Act, 2013 a special resolution is proposed. Other terms and conditions are within the ceiling limits laid down in Schedule V of the Companies Act, 2013.

Dr G Bakthavathsalam MS, FICS, FCCP, FAMS, FMMC having 42 years experience in management and administration. His achievement were well recognized by the Government of India, social and religious institutions.

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

This explanations together with the accompanying notice may also be considered as an abstract of the terms of the appointment of Managing Directors 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.

**Item No. 5**

The Board at its meeting held on 04.06.2015 appointed Mr B Sriramulu as Managing Director for the period of 3 years from 04.06.2015 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 KG Baalakrishnan, Chairman and also Managing Director of K G Denim Limited. 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

Mr B Sriramulu 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 person 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 KG Baalakrishnan, Dr G Bakthavathsalam, Mr G Ramaswamy and Mr B Srihari, Directors who are deemed to be interested in the proposed resolution.

This explanations 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.

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

The Board at its meeting held on 04.06.2015 appointed Mr B Srihari as Managing Director for the period of 3 years from 04.06.2015 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 KG Baalakrishnan, Chairman and also Managing Director of K G Denim Limited. He is a Graduate Engineer in Chemical Technology from Bharathidasan University, Tamil Nadu and Master of Science (Chemical Technology) from the university of Cornell University, USA.

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 person 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 KG Baalakrishnan, Dr G Bakthavathsalam, Mr G Ramaswamy and Mr B Sriramulu, Directors who are deemed to be interested in the proposed resolution.

This explanations 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.

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

At the Board Meeting held on the 4th June, 2015 after considering the recommendation of the Audit Committee, the Directors have appointed Mr M Nagarajan, Cost Accountant, as the Cost Auditor of the Company for the year 2015-16 on a remuneration of Rs.65,000. Pursuant to the provisions of Section 148 read with the Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration approved by the Board of Directors is required to be ratified by the Shareholders.

The Ordinary Resolution appearing in the Notice is sought to be passed for this purpose.

None of the Directors is interested or concerned in the passing of the Resolution.

#### **Item nos. 8 & 9**

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 exceeding ten per cent of

the turnover of the Company or Rs.100 crores whichever is lower, availing/rendering of any services exceeding ten per cent of the turnover of the Company or Rs. 50 crores whichever is lower shall be entered into by the company except with the prior approval of the shareholders by an ordinary resolution.

It is proposed to continue the pre existing arrangements by afresh entering into contracts/ transactions for a period of 3 years from the date of Annual General Meeting (AGM) to purchase/ sell/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 K G Denim Limited and KG Fabriks Limited, related parties within the definition under the Companies Act, 2013.

The aggregate value of the contracts/transactions for purchase or supply of goods or rendering or availing of services is likely to exceed the limits under section 188 read with Rules made thereunder. Even though 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.

**K G Denim Limited**

K G Denim Limited is engaged in manufacturing of denim fabric and garments and is situated in Coimbatore, is giving consistent order with bulk volume for conversion of their cotton with their quality specifications. It has been doing the same conversion of K G Denim Limited's cotton/ tencel fibres into yarn since 1994 i.e., for the last 20 years.

The Company and K G Denim Limited had existing contract from 01.04.2012 for a period of four years.

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:

K G Denim Limited

2. Name of the director who is related :

Mr KG Baalakrishnan, Mr B Sriramulu, Mr B Srihari, Mr K N V Ramani and Mr A Velusamy.

3. Nature of relationship :

Related party as per Section 2(76)(v) – director's / their relatives shareholding in K G Denim 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. 60 Crores in any financial year as detailed below ;

Purchase of materials/power/capital goods	Rs.15 Crores	
Sale of materials/capital goods	<u>Rs. 5 Crores</u>	Rs.20 Crores
Availing/rendering of services like cotton/fibre into yarn, yarn into fabric, processing of yarn and other services		Rs.40 Crores
		<u>Rs.60 Crores</u>



5. Nature, material terms and particulars of arrangement:

- i) Conversion of cotton / fibre into yarn, yarn into fabrics, processing of yarn covered under Section 188(1)(d) & purchase/ sale of cotton/fibre, waste, yarn, capital goods and purchase of power covered under Section 188(1)(a) of Companies Act, 2013
- ii) The Conversion charges are being arrived based on Cost Plus method.
- iii) Purchase/Sale of Cotton/Fibre, waste, yarn and capital goods at market prices.
- iv) Purchase of power at market prices.

Period of contract : 3 years from 26.09.2015. By passing of this resolution the existing agreement terminates on 26.09.2015.

The Company is one of the promoters of K G Denim Limited with a shareholding of 11.95%.

The memorandum of terms and conditions of the transactions to be entered into with K G Denim 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.

**KG Fabriks Limited**

KG Fabriks Limited is engaged in manufacturing of denim fabric and is situated in Perundurai, Erode, is giving consistent order with bulk volume for conversion of their cotton with their quality specifications. It has been doing the same conversion of KG Fabriks Limited's cotton fibres into yarn since 2005 i.e., for the last 9 years.

The Company and KG Fabriks Limited have entered into a contract from 01.04.2012 for a period of four years.

1. Name of the related party:

KG Fabriks Limited

2. Name of the director who is related :

Mr KG Baalakrishnan, Mr B Sriramulu, Mr B Srihari and Mr A Velusamy.

3. Nature of relationship :

Related party as per Section 2(76)(v) – director's / their relatives shareholding in KG Fabriks 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. 70 Crores in any financial year as detailed below ;

Purchase of materials/capital goods	Rs.10 Crores	
Sale of materials/capital goods	<u>Rs.10 Crores</u>	Rs.20 Crores
Availing/rendering of services like cotton/fibre into yarn, yarn into fabric, processing of yarn and other services		Rs.50 Crores
		<u>Rs.70 Crores</u>

5. Nature, material terms and particulars of arrangement:

- i) Conversion of cotton / fibre into yarn, yarn into fabrics, processing of yarn covered under Section 188(1)(d) & purchase/sale of cotton/fibre, waste, yarn and sale of capital goods covered under Section 188(1)(a) of Companies Act, 2013 .
- ii) The Conversion charges are being arrived based on Cost Plus method
- iii) Purchase/Sale of Cotton/Fibre, waste, yarn and capital goods at market prices.

Period of contract : 3 years from 26.09.2015. By passing of this resolution the existing agreement terminates on 26.09.2015.

The memorandum of terms and conditions of the transactions to be entered into with KG Fabriks Limited is available for inspection on all working days at the registered Office of the company except on Saturday and Sunday.

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

Coimbatore  
04.06.2015

By order of the Board  
**KG BAALAKRISHNAN**  
Chairman



# SRI KANNAPIRAN MILLS LIMITED

ATTENDANCE SLIP

CIN : L17111TZ1946PLC000188

Registered Office: Sowripalayam, Coimbatore 641 028

Phone 0422 - 3019111 :: Fax 0422 - 3019110

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

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

Name of the attending Members :	Folio No. :
No. of Shares held :	

I hereby record my presence at the 69<sup>th</sup> ANNUAL GENERAL MEETING of the Company on 26th September, 2015.

<u>Name of Proxy in Block Letters</u>	<u>Signature of the Shareholder/Proxy*</u>
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*\*Strike out whichever is not applicable*

Please see address slip for details of Folio No. & No. of Shares

MGT - 11



# SRI KANNAPIRAN MILLS LIMITED

PROXY FORM

CIN : L17111TZ1946PLC000188

Registered Office: Sowripalayam, Coimbatore 641 028

Phone 0422 - 3019111 :: Fax 0422 - 3019110

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

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2015]

Name of the Member(s) :	
Registered Address :	
E-mail ID :	
Folio No. :	

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

- (1) Name ..... Address .....
- E-mail Id ..... Signature .....or failing him/her
- (2) Name ..... Address .....
- E-mail Id ..... Signature .....or failing him/her
- (3) Name ..... Address .....
- E-mail Id ..... Signature .....or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 68th Annual General Meeting of the Company, to be held on Saturday, the 26th day of September, 2015 at 10.30 a.m. at Sri Kannapiran Mills Premises, Sowripalayam, Coimbatore - 641 028 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

\*\* I wish my above Proxy to vote in the manner as indicated in backside :

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Item No.	Description	Type of Resolution	I / We assent to the	I / We dissent to the
			For	Against
1.	Consider and adopt audited Financial Statements, Reports of the Board of Directors and Auditors	Ordinary		
2.	Appointment of Mr G Ramasamy who retires by rotation, as a Director	Ordinary		
3.	Re-appointment of M/s M S Jagannathan & Visvanathan, the retiring Auditors of the Company, as a Statutory Auditor	Ordinary		
4.	Re-appointment of Dr G Bakthavathsalam as Managing Director	Special		
5.	Appointment of Mr B Sriramulu as Managing Director	Special		
6.	Appointment of Mr B Srihari as Managing Director	Special		
7.	Ratification of Remuneration to Cost Auditor	Ordinary		
8.	Related Party transactions under Section 188 with K G Denim Limited	Ordinary		
9.	Related Party transactions under Section 188 with KG Fabriks Limited	Ordinary		

Signed this.....day of.....2015

Member's Folio .....Signature of Shareholder(s).....

Affix Revenue Stamp
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**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- \*\*2. This is only optional. Please put a ✓ the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

BOOK - POST

To

*If undelivered please return to :*

**SRIKANNAPIRAN MILLS LIMITED**

Post Bag No. 1

Sowripalayam

COIMBATORE - 641 028